Mr. SABATH: Committee on Rules. House Resolution 228. Resolution providing for the waiving of points of order on the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 679). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

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

Mr. DENTON: Committee on the Judiciary. H. R. 1023. A bill for the relief of Lois E. Lillie; with an amendment (Rept. No. 671). Referred to the Committee of the Whole House.

Mr. DENTON: Committee on the Judiciary. H. R. 1069. A bill for the relief of Albert Burns; with an amendment (Rept. No. 672). Referred to the Committee of the Whole House.

Mr. DENTON: Committee on the Judiciary. H. R. 1075. A bill for the relief of Harry C. Metts; without amendment (Rept. No. 673). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 1282. A bill for the relief of Mrs. T. A. Robertson; with an amendment (Rept. No. 674). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 1285. A bill for the relief of the legal guardian of Lena Mae West, a minor; without amendment (Rept. No. 675). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 1598. A bill for the relief of D. A. Sullivan & Sons, Inc., and Thomas F. Harney, Jr., doing business as Harney Engineering Co.; with an amendment (Rept. No. 676). Referred to the Committee of the Whole House.

Mr. DENTON: Committee on the Judiciary. H. R. 3665. A bill for the relief of Mrs. Josephine Wagnon Walker; without amendment (Rept. No. 677). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. RODINO:

H. R. 4859. A bill to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. VAN ZANDT:

H. Res. 227. Resolution creating a select committee to conduct an investigation of all matters related to the awarding, cancellation, and modification of national defense aircraft contracts since May 8, 1945; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. RODINO introduced a bill (H. R. 4860) for the relief of certain Polish sailors, which was referred 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:

952. By Mr. MILLER of Maryland: Resolution of Wicomico County Medical Society, Salisbury, Md., against any form of compulsory health insurance or any system of political medicine designed for national bureaucratic control; to the Committee on Interstate and Foreign Commerce.

953. By the SPEAKER: Petition of Otto Furtsch and others, Traverse City, Mich., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

954. Also, petition of J. K. Carr and others, Daytona Beach Townsend Club, No. 1, Daytona Beach, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

955. Also, petition of Nathan Hayes and others, Eustis, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

956. Also, petition of T. S. Kinney and others, Orlando, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

957. Also, petition of Mrs. M. R. Pendleton and others, Sarasota, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

THURSDAY, MAY 26, 1949

(Legislative day of Monday, May 23, 1949)

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

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

God, our Father, in a world where the very foundations seem to be shaken, we cherish this hushed and hallowed moment which so long ago the founding fathers set apart as an altar of prayer at the day's beginning. Here bowing with contrite hearts we would be sure of Thee and of spiritual resources before we go to meet the high solemnities of waiting tasks.

In the fateful conference of nations, now deliberating in the fair capital across the seas, strengthen the high resolve of those who strive to break the fetters which bind multitudes in regimes of coercion. Especially we pray for wisdom and guidance for those who stand and speak for America. In an hour when such vast issues are at stake may those who here serve, conscious of the great tradition in which they stand, rise to greatness of vision and soul as the anxious eyes of all the nations are upon this chamber of freedom. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, May 25, 1949, was dispensed with.

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, without amendment, the bill (S. 969) to transfer the Pomona station of the Agriculture Remount Service, Department of Agriculture, at Pomona, Calif.

The message also announced that the House had agreed to 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. 3704) to provide additional revenue for the District of Columbia.

ENROLLED BILLS SIGNED

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

H. R. 1299. An act for the relief of Frank J. Patzke and others; and

H. R. 4151. An act to grant the consent of the United States to the Arkansas River compact.

CALL OF THE ROLL

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Aiken	Humphrey	Neely
Anderson	Hunt	O'Conor
Brewster	Ives	O'Mahoney
Bricker	Johnson, Colo.	Pepper
Bridges	Johnson, Tex.	Reed
Butler	Johnston, S. C.	Robertson
Byrd	Kefauver	Russell
Cain	Kem	Saltonstall
Capehart	Kerr	Schoeppel
Chapman	Kilgore	Smith, Maine
Chavez	Knowland	Sparkman
Connally	Langer	Stennis
Donnell	Lodge	Taft
Downey	Long	Taylor
Ecton	Lucas	Thomas, Okla.
Ferguson	McCarran	Thomas, Utah
Flanders	McClellan	Thye
Frear	McFarland	Vandenberg
Gillette	McKellar	Watkins
Graham	Malone	Wherry
Gurney	Martin	Wiley
Hendrickson	Millikin	Williams
Hickenlooper	Morse	Withers
Hill	Mundt	Young
Holland	Myers	

Mr. MYERS. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Arizona [Mr. HAYDEN], the Senator from Washington [Mr. MAGNUSON], the Senator from Connecticut [Mr. MCMAHON], and the Senator from Maryland [Mr. TYDINGS] are detained on official business in committees of the Senate.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. MAYBANK] are absent by leave of the Senate.

The Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. MILLER], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH], the Senator from North Carolina [Mr. HOEY], and the Senator from Montana [Mr. MURRAY] are absent on public business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Indiana [Mr. JENNER] are absent by leave of the Senate.

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

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Oregon [Mr. CORDON] and the Senator from Wisconsin [Mr. MCCARTHY] are detained on official business.

The VICE PRESIDENT. A quorum is present.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

AMENDMENT OF COMMODITY CREDIT CORPORATION CHARTER ACT—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 amendment of the House to the bill (S. 900) to amend the Commodity Credit Corporation Charter Act, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the conference report on Senate bill 900, amending the Commodity Credit Corporation Charter Act.

ORDER OF BUSINESS

Mr. LUCAS. Mr. President, the conference report on Senate bill 900 is now being debated by the Senate. Another conference report, on House bill 3704, to provide additional revenue for the District of Columbia, has come over from the House. It is necessary that the conference report on House bill 3704 be adopted as soon as possible in order to make the bill immediately effective so that adequate revenue may be collected for the District of Columbia, as provided under the bill. So I ask unanimous consent that the Senate temporarily lay aside the conference report on Senate bill 900, and take up for immediate consideration the conference report on Senate bill 3704.

Mr. WHERRY. Mr. President, reserving the right to object, may I inquire of the distinguished majority leader whether the action proposed by him will in any way affect the present status of the conference report on the Commodity Credit Corporation bill. After action on the conference report dealing with the District of Columbia bill has been concluded, will the conference report on Senate bill 900 remain in the same status it now is?

Mr. LUCAS. The moment the conference report on House bill 3704 is disposed of the Senate will immediately return to consideration of the conference report on Senate bill 900.

Mr. WHERRY. Mr. President, will the Senator from Illinois yield for another inquiry?

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

Mr. WHERRY. Does the distinguished majority leader intend to announce the program for tomorrow, and what the Senate will do on Monday, Decoration Day?

Mr. LUCAS. I shall be glad to answer the question propounded by the distinguished Senator from Nebraska. The pending business, which has been temporarily laid aside, is what is known as the unification bill. The moment we finish with the two conference reports we immediately return to that bill. Following that we hope to take up the central intelligence bill which has been reported by the Armed Services Committee. Following that we may even take up the basing-point bill, or perhaps the bill providing home rule for the District of Columbia.

There will be no session on Monday. I wish to make that announcement now so that Senators may make their plans accordingly. A number of Senators plan to deliver addresses at various places on Memorial Day. So far as I know, there will be no session on Saturday. However, we may run a little later than usual today and tomorrow because of conference reports and the importance of the legislation which is on the calendar at the present time.

Mr. WHERRY. Mr. President, I have no objection to the consideration of this conference report at this time.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, before we take up the conference report, I ask unanimous consent that Senators who have bills or resolutions to introduce, or routine matters to be incorporated in the Appendix of the RECORD, as during the morning hour, may be permitted to do so without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

REPORT OF COMMISSION ON ORGANIZATION OF EXECUTIVE BRANCH OF GOVERNMENT (H. DOC. NO. 197)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, the concluding report of that Commission, which, with the accompanying report, was referred to the Committee on Expenditures in the Executive Departments.

JURISDICTION OVER NATURAL-GAS OPERATIONS—RESOLUTION OF COMMON COUNCIL OF WAUWATOSA, WIS.

Mr. WILEY. Mr. President, I have received today from P. H. Riemer, a certified copy of a resolution adopted by the Common Council of the City of Wauwatosa, Wis., in opposition to legislation which would deprive the FPC of jurisdiction over natural-gas operations. I believe that this matter will be of interest to my colleagues and I ask unanimous consent that the text of the Wauwatosa resolution adopted by the common council and approved by Mayor William B. Knuese, be appropriately referred and printed at this point in the RECORD.

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

Whereas there is pending before the House of Representatives of the Congress of the United States three bills, H. R. 79, H. R. 982, H. R. 1758, designed to deprive the Federal Power Commission of jurisdiction over natural gas, which to a reasonable certainty would increase the price thereof to potential consumers of the city of Wauwatosa, Milwaukee County, Wis.: Now, therefore, be it

Resolved by the Common Council of the City of Wauwatosa:

1. That opposition to said bills is hereby supported.

2. That the city clerk forward copies hereof to the Honorable CLEMENT J. ZABLOCKI, Congressman for the Fourth District of Milwaukee County, and to the Honorable ALEXANDER WILEY and to Hon. JOSEPH R. MCCARTHY, United States Senators.

Passed and dated May 17, 1949.

P. H. RIEMER,
City Clerk.

Approved May 21, 1949.

WM. B. KNUESE,
Mayor, Wauwatosa, Wis.

PUBLIC-WELFARE PROGRAMS—RESOLUTION OF WISCONSIN PUBLIC ASSISTANCE ASSOCIATION

Mr. WILEY. Mr. President, I have received this morning from Joseph V. Krahn, of Kaukauna, Wis., the text of a resolution adopted by the Public Assistance Association of Wisconsin. The resolution expresses the views of the membership of the association in opposition to H. R. 2892, to amend the Social Security Act to enable States to establish more adequate public-welfare programs which is now being reviewed by the House Ways and Means Committee. I believe that the resolution will also be of interest to my colleagues, and I ask unanimous consent that its text be printed at this point in the RECORD, and appropriately referred.

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

PUBLIC ASSISTANCE ASSOCIATION
OF WISCONSIN,
Kaukauna, Wis., May 23, 1949.

The Honorable ALEXANDER WILEY,
United States Senator,
Washington, D. C.

MY DEAR SENATOR WILEY: Our association meeting at Neenah, Wis., on May 18 passed the following resolution:

"*Be it hereby resolved,* That we are opposed to bill H. R. 2892.

"It places 'home relief' in the same category as pensions, thereby tending to make it more permanent whereas it should be considered on a temporary basis.

"In the administration of 'home relief' the first consideration should always be rehabilitation. Relief in any form should never encourage idleness, lowering morale or suggest dependence on the Government.

"During normal periods 'home relief' is not a serious burden and can best be controlled and more economically administered locally.

"In trials of giving 'home relief' in cash instead of kind, it was found to be more costly. Cash is more acceptable, creates more applications and extends the stay on relief rolls. It will certainly take on the complexion of a pension if the Government is participating.

"At the time of serious unemployment the Federal Government can best assist the local communities through Federal participation in a local work program, which can be expanded or curtailed to meet conditions.

"After PWA, CWA, WERA, and WPA experience, it should be possible to develop a work program reasonably satisfactory and not due for too much criticism, certainly less criticism than the expenditure of vast sums for 'home relief' with no productive results."

We commend this matter for your consideration.

Very truly yours,
JOSEPH V. KRAHN,
President, Public Assistance Association of Wisconsin.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

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

S. 1393. A bill to promote the national defense and to contribute to more effective

aeronautical research by authorizing professional personnel of the National Advisory Committee for Aeronautics to attend accredited graduate schools for research and study; with an amendment (Rept. No. 422);

S. 1505. A bill to amend the act entitled "An act to authorize the construction of experimental submarines, and for other purposes," approved May 16, 1947; with an amendment (Rept. No. 423);

S. 1536. A bill to authorize advances in pay to personnel of the Army, Navy, Air Force, and Marine Corps upon permanent change of station, and for other purposes; with amendments (Rept. No. 424);

S. 1794. A bill to repeal certain obsolete provisions of law relating to the naval service; without amendment (Rept. No. 420);

S. 1955. An original bill to authorize certain persons to accept decorations tendered to them by the United Kingdom for services rendered the Allied cause during World War II, and for other purposes; without amendment (Rept. No. 421);

H. R. 2737. A bill to establish the decoration Medal for Humane Action for award to persons serving in or with the armed forces of the United States participating in the current military effort to supply necessities of life to the people of Berlin, Germany; without amendment (Rept. No. 425); and

H. R. 3341. A bill to authorize the attendance of the United States Marine Band at the fifty-ninth annual reunion of Confederate veterans to be held in Little Rock, Ark., September 27 through 29, 1949; without amendment (Rept. No. 426).

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on Disposition of Executive Papers, to which were referred for examination and recommendation four lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon pursuant to law.

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. JOHNSON of Colorado:

S. 1940. A bill to authorize the issuance of a special series of stamps commemorative of the holding of the International ski championships in the United States in 1950; to the Committee on Post Office and Civil Service.

By Mr. CHAVEZ:

S. 1941. A bill to provide for the allowance, for income-tax purposes, of depletion on a percentage of gross-income basis in the case of pumice and scoria mines or deposits; to the Committee on Finance.

S. 1942. A bill for the relief of Isabel Alba Casas, Concepcion Garcia Perez, Maria del Carmen Fernandez Matesaenz, Maria Santos Zuniga, Felipa Casado del Bianco, Mercedes Rodriguez Villanueva, Selina Milan Gonzalez, Teresa Duque Saenz, Martina Equiza Garces, and Teresa Baztan Elizalde; to the Committee on the Judiciary.

By Mr. LANGER:

S. 1943. A bill to abolish and correct unfair practices and substandard working conditions and to raise living standards among the employees of Federal agencies; to the Committee on Labor and Public Welfare.

By Mr. GILLETTE:

S. 1944. A bill to protect the public with respect to the practice of the law, by those other than duly licensed attorneys and counselors at law, before the United States Government departments, bureaus, commissions, and agencies, and in the United States tax courts; to the Committee on the Judiciary.

(Mr. CONNALLY introduced Senate bill 1945, to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action, which was referred to the Committee on Armed Services, and appears under a separate heading.)

(Mr. TAYLOR (for himself, Mr. HENDRICKSON, Mr. O'CONOR, Mr. BRICKER, Mr. HUMPHREY, Mrs. SMITH of Maine, Mr. LONG, Mr. SCHOEPPEL, Mr. FREAR, Mr. BALDWIN, Mr. HUNT, Mr. HICKENLOOPER, Mr. REED, Mr. BREWSTER, Mr. SALTONSTALL, Mr. THYE, Mr. LANGER, Mr. MARTIN, Mr. AIKEN, Mr. SMITH of New Jersey, Mr. TOBEY, Mr. BRIDGES, Mr. DONNELL, Mr. MCCARTHY, Mr. WILEY, Mr. WILLIAMS, Mr. IVES, Mr. HOEY, and Mr. PEPPER) introduced Senate bill 1946, to establish a permanent National Commission on Intergovernmental Relations, which was referred to the Committee on Expenditures in the Executive Departments, and appears under a separate heading.)

By Mr. IVES (by request):

S. 1947. A bill to regulate the collection and disbursement of moneys realized from leases made by the Seneca Nation of Indians of New York, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. PEPPER:

S. 1948. A bill for the relief of Meyer E. Birman and his wife, Rachel D. Birman; to the Committee on the Judiciary.

By Mr. THYE:

S. 1949. A bill to authorize the lease of the Federal correctional institution at Sandstone, Minn., to the State of Minnesota; to the Committee on the Judiciary.

By Mr. HAYDEN:

S. 1950. A bill to reimburse the Fisher Contracting Co.; to the Committee on the Judiciary.

S. 1951. A bill to authorize certain Government printing, binding, and blank-book work elsewhere than at the Government Printing Office, if approved by the Joint Committee on Printing; to the Committee on Rules and Administration.

(Mr. CAIN introduced Senate bill 1952, to amend the Atomic Energy Act of 1946, to provide for the security of the defenses of the United States and for other purposes, which was referred to the Joint Committee on Atomic Energy, and appears under a separate heading.)

By Mr. BUTLER:

S. 1953. A bill to provide for medical services to non-Indians in Indian hospitals, and for other purposes; and

S. 1954. A bill to facilitate the administration by the Secretary of the Interior, in cooperation with other Federal, State, and local agencies, of the recreational uses of lands and waters within reclamation, flood-control, power, and other Federal reservoir projects; to the Committee on Interior and Insular Affairs.

(Mr. TYDINGS, from the Committee on Armed Services, reported an original bill (S. 1955) to authorize certain persons to accept decorations tendered to them by the United Kingdom for services rendered the Allied cause during World War II, and for other purposes, which was ordered to be placed on the calendar.)

By Mr. LANGER:

S. 1956. A bill for the relief of Gerdina Josephina Van Delft; to the Committee on the Judiciary.

S. 1957. A bill to equalize rights to leaves of absence and reemployment for employees of the United States or of the District of Columbia who are members of the Reserve components of the armed forces or of the National Guard; to the Committee on Armed Services.

S. 1958. A bill to provide compensation for overtime service and to limit the workweek of substitute employees of the postal service; to the Committee on Post Office and Civil Service.

By Mr. CHAVEZ:

S. 1959. A bill to commemorate Jim White and his contribution to the early history of Carlsbad Caverns, in the State of New Mexico, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KNOWLAND:

S. 1960. A bill for the relief of Remo Silvano Giuntoli; to the Committee on the Judiciary.

By Mrs. SMITH of Maine (by request):

S. 1961. A bill to regulate the election of delegates representing the District of Columbia to national political conventions; to the Committee on the district of Columbia.

By Mr. GILLETTE (for himself and Mr. HILL):

S. J. Res. 96. Joint resolution to change the name of the Pentagon Building to the Forrestal Building; to the Committee on Public Works.

(Mr. WHERRY (for himself, Mr. BRIDGES, and Mr. FERGUSON) introduced Senate Joint Resolution 97, to reduce Government expenditures for the fiscal year 1950, balance the budget, avert an increase in taxes or rise in the national debt, and maintain a sound, national fiscal policy as a basis for the security and economic well-being of the United States, which was referred to the Committee on Expenditures in the Executive Departments, and appears under a separate heading.)

EXTENSION OF OFFICERS' RETIREMENT BENEFITS TO CERTAIN PERSONS OF WORLD WAR II

Mr. CONNALLY. Mr. President, I introduce for appropriate reference a bill to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action. It seems that under the present laws and regulations these men are not eligible for retirement. There are only a few of them, and I earnestly hope that the bill allowing these men who were given commissions on the battlefield and then were incapacitated may receive favorable consideration so as to make them eligible for retirement.

The bill (S. 1945) to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action, was read twice by its title, and referred to the Committee on Armed Services.

NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. TAYLOR. Mr. President, on behalf of the junior Senator from New Jersey [Mr. HENDRICKSON], the Senator from Maryland [Mr. O'CONOR], the Senator from Ohio [Mr. BRICKER], the junior Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Maine [Mrs. SMITH], the Senator from Louisiana [Mr. LONG], the junior Senator from Kansas [Mr. SCHOEPPEL], the junior Senator from Delaware [Mr. FREAR], the Senator from Connecticut [Mr.

BALDWIN], the Senator from Wyoming [Mr. HUNT], the Senator from Iowa [Mr. HICKENLOOPER], the senior Senator from Kansas [Mr. REED], the senior Senator from Maine [Mr. BREWSTER], the Senator from Massachusetts [Mr. SALTONSTALL], the senior Senator from Minnesota [Mr. THYE], the Senator from North Dakota [Mr. LANGER], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Vermont [Mr. AIKEN], the senior Senator from New Jersey [Mr. SMITH], the junior Senator from New Hampshire [Mr. TOBEY], the senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Missouri [Mr. DONNELL], the junior Senator from Wisconsin [Mr. MCCARTHY], the senior Senator from Wisconsin [Mr. WILEY], the senior Senator from Delaware [Mr. WILLIAMS], the Senator from New York [Mr. IVES], the Senator from North Carolina [Mr. HOEY], the Senator from Florida [Mr. PEPPER], and myself, I introduce for appropriate reference a bill to establish a permanent National Commission on Intergovernmental Relations. The bill is open for further sponsors if other Senators care to add their names to the list I have given.

The bill (S. 1946) to establish a permanent National Commission on Intergovernmental Relations, introduced by Mr. TAYLOR (for himself and others), was read twice by its title, and referred to the Committee on Expenditures in the Executive Departments.

AMENDMENT OF ATOMIC ENERGY ACT OF 1946

Mr. CAIN. Mr. President, following what appears to be a shocking and careless disregard of the national security by the Atomic Energy Commission, the demand has been raised that the present Chairman of that body be required to resign his position. As one who seriously opposed the appointment of the Chairman in the first place, I wish to associate myself with that demand. It is particularly significant, Mr. President, that the issue was raised first of all by the senior Senator from Iowa [Mr. HICKENLOOPER] who was perhaps more instrumental than any other Senator in bringing about the original confirmation. That he has found it imperatively necessary to withdraw his support from the Atomic Energy Commission Chairman is a fact which ought to impress every Senator and every American citizen.

I should like to recall a portion of a statement I made in this Chamber on March 31, 1947, when the confirmation of Mr. Lilienthal was being considered by the Senate. I said then, and I wish to repeat it now:

Does a single Member of the Senate have any right to assume that America is so lacking in and devoid of leadership that we must accept a controversial, contradictory, cloudy figure as our selection to head the most powerful organization the mind of man has ever conceived? If we accept the premise that David Lilienthal, or any other individual, is, in spite of the serious doubts held by some of us, indispensable, we shall do the American Nation an irreparable injustice. If we confirm the nominee, as the Senate has the power to do, we are doing Mr. Lilienthal no favor. We leave the Nation confused and uncertain about the choice. We withhold from the chairman what he needs most—a sympathetic, devoted, understanding public. Unless the chairman maintains this relationship with the people of this land, his efforts are foredoomed to suspicion, argument, and failure.

Mr. President, the resignation of David Lilienthal would, to my mind, have a healthy effect, not only on the atomic-energy program, but also on the confidence of the American people in the men who today are responsible for our national security. This, however, represents only a partial solution to this question which the Congress must decide. The Atomic Energy Commission as presently constituted is to a large extent the creation and the creature of the same man, and of the group which surrounds him, that the Members of this Congress have so severely censured. The situation warrants a complete reevaluation of our atomic-energy policy. We have experimented with a slipshod control of our major war-making potential, the atomic bomb. We can no longer afford to permit this kind of carelessness to place our security at the mercy of a clique of men whose political philosophy is seemingly devoid of adequate consideration for our national security.

The Congress of the United States ought now to reconsider the question of whether the atomic-energy program should be returned to the control of the armed forces, where it logically belongs, and whether we should wipe out the Atomic Energy Commission as it is presently constituted, so that we shall begin to build a new and sound program upon which to base the national defense. I do not believe we can take the Commission as it stands today and bring about by partial work, by partial reform, by demands for the resignation of a single individual, a new program in which the American people can have complete confidence.

In order that the question may be reopened and reconsidered in the light of recent efforts, I introduce for appropriate reference a bill to abolish the Atomic Energy Commission. The bill would establish in its place a Commission consisting of the four Secretaries of our National Defense Establishment, the three Chiefs of Staff, and an atomic scientist of a national reputation. I wish to emphasize that this is not a bill for purely military control. Five of the seats on the Commission, a clear majority, will be held by civilians, and only three by military officers.

The principal advantage of this type of control, as I can see it now, is to place within the security set-up of the Defense Establishment the responsibility for protecting atomic-energy developments and atomic-energy secrets. It is conceivable, Mr. President, that the Congress may, in its wisdom, develop a definite, positive plan and program for the control of atomic energy. I do not propose the bill as a complete solution, by any means. My purpose is to bring the broad question of atomic security up for reevaluation, so that the Congress may have an opportunity to rewrite the existing laws, and in order that the alarming conditions which have just been revealed will not again rise up to shake and plague confidence and jeopardize our future.

There being no objection, the bill (S. 1952) to amend the Atomic Energy Act of 1946, to provide for the security of the defenses of the United States, and for other purposes, introduced by Mr. CAIN, was received, read twice by its title, and referred to the Joint Committee on Atomic Energy.

DEPARTMENT OF DEFENSE—AMENDMENT

Mr. DOUGLAS (for himself, Mr. FLANDERS, and Mr. MCCARTHY) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 1843) to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill the enlarged responsibility; and for other purposes, which was ordered to lie on the table and to be printed.

INTERIOR DEPARTMENT APPROPRIATIONS, 1950—AMENDMENT

Mr. DOWNEY (for himself and Mr. KNOWLAND) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes, which was referred to the Committee on Appropriations, and ordered to be printed.

THE CHALLENGE OF THE INTER-AMERICAN IDEAL—ADDRESS BY SENATOR MUNDT

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an address entitled "The Challenge of the Inter-American Ideal," delivered by him before the Latin-American Trainee Seminar, held in the Pan American Union Building, Washington, D. C., on May 13, 1949, which appears in the Appendix.]

HUGH L. MCARTHUR—EDITORIAL FROM FLORIDA VETERANS OF FOREIGN WARS NEWS

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an editorial entitled "Know Your Department Officers," published in the Florida Veterans of Foreign Wars News for November 1947, which appears in the Appendix.]

SOIL CONSERVATION—ESSAY BY ROBERT MARSHALL

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD an essay entitled "Save the Soil—There Is No Substitute for Productive Soil," written by Robert Marshall, of the Woodstock High School, Woodstock, Va., which won the top award in the soil conservation essay program for 1949 sponsored by the supervisors of the Lord Fairfax Soil Conservation District, which appears in the Appendix.]

EUROPE'S RECOVERY—LETTER TO EDITOR OF NEW YORK SUN

[Mr. KEM asked and obtained leave to have printed in the RECORD a letter addressed to the editor of the New York Sun by F. C. Nichols, an American living in Berne, Switzerland, which appears in the Appendix.]

INTERGOVERNMENTAL RELATIONS—STATEMENT BY STANFORD SCHEWEL

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD a statement on

the subject of Intergovernmental Relations, made by Stanford Schewel before the Senate and House Subcommittees on Governmental Relations, on May 11, 1949, which appears in the Appendix.]

QUESTIONS AND ANSWERS ON PROPOSED PRICE-SUPPORT PROGRAM

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a series of questions and answers in explanation of the program of Secretary of Agriculture Charles F. Brannan, containing recommendations for changes in the price-support program, which appears in the Appendix.]

MRS. JEANNETTE M. MITCHELL—ARTICLE FROM PORTLAND SUNDAY TELEGRAM

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an article relating to Mrs. Jeannette M. Mitchell, of Skowhegan, Maine, president of the Somerset County Women's Republican Club, published in the Portland (Maine) Sunday Telegram, which appears in the Appendix.]

MODIFICATIONS IN THE PRESIDENT'S LEGISLATIVE PROGRAM — EDITORIAL COMMENT

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an editorial entitled "Confession of Failure" published in the New York Herald Tribune of May 26, 1949; and an editorial entitled "The President's Program," published in the New York Times of May 25, 1949, which appear in the Appendix.]

PROPOSED COLUMBIA VALLEY ADMINISTRATION—ARTICLE BY RICHARD L. NEUBERGER

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD an article on the Columbia Valley Authority by Richard L. Neuberger, published in the St. Louis Post Dispatch of May 15, 1949, which appears in the Appendix.]

JOHN KEITH

Mr. McCARRAN. Mr. President, if I may have the attention of the Senator from New Jersey [Mr. HENDRICKSON], during the last call of the calendar, House bill 1057, Calendar 374, was objected to by the able Senator from New Jersey. I am advised that he has investigated the matter and is now ready to withdraw his objection. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 1057) for the relief of John Keith.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, I am very happy to state that I have carefully investigated the claim. I think it has definite merit, and I withdraw the objection.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 1057) for the relief of John Keith was considered, ordered to a third reading, read the third time, and passed.

BIDS ON AIR MAIL CARRIAGE—LETTER FROM E. V. RICKENBACKER AND REPLY BY SENATOR JOHNSON OF COLORADO

Mr. BREWSTER. Mr. President, I ask unanimous consent for the insertion in the RECORD of a letter from "Eddy" Rickenbacker, president and general manager of Eastern Air Lines, addressed to the Senator from Colorado [Mr. JOHNSON], chairman of the Committee on Interstate and Foreign Commerce, dealing with a proposal for bids on the carrying of mail on five air-line systems. I ask unanimous consent also that the reply of the Senator from Colorado [Mr. JOHNSON] to the letter also be incorporated in the RECORD.

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

EASTERN AIR LINES, INC.,
New York, N. Y., May 25, 1949.

Hon. EDWIN C. JOHNSON,
Chairman, Committee on Interstate and Foreign Commerce, Senate Office Building, Washington, D. C.

MY DEAR MR. CHAIRMAN: The questions concerning Eastern Air Lines' willingness to operate without subsidy, propounded to me by members of your committee yesterday at the completion of my formal statement, prompt me to offer for the record a supplement to my remarks.

In order that there may be no doubt as to the meaning of my statement yesterday, Eastern Air Lines, Inc., makes the following proposals to your committee, and to all interested agencies of our Government:

1. Eastern Air Lines will, if given the opportunity, operate the domestic system of National Airlines, Inc. (between New Orleans, Florida, and New York), on Eastern's nonsubsidy mail rate. National received $1,289,000 for carrying 323,000 ton-miles of mail in 1948. At Eastern's mail rate the annual cost to the Government would be $212,000, saving the taxpayers $1,077,000 per year.

2. Eastern will, if given the opoprtunity, operate the entire system of Delta Airlines, Inc. (between Dallas-Fort Worth, Atlanta, Charleston, Chicago, Miami), on Eastern's nonsubsidy mail rate. Delta received $2,754,000 for carrying 927,000 ton-miles of mail in 1948. At Eastern's mail rate the annual cost to the Government would be $603,000, saving the taxpayers $2,151,000 per year.

3. Eastern will, if given the opportunity, operate the entire system of Capital Airlines, Inc. (between Great Lakes, Washington, Norfolk, Memphis, New York, Pittsburgh, Atlanta, Birmingham, New Orleans) on Eastern's nonsubsidy mail rate. Capital received $4,905,000 for carrying 884,000 ton-miles of mail in 1948. At Eastern's mail rate the annual cost to the Government would be $575,000, saving the taxpayers $4,330,000 per year.

4. Eastern will, if given the opportunity, operate the entire domestic system of Chicago and Southern Airlines, Inc. (Chicago, Detroit, New Orleans, Houston), on Eastern's nonsubsidy mail rate. Chicago and Southern received $1,881,000 for carrying 482,000 ton-miles of mail in 1948. At Eastern's mail rate the annual cost to the Government would be $313,000, saving the taxpayers $1,568,000 per year.

5. Eastern will, if given the opportunity, operate the system of Colonial Airlines, Inc. (Montreal, New York, Washington), on Eastern's nonsubsidy mail rate. Colonial received $1,178,000 for carrying 82,000 ton-miles of mail in the above-mentioned area in 1948. At Eastern's mail rate the annual cost to the Government would be $53,000, saving the taxpayers $1,125,000 per year.

Eastern Air Lines, Inc., hereby offers to operate the entire domestic systems of any one or more of the five above-mentioned air carriers at a nonsubsidy rate.

According to my calculation, the five above-named air carriers carried 2,701,000 ton-miles of mail in the above-mentioned areas in 1948 and received an average of $4.45 per ton-mile for doing so, aggregating $12,077,000 received from the Government by them in 1948; whereas at Eastern's rate which would range from 60 cents to 65 cents per ton-mile. Eastern could carry the 2,701,000 aggregate ton-miles for a total of $1,676,000, effecting a total annual saving to the taxpayers of $10,401,000.

With assurance of my high regards, I am,
Yours sincerely,
E. V. RICKENBACKER,
President and General Manager.

MAY 26, 1949.

Capt. E. V. RICKENBACKER,
President, Eastern Air Lines, Inc., New York, N. Y.

DEAR CAPTAIN RICKENBACKER: The phenomenal proposal made in your letter of May 25, to operate the domestic systems of five air lines in the territories which Eastern Air Lines now serves, and to carry the mail over them at Eastern's "no subsidy" mail rate, is most challenging. I am sure that you are aware that it cannot be effectuated by this Committee, and that under the Civil Aeronautics Act, the Civil Aeronautics Board is the proper agency to consider it. I am, therefore, forwarding your letter to the Board for their recommendation. Doubtless the law would need to be amended to authorize them to direct a merger or consolidation.

During our investigation pursuant to Senate Resolution 50, we will examine the advisability of changing certain of the fundamental tenets of the Civil Aeronautics Act of 1938, as amended, which would be required by your proposal. In order that we may have a better understanding of the precise nature of your suggestion, will you clarify several matters.

You do not suggest in your letter how you propose to obtain control of these air lines so as to accomplish the desired end. It would be interesting to know whether it would be through merger, purchase, suspension of certificate, or by other means.

The description of routes by cities and areas given in your letter does not appear to include the "entire system" of each of the air lines mentioned. Therefore, would you render present-day service to each city on the routes of the five carriers mentioned accepting the present CAB route service restrictions, and would you give each city at least the same amount of service as the present companies now render? Or, to put it another way, would you contemplate a reduction in the total unduplicated miles operated? Does your proposal contemplate taking over all of the personnel and property of the other companies? Would you purchase their stock and assume the payment of their debts and other obligations? I appreciate that your letter does not constitute an acquisition proposal, but these matters are important to understand the significance of the proposal.

During the course of your testimony you will recall that Senator Brewster discussed the advantages and feasibility of Eastern Air Lines acquiring and operating the Northeast Air Lines system. Northeast Air Lines is conspicuously absent from your proposal, and as this would seem to be a logical system to consider if the general principles of your proposal are adopted, will you advise us whether your proposal includes Northeast Air Lines, in conjunction with others or alone, and if not, the restrictions and subsidy mail rate that you would recommend.

I might say that the Committee is not yet convinced that there is no element of subsidy in the mail rate now being paid Eastern Air Lines. At least the Civil Aeronautics Board was unable to state what portion of the "service rate" which Eastern and other carriers receive was compensatory and what portion was subsidy.

You may be sure the Committee will give full consideration to the principles involved in your proposal. Your letter will be made part of the record.

Sincerely,

EDWIN C. JOHNSON,
Chairman, Interstate and Foreign Commerce Committee.

ADDITIONAL REVENUE FOR THE DISTRICT OF COLUMBIA—CONFERENCE REPORT

Mr. HUNT. Mr. President, I send to the desk a conference report on House bill 3704, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The conference report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3704) to provide additional revenue for the District of Columbia, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 128, 129, 130, 131, 132, 133, 134, 135, 136, and 137, and agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: Strike out "$1.50" wherever it appears in the Senate amendment and insert in lieu thereof "$1.25"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, 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:

"SEC. 505. Subsection (a) of section 23 of the District of Columbia Alcoholic Beverage Control Act, as amended, is further amended to read as follows:

"'SEC. 23. (a) There shall be levied, collected, and paid on all of the following-named beverages manufactured by a holder of a manufacturer's license and on all of the said beverages imported or brought into the District of Columbia by a holder of a wholesaler's license, except beverages as may be sold to a dealer licensed under the laws of any State or Territory of the United States and not licensed under this Act, and on all beverages imported or brought into the District of Columbia by a holder of a retailer's license, a tax at the following rates to be paid by the licensee in the manner hereinafter provided:

"'(1) A tax of 15 cents on every wine-gallon of wine containing more than 14 per centum of alcohol by volume, except champagne or sparkling wine or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (2) a tax of 22½ cents on every wine-gallon of champagne or sparkling wine or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (3) a tax of 75 cents on every wine-gallon of spirits and a proportionate tax at a like rate on all fractional parts of such gallon; (4) and a tax of $1.25 on every wine-gallon of alcohol and a proportionate tax at a like rate on all fractional parts of such gallon.'"

And the Senate agree to the same.

LESTER C. HUNT,
J. HOWARD MCGRATH,
JOE MCCARTHY,
Managers on the Part of the Senate.

JNO. L. MCMILLAN,
HOWARD W. SMITH,
PAUL C. JONES,
GEORGE J. BATES,
JOSEPH P. O'HARA,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

AMENDMENT OF COMMODITY CREDIT CORPORATION CHARTER ACT—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 amendment of the House to the bill (S. 900) to amend the Commodity Credit Corporation Charter Act, and for other purposes.

Mr. KEM. Mr. President, this bill provides that the Directors of the Commodity Credit Corporation who have the authority for directing the business and the affairs of a $5,000,000,000 corporation shall be appointed by and hold office at the pleasure of the Secretary of Agriculture. The bill which was passed by the Senate and sent to conference provided that the Directors of the Commodity Credit Corporation should be appointed by the President, by and with the advice and consent of the Senate. The Senate conferees receded from that provision in the conference, and the provision giving the Secretary the sole power of appointment was adopted in its stead.

Mr. President, I have very grave doubt as to the constitutionality of the proposed bill. Article II, section 2, clause 2 of the Constitution of the United States provides that the President "shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments."

The proposed law vests the right of appointment in the Secretary of Agriculture. So the question is whether the Directors of this $5,000,000,000 Corporation are inferior officers within the meaning of this provision of the Constitution.

I believe it has been generally understood that inferior officers, as the statement is used in that provision, mean those who do not exercise policy-making powers. In this case we are dealing with officers who have policy-making powers over a vast field of governmental affairs. They have the policy-making power over the expenditure of $5,000,000, or any part thereof. I do not believe that by any stretch of the imagination officers having such authority can be fairly considered to be inferior officers. Certainly they cannot properly be regarded as officials who do not exercise policy-making powers. For some reason, the bill gives the Senate the right to confirm the appointments of the members of an advisory board, which has no policy-making power, no authority, but merely can meet at stated intervals and give the Secretary of Agriculture the benefit of such advice as its members may see fit to offer. Mr. President, I believe this provision violates the spirit of the provision of the Constitution to which I have referred, if indeed it does not violate the express letter of the Constitution itself.

The Members of the Senate will recall the very celebrated statement of Aaron Burr, then Vice President of the United States, who as such was the Presiding Officer of the Senate, to the effect that—

If the Constitution be destined ever to perish by the sacrilegious hands of the demagogue or the usurper, which God avert, its expiring agonies will be witnessed on this—

That is to say, the Senate—

floor.

Mr. President, if we, the Members of this body, are not prepared to assert our constitutional prerogatives and responsibilities under the Constitution, it is clear that no one else is going to assert them for us.

A great many thoughtful Americans have been disturbed recently at the constant enhancement of the power of the executive branch of the Government at the expense of the legislative branch. We are dealing here with a glaring instance of that sort of thing. I wish to recall several instances of that kind which have occurred rather recently. During the days when he was Secretary of State, Gen. George C. Marshall one day simply observed at a press conference that the Government of the United States approves and accepts" the recommendations of the London Conference for the disposition of western Germany. The question as to the disposition of western Germany was debated at great length in the House of Commons, in London, and in the Legislative Assembly in Paris. Yet the head of an executive department of the United States Government brushed the whole thing aside, and announced ex cathedra that a certain proposed government had been accepted on behalf of the United States. That was one press conference.

Another press conference to which I wish to invite attention took place some time ago in the White House. The reporters who were attending the President of the United States on that occasion were told that he had the sole power to halt strikes affecting the Nation's welfare, without additional authority. He said, in effect, that the powers of the President are sufficient to meet any national emergency. A somewhat bemused reporter asked him where those powers could be found. The President replied that the reporter should read the history of the country. He said that whenever an emergency has arisen, the President

has found authority. He added that in time of emergency he felt that the President has immense power to do what is right for the country. In other words, Mr. President, under this theory he has the right in time of emergency to bypass entirely the Congress of the United States, to do what is right for the country.

I do not wish to belabor the point, but I should like to invite the attention of the Senate to a third instance in which the constitutional powers, prerogatives, and authority of the Senate have been bypassed in recent times. Mr. Truman's predecessor in the White House was the inventor, I believe, of the "executive agreement" dealing with foreign affairs, by which it became unnecessary to secure the advice and consent of two-thirds of the Senate to important international agreements, for which such a vote in the Senate would be required if submitted as a treaty.

Mr. President, this body has not always been entirely inert and unattentive to its constitutional responsibilities. This morning I had occasion to look up some of the occasions on which the rights and prerogatives of the Senate have been asserted by Members of this body. I see the senior Senator from Michigan [Mr. VANDENBERG] sitting in the Chamber. I read a very striking statement he made a few years ago about the way in which the processes of democracy were being undermined by the failure to recognize and carry out the constitutional provisions with reference to the powers and duties of the Senate. Similarly, I found a very striking report made by the Senator from Nevada [Mr. MCCARRAN], in which he asserted the right of the Senate to confirm the appointment of all important officials of the Government. He introduced a bill, Senate bill 575, and submitted a report on it, dated April 14, 1943. That bill provided that the Senate should have the right to confirm the appointments of all officers receiving compensation in excess of $4,500. Attached to the report is a table showing the large number of officials in various branches of the Government who were receiving compensation in excess of that amount.

The report says:

> There was a very good reason for including in the Constitution a method by which appointments in the Federal Government could be controlled. That reason was well known to those who drafted the Constitution, with the taste of despotic tyranny still on their lips. That reason has not changed. It is still with us today. In fact, it is of even greater importance now than in all the history of our Government. Specifically, it has been ably summed up in the words of Abraham Lincoln: "Government of the people, by the people, and for the people shall not perish from the earth."

In arguing for the bill and in summing up its conclusions, the committee, in its report, says this:

> Your committee believes that the method provided in the bill for revesting control in the people, through their legally elected representatives, is unobjectionable because it in no way interferes with the war effort; it disrupts no agency of Government; it lays no withering touch upon the merit system established by act of Congress under the classified civil service, but rather strengthens and upholds that system; it implements and assures the selection of competent persons of unquestioned ability to administer the laws of the United States; and, at the same time, it assures that appointments shall hereafter be made in the manner prescribed by the Constitution. In addition to this, it insures reasonable control and supervision by the people, through their representatives, of the Government itself and of its operations.

When a bill such as the pending one comes before the Senate, one cannot help but recall that the Constitution of the United States begins with the very significant words, "We, the people." I know that in some quarters it is the fashion now to talk of the Constitution as being outdated, and perhaps a number of people are not particularly interested in what the founding fathers said about the Constitution. But I want to read what Alexander Hamilton said in the Federalist about this power, this authority, this duty of the Senate to confirm important officials of the Government. I read from the Federalist of April 1, 1788:

> To what purpose then require the cooperation of the Senate? I answer, that the necessity of their concurrence would have a powerful, though in general a silent, operation. It would be an excellent check upon a spirit of favoritism in the President, and would tend greatly to prevent the appointment of unfit characters from State prejudice, from family connection, from personal attachment, or from a view to popularity. In addition to this it would be an efficacious source of stability in the administration.
>
> It will readily be comprehended that a man who has himself the sole disposition of offices would be governed much more by his private inclinations and interest, than when he was bound to submit the propriety of his choice to the discussion and determination of a different and independent body; and that body an entire branch of the legislature.

Mr. President, let us look at the RECORD to see what reasons are given by the proponents of the bill for disregarding the advice of the founding fathers in this respect and bypassing the Senate in the appointment of important officials of the Government. I read, from page 6790 of the CONGRESSIONAL RECORD of yesterday, a colloquy between the chairman of the Senate Committee on Agriculture and Forestry, making the report for the conferees, and the Senator from Missouri, as follows:

> Mr. KEM. I should like to ask the Senator why, in the judgment of the conferees, it was advisable to depart from the usual and customary principle of confirmation by the Senate of members of an important executive board.
>
> Mr. THOMAS of Oklahoma. The main reason is that the House would not consent to confirmation by the Senate. We were forced to accept that provision. We spent four sessions in trying to arrive at an agreement on two or three points. This is one point upon which I am sure the House of Representatives would not have yielded.

I observe that the report on behalf of the House is not signed by three of its managers, so there must have been considerable dissent in the conference with respect to the bill. The colloquy continues:

> Mr. KEM. Without going into detail, will the Senator from Oklahoma outline the reasons advanced by the conferees on the part of the House for taking that position?
>
> Mr. THOMAS of Oklahoma. As I understand the situation, it is this: The Congress passes laws directing the Secretary of Agriculture to do certain things, and we hold him responsible for carrying out the duties thus imposed upon him by the laws passed by Congress.
>
> The position taken by the House of Representatives, as I understand it, is that the Congress must give the Secretary of Agriculture the power to carry out the functions imposed upon him by the laws passed by Congress, and that in order to be able to do so, he must have a Board upon which he can rely.

The Constitution vests in the President the primary duty to carry out the laws of the United States, and yet the members of his Cabinet are themselves subject to confirmation by the Senate. The Secretary of Defense is confirmed by the Senate, as is every commissioned officer in the armed forces. I have never heard it contended that this prevents the President from properly discharging his duties and responsibilities as Commander in Chief of the armed forces, or that there was any lack of flexibility in the operation of the armed forces merely because officers of the Army must be confirmed by the Senate.

So, Mr. President, it seems to me that the reasons assigned for disregarding this long-settled practice in the case of the very powerful board in question are insufficient. I believe the Senate should reject the conference report, and should undertake, in regular course, to have agreed upon, a bill which will recognize the traditional constitutional prerogatives of the Senate.

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

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Nebraska?

Mr. KEM. I am glad to yield.

Mr. WHERRY. What is the experience of the distinguished junior Senator from Missouri relative to the work of advisory boards? My reason for asking the question is, it seems that those who favor the provision requiring confirmation of the Advisory Board by the Senate do so on the ground that, in the light of the work done by other advisory boards, it is unnecessary to confirm members of such a board as the one in question. I may not have stated the case exactly, but, in a sense, the answer given by proponents of the measure is that it is unnecessary for the Congress to confirm such appointees. That is suggested by the Secretary of Agriculture in connection with appointments to this permanent board. What is the experience of the junior Senator from Missouri relative to advisory boards?

Mr. KEM. My experience and observation indicate that they do not have any authority at all, that they are debating societies or discussion groups. They meet and discuss questions. Their deliberations are academic and largely futile, unless they are given some power and authority. Our discussions in the Senate would likewise be largely futile if on some day we could not reach the point of voting and deciding the issue. Similarly, the estimable gentlemen from various parts of the country constituting this advisory board will never in the nature

of things reach a point when they can vote and decide a question.

Mr. WHERRY. Is it not also a fact that usually advisory boards are called in after a policy has been developed? The policy, of course, is submitted to them, but is it not a fact that it is more or less sold to the advisory board after it has been developed, and all they do is hastily to approve what has been done, and then go back to their respective homes? Is not that about as much force and effect advisory boards can have?

Mr. KEM. That certainly is their force and effect, so far as my own observation is concerned. But I should like to invite the Senator's attention to the fact that if, by any chance, the advisory board did not approve the policy submitted, the policy would go into effect regardless of the opinion of the advisory board.

Mr. WHERRY. That was the next question I wanted to ask the Senator. Even though the policy should be sold to the board, it simply adds prestige to what the Department has done, because, in the final analysis, even though the board should disagree, it has no right to change the policy.

Mr. KEM. On the point of prestige, I hope that no one will be inclined to think that an effort is being made to make fun of the Senate or shall we say make a joke at the expense of the Senate in this bill, which solemnly confers on the Senate the power of confirming members of the Advisory Board, but denies to the Senate any right or any say in connection with the members of the Board which controls the Commodity Corporation.

CONFIRMATION OF SUNDRY NOMINATIONS IN THE ARMED SERVICES

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

Mr. KEM. I yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, as in executive session, I ask unanimous consent that sundry nominations in the Army, Navy, and Air Force be confirmed and the President notified thereof. May I say that these recommendations come from the Committee on Armed Services unanimously, and that no objection has been filed in connection with any of the names appearing on the list. Most of the nominations are in minor grades. A great many of those involved are graduates of Annapolis and West Point, and the services are anxious to have the nominations confirmed so that commissions can be issued to them, to be available at the time these men are graduated.

Mr. WHERRY. Mr. President, reserving the right to object, let me say that another point is that it saves the printing costs to a great extent, and follows the customs and practice which have heretofore been indulged in with reference to such appointments.

Mr. TYDINGS. I thank the Senator. The reason why the Senator from Maryland interrupts proceedings and asks indulgence of his colleagues in this manner is that it saves a great many thousands of dollars in the printing bill.

Mr. KEM. May I ask the Senator from Maryland a question?

Mr. TYDINGS. Certainly.

Mr. KEM. I should like to ask whether these men whose names the Senator has just presented for confirmation are as important as are the directors of the Commodity Credit Corporation, which is carrying on a $5,000,000,000 business.

Mr. TYDINGS. Of course, I am not familiar with all the ramifications of the bill which the Senator has been discussing, but the Senator's question almost answers itself. The Senator from Maryland would be compelled to reply that he does not think most of them are as important. Some of them, however, are in the top military level.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Is there objection to the request of the Senator from Maryland? The Chair hears none.

Without objection, the nominations are confirmed, and the President will be immediately notified.

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

Mr. KEM. I yield.

Mr. TYDINGS. Mr. President, I ask that the colloquy which has just occurred be printed at the end of the remarks of the Senator from Missouri.

Mr. KEM. I object. I would rather have it exactly where it occurred, otherwise it may lose such point as it has.

Mr. TYDINGS. I withdraw my request.

The PRESIDING OFFICER. Objection is made, and the request is withdrawn.

AMENDMENT OF COMMODITY CREDIT CORPORATION CHARTER ACT—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 amendment of the House to the bill (S. 900) to amend the Commodity Credit Corporation Charter Act, and for other purposes.

Mr. WHERRY. Mr. President, will the Senator from Missouri yield further?

Mr. KEM. I yield.

Mr. WHERRY. Let me ask the Senator from Missouri this question: The permanent Board provided for in the bill will be on the job each and every day of the year; at least, it is supposed to be. Is that correct?

Mr. KEM. That is correct.

Mr. WHERRY. They, in turn, also help to formulate policies, do they not? Is not that the intention of the bill?

Mr. KEM. That brings up a very important distinction. If the directors are appointed by the President for a definite term and are confirmed by the Senate, they have a vested right in their position, and if a question arises on which they do not agree, they can stick their feet in the sand. The Supreme Court will sustain them in their position to the extent that they cannot be fired. But the persons appointed by the Secretary specifically and directly, will hold office, under the terms of the bill, at the pleasure of the Secretary, and he can kick them out any day if they should say something he does not like.

Mr. WHERRY. I thank the Senator for his answer to the question, because I think there is a vast difference, as he has pointed out, between the work of the permanent committee and of the advisory committee, in the respect to which the Senator has so eloquently referred in his answer.

Mr. KEM. In my own view, the advisory commitee is wholly without either authority or power. That was admitted by one of the able apologists for the committee report yesterday on the floor, who finally, after a series of questions, said they had no authority.

I should like to invite the Senator's attention, if he does not mind, to the colloquy which occurred yesterday. I wish to read from page 6792 of the CONGRESSIONAL RECORD, where the colloquy is shown between the senior Senator from Vermont [Mr. AIKEN] and the junior Senator from Missouri. The senior Senator from Vermont was asked a series of questions as to whether the advisory committee had any authority. The senior Senator from Vermont replied at considerable length. Finally this question and answer appear:

> Mr. KEM. I realize the Senator from Vermont is not on the stand, and I do not want to press him unduly, but if the advisory board has any authority I wish the Senator from Vermont would advise us what it is.
>
> Mr. AIKEN. It has no authority.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. KEM. I shall be glad to yield to the Senator from Nebraska.

Mr. WHERRY. I ask, very respectfully, that the junior Senator from Missouri answer this question: Is it not true that if Congress confirms the appointments on this board, we have not only fulfilled the constitutional processes, which I think we should not abdicate, but does it not place the director in a little different position with respect to his responsibility, regardless of his integrity, granting that he will do what he feels is just—does it not place him under a somewhat different responsibility than if he were solely responsible to the Secretary of Agriculture?

Mr. KEM. I would say "Yes"; but I should like to strike out the word "somewhat," and definitely and categorically say "Yes," because he is assured tenure of office.

Mr. WHERRY. That is correct. He is not only responsible to the Secretary of Agriculture but, in turn, he is certainly responsible to the Senate which confirmed his nomination.

Mr. KEM. And to the American people.

Mr. WHERRY. And to the American people.

Mr. KEM. He is an officer representing the American people, appointed by the President, and confirmed by the elected representatives of the people.

Mr. WHERRY. Will the Senator yield for another question?

Mr. KEM. I am glad to yield.

Mr. WHERRY. Why should not these directors be confirmed?

Mr. KEM. I spent some time yesterday trying to bring out any reason, and I am still unable to answer the Senator's question. I see on the floor the able and distinguished Senator from New Mexico, who is one of the managers on the part of the Senate. Perhaps the Senator from New Mexico would like to answer the question.

Mr. WHERRY. Mr. President, I have a deep respect for the former Secretary of Agriculture, and I certainly do not want to engage in any prolonged colloquy with him, but I feel that it might be appropriate to get the views of the Senator from New Mexico, inasmuch as this issue was brought up on the floor of the Senate prior to the time the bill was passed, and the argument was advanced, relative to the permanent board, that it would be difficult to get career men to serve because possibly they would not be confirmed if they were appointed by the Secretary.

Mr. KEM. Mr. President, I ask unanimous consent that the Senator from New Mexico be permitted to answer the question which the Senator from Nebraska has put to the Senator from Missouri.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WHERRY. Mr. President, I should like to ask the distinguished Senator if one reason advanced is not that a career man appointed from the Department of Agriculture might have difficulty in being confirmed.

Mr. ANDERSON. Mr. President, I appreciate the attitude of the Senator from Nebraska. I should like to answer his question in my own time, and I had hoped to have opportunity to speak next.

Let me say now, however, that I recognize the feelings of the Senator from Missouri. He expressed them strongly and steadily before the Committee on Agriculture, and I have great respect for his opinion on this matter. But experience has taught us that the best people on the board of directors, who handle the day-by-day operations, are drawn from the Department of Agriculture. Those people have more experience than anyone else who could be brought into the Department.

When we had this matter under discussion on a previous occasion, I tried to say that Mr. Gage, of the Tobacco Branch, had far more experience than any one individual who might be taken from any other place. The same might apply to the directors of the other branches. It was my feeling that from an operating standpoint those men of long years in the Department of Agriculture could serve well as members of the board. Under the bill they are not subject to confirmation. Those who would be subject to confirmation would be the members of the advisory committee, who would lay down policies for the Secretary. We had in mind the possibility of enlisting such men as Will Myers, of Cornell University. I know of no finer person, but I doubt very much if Will Myers would permit his name to go before the Congress for appointment to an administrative job within the Department. We can, however, guarantee him the security of tenure, which the Senator from Missouri is talking about, by putting him on the Advisory Committee.

I do not wish to take much time of the Senator.

Mr. WHERRY. Mr. President, will the Senator from Missouri ask unanimous consent that I may ask a further question?

Mr. KEM. Mr. President, I ask unanimous consent that the Senator from New Mexico and the Senator from Nebraska be permitted to continue the colloquy as they see fit.

The PRESIDING OFFICER. Without objection, the order is made.

Mr. WHERRY. Let me propound this question to the distinguished Senator. What objection is there to requiring confirmation? I agree 100 percent with the idea of getting career men on the permanent board. But why should they not be confirmed? It seems to me that if the distinguished Senator from New Mexico had been selected by the present Secretary to serve on the permanent board, the Senate would unanimously have confirmed his appointment. I am asking the distinguished Senator whether he feels that a career man would have greater difficulty in being confirmed in the Senate than would some other person?

Mr. ANDERSON. Yes, exactly; for the very reasons the Senator from Missouri suggested. He said that if they did not like what the Secretary was doing, they could stick their feet in the sand and stand there. The important responsibility for carrying out the price support program rests upon the shoulders of the Secretary of Agriculture. We put it there, and it would be wholly wrong to set up a board which could resist the Secretary of Agriculture while he was trying to do what the Congress said he should do.

Mr. WHERRY. Would any one attempt to persuade the Secretary to do otherwise than what the Congress said he should do? If he were not doing what the Congress said he should do, would not the permanent members of the board be the ones to pass on that?

Mr. ANDERSON. But he might not be doing what was contrary to the wishes of Congress. It would be a matter of judgment, and the Secretary, relying on his own conscience and the advice of the staff, might decide to seek the advice of the board. Members of the board, as has frequently happened, may have different ideas. If they are placed in an independent status, where they proceed without regard to the final wishes of the Secretary of Agriculture, then I say the possibility arises that the Secretary of Agriculture could better do the work.

Mr. WHERRY. Then the Senator feels that when the Secretary of Agriculture decides on a policy, the permanent board should go along with him, even though members of the board might feel that the Secretary should not initiate the policy?

Mr. ANDERSON. I think so. I do think he should give himself the benefit of their advice. I am happy to say that I found the board of the Commodity Credit Corporation differing with me on a couple of occasions. I once yielded to their votes. In the other case I followed my own judgment.

Mr. WHERRY. That Board was confirmed by the Senate, was it not?

Mr. ANDERSON. No; there never has been a board confirmed.

Mr. WHERRY. The permanent board?

Mr. ANDERSON. No; it was selected solely by the Secretary of Agriculture.

Mr. KEM. The Board previously was confirmed.

Mr. ANDERSON. I do not refer to the last 12 months. The boards with which I dealt were not confirmed.

Mr. WHERRY. If the present board had been confirmed, would the difficulty which has come about have arisen?

Mr. ANDERSON. After the law was signed, the Senate adjourned, and the names were not sent to the Senate. Subsequently, I think, the Senate was in special session, and no names were sent. No names have been sent to this date. I am unable to explain that, but I think that no names have been sent.

Mr. WHERRY. In spite of the remarks of the distinguished Senator from New Mexico, I cannot yet understand why there is objection to confirmation of career men, because it is my feeling that if the name of a career man were sent to the Senate, he would be confirmed.

I ask the distinguished Senator this question: Should there not be a board which could exercise independent judgment? That is what the board is for, so that if the Secretary initiates a policy with which a member of the board does not agree, he should be able to express himself, and not have to agree with the Secretary, if he is so inclined.

Mr. KEM. Mr. President, I should think that anyone who believes in the American system of checks and balances would have difficulty in saying otherwise. Of course a dictatorship is more efficient. If we want to get an absolutely efficient Government, we can do away with the Constitution of the United States and set up a Hitler or a Mussolini, and give him all authority and all power, and for a time at least have efficiency. But the rights of the people would not be protected as they are under the Constitution of the United States.

Mr. WHERRY. Mr. President, will the Senator yield for one more question?

Mr. KEM. I yield.

Mr. WHERRY. The Senate confirms officers in other departments, does it not?

Mr. KEM. Yes; it does.

Mr. WHERRY. The question of military advice is much more important at times than the advice of a board such as the one we are discussing, is it not?

Mr. KEM. I should certainly think so.

Mr. WHERRY. That might apply in situations much more acute than one involving a board such as the one we are discussing. If the Senate should abdicate its function of confirming these appointees in the case of the Department of Agriculture, why should it not, on the same theory, abandon the confirmation of Under Secretaries under the Secretary of Defense, and other important appointive officers?

Mr. KEM. In my judgment it is just a case of the camel getting its nose under the tent. The policy started here, and

the process of continually chipping away the authority, the prerogatives, the dignity, and the prestige of the United States Senate will be continued. Let me say that it is passing strange that Members of the Senate themselves should be here seeking to abdicate their constitutional function by urging instead of resisting this process.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. ANDERSON. Mr. President, I am greatly interested, of course, in the subject now before the Senate. I regret that I shall perhaps take more time than I should, but I do want to comment on the situation, because I think the question before us is very fundamental and is going to be with us for a long time.

The distinguished Senator from Missouri [Mr. KEM], for whose integrity I have the greatest respect, has spoken of a system of checks and balances, and finds himself unable to understand how a Senator can stand on this floor and advocate the refusal of the right of confirmation by the Senate. I say to him that in administrative responsibility one man must do a job, and in administering the far-flung empire of the Department of Agriculture, if we allow its authority to be divided in a half a dozen different directions we will never have an administrative unit that is worth considering. Therefore, I say to the Senate that the place for consideration of checks and balances is when the Senate confirms the Secretary of Agriculture and when the Senate confirms his associates.

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

Mr. ANDERSON. I yield.

Mr. KEM. I should like to ask the distinguished Senator from New Mexico if the form of government he is advocating consists of the President, heads of the executive departments confirmed by the Senate, but with no further intervention on the part of the Senate at all?

Mr. ANDERSON. Not with respect to the armed services, but otherwise nearly exactly what the Senator has said, and I will tell the Senate why.

Mr. KEM. Why should there be intervention in connection with the armed services?

Mr. ANDERSON. A wholly different situation exists with respect to the armed services than with respect to the agency we are discussing.

Mr. KEM. In what respect?

Mr. ANDERSON. In the case of the armed services, we are dealing with career people, and we have always taken the position that those who are to lead our children in time of war should have their nominations confirmed by the Senate. One of the first men I appointed to the Military Academy was the son of very distinguished Republican parents. I appointed him because when my boy got ready to join the Army I knew he would not ask the politics of his commanding officer.

Mr. KEM. Are there not career men in the Department of Agriculture?

Mr. ANDERSON. Oh, yes; but I think they are in a quite different situation.

Mr. KEM. I ask the Senator if there are no sons of Republican parents in the Department of Agriculture.

Mr. ANDERSON. Yes. Sometimes I think there are too many. But I agree with the Senator that there are.

Mr. KEM. Then why the distinction between the Department of National Defense on the one hand and the Department of Agriculture on the other?

Mr. ANDERSON. I tried to explain that. I think it is a question of leading a boy into battle where he may lose his life.

Mr. KEM. I understand the reason for it is that the men in the armed forces are career men, and many of them sons of Republican parents.

Mr. ANDERSON. No; I did not say that at all. But it is all right.

Mr. KEM. The record will show what the Senator said.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I should like to ask the Senator from New Mexico how he reconciles his view that we should not confirm these five men who are going to control a $5,000,000,000 corporation, when at the same time the Senate will have to confirm a postmaster who may have to handle only two or three thouhand dollars of receipts in a year?

Mr. ANDERSON. I do not know that I can answer to the Senator's satisfaction, but I shall try to deal with the situation we are considering.

Mr. WILLIAMS. Does not the Senator from New Mexico agree with me that in time of war the directors of this corporation will be holding more responsible positions than will many of the officers in the armed services whom the Senate confirms?

Mr. ANDERSON. Yes, I agree.

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

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

Mr. WHERRY. I am vitally interested in the answer the Senator from New Mexico gave to the Senator from Missouri with respect to the military situation. The Senator from New Mexico differentiated between the importance of those connected with the military, and civilians. The Senator from Delaware brought up a question relative to confirmation of postmasters. And, considering Government officials who are confirmed by the Senate, the Secretary of Labor, the Secretary of Commerce, the Secretaries of the various other departments, and other officials in charge of civil functions throughout the Government are all confirmed by the Senate. Therefore, it is not enough simply to differentiate between the military and, for example, officials in the Department of Agriculture. Because all through the whole system of government we find that civilian officials, appointed by the President, are confirmed by the Senate, do we not?

Mr. ANDERSON. Yes, but I hope that there is some differentiation made. The distinguished Senator from Delaware [Mr. WILLIAMS] yesterday asked the senior Senator from Vermont [Mr. AIKEN] the following question:

> How does the Senator from Vermont reconcile that action—
>
> Concerning the Hoover report—
>
> with the action taken here?

He had previously said that he understood that the Senator from Vermont was an enthusiastic supporter of the Hoover Commission Report which was adopted in the Senate a few days ago.

> How does the Senator from Vermont reconcile that action with the action taken here? Is not the taking away from the Senate of the power to confirm the directors a direct contradiction of the recommendations of the Hoover Commission?

Mr. President, I think we should find out what the Hoover Commission reported. First, I should like to refer to the Hoover report which deals with Federal business enterprises specifically. I turn to page 10, to recommendation 1 (f) which reads as follows:

> That where boards or part-time boards are established they be wholly advisory and be appointed by the President.

That is the Hoover report. What the Senator from Delaware read from was a recommendation of the task force, and it had nothing to do with the recommendation of the Hoover Commission.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Does the Senator from New Mexico mean to say that the board of directors is a part-time board or a full-time board of directors? He read from the recommendation of the Hoover Commission, in which the expression "part-time directors" was used. I am talking about the full-time board of directors.

Mr. ANDERSON. Let me read the language again:

> That where boards or part-time boards—
>
> Both of them—
>
> are established they be wholly advisory.

Now, I read that and say, to paraphrase Paul, "That which ye have worshiped without knowing, come I to declare unto you."

The Hoover report has made that recommendation.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Do I understand the Senator to interpret that language to mean also the RFC Board of Directors?

Mr. ANDERSON. I come to that in a moment.

Mr. WILLIAMS. That is a board; is it not?

Mr. ANDERSON. Yes. I shall show what happens to the RFC, if the Senator will be patient with me.

Then I want to turn next to section 1 (g) as follows:

> That where these corporations are located in the departments or major Government agencies the heads of such agencies or representatives designated by them serve as ex officio chairmen of their advisory boards.

That is from the Hoover document Federal Business Enterprises, page 10.

Notice that the Senate conferees by putting in "an advisory board" have followed to the very letter the recommendations of the Hoover Commission on Reorganization of the Government, and the conference report, by limiting the actual board of directors to employees of the Department surely follow the recommendations in the Hoover report.

But for additional information I desire to turn to page 8 of the report on Federal Business Enterprises, under the heading, "Defects in the organization of Government corporate enterprises," and consider paragraph (c) which lists the defects. Paragraph (c) reads:

> Most of these agencies are within executive departments, but some have independent status and their activities are not adequately coordinated with those of the executive branch.

That is what I was trying to say to the distinguished Senator from Nebraska, the minority leader; that where there are independent agencies their activities are not coordinated with the executive branch, and therefore that is held to be bad.

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

Mr. ANDERSON. Yes.

Mr. WILLIAMS. Does not the Hoover Commission in its report go further and say, with respect to the Commodity Credit Corporation, that either one of two programs should be adopted; either the board of directors should be free from the need for confirmation, and the activities of the Corporation should be made a part of those of the Department of Agriculture, and that the Secretary of Agriculture should come before Congress with respect to matters connected with it, or else the board of directors should be set up as an independent board?

Mr. ANDERSON. Yes, there is a recommendation about that which I thought was in the task-force report, not in the Hoover Commission report.

Mr. WILLIAMS. Is not what the Senator from New Mexico is proposing at this time a consolidation of the two reports, taking out of each of the reports that of which he approves?

Mr. ANDERSON. No. I am reading only from the Hoover Commission report. The Senator from Delaware read from the recommendations of the Task Force. Let me go a step further. I have here the recommendations respecting the Department of Agriculture. Look at recommendation No. 2 on page 8 of the report on the Department of Agriculture, in which this statement is found:

> All officials below the Under Secretary and the Assistant Secretaries should, where possible, be appointed from the career services.

Under the Hoover Commission scheme the Commodity Credit Corporation and all its activities are moved under the Commodity Adjustment Service. Under the Hoover report they are not merely independent boards. They are not only under the Secretary, but they are under the Under Secretary; they are under two Assistant Secretaries; under the Administrative Assistant to the Secretary. Below that comes the Commodity Adjustment Service.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. In that same recommendation do they recommend that we carry over the four and three-quarter billion borrowing power, and confer that upon the Secretary of Agriculture exclusively?

Mr. ANDERSON. I think the Senator is quoting from the task force report.

Mr. WILLIAMS. No; I am asking the question. Does the Senator find that recommendation in the book from which he is reading?

Mr. ANDERSON. I do not find it in the book. Perhaps the Senator can find it.

Mr. WILLIAMS. It is not in that book.

Mr. ANDERSON. No; it is in the task force report.

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

Mr. ANDERSON. I yield.

Mr. KEM. Does the Senator from New Mexico understand that the Hoover report recommends that the corporate device be continued, but that the authority of the Senate to confirm the directors of the corporation be denied?

Mr. ANDERSON. I do not think I would want to interpret the Hoover report in that respect.

Mr. KEM. That is the very crux of the question. As I understand the section which the Senator read, it simply says that it is thought that the heads of the departments should have greater authority over the operations within the departments, and that the Government corporations should be broken down. Here we are continuing the device of the Government corporation. We are adhering to the corporate fictions, but we are not giving the Senate the customary and traditional power to confirm the directors. That involves more than merely a question of form, as the questions of the Senator from Delaware suggested. We have a corporation which transacts its business independently of the Congress, without definite, specific appropriations when it makes commitments. Furthermore, it has a borrowing power. It can borrow money on the credit of the United States, without any intervention of Congress at all. What we are doing is maintaining the corporate fiction, but we are doing away with the right of the elected representatives of the people to govern the way their money is spent.

Mr. ANDERSON. I merely say that the Hoover report all the way through is to the effect that when boards of that nature are established, they should be advisory boards appointed by the President.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I should like to refer to the recommendations of the Hoover report——

Mr. ANDERSON. May I have the page of the Hoover Commission report from which the Senator is about to read? I am afraid the Senator is about to read from the task-force report.

Mr. WILLIAMS. I wish to read from page 48 of the task-force report. I should like to know when the idea suddenly developed that the task-force reports have no value.

Mr. ANDERSON. It did not suddenly develop. It has been known by everyone who received any of the Hoover Commission reports, from the very beginning. Ask the distinguished Senator from Vermont [Mr. AIKEN]. He knows all about it.

Mr. WILLIAMS. I am asking the Senator from New Mexico——

Mr. ANDERSON. There is a wide difference in the recommendations as between the task-force reports and the Hoover Commission report.

Mr. WILLIAMS. I do not believe the Senator will find anywhere in the Hoover report a denial of that principle.

Mr. ANDERSON. The Senator will not find anywhere in it an affirmation of it, either.

Mr. WILLIAMS. Yes.

Mr. ANDERSON. Very well. Will the Senator show me where, in the Hoover report——

Mr. WILLIAMS. The Hoover Commission recommends that such boards act in an advisory capacity. The Senator will not find anywhere in the Hoover report a recommendation that those boards have the power to borrow money in the name of the United States Government.

I read from page 48 of the task-force report of the Hoover Commission:

> It is recommended that the Commodity Credit Corporation be continued solely as a nonstock financing agency under the control of the Administrator. Further, there should be substituted for the Corporation's present borrowing power and capital stock a revolving fund capital and annual appropriations to replace, to the extent Congress deems necessary, impairments of such capital if and when they occur.

If we are going to carry this Corporation as a part of the office of the Secretary of Agriculture, we should repeal its borrowing power and make it come before Congress annually for its appropriations.

Mr. ANDERSON. I am very glad the Hoover Commission saw fit to disregard that recommendation.

In final summary, let me say that today there was placed upon the desks of Senators the concluding report of the Hoover Commission——

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

Mr. ANDERSON. I yield.

Mr. KEM. A few minutes ago I asked the Senator if the Hoover Commission approved what is being done here, namely, a maintenance of the corporate fiction, but without the right of the elected representatives of the people to confirm the directors of that corporate entity. I understood the Senator to say that he would not undertake to construe the Hoover report in that respect.

Mr. ANDERSON. That is correct. I will not attempt to say what the Hoover report did, because it never directly passed upon that question.

Mr. KEM. The Senator does not want to be understood as contending that the Hoover report justifies or recommends what is being done in this bill, does he?

Mr. ANDERSON. No. I am happy to say to the Senator that my observations

were based upon the observations made yesterday, which were completely contrary to the Hoover report.

Mr. KEM. So the Senator is not advocating what the Hoover report recommends, and he does not want the Congress to understand that he is.

Mr. ANDERSON. In the large chart of the reorganized executive branch, showing the major purposes, departments, and agencies, it will be found that under the Department of the Treasury there are the Export-Import Bank, the Federal Deposit Insurance Corporation, and other agencies, but the Commodity Credit Corporation will not be found as a separate and independent agency. It is actually merged into the Department of Agriculture.

Mr. KEM. That is another thing. That is a question for another day. But this bill does not merge it, and I do not think anyone ought to understand that it does.

Mr. ANDERSON. It comes pretty close to it.

Mr. KEM. It merely merges the authority, but it continues the borrowing power, and it continues the authority of the corporate fiction to dispose of the people's money. We are continuing the power to deal with the people's money, but we are refusing to permit the elected representatives of the people to confirm the persons who are doing it.

Mr. ANDERSON. The man who has the final word on the expenditure of the people's money is a member of the President's cabinet, who is confirmed by the Senate, and who is finally responsible for every transaction of the Commodity Credit Corporation.

I have mentioned cabinet officers. I am very sorry that in the discussion yesterday we entered into the discussion of a pamphlet circulated by the Grain Branch, and it was emphasized that that was the language of the Secretary of Agriculture.

I refer to page 6797 of the CONGRESSIONAL RECORD for yesterday, in the third column, where we find the following:

> Mr. WILLIAMS. Again I emphasize that I am reading the language of the Secretary of Agriculture.

I think the distinguished Senator from Vermont answered that statement pretty well, because it is not the language of the Secretary of Agriculture at all.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I should like to point out to the Senator that the language to which he is referring was read into the RECORD from a Department of Agriculture bulletin. The question is this: Does the Senator from New Mexico mean to say that we confer power on the Secretary of Agriculture, but that he does not want to assume responsibility for the bulletins which are issued and the actions which are taken?

Mr. ANDERSON. Not at all.

Mr. WILLIAMS. Does not the Senator agree with me that with power goes responsibility?

Mr. ANDERSON. Certainly.

Mr. WILLIAMS. If the Secretary of Agriculture wants to assume power over the Commodity Credit Corporation, he must be ready to assume the responsibility for its actions. The action of the Department of Agriculture is clearly set out in these bulletins, so far as concerns the long-range program for Government storage. This particular bulletin was issued with the consent of the Secretary, and with the knowledge of the Secretary. It was not wtihdrawn, to my knowledge, until yesterday when we began to discuss it on the floor of the Senate. Suddenly the Secretary tried to deny any responsibility whatever for it.

Mr. ANDERSON. I think the Senator should have the correct information before he makes a charge like that against the Secretary of Agriculture. I remind the Senator that when I tried to find out what he was reading, he said—and I quote again from page 6797:

> Mr. WILLIAMS. Again I emphasize that I am reading the language of the Secretary of Agriculture.

I submit that this bulletin was prepared in the Grain Branch and submitted to Ralph Trigg, the head of the Production and Marketing Administration. Mr. Trigg, acting in behalf of the Secretary of Agriculture, turned down the program. The Grain Branch was not satisfied. A special committee was appointed, headed by Mr. Ballou, as the distinguished Senator from Vermont [Mr. AIKEN] pointed out. That committee again considered the program and rejected it. The Grain Branch still thinks it is a good idea.

I hope we have not yet reached the point where every idea advanced by every person in every Government department immediately becomes the idea of the executive head of that department and their words become his.

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

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from New Mexico yield to the Senator from Delaware?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. What was the date of the conference they had with Mr. Ballou?

Mr. ANDERSON. I am not sure. But Mr. Ballou was here some 3 or 4 weeks ago. The time when Mr. Trigg turned it down was nearly 2 months ago.

Mr. WILLIAMS. But it seems that it is desired to have the authority taken away from Mr. Trigg, so apparently, if the conference report is adopted, his rejection will not mean anything.

My point is that as late as 3 weeks ago they were still considering this document in the Department of Agriculture, and at the same time they had not told anyone in Congress what they were planning.

Mr. ANDERSON. My guess is that they will continue to consider it for many years, so long as there are people there who believe in it.

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

Mr. ANDERSON. I yield.

Mr. FERGUSON. Will the Senator from New Mexico advise us what disposition was made of the report which was read from, as shown at page 6797 of yesterday's CONGRESSIONAL RECORD?

Mr. ANDERSON. I am not informed. I understand it was first circulated in the Department. I obtained the best information regarding it that I could, which is that it was first circulated only inside the Department by the Grain Branch, in order to get the reaction of other branches. After Mr. Trigg disposed of it, it was then mailed out by the Grain Branch to other organizations, to try to get their opinions. Then a committee met to consider whether it was or was not a good program. I am not certain to what extent it was circulated.

Mr. FERGUSON. Did the committee have the power to turn down such suggestions?

Mr. ANDERSON. No; it simply met to consider its circulation.

I think a wholly wrong interpretation—although I am sure it was honestly reached—has been placed on one sentence in the report. These words were read yesterday:

> The need to expand these facilities to a recommended capacity of at least 500,000,000 bushels is more fundamental than the problem of making existing legislation work.

I think it might be well to read the remainder of that statement, which is as follows:

> It is based on the recognition that the economic soundness of any price-support program for agriculture depends on how effectively supplies can be stabilized at prices fair to producers and consumers.

The impression was left that the Department wanted to ignore the provisions of the law; but actually the Department recognized that a price-support program is not effective unless there is some control upon supply. I believe at least that explanation should be given.

Yesterday a great deal was said about a criminal who was in the Department, a man by the name of Hatch. It was said that he was in the Department, but that he should have been fired. Mr. President, I agree that he should have been fired. I think he should have been allowed to resign in 1943, when he tried to resign, but when an employee of the Department of Agriculture refused to accept his resignation.

I am very happy to say that one of the most influential men I know came to me shortly after my appointment as Secretary of Agriculture and asked me if I would continue the appointment of a certain person in the Department of Agriculture, and I was happy to inform him that I would do everything I could to see to it that Col. Ralph Olmstead was fired from the Department of Agriculture.

Subsequently, the Army proposed to send him to Germany and put him in charge of the food supplies there. I called General Somervell and said to him that if that were done, I would feel compelled to release to the newspapers all the information I had about that man.

Yes; it is true that he has gone to China, but he is not doing there what the Senator from Delaware said yesterday he is doing. He is a financial adviser to the Government of China. My information, after looking through the records in

the Department of Agriculture, indicates that he should be excellent in that sort of work.

As for Mr. Hatch, he was appointed a clerk in the Government service in 1934. At that time he gave no indication of his prior record. He was examined by the civil service, and was covered into civil-service status. He subsequently resigned.

I say to the distinguished Senator from Delaware that he is quite correct when he says that man should not have been continued in the Department. I do not question that at all. But I think the Senator from Delaware is quite in error when he infers that that man was an employee of the Commodity Credit Corporation, and that the head of that Corporation should have known all about him.

The record shows how the questions in that regard were put. Mr. Tarver said:

> This man Hatch is not an employee of the Commodity Credit Corporation, but of the War Food Administration.

Mr. Hancock answered:

> Judge, that is difficult to answer. Please do not misunderstand me, but I do not know exactly who are the employees of the Commodity Credit Corporation.

That statement was stressed in the debate yesterday as if it were a terrible confession for any man to make.

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

Mr. ANDERSON. Yes; after I have reminded the Senator from Delaware that there were 5,000 employees of the Commodity Credit Corporation and 55,000 employees of the War Food Administration; and yet someone thinks it is strange that the administrator did not know the names and records of all 60,000 of those people.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I should like to ask the Senator from New Mexico to continue reading from the same record. If he will, he will find that the objection I made was, not that the head of the Corporation did not know all the employees, but because in answer to the next question he said he did not know whether he had authority to fire from among those employees a man of whom he did not approve. That was my point.

Mr. ANDERSON. I am sorry if I misunderstood the Senator's objection. Certainly Frank Hancock should not have been expected to know who that man was.

I shall concern myself for a little time with the Brent Spence letter. I realize that perhaps I may thus initiate a long discussion which possibly I should avoid; but I wish the Senate to understand that there was some basis and justification for what the Secretary of Agriculture had written to Representative SPENCE, of Kentucky. Perhaps it may be well to refer again to what was said in the first paragraph of the letter. It refers to the argument over the $366,000,000 of receivables on the books of the Commodity Credit Corporation. The Secretary of Agriculture, in replying to Representative SPENCE, said:

> These wartime operations were the subject of an extensive investigation by a House committee under the leadership of Judge Tarver. The then War Food Administrator, Marvin Jones, laid all pertinent facts concerning these transactions before the committee. All questions of fraud or loss to the Government were fully explored, and the committee was fully satisfied that there was no evidence of either.

On yesterday, the Senator from Delaware proceeded to quote from the early Tarver report, which had been prepared early in the year 1945, and was ordered printed on June 27, 1945. What the Secretary of Agriculture was referring to in the letter was that the comment made in that report had resulted in a long investigation. A great many auditors and accountants were assigned to that task. Some very reliable people were brought down to direct it; and Judge Malcolm Tarver on the first day of October 1945 inserted into the record a letter written by me to him on September 28. On the basis of that letter, Judge Tarver replied on October 2, and suggested that there be some further hearings on the matter.

The Department of Agriculture's representatives appeared many, many times before the House committee, day after day, explaining the points at issue. Those hearings were in some degree secret. I do not know what the official records of the House of Representatives show as to those hearings; but I do know that at the conclusion of the hearings, Judge Tarver expressed himself to me and to other members of the Department of Agriculture as being completely satisfied; and it is to that that the Secretary of Agriculture refers in the letter, when he says that there was no evidence of fraud or loss to the Government.

Lindsay Warren has written to the Secretary of Agriculture a letter dated May 2, in which he says:

> However, it can be definitely stated, now that lend-lease settlements have been arranged, that no purpose would be served by further investigating the balance due June 30, 1945, from other governmental agencies.

I have previously said, Mr. President, that I shall be happy to have anybody go into that record. I should be happy, not because it concerns me, but because it concerns the administration of Judge Marvin Jones, who in my opinion is as fine a man as ever served the Government of the United States. I felt a little sorry in behalf of Marvin Jones that I was not able to pursue that examination. We were overburdened with every kind of work. It would have cost a quarter of a million dollars. I think it is too bad that we did not proceed then to wipe out all of this cost billing and come down to accounts, but we did not, and now, if the Senate is going into it, that will be fine, but I merely remind Senators also that the General Accounting Office has been stating in answer to questions that there is no evidence of fraud in connection with these items. In connection with the $366,000,000, I do not say that there were not many, many items brought up as to which it looked as if fraud had taken place in the handling of transactions, but that is not involved in the $366,000,000, so far as I have ever been able to find out.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Is it not a fact that the reason the General Accounting Office says there was no evidence of fraud is that in the $366,000,000, for which they have submitted books to us as being unaccounted for, certainly they cannot assert whether there is fraud, when they do not know what happened to it. On the other hand, I do not think it will be found that the General Accounting Office will make a positive statement, assuming all responsibility, that there may not be some fraud uncovered.

Mr. ANDERSON. No; I do not think they would make that statement, either, in view of the great variety of operations in the Commodity Credit Corporation. I think that would be very foolish if they said that, with the possibility that one little item may show up as to which there is a very unusual situation. We have encountered such situations. I found out while I was in that responsibility, that a man was depositing unusual sums of money in a bank in another city. We sent investigators. We removed him from the Government service. We tried to bring him to trial, but a grand jury would not indict him. I suppose the Department should be blamed for the fact that his record is still clean, but the Department did its very best to bring him to trial, and the Department did its very best in some of the other cases. There are cases well known in the Department as to which the Department has made recommendation after recommendation looking to the prosecution of people, some of them prominent in this country, but prosecution has never yet occurred, principally because local grand juries do not think there is sufficient evidence, indicating that we were trying not only to prosecute acts which were provable, but even acts which smelled bad. But the General Accounting Office has had some things to say about the Commodity Credit Corporation. It does say on page 1 of the report:

> The field examination was concluded in December 1946, and in general the report has been written as of that date.

They are dealing with things back to June 30, 1945, 4 years ago, although the field work was not finished until December 1946. The country was still at war on June 30, 1945. I wonder whether it would be permissible, Mr. President, to ask that at this point there might be inserted two and a one-half pages of comment from the Comptroller General, of which I shall read only the first line or two:

> It should be pointed out that, notwithstanding the accounting deficiencies discussed, the officials of the Department of Agriculture and the Corporation recognized the desirability of having the General Accounting Office perform a so-called commercial-type audit of its financial transactions. Representatives of the Department working

jointly with those of the General Accounting Office drafted legislative provisions enacted into the act of February 28, 1944 (58 Stat. 105), which contained a provision directing the Comptroller General to make such an audit for each fiscal year commencing with the fiscal year ending June 30, 1945. In February 1945 requirements for a similar audit were imposed with respect to all Government corporations.

It further says:

The Corporation has given increased recognition to the importance of sound accounting policies and procedures, has augmented its accounting staff and appointed a comptroller in April 1947 who was made an officer of the Corporation on May 12, 1947.

All through the report which the General Accounting Office has submitted there is recognition of a very sincere desire to work things out. Mr. Simpson, of the Accounting Office, in answer to one question by the distinguished Senator from North Dakota [Mr. YOUNG] said:

The question of dishonesty is not raised at any point in our report. It is a matter of inefficiencies in the accounting set-up and the accumulated errors. It is a matter of accumulation of work, getting behind, and errors that have been built up over the years, rather than any dishonesty.

Mr. WILLIAMS rose.

Mr. ANDERSON. Does the Senator from Delaware desire me to yield?

Mr. WILLIAMS. No. I assume the Senator from New Mexico was going to ask unanimous consent to have that inserted in the RECORD. I have no objection. I was merely going to ask the Senator whether he would also include in the unanimous consent request that there be inserted in the RECORD with those comments—I think it well that those comments be put in the RECORD—the conclusions which Mr. Warren wrote in the same report, found on page 73. I have it here and could supply it.

Mr. ANDERSON. I congratulate the Senator. I have never been able to receive a copy of the report. I congratulate the Senator upon obtaining it.

Mr. WILLIAMS. It required a Senate resolution in order to get it, I may say, but we got it.

Mr. ANDERSON. It would almost seem as though it would take less than that to get it for the man who had to bear most of the responsibility. I congratulate the Senator upon obtaining it. I have never been able to do so.

Mr. WILLIAMS. The Senator has it now. To save inserting it, since it is very short, I shall be glad to read it, if the Senator cares to have me do so. Mr. Warren concluded with the statement:

The accounting deficiencies encountered were so substantial and the inaccuracies cited in this report so material that we cannot express an opinion that the financial statements prepared by the Corporation present fairly the financial position of Commodity Credit Corporation.

Mr. ANDERSON. The only statement I have ever been able to get was that the audit of the Commodity Credit Corporation—I have it again just handed to me, from the Comptroller General—does not disclose fraud existed, neither does it disclose that fraud did not exist. I am glad the Commodity Credit Corporation finally got a chance to explain what happened to this money.

Let me merely say that as of May 25 the Commodity Credit Corporation issued High Lights of CCC Loans, Purchases, and Sales Activities, which is an up-to-date presentation of its financial position as of that date, March 31, 1949, and again, it will do it as of June. The Commodity Credit Corporation has published a complete report of its financial condition and operation. To hear certain portions of the discussion we have had here, one would think it was not possible to get any sort of report from the Commodity Credit Corporation within less than 3 or 4 or 5 years. Yet here is a complete report of financial operations as of March 31, 1949.

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

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Delaware?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Is not the Senator aware of the fact that the criticism was made that the books had not been audited by the General Accounting Office, and that they were behind some 3 to 4 years?

Mr. ANDERSON. Yes.

Mr. WILLIAMS. I do not think the Senator from New Mexico is trying to infer that the books have been audited and that reports for the years 1946, 1947, and 1948, are before the Senate at the present time.

Mr. ANDERSON. No; the books have not been audited.

Mr. WILLIAMS. Does the law not specifically state that audits shall be made and submitted to the Congress on the 15th of January each year?

Mr. ANDERSON. Yes. Is the Senator now saying the Commodity Credit Corporation should make it? It says the General Accounting Office shall make it.

Mr. WILLIAMS. It says the General Accounting Office shall make it, yes, but the General Accounting Office takes the position frankly that the books are in such deplorable state that they have been unable to bring them up to date.

Mr. ANDERSON. I may only say to the Senator that the first auditor who came in to talk to me was not a very well qualified auditor. I would not let him touch a book of my own business under penalty of death, and if that is the reason why books are in such deplorable state, we can understand it. He did not know there was a difference between a physical and a fiscal inventory, in this matter, and he had to go back to find out what the difference was.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I am very much interested in the Senator's statement. Could the Senator from New Mexico tell me whether that individual who was so incompetent is on the Government pay roll at the present time?

Mr. ANDERSON. I do not know, but he never got back in my office.

Mr. WILLIAMS. Does the Senator from New Mexico care to state the name of the man, so that we may find out?

Mr. ANDERSON. No.

Mr. WILLIAMS. If we have a man on the pay roll such as that, I think the Senator should join with me in finding out something about it. I am very much interested in that statement.

Mr. ANDERSON. I do not know his name, but by going back to the permanent register, we could find out who he was.

Mr. WILLIAMS. I am very much interested.

Mr. ANDERSON. I now wish to come to the portion which deals with the fact or with the charge that the Commodity Credit Corporation and the War Food Administration were one and the same. I refer now to page 6810, where I had asked the Senator from Delaware whether the comments he was making referred to the War Food Administration or to the Commodity Credit Corporation, with respect to these awful things that Judge Tarver's committee had reported. The Senator replied:

It refers to the War Food Administration, which was operating the Commodity Credit Corporation under a Presidential directive during the period from 1943 to 1945. They are one and the same Corporation.

That matter rose three or four times later in the discussion. Each time the Senator from Delaware said:

Yes; and the War Food Administration, I repeat, was the same as the Commodity Credit Corporation—

This is on page 6812, middle column—

during the period from 1943 to 1945. If that is not true, then I ask the former Secretary of Agriculture, What did the Commodity Credit Corporation do? Did it function during that period?

Mr. President, the President of the United States issued an Executive order——

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

Mr. ANDERSON. Yes.

Mr. WILLIAMS. Does the Senator remember that I asked unanimous consent to have inserted in the RECORD, either last evening or at a later date, that Executive order?

Mr. ANDERSON. I have it with me.

Mr. WILLIAMS. Is the Senator aware of the fact that I read into the RECORD the date of that order?

Mr. ANDERSON. I am not only aware of that, but I have the Executive order with me. The statement of the Senator was as follows, and I am reading from page 6810, first column, of the CONGRESSIONAL RECORD:

It refers to the War Food Administration, which was operating the Commodity Credit Corporation under a Presidential directive during the period from 1943 to 1945. They are one and the same Corporation.

Let us see what the President did. I read from Executive Order 9322:

It is hereby ordered as follows:

The Food Production Administration (except the Farm Credit Administration), the Food Distribution Administration, the Commodity Credit Corporation, and the Extension Service are hereby consolidated within

the Department of Agriculture into an Administration of Food Production and Distribution, to be under the direction and supervision of an Administrator.

Mr. President, it is seen that the Extension Service in every State of the Union was in exactly the same category as was the Commodity Credit Corporation. Will the Senator from Delaware now rise and read what was written about the War Food Administration and say it applies to the Extension Service, to every extension service anywhere in the country? Of course, he will not.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. What is the number of that Executive order?

Mr. ANDERSON. It is No. 9322.

Mr. WILLIAMS. What is the date of it?

Mr. ANDERSON. March 26, 1943.

Mr. WILLIAMS. Will the Senator be so kind as also to submit the Executive Order 9334, following that?

Mr. ANDERSON. Yes; I shall be glad to submit it for the RECORD. I desire to refer to it, but I ask unanimous consent that it may be printed in the RECORD at this point.

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

EXECUTIVE ORDER NO. 9334

WAR FOOD ADMINISTRATION

Executive Order No. 9322 of March 26, 1943, entitled "Centralizing and Delegating Authority With Respect to the Production and Distribution of Food," is hereby amended to read as follows:

"By virtue of the authority vested in me by the Constitution and the statutes of the United States, particularly by the First War Powers Act, 1941, as President of the United States and Commander in Chief of the Army and Navy, and in order to assure an adequate supply and efficient distribution of food to meet war and essential civilian needs, it is hereby ordered as follows:

"SECTION 1. The Food Production Administration (except the Farm Credit Administration), the Food Distribution Administration, the Commodity Credit Corporation, and the Extension Service, together with all their powers, functions, and duties, are hereby consolidated within the Department of Agriculture into a War Food Administration, to be administered under the direction and supervision of a War Food Administrator. The Administrator shall be appointed by the President and shall be directly responsible to him.

"SEC. 2. All powers, functions, and duties of the Secretary of Agriculture (a) under Executive Order No. 9280 of December 5, 1942, (b) under title IV of Executive Order No. 9250 of October 3, 1942, (c) which relate to labor and manpower under orders of the Economic Stabilization Director or the Chairman of the War Manpower Commission, (d) which relate to or which have heretofore been exercised through or in connection with the agencies, including corporations, consolidated by section 1 of this order, and (e) which relate to personnel, property, and records transferred by section 3 of this order, are transferred to and shall be exercised and performed by the War Food Administrator (in addition to the powers, functions, and duties conferred upon him by Executive Order No. 9328 of April 8, 1943); but the Secretary of Agriculture shall continue as chairman of the interdepartmental committee set up by section 7 (a) of Executive Order No. 9280, as a member of the War Production Board as provided in section 7b of Executive Order No. 9280, and as the American representative on the Combined Food Board. The War Food Administrator shall be a member of the said interdepartmental committee, which shall be advisory to him. He shall also be alternate American representative on the Combined Food Board.

"SEC. 3. For use in connection with the exercise or performance of the powers, functions, and duties consolidated and transferred by this order, so much of the unexpended balances of appropriations, allocations, and other funds available to the Department of Agriculture for such purposes, as the Director of the Bureau of the Budget shall determine, and all of the personnel, property, and records used primarily in the administration of such powers, functions and duties, are hereby transferred to the War Food Administration.

"SEC. 4. In addition to the powers and authority granted by this order, and in order to carry out its purposes, the Secretary of Agriculture and the War Food Administrator, to the extent necessary to enable them to perform their respective duties and functions, shall each have authority to exercise any and all of the powers vested in the other by statute or otherwise; and the exercise of any such power by either of them shall be deemed to be authorized and in accordance with this order, and shall not be subject to challenge by any third party affected by the exercise of the power on the ground that the action taken was within the jurisdiction of the Secretary of Agriculture rather than the War Food Administrator, or vice versa.

"SEC. 5. Any provision of any Executive order or proclamation conflicting with this Executive order is superseded to the extent of such conflict. All prior directives, rules, regulations, orders, and similar instruments heretofore issued by any Federal agency relating to matters concerning which authority is vested in the War Food Administrator by this order shall continue in full force and effect unless and until modified or revoked by orders or directives issued by or under the direction of the War Food Administrator pursuant to authority vested in him."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 19, 1943.*

Mr. ANDERSON. I wish to read from it. I shall skip portions of it, because the entire order will be set forth in the RECORD:

The Food Production Administration (except the Farm Credit Administration), the Food Distribution Administration, the Commodity Credit Corporation, and the Extension Service—

I do not see the Senator rise—

together with all their powers, functions, and duties—

Will the Senator advise me why he wanted this Executive order in the RECORD along with the other one?

Mr. WILLIAMS. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, immediately following the remarks of the Senator from New Mexico, the report of examination of the Commodity Credit Corporation for the period ending June 30, 1943, which was submitted to the Congress of the United States.

Mr. ANDERSON. May we have some idea of what it involves? Is it 5,000 pages?

Mr. WILLIAMS. No; it is not 5,000 pages. I will say that this report was submitted to the Congress on March 30. It was ordered printed as a House document, but, for some unknown reason, it was not printed. I think it is unfair to the Senate that we stand here debating, I saying one thing and the Senator from New Mexico saying another. Let us lay the record before the country.

Mr. ANDERSON. If it is being printed as a public document, I certainly object.

Mr. WILLIAMS. I think that answers the question.

Mr. ANDERSON. I withdraw my objection. I am amazed at the Senator from Delaware.

Mr. WILLIAMS. I renew my request to have the document printed in the body of the RECORD immediately following the remarks of the Senator from New Mexico.

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

(See exhibit 1.)

Mr. ANDERSON. Mr. President, I have tried very hard to avoid personalities. I do not want anyone to infer that I was afraid to have the report printed in the body of the RECORD. I shall be glad to enter into a discussion of this matter with the Senator. I do not believe his statements will be borne out by the facts.

Mr. WILLIAMS. My request had no relation at all to any personal reference to the Senator from New Mexico. I was merely surprised by the objection, because we have inserted such documents many times in the past. I was also surprised when we were unable to get the report from the printer; but, for some reason, it has not been available. The Senator from New Mexico expressed his regret that he had not been able to read it.

Mr. ANDERSON. I am glad to have it available. I think when it is being printed as a public document at a tremendous cost, it should not be inserted in the RECORD. It would cost many dollars a page. But I have no objection. All I want to say is there is not and cannot be any contention that the War Food Administration, Commodity Credit Corporation, and the Extension Service are one and the same things. To be sure, War Food Administration took over control of the Commodity Credit Corporation, but that did not make them one and the same thing. There were approximately 5,000 employees in the Farm Credit Administration. There were approximately 55,000 in the War Food Administration. They cannot be regarded as one and the same thing.

In closing, Mr. President, I come to the item appearing on page 6817 of the RECORD at the bottom of column one and at the top of column two. I should like to read again from the statement of the Senator from Delaware:

The very least we should do is to find out in just what condition the affairs of this corporation are for the years 1946, 1947, and 1948, before returning the control to any one man. That is one of the reasons—

I am sure the Senator from Virginia [Mr. BYRD] is interested in knowing this, and if the Senator from Nebraska [Mr.

BUTLER] were present he would be equally interested—

That is one of the reasons why Congress passed the so-called Byrd-Butler bill, in which it was provided that each corporation should be granted a Federal charter—

And I agree with that—

that the directors should be confirmed by the Senate—

I shall be happy to have the Senator from Delaware read that section of the Byrd-Butler bill which provides that they shall be confirmed by the Senate——

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

Mr. ANDERSON. In a moment. I read further:

and that they should be accountable to Congress—

I shall be glad to have the Senator from Delaware read that section of the bill—

and not to any part of the executive branch of the Government.

I shall be glad to have the Senator from Delaware read the section which provides that the directors are not to be accountable to any part of the executive branch of the Government.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I see the Senator from Virginia on the floor, and I should like to ask him to reply as to whether it was the intention——

Mr. ANDERSON. I shall not yield the floor for that purpose. I should like to have the Senator from Delaware show me any provision in the Byrd-Butler bill that a director must be confirmed by the Senate. I shall be glad to have the Senator show me any section providing that a director is accountable to Congress, and where it is shown that the directors of the Commodity Credit Corporation are not to be accountable to any part of the executive branch of the Government. I should like to have him show me the provisions if he can produce them.

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

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Does the Senator from New Mexico mean to say that as he understands the law the directors are not accountable to Congress?

Mr. ANDERSON. I have submitted to the Senator a very simple request. He stood on the floor of the Senate and assured every Member of the Senate that the Byrd-Butler bill provided that each corporation should be granted a Federal charter. I agree with that. Then he said, "The directors shall be confirmed by the Senate." I ask him to show any section of the Byrd-Butler bill which so provides. That is a simple request.

Mr. WILLIAMS. I asked the Senator from New Mexico if he would not yield to the Senator from Virginia.

Mr. ANDERSON. The Senator from Virginia is very careful in his language, and I do not believe the Senator from Virginia would make such a statement.

Mr. WILLIAMS. I am suggesting to the Senator from New Mexico to try him and see.

Mr. ANDERSON. This statement is on the authority of the Senator from Delaware.

Mr. WILLIAMS. My interpretation of the Byrd-Butler bill is that all Federal corporations should have a Federal charter, and that the boards of directors should be confirmed by the Senate and accountable to the Congress; and I still feel that way.

Mr. ANDERSON. To sum up, Mr. President, the first statement made by the Senator from Delaware was that this was contrary to the Hoover Commission report. I have tried to point out that it was not contrary to the Hoover Commission report, that it may be silent on it, but that what it says regarding boards is that they should be advisory.

The Senator said, when one pamphlet was introduced, that it was the language of the Secretary of Agriculture. It was not the language of the Secretary of Agriculture.

Then as to this man who has the criminal record, I submit that that sort of a situation can happen. It was remarkable, as rapidly as we were recruiting people, that we got only two such people. I regret that they were there. I admit they should have been fired, but, nonetheless, when a man turns in a report, and the Civil Service Commission certifies him as eligible for appointment, I think it is pretty hard to reject that sort of person.

The farmers of the Nation, I am sure, are not going to be happy about many of the things which have been said concerning the matter under consideration. I believe they have been somewhat proud of the Commodity Credit Corporation. In all the discussions we have heard nothing about the fact that the cotton-support program, from the day it started until the day I left the Department, at least—I am not familiar with the reaction after that—had not cost the people of the country a penny. Instead of that, on one cotton-selling program alone we acquired profits of nearly $200,000,000, which the General Accounting Office is willing to certify.

I have not forgotten that some of those who were supposed to be under the control of the Secretary of Agriculture are among those who went to the Philippines when we were trying to restore the copra industry. I have not forgotten that private enterprise had tried to revive that industry and had given it up. They said, "Perhaps you can do something with it." I have not forgotten that the United States Commercial Company, a subsidiary of the RFC, with directors who have never been confirmed by the Senate, turned the task over to the Commodity Credit Corporation, and instead of losing $5,000,000, which private industry was prepared to lose, the $5,000,000 was salvaged, and $4,000,000 of profit was turned into the Treasury of the United States.

People are forgetful of the fact that millions upon milions of dolars were accumulated by the handling of products during the period of the war. I know there were losses, but sometimes the after sight is not so encouraging. The same House committee whose report was inserted in the RECORD yesterday did complain about conditions. Among other things, they complained about the cave at Atchison, Kans. They called me before them and demanded that I close the cave immediately as one of the first official acts I should take. Early in my administration I spoke at Stillwater, Okla., and while there I went to Atchison, Kans., to take a look at the cave. It seemed to me too bad that the Government of the United States should invest $2,000,000 in an enterprise and then abandon it. It seemed possible that there might be people who would like to have it abandoned, because of rights which would revert to the owner of the land. We went to work to see if we could make that cave pay. We had to fly in the face of congressional criticism, we had to go almost against a mandate of the House Committee on Agriculture. But all the costs, except for a small charge for machinery, have been amortized and paid since that date.

Those things do not get any notice. It appears that it is not important whether Commodity Credit makes $200,000,000 in a cotton operation; the important thing seems to be whether someone loses $40,000 because some eggs went bad in a New York warehouse.

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

Mr. ANDERSON. I yield.

Mr. KEM. I should like to ask the Senator from New Mexico whether, under the set-up proposed in the bill, the members of the Board of Directors or the members of the advisory committee are the more important.

Mr. ANDERSON. I shall answer the Senator honestly, even though it works against my own argument. I believe the members of the Board who are appointed by the Secretary are more important than the members of the advisory committee. I know his next question will be, then, Why are they not to be confirmed? I have said to him that all I have to go on is my experience in the office of Secretary, and I think I found out in that position that two men cannot at the same time shoulder the same responsibility for supporting prices of farm commodities in this country. Fundamentally the responsibility comes back to one man. He may not like it, but if he holds up his hand and takes an oath of office, he must administer the office, even if it breaks his body. He must go through with it. He cannot divide or escape the responsibility. I hope Senators will remember that.

Mr. KEM. Mr. President, will the Senator yield for another question?

Mr. ANDERSON. I yield.

Mr. KEM. I should like to say, by way of preface, that the Senator's anticipation of my question is a perfectly proper one, but it is not the one I wanted to ask.

Mr. ANDERSON. I apologize if I anticipated the Senator.

Mr. KEM. All I wanted to ask the Senator was whether he was familiar with the provisions of section 2, article II, of the Constitution of the United States, which provides that the President "shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and

consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone," and so forth. Is the Senator familiar with that provision of the Constitution?

Mr. ANDERSON. I am not a lawyer, and I am not so familiar with the Constitution as I perhaps should be, but I am familiar with the fact that the persons we are discussing are not officers of the United States.

Mr. KEM. I should like to say that I sat with the Senator in the Committee on Agriculture and Forestry, and in this particular field of law he is an expert.

Mr. ANDERSON. I thank the Senator, but it is not possible for me to answer his question.

Mr. KEM. I have merely asked him whether he is familiar with that provision of the Constitution by way of introduction to the next question, namely, whether, when we are dealing with two groups, one of which he says is more important than the other, but in which the confirmation of the less important group is accorded to the Senate, he thinks that is in accord with the spirit of the Constitution?

Mr. ANDERSON. I have tried to answer over and over again that I feel that an advisory committee can do a splendid job of laying out policy. Once it has been laid out, either by Congress or by an advisory group, the Secretary has to administer it, and he cannot have that administrative authority divided. He cannot have an independent board, with independent powers, charged with doing the same thing he is charged with doing, without running into conflict. It is upon that basis, and on that basis alone, I may say to the Senator, that I prefer the other method.

Mr. KEM. The Senator has stated his point of view in that respect very clearly, and I think it has some cogency, but that is not the question I am putting to the distinguished Senator. The question is whether it is in accord with the spirit of the Constitution to provide that certain inferior officers shall be subject to confirmation of the Senate, whereas their superiors are not so to be confirmed.

Mr. ANDERSON. Mr. President, I should like to answer the Senator with what he will probably regard as an evasion, but I must say that I have never attempted to interpret the Constitution, not being a lawyer, but have found it much better in my business to hire lawyers to do my legal work. I should, therefore, want to stay out of the field as to what the proper constitutional interpretation is. There are many constitutional lawyers in this assembly who can better answer the Senator's question.

Mr. KEM. I want to address the Senator from New Mexico, not as a lawyer, but as a man of high intelligence who can read and understand the English language. I should like to ask the Senator whether in his opinion it is in accord with the spirit of the Constitution to a provision of which I have just invited his attention, for the bill to provide that the inferior officers shall be confirmed by the Senate, and that the more important officers shall bypass the Senate?

Mr. ANDERSON. I would only answer the Senator in this way, that I do not feel that advisory boards can be measured against administrative tasks. We cannot say whether policy or administrative people are of the greatest importance. May I say that we have an Atomic Energy Commission now. It would seem to me that if we were to start a new development again, that if Dr. Oppenheimer could be moved back into my State, where he served so brilliantly at Los Alamos, he would be far more important to the atomic energy program than some members of the board would be, but he would not be subject to confirmation.

Mr. KEM. I realize that the Senator is not a witness on the stand, and I have no right to press him. I realize fully that he can decline to answer the question if he wishes to do so. But I should like to ask him again whether he thinks any other consideration in the respect referred to is in accord with the spirit of the constitutional provisions to which I have just invited his attention?

Mr. ANDERSON. To the best of my understanding it is.

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

Mr. ANDERSON. I yield.

Mr. AIKEN. I wish the Senator to yield long enough for me to point out apropos the remarks of the Senator from Missouri, that the advisory board does not advise the board of directors of the Commodity Credit Corporation, but it is distinctly stated in the bill that they are to advise the Secretary of Agriculture.

Mr. KEM. Yes, but, Mr. President, I should like to ask the Senator from New Mexico again which of these two groups he thinks is the most important: The one which exercises the right of decision, or the one which exercises the right to advise?

Mr. ANDERSON. I say it goes back to the same old story always. The question often is asked, Who is most important in the Military Establishment, the men who are at the front or the men who are making it possible for them to stay at the front? To put it another way: Is Congress in making policy more important than the executive branch in carrying out that policy? It would be extremely tragic if a fine advisory board was not selected. I should love to have a chance to suggest to the Senate four names for that board, Mr. President. If we could get the type of men I am thinking of on that board, the Secretary of Agriculture would have the finest possible aid and assistance in determining policy. But once policy has been determined for him by the Congress, then the people who administer that program underneath him are to him the most important people he could possibly have. Upon their integrity rests his own. Upon their ability to work long hours rests the possibility that the task may be done. The Senator asks me something which I could only answer one way after my experience with the men in the Department of Agriculture.

Mr. KEM. Let me ask the Senator another question. As a former Secretary of Agriculture, would the Senator from New Mexico feel it were a greater compliment to be asked to suggest members for the board of directors or to suggest names for appointment as members for the advisory council?

Mr. ANDERSON. I can answer that question. It would be a compliment to suggest members for the advisory board, but as a former Secretary of Agriculture I would not attempt to suggest members of the other body, because the then Secretary of Agriculture has to live with his people. Someone highly regarded by a former Secretary of Agriculture might be impossible for me to work with, and someone I might cherish might be wholly unacceptable to the present Secretary. I do believe I could suggest members of an advisory council which would be satisfactory to both.

Mr. KEM. So if I understand the Senator correctly, and I know he will correct me if I do not, from any aspect he regards the members of the board of directors as more important than members of the advisory council?

Mr. ANDERSON. I cannot help reiterating that, once the policy has been laid down, the Board of Directors are of tremendous importance to the Secretary, and it is their wise judgment and ability to handle programs that I think is of transcendent importance.

EXHIBIT 1

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, March 30, 1949.

The honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: There is presented herein report on the examination of Commodity Credit Corporation for the period ended June 30, 1945. This examination was made by the Corporation Audits Division of the General Accounting Office, pursuant to and in accordance with the requirements of section 5 of the act of February 24, 1945 (59 Stat. 6).

Respectfully submitted,

LINDSAY C. WARREN,
Comptroller General
of the United States.

GENERAL ACCOUNTING OFFICE,
CORPORATION AUDITS DIVISION,
Washington.

Hon. LINDSAY C. WARREN,
Comptroller General
of the United States.

DEAR MR. WARREN: We have made an examination of Commodity Credit Corporation and its affiliated corporation, War Hemp Industries, Incorpoated, for the period ended June 30, 1945, pursuant to the requirements of section 5 of the act of February 24, 1945 (59 Stat. 6). Our report consists of condensed over-all comments on the nature and operations of the Corporation, recommendations, sections in some detail amplifying certain of the over-all comments (with particular reference to financial and accounting matters), and financial statements and schedules. The field examination was concluded in December 1946, and in general the report has been written as of that date, referring primarily to the period mentioned above. However, it makes note of progress since then in improving the quality of the accounting function and of a few significant subsequent events relating to the history and activities of the Corporation. The report

also discloses the circumstances which caused us to be unable to render an opinion with regard to the financial statements of the Corporation and its affiliate.

GENERAL COMMENTS

1. General: Through its price-support activities the Corporation has contributed significantly to agricultural economic readjustment in the years since 1933. From inception of the Corporation to June 30, 1945, commodity loans in excess of $4,500,000,000 had been made by the Corporation or through its agents on approximately 30 different agricultural commodities. Most important dollarwise among these were loans on cotton, wheat, and corn, which totaled approximately $4,300,000,000. In 1939 the Corporation initiated direct-purchase programs as a means of providing agricultural price support.

During the war the Corporation assumed new responsibilities, with respect to many of which it had little or no experience. It participated in the acquisition, processing, and movement of huge stores of commodities essential to the war effort; it assisted in the stimulation of agriculture and related commercial activities; and it participated in programs designed to stabilize prices and encourage production and distribution. During this period the purchase operations of the Corporation were expanded tremendously, and the objective of supply, rather than price support, predominated.

The general commodities purchase program, the largest single wartime supply program, involved the acquisition and disposal of several hundred different commodities having a disposal value in excess of $6,000,000,000. In addition to domestic procurement during this period, the Corporation was assigned the responsibility of procuring over 90 foreign commodities, principally sugar, various fats and oils, Egyptian cotton, and tea. Also during the war period the Corporation financed and administered substantially all subsidy programs related to agricultural commodities. (Defense Supplies Corporation also allowed or paid subsidies relative to a few commodities but incurred a greater aggregate cost to June 30, 1945.) To June 30, 1945, subsidies aggregating nearly $1,300,000,000 had been allowed or paid by Commodity Credit Corporation on approximately 35 agricultural commodities.

2. THE CORPORATE ENTITY

The creation of Commodity Credit Corporation was directed by Executive Order 6340, dated October 16, 1933. The authority cited for the order was the National Industrial Recovery Act, which provided in section 2 (a) of title I for the creation of agencies necessary to effectuate the policies of the act. The Corporation was created under the laws of Delaware, as directed by the order, on October 17, 1933.

The Corporation, although nominally an independent agency of the United States, was managed and operated in close affiliation with Reconstruction Finance Corporation until July 1, 1939, when it was transferred, by Reorganization Plan No. 1, to the Department of Agriculture, to be administered under the general direction and supervision of the Secretary of Agriculture.

All the directors of the Corporation were officials of the Department of Agriculture, occupying positions which automatically placed them on the board. Their regular assignments made them subordinate to the Secretary, who exercised the ownership rights of the capital stock. Consequently, the Secretary was in a position to exercise complete authority over the management of the affairs of the Corporation. This, coupled with the requirement of reorganization plan No. 1 that the affairs of the Corporation be administered under the general direction and supervision of the Secretary, places the ultimate responsibility for the activities of the Corporation directly upon the latter. The Department considers this situation to be administratively desirable from the standpoint of the integration of the agricultural program. However, it practically precludes the exercise of the usual policy-making functions by the board of directors.

Furthermore, for several years the Corporation had been, in effect, merged with, or had carried out its operations through, the facilities and personnel of large unincorporated agencies within the Department of Agriculture. To a large extent this resulted in loss of a conception of the Corporation as an entity on the part of personnel engaged in affairs ostensibly carried on by the Corporation, except in certain cases where the distinction had to be maintained for legal or budgetary reasons. By Executive Order 9334, dated April 19, 1943, the Corporation was consolidated into the War Food Administration, under the direction and supervision of the Administrator who was independent of the Secretary of Agriculture. The order placed the War Food Administration in the Department of Agriculture but made the Administrator responsible only to the President of the United States. This disposition of the Corporation lasted until the War Food Administration was abolished June 30, 1945, when direct control of the Corporation was returned to the Secretary of Agriculture. On August 18, 1945, operations of the Corporation were merged with the newly created Production and Marketing Administration of the Department of Agriculture. By that date the Corporation, as such, had largely ceased to exist, except for certain legal powers, responsibilities, and other characteristics of the corporate body. The apparent reasons for the continued utilization of the Corporation are discussed in item 4 following.

3. Corporate management: Positions of responsibility in the Corporation, as to both directors and top-management officials (who in a number of cases serve in dual officer-director capacities), have been assigned, formerly as a matter of practice and more recently in accordance with the corporate bylaws, to occupants of certain positions within the Department of Agriculture. Duties and responsibilities of the positions so designated have not been limited to performance of functions relating only to Commodity Credit Corporation. The attainment of these positions has generally represented the culmination of a progression through various capacities within divisions of the Department engaged in nonbusiness-type activities, particularly the Bureau of Agricultural Economics and the Agricultural Adjustment Agency.

The tenure of office of many executives of the Corporation has been very short, and a number of persons have left positions of prominence with the Corporation to accept private employment. There seems to be little doubt that the Government salary ceiling, as in the case of many other Government agencies, was an important cause of many of the resignations. This turn-over of personnel has had an adverse effect on the management of the Corporation, particularly as its affairs are very complex and cover a multitude of activities. Early in the course of our examination it became apparent that the accounting function had not been utilized by the management as a control device and that satisfactory control had not been exercised over the Corporation's financial affairs. This matter was the subject of discussions with Corporation officials, and one of our recommendations was that the position of controller be established. A controller was appointed on April 28, 1947, and made an officer of the Corporation on May 12, 1947. The directive establishing the position of controller assigned to the position "technical authority and responsibility over all fiscal affairs of CCC and PMA." In the course of subsequent discussions relative to the functioning of the controller, we were informed by the President of the Corporation that the controller had been made responsible for, and given authority over and control of, the accounting, budgeting, and internal auditing with respect to CCC. On this basis, it appears that the controller is in a position to contribute in full measure to the management of CCC. Since August 1945 the Administrator of Production and Marketing Administration automatically has been the President of the Corporation.

To some extent during the existence of the War Food Administration, and to a much greater extent since the creation of Production and Marketing Administration, the officials of Commodity Credit Corporation have been required to devote time to noncorporate activities. Inasmuch as we believe the scope and complexity of CCC operations warrant the full-time services of high-level management personnel, we feel that this is detrimental to managerial effectiveness, the extent being directly proportional to the significance of, and time required for, the noncorporate responsibilities simultaneously assumed by members of the CCC management group.

An important feature in CCC operations has been the widespread utilization of agents, particularly banks, agricultural conservation program committees, and numerous cooperative associations for both record-keeping and operational purposes. The resulting broad decentralization of authority for direct administration was not, in a number of cases, accompanied by suitably precise operating and accounting controls or satisfactory assignments of record keeping and reporting responsibilities as between the Corporation and its agents. Although primary responsibility for the results of the programs was retained by the Corporation, the ability of the management to control the operations was impaired by these relationships, and accounting and auditing problems were created or augmented. In the selection of some of the agents, conflicting or unrelated local or primary interests of the agents apparently prevented the Corporation from obtaining fully satisfactory representation.

Operating responsibilities within the Corporation at times were not apportioned among the officials to any great extent according to the normal functional characteristics of their offices, and broad delegations of responsibility and authority were not made. As a result, the internal operation has been organized less effectively than would have been desirable. This is particularly true of the War Food Administration era (1943–45). During much of that period there was poor organization, lack of coordination, uncertainty of policies, constant confusion from frequent reorganizations, and extremely high turn-over in executive personnel.

Weaknesses in management, operations, or accounting were attributed in large part by the Corporation to the stresses and exigencies occasioned by the war. We believe that, while this is true to a certain extent, the effect would have been lessened if a more sound managerial control had existed at the time.

4. Purposes and activities of the enterprise: The development and operation of the farm program in an effort to obtain agricultural readjustment was an important part of plans to cope with the economic emergency which existed in 1933. Commodity Credit Corporation was but one of several agencies utilized.

Prior to 1933 a number of actions had been taken in the interest of agriculture. However, by 1933 the condition of the national economy was so acute that bold and extensive action was considered necessary.

In the Agricultural Adjustment Act, approved in May 1933, the Congress declared its policy to be the assurance of a purchasing power to commodities which farmers sold, in relation to things which they bought, equivalent to the purchasing power that they enjoyed during a designated favorable period in the past, usually August 1909 through July 1914. This is often referred to as the parity formula. The act provided for accomplishing this objective through benefit payments to farmers who complied with certain requisites relative to farm production, acreage, etc. The act included a self-financing feature—the processing tax. In January 1936 the processing tax and acreage control provisions were declared unconstitutional. As a result, increased reliance was placed on the price-support principle, and consequently, on the commodity loan facilities of Commodity Credit Corporation.

In February 1936 the Congress enacted the Soil Conservation and Domestic Allotment Act to achieve agricultural readjustment through payments to producers who restricted their plantings of soil-depleting crops, increased their plantings of soil-conservation crops, and carried out certain soil-building practices. This program failed to prevent the accumulation of surpluses, and the Agricultural Adjustment Act of 1938 was therefore enacted. This act continued the conservation payments, provided parity payments, and under specified conditions authorized the use of marketing quotas and price support by commodity loans through CCC; such loans were made mandatory in the case of cotton, corn, and wheat, under certain conditions.

The approximate cost of a number of the more important of the above activities carried out by other Government agencies from 1933 to June 30, 1945, was $8,115,600,000. Of this total, adjustment or parity payments amounted to $6,200,000,000 and expenditures of so-called section 32 funds (percentage of customs revenues earmarked for the benefit of agriculture) amounted to $1,146,000,000. The latter have been used principally to finance the utilization of agricultural commodities for domestic relief purposes and, to a lesser extent, to encourage the exportation of such commodities by subsidizing their export. Because of the impact of the war emergency programs on the results of CCC price-support activities and the accounting policies then in effect, the cost of the Corporation's price-support activities cannot be stated, either to the outbreak of the war or cumulatively to June 30, 1945. (See comments beginning on page 45.)

The above-mentioned legislative acts had as one of their significant objectives the attainment of parity for the farmer. The very brief and nontechnical discussion of parity which follows is not limited to the operations of CCC. Parity is an item of basic consideration in the development of all phases of the farm program, of which the operations of the Corporation have been but a part. Parity for the farmer (under various names) has been the goal of agricultural advocates since the end of World War I, and since 1933 has been firmly woven into the fabric of the whole farm program.

The statement of policy relative to parity contained in the Agricultural Adjustment Act of 1933 was expressed in the following language: " * * * reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period."

In the Soil Conservation and Domestic Allotment Act of 1936 (49 Stat. 1148), this policy was restated in the following language: "* * * reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the 5-year period August 1909–July 1914, inclusive, * * * and the maintenance of such ratio."

This policy was further developed in the Agricultural Adjustment Act of 1938, which included among its purposes assisting farmers to obtain, insofar as practicable, both parity as applied to prices and parity as applied to income as defined in the act (52 Stat. 38).

Equality of purchasing power, or parity of net income, as between farmers and nonfarmers, cannot be established and maintained by merely assuring parity prices for agricultural commodities, because consideration must be given to the number of units sold at the parity prices, and because in their nature parity prices do not take into consideration the relative income of nonfarmers.

There are obvious difficulties encountered in establishing parity, but statistics indicate that in general the application of the theory has not operated to the detriment of the farmer. This is illustrated by the following statistics prepared by the Bureau of Agricultural Economics, which show the parity income ratio, farmers to nonfarmers:

Parity income ratio

Year:	
1933	81
1934	83
1935	107
1936	99
1937	107
1938	96
1939	95
1940	88
1941	109
1942	132
1943	151
1944	144
1945	149
1946	168

NOTE.—Net income of persons on farms, used in the base for computing these ratios, includes Government payments.

Later enactments by the Congress authorizing and directing Commodity Credit Corporation to support the prices of certain commodities under certain conditions at fixed or minimum percentages of the parity prices for such commodities have been administratively interpreted and applied as requiring price support, notwithstanding the fact that the prices of these commodities had risen substantially above parity.

The original function of Commodity Credit Corporation to extend financial aid to farmers during the economic emergency existing at the time of its creation in October 1933. The aid extended initially was in the form of nonrecourse commodity loans (in amounts based on parity prices) at low-interest rates. In 1939 the Corporation initiated direct-purchase programs as a means of bolstering depressed prices.

During the period of World War II and since, the Corporation has been used for several other significant purposes. It became the principal medium through which agricultural commodities were subsidized and it was used extensively to conduct price-support operations considered necessary in increasing or maintaining production and stabilizing prices of agricultural commodities. It was used also as agent for the Government in extensive operations, termed supply activities, involving the procurement and stock piling of food and food products for lend-lease, the Army, the Navy, and other Government agencies. The domestic wool program partook somewhat of the nature of a protective mechanism, in addition to the tariff, to maintain domestic wool prices which would otherwise have suffered because of the large volume of imported wool; in this case, support prices were in excess of parity and possible selling prices. (Although the programs had been carried on since April 1943, and extensive congressional hearings had been conducted relative to wool, the first specific statutory authority for the wool programs was Public Law 360, 80th Cong., approved August 5, 1947. It should be noted that this report does not contend that the programs were conducted without authority of law.)

An activity not relevant to the general purposes of the Corporation, but carried on in accordance with law, is the making of loans to the Secretary of Agriculture, in an aggregate amount not in excess of $50,000,000 per year, for the stated purpose of temporarily financing crop-insurance premiums, soil-conservation activities, etc. The statute under which these loans are made (the act of July 2, 1940; 54 Stat. 728) directs their repayment "during the succeeding fiscal year from the appropriation available for that year or from any unobligated balance of the appropriation for any other year." In making repayments as directed by this law, the Department has been authorized to use balances of appropriations which would not otherwise have been available, in the amount of $122,858,341 to June 30, 1947.

In carrying out its many functions, the Corporation initiated and conducted a number of programs with substantial differences in purposes to be accomplished and in methods of accomplishing the purposes. The objectives of the programs (which consist in general of the types discussed above) may be fitted roughly into four groups: (1) Price support, (2) supply, (3) export, and (4) foreign purchases. These objectives are attained through loan, trading,[1] pooling, and subsidy operations. Items 6, 7, 8, and 9 following contain a brief discussion of these operations, including financial results.

Because of the accounting policies in effect during the period under review, the fact that the purposes of some of the programs changed from time to time (e. g., from price support to supply), and the impact of the war, no representation could be made of the cost of price-support activities from the inception of the Corporation to the outbreak of the war, or of the cost of the activities relative to the objectives of price support, supply, export, and foreign purchases during the war or cumulatively to June 30, 1945.

The legal authority of the Corporation has been derived from two sources:

(a) Specific statutes authorizing or directing the Corporation to undertake activities and defining to some extent the manner in which the operations should be conducted. The loans on basic commodities since 1938 are within this category, as are the commodity export programs and a number of the subsidy programs. Another example is the act of August 5, 1947, previously cited, requiring continued price support for wool.

(b) The Corporation's Delaware charter as recognized by statutes continuing the Corporation as an agency of the United States, increasing the Corporation's borrowing power, authorizing expenditures for administrative expenses, and appropriating funds to restore losses.

In view of the broad authority conferred upon the Corporation by its Delaware charter, there have, of course, been questions concerning the precise limits of the authority of the Corporation in formulating and conduct-

[1] The term "trading" as used in this report denotes the operation involved in (a) the disposal of commodities acquired in settlement of loans (except cotton pooling) and through direct purchases, for price-support purposes, (b) voluntary purchases and sales in connection with supply activities, and (c) other acquisition activities. It does not imply that the Corporation customarily trades in commodities with the objective of gain.

ing Federal programs. The submission of annual budget programs for congressional approval for the fiscal years since 1947, as required by the Government Corporation Control Act, has required advance examination of proposed programs by the Congress.

Since the enactment of the Commodity Credit Corporation Charter Act in June 1948, the Corporation has not relied upon its Delaware charter, and the Delaware corporation has been dissolved.

5. Sources of funds: Capital stock as originally authorized and issued provided Commodity Credit Corporation with capital in the amount of $3,000,000, which was allotted by the President from the appropriation made to carry out the National Industrial Recovery Act. An additional $97,000,000 was provided in April 1936 by Reconstruction Finance Corporation. This amount was borrowed by RFC from the United States Treasury, and the notes given to secure the loans were canceled by the Secretary of the Treasury when the capital stock was transferred to him in 1938. No interest was charged them for the $100,000,000 during the period under review.

The funds used to finance the Corporation's activities have been obtained, for the most part, by borrowing. The authority of the Corporation to borrow from the public debt fund of the Treasury or to issue obligations otherwise against the credit of the United States has been fixed by law since March 1938. Successive amendments have raised the limit of the Corporation's borrowings from $500,000,000, then established, to a limit of $4,750,000,000 established in April 1945. The Corporation's obligations outstanding at June 30, 1945, guaranteed by the United States are summarized as follows:

Borrowings from the United States Treasury	$1,591,000,000
Borrowings from private banks and other Government corporations ($21,256,279) to finance various commodity programs	451,728,125
Total	2,042,728,125

Included in the borrowings to finance commodity programs is an amount of $22,515,000 representing general borrowings not related to specific programs such as cotton, wool, sugar, etc. A small number of large commercial banks supplied these funds, on a demand basis, at an interest rate of one-half of 1 percent per annum. These borrowings appear to have been advantageous in that they bore this low rate of interest.

Besides funds obtained on the above basis, financing of some activities was provided by means which did not directly involve using the credit of the United States. Private lending agencies making loans to producers in connection with cotton loan programs were required to tender all notes to the Corporation for either purchase or pooling. At the election of the lending agency, the Corporation either purchased the notes for cash at their face value plus accrued interest or placed them in a pool and issued certificates of interest evidencing the deposit of notes therein by the lending agency. As provided in lending agency agreements, the Corporation followed the practice of also depositing in the note pool the notes which it acquires by purchase. Separate note pools were conducted in each Federal Reserve district, and the Federal Reserve bank for the district acted as custodian of the pool. The certificates of interest, bearing interest at the rate of 1½ percent per annum, are liquidated by periodic distributions of the proceeds of loan redemptions, or are redeemed by the Corporation at maturity of the loans or upon demand by the holders. At June 30, 1945, the Corporation's obligation with respect to certificates of interest amounted to $205,218,600. This amount is not included in the tabulation above, as it was not guaranteed by the United States.

Some of the Corporation's other activities, principally commodity loan programs, are financed in whole or in part under agreements obligating the Corporation either to purchase, at maturity or on demand, loans made by private lending agencies or, in the case of cotton cooperative associations, to make loans to the associations on eligible cotton delivered by producer-members. In consideration of these obligations, the Corporation shares in the interest received by the lending agencies and cooperatives. At June 30, 1945, the Corporation's obligation to purchase or make such loans was $86,035,259, which included $54,544,698 applicable to loans made by Farm Credit Administration corporations. (See schedule 5.)

In the past, extensive borrowings were made from Reconstruction Finance Corporation and through sale of obligations to the public. The last issue of the Corporation's collateral trust notes held by the public was redeemed during the fiscal year 1945.

The act of March 9, 1938 (52 Stat. 107), requires the Secretary of the Treasury to make an annual appraisal of the assets and liabilities of the Corporation. The net worth, determined by this appraisal, is restored to the amount of capital of $100,000,000, either by reimbursing the Corporation for the capital impairment through appropriation procedures or by payment of any surplus into the Treasury. The net capital impairment resulting from operations to June 30, 1945, as determined by appraisals, was $1,322,171,966; the capital impairment indicated by exhibit 1 was $1,180,283,540. The difference is caused chiefly by our restoration to income of $139,171,171 representing the portion of the apparent gain on the General Commodities Purchase Program shown as a special reserve by the Corporation at June 30, 1945. Of the capital impairment determined by the Treasury appraisals, the Corporation had been reimbursed through appropriations for previous years' impairments in the net amount of $400,715,405 at June 30, 1945; the remainder ($921,456,561) was reimbursed to the Corporation in July 1946. The latter, and the reimbursement of $641,832,081 for capital impairment as of June 30, 1946, were effected through the medium of note cancellations authorized by law.

Restoration of capital impairment after funds have been expended differs from the regular congressional procedures for appropriating public funds for expenditures. The use of borrowed funds in a manner certain to impair the ability of the Corporation to repay them (particularly to make subsidy payments) amounts, in effect, to withdrawal of funds from the Treasury and has been characterized as "a back door to the Treasury." Also, it unfairly burdens the Corporation with interest on expended borrowings until the Congress appropriates funds to make up the losses or authorizes the cancellation of the notes held by the Treasury. Permanent expenditure or loss of funds, it would logically be presumed, would require that the funds first be made available to the Corporation by the Congress for reimbursement under appropriation procedures. This also appears to be consistent with that part of section 4 of the act of March 8, 1938, which may be interpreted as requiring that the Corporation's assets be sufficient always to pay its debts whenever it borrows funds from any source. We believe that whenever the impairment of the Corporation's capital exceeds $100,000,000, this principle is defeated.

The difficulty of preparing estimates in advance for certain programs of CCC is recognized. However, the benefits of this procedure, or some similar method of obtaining closer congressional control, should warrant unusual efforts in attaining this result. Otherwise, the implication is that the Congress should authorize the conduct of specific activities without adequate means of limiting their aggregate cost.

The total amount of interest expense which has been allocated to specific programs through June 30, 1945, exclusive of interest paid to banks acting as fiscal agents, is summarized from schedule 22, as follows:

On borrowings from—	
Public	$31,895,120
United States Treasury	28,085,080
Reconstruction Finance Corporation	15,860,274
Private lending agencies	621,651
Total	76,462,125

At June 30, 1945, the interest rate on loans being charged the Corporation by the Treasury was 1 percent, which was not correlated to the cost to the Treasury of obtaining funds. We are of the opinion that it would have been desirable that the interest rate result in a charge to the Corporation equal to the interest cost of such funds to the Treasury. Furthermore, the inclusion of an interest charge on the entire amount of the Government's investment in the Corporation would have resulted in a more adequate and complete presentation of the cost to the Government of the Corporation's activities.

6. Loan operations: Prior to passage of the Agricultural Adjustment Act of 1938, commodity loans were made without specific statutory authority and pursuant only to corporate charter powers. During that prior period, a large volume of loans on cotton and corn, and a relatively minor amount on wheat and a few other commodities, were made by the Corporation or through its lending agencies. By the provisions of the Agricultural Adjustment Act of 1938, the Corporation was authorized, upon recommendation of the Secretary of Agriculture and approval by the President of the United States, to make loans on all agricultural commodities and was specifically directed to make loans available, under certain conditions, on cotton, corn, and wheat. Subsequent legislation added rice, tobacco, and peanuts to this group, and these six commodities became known and were legislatively recognized as the basic commodities.

Prior to the war, and during the war period as late as June 30, 1945, the Corporation visualized (and the Congress, in sec. 2 of the Agricultural Adjustment Act of 1938, apparently recognized) its loan programs as having two fundamental functions—stabilizing farm prices and assuring adequate reserve supplies of farm products. To this last function, the term "ever-normal granary" has been applied by the Corporation as late as June 30, 1943.

Surpluses of some commodities, in excess of the needs of an ample ever-normal granary, were acquired as a result of commodity loans. The demands of the war for raw materials and food provided relief from large overstocks of cotton and wheat.

In some cases during the later war years and since, commodity loans at the rate of 90 percent of parity (higher in the case of cotton) have been made when the related market prices were in excess of parity. Officials of the Department of Agriculture point out that, in their opinion, under specific provisions of existing legislation, it was necessary to make loans available on basic commodities even though market prices were in excess of parity prices and without regard to the parity of net income concept.

However, loans by the Corporation on basic commodities have been closely related to production controls through acreage allotments and marketing quotas until such controls were suspended during the war. In those cases where production controls were in effect, loans were made available at maximum rates only to cooperating farmers.

Loans were made to noncooperators at reduced rates and on only so much of their commodity as would be subject to penalty if marketed.

Generally, commodity loans have been made at rates expressed as a percentage of the parity price for a unit of the commodity. The ratio of amounts of individual loans to commodity values (at parity prices) has varied as to both the kind of commodity and the time when the loans were made. The Agricultural Adjustment Act of 1938 required the rates of mandatory loans (basic commodities) to be not less than 52 nor more than 75 percent of the parity price for each unit of the commodity upon which a loan was made. In May 1941 the rates of these loans were fixed by law at 85 percent of the parity price, and since October 1942 they have been fixed by the Stabilization Act of 1942, as amended, at 90 percent of the parity price except in the case of cotton which has been at 92½ or 95 percent of the parity price. Under this latter act, loans at these rates were mandatory on basic commodities harvested prior to a date later specified as January 1, 1949.

Because of the nonrecourse feature, which has been contained in all commodity loans made by the Corporation, and the bases on which loans are generally made, a commodity loan, in practical effect, amounts to a purchase by the Corporation subject to an option on the part of the farmer to repurchase the commodity, if he desires, in event of favorable price relationships. In addition, when pooling is provided for by the terms of a commodity loan, and the loans are settled in this manner, the farmer shares ratably in the excess of sales proceeds, if any, over the Corporation's investment plus applicable charges. In general, such gains result from price increases during the disposal period after the collateral has been taken over in settlement of the loan. Losses resulting from these types of transactions, however, are all borne by the Corporation.

Interest rates bear no relation to the cost of making the loans, nor is the rate calculated to compensate for the risk inherent in making the loan. The interest is not payable unless the commodity is redeemed, in which event it may be considered as a redemption fee rather than interest income.

From inception of the Corporation to June 30, 1945, loans made by the Corporation or through lending agencies amounted to $4,580,322,000, distributed largely among three commodities, as follows:

	Amount	Percent
Cotton	$2,030,477,000	44.3
Wheat	1,603,953,000	35.0
Corn	692,200,000	15.1
22 commodities and 9 financing programs	253,692,000	5.6
Total	4,580,322,000	100.0

The total recorded interest income to June 30, 1945, was $54,607,369, and the total of losses recorded as applicable to loan operations was $47,629,894, leaving an apparent gain of $6,977,475. Losses reflected by the Corporation as losses on loans resulted principally from the release, in full settlement of the loans, of pledged collateral to borrowers at approximately market values, which were less than the redemption values, i. e., loans settled on a reduced basis without the taking over of the commodity by the Corporation; and, in the case of corn, the cancellation of storage advances related to the resealing program announced in the fall of 1940. Losses of the former type were incurred as a result of administrative determinations that it was more economical to permit the farmers to market the crop than to incur the expense that would have been involved in taking over, concentrating, and selling the commodities. When the Corporation acquired title to commodities pledged to secure loans in default, the unpaid balance of the loan advances was recorded in its accounts as the cost of acquisition. The gain or loss resulting from the disposal of these commodities was reflected in trading operations and requires consideration in determining the aggregate gain or loss in individual loan programs. It was not the Corporation's policy at the end of each fiscal year to make estimates of and provide reserves for the losses that ultimately might be sustained on commodity loan programs until the commodities pledged to secure loans in default were acquired. Subsequent to June 30, 1945, the Corporation adopted the policy of providing valuation reserves, based upon estimated realizable values, to reflect the estimated loss, if any, to be sustained during liquidation of the loans. The new procedure is more in accord with generally accepted accounting practice.

7. Trading operations: The Corporation became engaged in trading operations in 1937 when it became necessary to transport, store, and dispose of commodities acquired in settlement of loans. In the fall of 1939 the Corporation initiated direct-purchase programs as a means of accomplishing price support. During the war period trading operations were expanded considerably, although the objective generally was one of supply.

To June 30, 1945, trading operations conducted by the Corporation resulted in the acquisition and disposal of commodities having a disposal value of over $11,000,000,000. More than 300 separate programs have been conducted involving:

(a) Approximately 20 domestic farm commodities, principally wheat, cotton, corn, and tobacco (basic commodities), and wool.

(b) Approximately 90 foreign commodities, principally sugar, various fats and oils, Egyptian cotton, and tea.

(c) Programs designed to provide, for various purposes, a supply of approximately 10 different commodities, and the General Commodities Purchase Program which involved the acquisition of several hundred different commodities, chiefly for supply purposes.

(d) Exchange of domestic cotton for rubber owned by the United Kingdom.

(e) Operation through an affiliated company of a program to provide a domestic supply of hemp and related items.

(f) Purchase, erection, rental, sale, and maintenance of steel and prefabricated wooden bins for grain storage.

The recorded net gain from these operations was $200,494,693, which was, in general, exclusive of any portion of the Corporation's general overhead expenses and interest on borrowed funds which, though substantial, were not allocated on the books of the Corporation to individual programs or groups of programs. The two most significant program results were the gains of $122,394,806 attributed to cotton and $152,215,171 attributed to the general commodities purchase program. In the case of the general commodities purchase program the gain resulted, in general, from sales to other agencies of the Government, principally lend-lease. We are informed that, in line with general Corporation policy, the program was not carried on with the objective of gain and that the results are not considered unreasonable in relation to the gross dollar volume. We believe that the sales prices could have approximated total costs more closely, and that such profits were unrealistic and undesirable, and resulted in unwarrantedly augmenting the costs of the vendee agencies. This is particularly true in that the costs which probably arose from inefficient management, spoilage and waste, confused operating policies, etc. (as brought out in H. Rept. 816, 79th Cong., 1st sess., which resulted from an investigation of the War Food Administration conducted during 1944 and 1945 under authority of H. Res. 50), were passed on to those agencies, principally the Lend-Lease Administration. In the case of cotton, the gain resulted almost entirely from the high prices obtained in disposing, during the war period, of cotton acquired by the Corporation in 1939 from crops of the years 1934 and 1937. The largest single trading operation loss was that of the wool price-support programs. To June 30, 1945, the recorded loss was $25,583,113, including a provision for loss on realization of wool inventories in the amount of $23,930,000. The provision for loss was substantially inadequate, primarily because it was determined on the basis of the wool inventory as of June 30, 1945, as shown by the books, of approximately 319,000,000 pounds. More than 100,000,000 pounds of wool held for the account of the Corporation at June 30, 1945, were not reflected on the books of the Corporation at that date and were omitted from the basis of the computation of the provision for loss.

8. Pooling operations: The agreements used in certain of the commodity-loan programs authorize the Corporation to pool for the account of the producers any collateral unredeemed at maturity of the loans. Producers participating in pools share ratably in the excess of sales proceeds, if any, over the Corporation's investment in the pooled collateral plus a charge equivalent to interest at the rate of 3 percent thereon made by CCC for financing and conducting the pools. If pool operations result in losses, they are borne by the Corporation. Other than the more or less moral obligation of protecting any possible equity of producers, the pooling operation in itself imposes no restrictions on the Corporation as to disposal of the collateral.

The decision to pool unredeemed collateral is made by the Corporation's board of directors, and this determination appears to be influenced by a number of factors including the physical character of the commodities involved, administrative difficulty of determining any producers' equities at maturity, and the possibility of inequitable settlements among producers where the collateral is liquidated and settlements are made on an individual basis. Those pools which have been conducted appear to have been in consideration of these factors, but the main reason for this type of operation apparently has been for the purpose of distributing among producers the excess of sales proceeds, if any, over the Corporation's investment, plus applicable charges. Generally, such gains result from the higher price levels existing at the time of disposal over the prices in effect at the time the collateral was taken over in settlement of the loans.

Another aspect of the pooling process, in connection with mandatory loans on cotton, concerns the effect of pooling on the total benefits to farmers rendered by the Corporation. To the extent that producers participate in the gain from pooling operations, they receive benefit in excess of the guaranteed price support and potentially in excess of parity. It is the view of the Corporation that, with parity as the ultimate objective, and price support being fixed at less than parity, pooling does no violence to the intent of the Congress. It should be noted that pooling operations applied to cotton only.

The principal pools conducted by the Corporation have resulted from wheat and cotton loans. The proceeds from the disposition of wheat pooled from the 1938, 1939, and 1940 loans were insufficient to cover costs, and no equity remained for the producers. The cotton pooled from the 1938, 1939, and 1940 loan programs was disposed of prior to June 30, 1945, and resulted in a recorded gain of $1,277,083 (before deduction of applicable charges). Of this amount, approximately $700,000 had been distributed to participants

in the pools by June 30, 1945. The remainder, representing the equity of unlocated participants and charges equivalent to interest on CCC's investment, was reflected as an account payable in the Corporation's accounts at that date. As the cumulative total net loss reported by the Corporation to June 30, 1945, did not reflect the operating results of these pools, they are not included in the summary of cotton pooling operations presented in schedule 21.

Of approximately 1,600,000 bales of cotton pooled from the 1941 and 1942 loan programs, some 411,000 bales were recorded as sold by June 30, 1945, at an over-all loss of $1,685,540. This is the net amount of the loss of $5,012,548 computed by Commodity Credit Corporation on sales to exporters less the recorded gain of $3,327,008 on domestic sales. As shown on schedule 21, export sales were made at a discount of approximately $5,000,000. The export loss was reflected by Commodity Credit Corporation at June 30, 1945, as a part of its loss on export activities. The computed gain of $3,327,008 on domestic sales was applied by Commodity Credit Corporation against its total net loss to June 30, 1945. Subsequent to June 30, 1945, the entire amount of the export discounts was credited to the pools, so that an apparent net gain existed as of June 30, 1945. However, because this apparent net gain was less than the charges made by CCC for financing and conducting the pools, as determined on the basis of interest at the rate of 3 percent on the Corporation's investment therein, no equity for participating producers appears to have existed at that date. During the fiscal year 1947, the remaining cotton in these pools was disposed of and settlements were effected which resulted in distributions to producers of approximately $5,000,000.

9. Subsidy operations: Broadly speaking, the net cost of any financial aid granted by Government to a private individual or enterprise for the purpose of promoting the public welfare may be termed a subsidy. By definition, and in a broad economic sense, all losses resulting from programs carried on by Commodity Credit Corporation can be classified as subsidies, except losses on a few programs from which only other departments and agencies of the Government benefited. The use of the term "subsidy" in statutes, congressional committee hearings, and Government agency releases indicates that substantial differences in meaning exist and that within the Department of Agriculture there has been no commonly accepted definition used consistently. For example, the discount and differentials granted or paid on commodities exported have been referred to frequently as subsidies, and the wool price-support program has been described as in effect a subsidy to producers. However, the Corporation did not so consider nor classify those costs in its financial statements.

A review of the programs classified as subsidies by the Corporation indicates that they consist of programs undertaken for the general purpose of enabling the maintenance of OPA ceiling prices, of disposal of surplus inventory (e. g., wheat for feed), of control of the end-use of commodities (e. g., peanuts and cotton linters), and of price support. A number of programs were multipurpose (e. g., the purchase of damaged 1942 wheat, for sale at reduced prices as feed, subsidized the buyers and supported prices to the sellers).

The dollar loss shown by the books at June 30, 1945, is attributed, for the most part, to those programs classified by the Corporation as subsidies.

Prior to the presentation of financial statements as of January 31, 1945, no segregation was made by the Corporation of the results of operations as between those attributable to subsidy programs and those attributable to other programs. While a segregation was made at that time and has been continued essentially unchanged, we believe this classification of programs and aggregates of programs as subsidies is unsatisfactory for the purpose of financial reporting, although we understand that it was made to comply with certain congressional requirements.

Several factors other than the ordinary wartime increases in costs, such as wages and supplies, appear to have necessitated a number of the programs undertaken for the general purpose of enabling the maintenance of OPA ceiling prices. The more important of these were increased prices to attain the production level considered by the Department or WFA to be necessary, the absorption of wholesale price increases occurring between the establishment of retail-price ceilings, and the establishment of wholesale-price ceilings, absorption of the relative inequity in the ceiling prices set on the end-use products of some commodities, and transportation cost absorption because ceiling prices, based on average shipping costs, failed to compensate adequately for the long freight haul in the distribution of far West products.

In general, the programs classified by the Corporation as subsidies were carried out in four ways:

(a) Direct subsidy payments.

(b) Loss sales of commodities in inventory at less than cost, for special purposes.

(c) Purchase of commodities and simultaneous or deferred sale to the original vendor at a reduced price.

(d) Cost absorption.

Promptness of payment, particularly when dealing directly with farmers, and minimizing of direct administration appear to have been important or controlling factors in the selection of methods for the operation of subsidy programs. Most of the programs were actually carried on by agents. The methods used frequently resulted in prompt payments, and in some cases reduced the Corporation's investment, but delegated authority for direct administration to persons or agencies outside of the Corporation, and, in a number of programs, outside of the Department. There was a corresponding need for increased planning and specification of records to be maintained and accounting and over-all controls; implicit in such arrangements was the necessity of relying heavily on the ability of the Corporation to undertake the necessary administrative audits of agents' records; the Corporation apparently failed to recognize the importance of the foregoing. The substantial arrearage in auditing will never be completely overcome. In fact, a considerable number of audits have been waived by the Corporation in order to concentrate on current activities. The problem of ascertaining and recovering overpayments, which were made more likely by the lack of control over payments when made, is augmented by the fact that most of the programs were terminated during 1946.

It appears that there was some overlapping of purpose and duplication of benefits between the fluid milk, hay for dairymen, and corn ceiling price-adjustment programs on the one hand and the dairy production subsidy on the other. The dairy production payment rates were distributed on a basis intended to equalize production cost increases throughout the county, but the rates determined apparently did not reflect the benefits of subsidy programs already in operation in some areas. The duplication of benefits was recognized by the Corporation at the time the dairy production payment program was initiated, and indications are that an adjustment of payments was made in the New York area for the months of October, November, and December 1943 in recognition of the duplication of the fluid-milk subsidy. However, after December 1943, apparently because of the administrative difficulty of determining the incidence of the benefits from the indirect fluid milk subsidy, no further adjustment of dairy production payments was made. No reductions were made for either the corn or hay subsidy programs.

Proposals to limit the authority of the Corporation to engage in subsidy programs were introduced in the Congress a number of times. However, no limitations became operative until April 12, 1945, when certain limitations were placed on these operations for the fiscal year 1946. Section 6 of the Price Control Extension Act of 1946 (60 Stat. 664) permitted the continuation of these operations within specified limits during the fiscal year ended June 30, 1947. These limitations appear related to the programs undertaken for the purpose of maintaining maximum price ceilings, and required the termination of programs then considered as being carried on for that purpose when ceiling prices were no longer in effect. It is not apparent that agricultural subsidies in the broader, over-all economic sense were prohibited by this legislation after the termination of price controls. Most of the programs classified by the Corporation at June 30, 1945, as subsidies were terminated with the expiration of price controls, chiefly during 1946. Those programs which had been classified as subsidies, and which were continued after the expiration of price controls, were reclassified to other activities, chiefly price support. Since the expiration of sugar price controls on October 31, 1947, the Corporation has not classified the results of any commodity program as a subsidy.

No funds were appropriated to the Corporation to cover the payment of subsidies, and no appropriations were authorized to be made with respect to periods prior to June 30, 1945. In general, funds borrowed from the Treasury of the United States, with interest, were used to cover the cost of programs classified as subsidies by the Corporation. Duty-free importations and the offsetting of certain gains against costs enables the Corporation to reduce substantially the borrowings required.

Commodity Credit Corporation financed and administered substantially all wartime subsidy programs relating to agricultural commodities. Defense Supplies Corporation of the RFC group allowed or paid subsidies relative to a few commodities (livestock, flour, butter, and sugar) but incurred a greater aggregate cost to June 30, 1945 ($1,296,528,148). The DSC livestock and butter subsidies, payments for which aggregated $1,097,714,119, were undertaken to effectuate reductions in retail prices in establishing retail price ceilings by OPA. The net recorded losses on programs classified as subsidies by Commodity Credit Corporation to June 30, 1945, amounted to $1,282,923,640, distributed as follows:

Milk and dairy products	$768, 420, 737
Grain and grain products	277, 703, 582
Fruits and vegetables	81, 675, 495
Oilseeds and products	88, 319, 634
Sugar	57, 397, 425
Beverages	5, 758, 692
Livestock production and meat	5, 000, 486
Miscellaneous (net gain)	−1, 352, 411
Total	1, 282, 923, 640

The total of the above tabulation does not represent the real net cost to June 30, 1945, of the programs classified as subsidy operations, either to the Government or to the corporation, as it is exclusive, in general, of any portion of the corporation's general overhead expenses and interest on borrowed funds and does not take into account the fact that certain items were imported duty free. (See item 10 following.)

Furthermore, certain other factors affected the total recorded subsidy losses to June 30, 1945. These consist of the following:

(1) The corporation was obligated under subsidy agreements for substantial but undetermined amounts not reflected in the

results of operations to June 30, 1945. Provisions were made for estimated obligations at that date only with respect to two programs, dairy production and beef production, in the amounts of $125,000,000 and $5,000,000, respectively.

(2) Profitable purchase or supply programs were commingled with subsidy programs. Because of this situation, the cocoa programs resulted in a net profit. The stated cost of the coffee programs was substantially reduced because the subsidy aspects were not segregated.

(3) The cost of the subsidies allowed on vegetable oils and meals was reduced to $6,870,180 by a profit of approximately $6,000,000 on meal produced from 1942 crop oilseeds carried forward and sold in 1943 at increased OPA ceiling prices. In a somewhat similar manner, the gain of approximately $1,315,000 on the purchase and sale of grapes and substandard or damaged raisins was offset against raisin subsidy payments.

(4) The cotton linters program, which had an accumulated profit of $1,441,755 to June 30, 1945, was included in the subsidy classification. Subsequent to June 30, 1945, this program was reclassified by the corporation to the nonsubsidy group.

(5) The loss on the Argentine corn importation program, which amounted to $2,106,398 to June 30, 1945, was excluded from subsidy costs by the corporation. Subsequently, the corporation classified this program as a subsidy.

(6) The substantial subsidy allowed to peanut crushers (for oil) was obscured by offsetting the profits derived from sales of peanuts allocated for edible purposes and from the Argentine peanut-purchase program. As the result of this grouping of program results, a net credit or "profit" of $1,316,839 was reflected in subsidy operations.

(7) Sufficient accounts were not maintained for the soybean program to permit of a suitable segregation of costs as between the subsidy and nonsubsidy aspects, and faulty procedures were used by the Corporation in allocating costs to the phases of the program for which accounts were maintained. Allowances for processing were reflected through discounts on sales; the amount of costs so recorded is not apparent in the accounts. As in the peanut subsidy (item 6), a profit in excess of $5,000,000 on crude soybean oil, as determined under Corporation accounting procedures, was offset against subsidy costs.

10. Restrictions on the disposal of commodities: In the past, limitations have been placed upon the Corporation, by legislation, with respect to the methods and terms of disposal of owned or controlled commodities. As an illustration, effective July 31, 1939, cotton sales were limited to 300,000 bales per month and 1,500,000 bales in any calendar year, and the recoupment of all related costs was required. Partly as a result of these restrictions, sales of the large inventory of cotton acquired in 1939 were curtailed during the early war period. These restrictions were suspended by the act of April 12, 1945. The large inventory of cotton accumulated during the effective period has been disposed of, in general, at war-induced high prices; the Corporation appears to have profited from its inability to dispose of the cotton during the earlier years at the much lower prices then obtainable. However, it appears that the reimposition of such limitations might cause the accumulation of another large surplus inventory of cotton.

Another significant restriction has been the prohibition, since 1943, of sales of commodities at less than parity or comparable prices. The act of April 12, 1945, continued this prohition to a date subsequently determined to be December 31, 1948. The effect of this prohibition has not been material, except in the case of wool, because the demands of the war or the supply programs operated by the Corporation have provided outlets for owned or controlled commodities at prices in excess of the related parity or comparable prices. A number of exceptions to this prohibition had been granted from time to time by the Congress between 1943 and June 30, 1945, the more important of which have permitted the sale of wheat at reduced prices for feed and alcohol (the cost of these subsidies to June 30, 1945, according to the Corporation, was $260,100,000), disposal abroad of surplus agricultural commodities, disposal for new or byproduct uses, and disposal to prevent deterioration. Other changes in this type of restriction are contained in legislation enacted subsequent to June 30, 1945.

Operational limitations of these types, while they give effect to the will of the Congress, necessarily limit the discretion of operating officials and reduce the extent to which the management of the Corporation can be held responsible for the results of operations.

11. Importations made free of duty: In considering the financial results of the various programs, it should be noted that the Corporation exercised the privilege of making importations free of duty.

The privilege of making importations free of duty originated in legislation enacted in 1914 in order to enable the Secretary of the Navy to avoid the payment of duties on repair parts or war materials purchased abroad to be brought to the United States for research or testing purposes. On May 30, 1942, the President, by Executive Order 9177, vested in certain other officials, including the Secretary of Agriculture, the authority of the Secretary of the Navy to make emergency purchases of war materials abroad and to import them free of duty. The Secretary of Agriculture, in turn, delegated this authority to Commodity Credit Corporation.

The Corporation has not exercised the privilege since January 1, 1947, and the authority of the Secretary of Agriculture to make importations free of duty was terminated by Executive Order 9903, November 12, 1947.

The result of the exercise of this authority to make duty-free importations has been a saving in costs to the Corporation of an estimated $150,400,000 to June 30, 1945. These cost-savings either increased program gains or reduced program losses correspondingly, and likewise decreased the Corporation's borrowing requirements from the Treasury.

12. Accounting weaknesses and improvements: Our examination of the affairs of Commodity Credit Corporation was seriously impeded by major deficiencies in accounting policies and procedures and methods of financial reporting. In this connection, however, many improvements in accounting procedures have been put into effect subsequent to June 30, 1945, as commented on beginning on page 36.

To June 30, 1945, the Corporation had not developed adequate control over financial and operating responsibilities through accounting. The accounting records and the record-keeping procedures were not utilized by the management as an instrument of control over the assets and liabilities and over revenues and costs to the extent we believe to be desirable.

The primary causes of the failure of the accounting function were found in the manner in which the functions of the Corporation were intermingled with others of the Department of Agriculture, the apparent lack of appreciation by the management of the necessity for accurate financial reporting, and difficulties inherent in the operating characteristics of programs. These factors are commented upon previously, particularly in items 2, 3, and 4.

Another cause, largely corollary to the above, was the lack of accounting influence in the preparation of program plans, announcements, or contracts. We believe greater participation by accountants could have reduced operating, accounting, and auditing problems.

Many factors prevented a satisfactory audit of the affairs of Commodity Credit Corporation for the period ended June 30, 1945, among the more significant of which were:

(a) The basic records for the receipt and payment of cash funds maintained in the general ledger could not, in the aggregate, be reconciled with the records of the Corporation's treasurer as of June 30, 1945. (See p. 50.)

(b) The Corporation did not maintain adequate control over amounts recorded as being receivable or payable. It was not possible in many instances to determine who owed amounts purporting to be receivable or to whom amounts recorded as owing were due. It also was not possible to determine that all amounts owed to or by the Corporation were reflected in the accounts.

(c) A substantial portion of commodities owned by the Corporation at June 30, 1945, were assigned values based upon cumulative average unit costs. The use of this method resulted in an unsatisfactory evaluation of inventory on hand and misstatement of operating results.

(d) Accounting control exercised by the Corporation over inventories was generally unsatisfactory, particularly in the case of the general commodities purchase program. Procedures by which sales were recorded and arrearages in documentation prevented any effective control over the conversion of inventory to receivables and their subsequent liquidation by receipt of cash.

(e) Systematic cut-offs in the recording of purchases and sales for many of the programs were not observed at the end of each accounting period.

(f) The Corporation did not exercise satisfactory control over its investment in fixed assets, particularly grain bins and related equipment. Records were not maintained in such a way as to enable the Corporation (or us) to know the location or condition of such assets, whether, in fact, they were still owned by the Corporation, or whether all income resulting from rental or sale had been received.

(g) One of the results of accounting procedures followed was the excessive use of suspense accounts to record items whose final disposition could not be determined in a current routine manner. In many instances, no control was exercised over entries to such accounts; they were not reconciled nor were the items disposed of promptly.

(h) The Corporation made virtually no use of accounting mechanisms or procedures to effect control over its affairs internally, and to June 30, 1945, no significant use was made of internal auditing.

Contributing to the foregoing was the lack of a satisfactory chart of accounts and manual of accounting instructions; furthermore, there was no uniform means of promulgating such accounting instructions as were issued.

Financial statements submitted by the Corporation as at June 30, 1945, in many respects, were not informative. While they consisted, in general, of a balance sheet and a condensed statement of income supported by a summary of program results, no operating detail other than the net loss or gain by commodity programs, segregated as between subsidy and other, was provided. Interest income and provisions for inventory losses were excluded from the results of program operations as reported by the Corporation. Furthermore, as previously mentioned in connection with subsidy operations, the reported operating results of individual programs, in general, were exclusive of any portion of the Corporation's general overhead expenses and interest on borrowed funds,

which, though substantial, were not allocated on the books of the Corporation to individual programs or groups of programs. We believe that the allocation of such expenses to individual programs is highly desirable, so that the reported operating results of individual programs may provide an indication of the effectiveness with which the programs were administered from year to year, and in order that they may reflect the net cost in relation to the accomplishment of the programs.

It should be noted that the Corporation is not in accord with these views. It states that it follows an accepted accounting practice by treating interest as an over-all financing charge, because, in its opinion, interest can only be distributed to programs by arbitrary assumptions of questionable validity. Furthermore, the Corporation deems that the allocation of overhead to individual programs is impractical because of the many programs and varied types of operations handled by one working group, which would require arbitrary estimates and prorations to such an extent that the result would be of little value and would require an elaborate cost system.

Besides this circumstance, the total amount of recorded overhead costs did not represent the full costs of administration of the Corporation's activities, because there were excluded from the accounts costs borne by other Government agencies. For example, during the fiscal year 1945 the cost of administering purchase and sale operations conducted on behalf of lend-lease was borne directly by lend-lease funds in the approximate amount of $6,531,000. In addition, expenses identical in character with operating expenses often were classified otherwise in the accounts.

To some extent the Corporation's financial statements were on a cash basis, transactions having been recognized in the underlying accounts only at the point in time when they resulted in the receipt or disbursement of cash. In addition, there were delays in the reporting of transactions, including cash transactions, and further delays in disposing of accounting data. The amounts of assets, liabilities, revenues, and expenses which were omitted from, or improperly classified in, the Corporation's financial statements as the result of these circumstances were not determinable. Unrecorded liabilities are known to have existed, but no representations can be made concerning either their aggregate amount, which we believe was substantial, or their effect upon the financial statements. Furthermore, there was an incomplete consolidation of the accounts of War Hemp Industries, Inc.

The financial statements included in this report were prepared by us from the books and records of the Corporation and represent an attempt to make as informative a presentation as possible. To the extent that we could identify items of interest and general overhead expenses, they have been allocated to individual programs. The remainder, in the amount of $108,159,076, is designated on exhibit 2 as general overhead and interest expense. However, it was not practicable to attempt correction of fundamental deficiencies, because to do so would have necessitated expanding the scope of our examination to a degree not practical and would have resulted in the unavoidable assumption of some of the responsibility of management. It is primarily the duty of auditors to review complete accounting data and no part of their duty to undertake accomplishment of the accounting function or otherwise relieve management of its responsibility therefor.

Our conclusions concerning the accounting situation existing in the Corporation at June 30, 1945, may be expressed, in general terms, as follows:

(a) The accounting procedures and financial reporting policies did not provide a satisfactory medium of control over the assets, liabilities, income, and expenses of the Corporation.

(b) The chief accounting officer was not required to furnish timely, reliable data helpful to operating officials.

(c) The Corporation had not adopted a body of sound accounting policy reflecting the application of recognized principles for the presentation of statements of its financial position or the operating results of its activities.

(d) Internal controls were generally lacking or were not utilized satisfactorily; internal audit activity was practically nonexistent.

However, even under these conditions, a presentation of financial statements with informative discussion is, in our opinion, of value in setting forth, to some extent, the results of activities of the Corporation and requirements for corrective measures. We are aware of numerous adjustments which could have been made; however, except for the treatment as income of $139,171,171 reserved by the Corporation for possible losses on the general commodities purchase program, no adjustments are reflected in the accompanying statements. Except for the adjustment noted, the "excess of subsidies and losses over net gains," as shown in exhibit 2, is equal to the "excess of expenses and other charges over income," as reflected by the Corporation's operating statement.

It should be pointed out that, notwithstanding the accounting deficiencies discussed, the officials of the Department of Agriculture and the Corporation recognized the desirability of having the General Accounting Office perform a so-called commercial-type audit of its financial transactions. Representatives of the Department, working jointly with those of the General Accounting Office, drafted legislative provisions enacted in the act of February 28, 1944 (58 Stat. 105), which contained a provision directing the Comptroller General to make such an audit for each fiscal year, commencing with the fiscal year ending June 30, 1945. In February 1945 requirements for a similar audit were imposed with respect to all Government corporations, and in December 1945 the Government Corporation Control Act was approved, reaffirming the application, though broadening the definition, of the commercial-type audit principle.

Because of the lapse of time since the date as of which this examination was made, and in order to recognize corrective efforts by present officials, many of whom were not associated with the Corporation during the period covered by the examination, we believe it to be desirable to discuss, briefly, improvements in the accounting function subsequent to June 30, 1945.

The Corporation has given increased recognition to the importance of sound accounting policies and procedures, has augmented its accounting staff, and appointed a controller in April 1947, who was made an officer of the Corporation on May 12, 1947. In December 1945 the Office of Audit of PMA was established and assigned the responsibility for internal auditing relative to CCC. Since that date, substantial improvements have been noted in internal audits and examinations.

Procedure revisions have brought about greater coordination between field offices and Washington, the control over accounting matters has been improved, and the assignment of responsibility for record keeping as between the Corporation and its agents has been clarified considerably.

The use of agents has been curtailed considerably, chiefly because a number of programs in which they were used extensively have been terminated. Relative to remaining programs in which agents are utilized (still a large segment of corporate activities), considerable effort has been directed toward obtaining satisfactory control over their operations. Fiscal agreements, accounting methods, procedures, and forms are being reviewed and improved, and through field supervision their installation and operation more closely controlled. With the exception of current cotton-loan programs, the Federal Reserve banks have been made merely cash receiving and paying agents. Accounting procedures to be followed by State and county agricultural conservation committees are now being prescribed by corporate accounting officials.

Current accounting for program operations is on a fiscal-year basis, and it appears that considerable progress has been made in the application of the principles of accrual accounting, including the use of reserves. The Corporation has established a series of publications as a means of providing personnel with policy and procedure guides concerning account classification, detailed accounting procedures, and reporting instructions. In September 1947 the Corporation, after considerable study, issued a statement of accounting policies and practices which in the main establishes a body of sound accounting policy.

The Corporation took steps during the fiscal year 1946 to obtain control over the accounting for the receipt and disbursement of cash, and by June 30, 1947, had adjusted the differences arising from cash transactions prior to July 1, 1946. Cash balances arising from transactions subsequent to June 30, 1946, have been reconciled with records of the depositaries on a current basis.

During the fiscal year 1946 the "first-in, first-out" method of inventory pricing was adopted for a number of commodities, particularly grains. An individual lot-cost method is in use for some commodities, principally processed foods. This should result in a more acceptable assignment of costs to inventories and sales, insofar as those commodities are concerned. However, to June 30, 1947, the cumulative average unit cost method was still followed in connection with cotton.

Considerable progress has been made by the Corporation since June 30, 1945, in the proper accumulation of underlying accounting data to facilitate the preparation of informative financial statements. Continuing effort should result in further refinement and improvement, and financial statements in the future should be progressively more satisfactory.

In closing these general comments, the following observations appear to be pertinent:

The Corporation's organization was subjected to great strain as a result of the problems created by the war, the need to move swiftly in undertaking many programs, and the acute need for skilled and highly specialized personnel. The imperfections in organization, accounting, and operations which resulted became difficult to appraise in the light of these circumstances, and there is a tendency toward using hindsight too freely or undervaluating the circumstances which prevailed. We have attempted to weigh fairly these factors and, although some of our criticisms are severe, it is not our intention to underevaluate the responsibilities undertaken and carried out by the Corporation during the war or to cause the contribution made by the Corporation during peace and war to be overlooked or discounted.

In an endeavor of this nature it is unavoidable that certain operations or features deserving of commendation will escape specific treatment in order to make room for constructive criticism of others. All our efforts have been grounded on a desire to be helpful to the Congress and the Corporation in disclosing significant facts and conditions and suggesting remedies within the purview of our duty as professional auditors, and under the law.

RECOMMENDATIONS

Reference has been made earlier in this report to the integration of the activities of the Corporation with other programs of the Department of Agriculture. Department and Corporation representatives have stated that this commingling of activities is for the purpose of accomplishing the objectives of various statutes without overlapping or duplicating effort.

While this method of operating is a part of the Department's plan for conducting a coordinated agricultural program, it places the Corporation in an organizational pattern that is quite different from the position of Government corporations generally in carrying out their purposes.

With few exceptions, Government corporations have been so organized as to be independent units, either within or without the framework of other departments or agencies. In most instances, even when corporations are placed within departments, they exercise varying degrees of independence. This independence and separateness is there thought to be fundamental in order that the Board of Directors, acting independently for the Corporation, may conduct the affairs of the Corporation in an impartial manner and in the best interests of the objectives of the Corporation.

A corporation's entity is normally distinguishable. Its operating policies are independently formulated within the framework of the powers and authority; its cost of fulfilling its purposes (which is very significant) can be reasonably determined; its Board of Directors can be free to carry out its purposes and can be held strictly accountable for their stewardship and management of the affairs of the Corporation. Since, under these conditions, costs of conducting the activities of a corporation can be reasonably determined, budget presentations can be made significant and realistic, and under such conditions intelligent controls thus maintained by the Congress.

We feel that a corporation, even though it is placed within a department, should be in a position to operate in the most independent manner compatible with its mission, with complete management responsibilities (including the responsibility for policy making and general supervision) vested in its Board of Directors. The day-to-day operations of the Corporation should be placed in the hands of a full-time staff of executive officers, headed by the president as chief executive appointed by and responsible to the board.

We were requested to submit our recommendations to the subcommittee of the Committee on Agriculture and Forestry, United States Senate, and the House Banking and Currency Committee considering the new Federal charter required for Commodity Credit Corporation, on which hearings were held early in 1948. Our recommendations covered the powers, authority, responsibilities and duties, organization, financing, and control of the affairs of the Corporation.[2] The Charter Act (Public Law 806, 80th Cong., approved June 29, 1948) contains a number of provisions similar to or consistent with these recommendations; for example, those pertaining to the appointment and organization of the board of directors and the executive staff and the charging of interest on capital.

It can only be concluded at this time that the differences in the views of the General Accounting Office and those of the Corporation with respect to the manner in which the Corporation should be organized and managed stem from the basic fundamental concept of whether the activities conducted by the Corporation are the sole responsibility of the Secretary and whether the agricultural program of the country is to be recognized as the program of the Secretary.

If this be the desire of the Congress, then there is for consideration the need for the existence of the Corporation as such, and we would be in substantial agreement with the Department of Agriculture that the responsibility for the activities now carried on by the Corporation be vested in the Secretary.

Should the Congress, however, wish to have the usually desirable system of checks and balances govern the activities of the Corporation—and a need for its continuance is evident—then we recommend for the consideration of the Congress those attributes normally present in the corporate structure with respect to its organization, management, and financing.

It should be noted that the Corporation, under its broad charter authority, and in certain cases under specific provisions of existing laws, undertakes many different programs. We also recognize that under the provisions of Public Law 897, approved July 3, 1948, the Secretary of Agriculture will, on January 1, 1950, become responsible to a greater degree for an important segment of the activities of the Corporation. It should further be pointed out that in certain other laws it is the Corporation that is given the responsibility for carrying out certain programs, rather than the Secretary of Agriculture.

Thus, then, there may be some doubt as to where the real responsibility lies for carrying out the entire operating program of the Corporation. It is for the Congress to make this determination and then provide legislation that will insure that authority will conjoin responsibility in conducting all operations of the Corporation, which embrace such vast sums of public funds and affect so many millions of Americans, both within and without the agricultural sphere.

ORIGIN AND PURPOSE

The creation of Commodity Credit Corporation was directed by Executive Order 6340, dated October 16, 1933. As authority for this order, the President cited the National Industrial Recovery Act, dated June 16, 1933 (48 Stat. 195), which provided, in section 2 (a) of title I, for creation of the agencies necessary to effectuate the policies of the act. The Corporation was chartered under the laws of the State of Delaware on October 17, 1933.

The original purpose of the Corporation was indicated as the performance of functions and services aimed at benefiting the public welfare during the period of the emergency existing "by reason of widespread distress and unemployment, disorganization of industry, and the impairment of the agricultural assets supporting the national credit structure." The National Industrial Recovery Act was one of seven acts to which Executive Order 6340 referred in outlining the purposes of the Corporation. The certificate of incorporation cited as objects and purposes the doing of any or all things necessary to accomplish the purposes of these acts:

1. The Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 31).
2. The National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195).
3. The Federal Emergency Relief Act of 1933, approved May 12, 1933 (48 Stat. 55).
4. Reconstruction Finance Corporation Act, approved January 22, 1932 (47 Stat. 5).
5. The Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360).
6. The Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257).
7. The Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709).

Almost immediately after its creation, the Corporation assumed an important role in the extension of financial aid to agriculture. This was done initially through the granting of commodity loans, later by outright purchases and direct payments.

The organization and operation of Commodity Credit Corporation was only one of a number of early actions in the interest of agriculture. In 1929 the Federal Farm Board, which came into being through the Agricultural Marketing Act of 1929 (46 Stat. 11), had been furnished operating funds and a revolving fund of $500,000,000 for the purpose of stabilizing prices of wheat and cotton. Stabilization efforts began with loans to cooperative associations and stabilization corporations, but prior to 1931 loans had been discarded in favor of direct purchases. The board soon owned enormous quantities of both wheat and cotton. However, the acquisition of these large supplies had checked only temporarily the downward plunge of prices, and it became apparent that effective maintenance of income and prices required more than the governmental acquisition of surpluses. Attention was therefore given to the feasibility of preventing crop surpluses through production control. This was pioneered and carried on through the Agricultural Adjustment Acts (48 Stat. 31; 52 Stat. 31) and the Soil Conservation and Domestic Allotment Act (49 Stat. 1148). Pursuant to these acts, a number of acreage controls and farming practices have been prescribed or urged, and soil conservation payments and nonrecourse loans authorized or directed by the acts have been paid in whole or in part depending upon compliance therewith.

Many other aids to agriculture were made available, including those through—

1. Federal land banks and Federal Farm Mortgage Corporation. Mortgage loans were made available for long terms at low rates.
2. Production credit corporations. Intermediate credit was made available for financing the production and acquisition of livestock, equipment, and crops.
3. Cooperative marketing and processing associations. These associations, which were Government sponsored and in some cases Government financed, assisted in the production and orderly distribution of agricultural commodities.
4. Farm Security Administration. Loans were made available to tenants, share croppers, and farmers where conditions were such that normal credit risks would ordinarily bar the loans.
5. Rural Electrification Administration. Loans were made to farmers' cooperatives, permitting construction of rural electric lines and distribution systems.
6. Federal Crop Insurance Corporation. Insurance which could not be obtained from commercial companies was made available on certain crops under conditions and at rates highly beneficial to the farmer desiring protection against crop loss.
7. Programs authorized by the Secretary of Agriculture, financed by funds provided under the provisions of section 32 of the act of August 24, 1935 (49 Stat. 774). This section appropriated for the use of the Secretary funds equal to 30 percent of the annual customs receipts. Funds so appropriated are directed to be used to encourage exportation and domestic consumption of agricultural commodities and to assist in reestablishing the purchasing power of farmers.

The Delaware charter of Commodity Credit Corporation was much more comprehensive than the Executive order providing for its creation and included many broad clauses both as to purposes and powers. Among the most important of these were:

[2] See hearings on the Federal reincorporation of Commodity Credit Corporation (H. R. 6263, 80th Cong.) before the House Committee on Banking and Currency (pp. 194, 195), and on Commodity Credit Corporation Charter (S. 1322, 80th Cong.) before the Senate Committee on Agriculture and Forestry (particularly pp. 148 to 162, inclusive).

1. To purchase, or otherwise acquire, to hold, or otherwise to deal in, to sell or otherwise dispose of any and all agricultural and/or other commodities, and/or products thereof, and to loan and/or borrow money upon the same.

2. To enter into, and to encourage farmers, producers, and others to enter into, marketing plans and agreements and to cooperate in any plan which provides for reduction in the acreage or reduction in the production for market of agricultural commodities.

3. In general, to have and to exercise all the powers and privileges conferred by the general corporation laws of Delaware upon corporations, and to do all and everything necessary, suitable, and proper for the accomplishment of any of the purposes or for the attainment of any of the objects or for the furtherance of any of the powers herein set forth, either alone or in association with other corporations, firms, agencies, or individuals, and to do every other act or thing lawfully incident or appurtenant to or growing out of or connected with any of the aforesaid objects, purposes, and/or powers.

The certificate of incorporation provided for perpetual existence of Commodity Credit Corporation, although the National Industrial Recovery Act provided that any agency established thereunder should cease to exist at the expiration of 2 years from the date of passage of the act. The continued operation of Commodity Credit Corporation as an agency of the Government was authorized from time to time by the Congress, its expiration date under the Delaware charter being June 30, 1948.[3] The act of January 31, 1935 (49 Stat. 4), made the first extension, and all other continuances were amendments to this act.

With the coming of war, production control aims of the Department of Agriculture were supplanted to a great extent by new purposes. Commodity Credit Corporation was utilized by the War Food Administrator and the Secretary of Agriculture in discharging many of their responsibilities for procurement of agricultural commodities for lend-lease and for the armed forces and for taking various actions deemed advisable to insure a sufficiency of production. This activity involved extensive use of subsidies and direct purchases.

FINANCIAL STATEMENT PRESENTATION

The financial statements included in this report were prepared by us from the books and records of the Corporation and its affiliate, War Hemp Industries, Inc.

The Corporation's accounting for program operations was not on a fiscal year basis but was cumulative for each program; furthermore, because transactions were not all recorded in the year in which they were consummated and because the accrual basis of accounting for losses and expenses was not fully observed, it has been impossible in the past to derive reasonably accurate data as to each fiscal year's operations; hence all operating statements included herein are presented on a cumulative basis. Furthermore, the underlying accounts from which financial statements were prepared contained substantial errors resulting from the adherence to unsound accounting policies and from faulty adherence to procedures.

Other factors have obscured the real costs of many of the Corporation's programs. Principal among these were the manner of recording the effect of the exercise of the free-of-duty importation privilege, the offsetting of gains against losses in reporting the apparent costs of several of the programs classified as subsidy, and the accounting policies then in effect relative to accruals, reserves, and inventory pricing. In addition, and in common with Government corporations generally, operating results of the Corporation from inception to June 30, 1945, as reflected in its books and records, are exclusive of the following costs:

1. Employees of the Corporation were covered by civil-service regulations and contributed to the United States Civil Service Retirement Fund, to which the Government also made substantial contributions. The Corporation made no contribution to the fund and therefore did not bear its proportionate share of the Government's costs for these purposes.

2. The Corporation did not bear the cost of any payments made on behalf of corporate employees from the United States Employees' Compensation Fund, Federal Security Agency.

Furthermore, by virtue of the act of March 8, 1938 (52 Stat. 108), the Corporation is subject to taxation only on real property and is exempt from all other taxation by any taxing body.

Sufficient information was not available to permit the preparation of a consolidated statement of income showing sales, cost of sales, other income and expenses, and other items in the orthodox manner. Therefore, we have summarized in exhibit 2, "Statement of recorded gains, losses, and subsidies," the results of operations relative to each commodity. The primary consideration in the preparation of exhibit 2 was the desire to reflect the results of the Corporation's activities, first, by broad objectives (price support, supply, export, foreign purchase, etc.), and, second, operationally by the manner in which the attainment of these objectives was sought. To accomplish the latter, segregation by the four broad types of operation—lending, subsidy, trading, and pooling—was adopted. The segregation of programs by objectives used by the Corporation in the presentation of its budget for the fiscal year 1947 was utilized, with certain deviations. The budget presentation as then devised, and adhered to since, resulted in the display of considerably more financial data as well as a segregation of programs. In the retroactive application of this segregation to the cumulative results of operation to June 30, 1945, the following difficulties, among others, were encountered:

1. Virtually all programs of the Corporation had one or both of two principal objectives—price support or supply. Between these it was not always possible to distinguish the precise nature of the program, particularly during the war period.

2. Acquisition and disposal in price-support activities frequently accomplished the objective of supply.

3. Programs aimed at obtaining supplies through direct purchases frequently accomplished also the objective of price support.

4. Export activities designed to remove surplus agricultural commodities from domestic markets also accomplished the objective of price support.

5. Foreign purchase activities accomplished the objective of supply and appear to be but a phase of supply activities, except to the extent that they had as their principal objective the support of the agricultural economy of foreign nations. This was the stated purpose of some programs conducted in the Latin-American countries.

6. Subsidy programs may have resulted in the accomplishment of the objectives of either price support or supply.

7. At any point in time, the objective of a program may have changed from one of price support to supply or vice versa.

The above conditions also indicate the impossibility of distinguishing the results of the Corporation's activities between the periods of peace and war. This conclusion is strengthened when consideration is given to the effect of the war on the disposition of commodities acquired as the result of prewar operations (notably cotton), and the continuation through the war period of price-support programs both directly and as a result of supply programs.

In attempting to make the summary of program results (exhibit 2) informative and yet retain as great a degree of simplicity as possible, we have deviated from CCC statement presentation in some respects. Chief among these are:

1. Subsidies were eliminated as an objective of any group of programs. It is illogical to impute to subsidy activities an objective in themselves. A subsidy program, regardless of the manner of achieving the subsidy, can be only a method of attaining an objective beyond the granting of subsidy. As explained on page 24, it was not possible to provide a basis in the accounts for classification of these programs by objective according to usual accounting principles. For the sake of simplicity, the results of subsidy operations have been related generally to commodity programs already grouped among price-support activities. It should be recognized, however, that not all these operations had as their objective the support of commodity prices.

2. Loans to the Secretary of Agriculture have been eliminated as a major activity. Interest earned as a result of these loans was relatively insignificant and has been treated as a reduction of unallocated interest expense.

3. Programs relating only indirectly to a commodity or activity have been segregated under a separate caption indicating them to be only financing or servicing in nature.

Individual statements of income and expenses for significant programs or groups of programs, by commodity, by type of operation, were prepared where possible; when considered informative, summaries of program results were prepared. In the preparation of the individual statements of income and expenses, our effort was directed toward identifying and matching costs and revenues. This, among other considerations, was accomplished insofar as the character of underlying accounts would permit. To the extent that they are identifiable, items of interest income, interest expense, general overhead expenses, and provisions for inventory losses are reflected in the operating results of individual programs. It is recognized that inaccuracies probably still exist which would be removed only by analysis to an extent not considered practical. No adjustments have been applied to the accounts representing cumulative losses to June 30, 1945, except that we have treated the entire net income from the general commodities purchase program as a reduction of losses whereas the Corporation deferred recognition of a large portion of such income. This adjustment amounted to $139,171,171. (See p. 36.)

While many substantial errors were disclosed by our examination[4] that would require adjustment of the financial statements of the Corporation and the results of its operations, no adjustments, except that mentioned in the preceding paragraph, were made therefor because of the realization that only a part of the errors were disclosed as a result of our examination and that it was impracticable to expand the scope of the examination to reveal and adjust errors to the extent necessary to permit us to present financial statements concerning which we could express a definite opinion. In other words, it is a primary responsibility of the management to keep accurate and adequate accounts as a basis for audit, and it is both impracticable and undesirable to relieve the management of such responsibility through the audit process.

COMMENTS ON FINANCIAL POSITION

The recorded financial position of Commodity Credit Corporation at June 30, 1945,

[3] A new Federal charter was provided by Public Law 806, 80th Cong.

[4] Many cases could be cited, but it is felt that no useful purpose would be served thereby. Detailed comments with respect to the operations of the various programs are on file in the General Accounting Office.

adjusted to reflect the gain on the general commodities purchase program as a reduction of the deficit resulting from operations, is summarized as follows:

Net assets:	
Cash	$44,154,115
Accounts and notes receivable	528,868,297
Loans to aid agriculture	314,279,220
Inventories of commodities	1,220,131,836
Equipment, leasehold improvements, etc	6,028,203
Other assets	44,679,003
Total	2,158,140,674
Deduct:	
Accounts payable, advances, and accrued liabilities	494,598,691
Suspense items	9,128,134
Subtotal	503,726,825
Total	1,654,413,849
Represented by:	
Investment of the United States:	
Capital stock held by United States Treasury	100,000,000
Notes payable to United States Treasury	1,591,000,000
Total	1,691,000,000
Deficit resulting from operations from inception less restoration of capital impairment ($400,715,405)	779,568,135
Investment of the United States (net)	911,431,865
Loans payable and other demands obligations to lending agencies:	
Due to banks for cooperatives (Farm Credit Administration corporations)	21,256,279
Other bank loans	430,471,846
Certificates of interest in cotton note pools	205,218,600
Obligation to purchase loans made by private lending agencies	86,035,259
Total	742,981,984
Total, as above	1,654,413,849

Comment relative to specific balance sheet items is contained in the following paragraphs.

Cash

The cash funds of the Corporation at June 30, 1945, are summarized as follows:

In checking accounts with the U. S. Treasury:	
Capital funds	$29,503,829
Funds for the payment of administrative expenses	1,005,795
	30,509,624
On special deposit in the U. S. Treasury:	
Employee deductions for the purchase of war bonds	21,872
Employee deductions for Federal income taxes	114,980
	136,852
In checking accounts with banks:	
Federal Reserve Bank of Chicago	$706,432
Bank of Brazil, Rio de Janeiro	104,228
	810,660
Cash receipts not deposited	12,696,979
Total cash funds, as shown in exhibit 1	44,154,115

The amount shown above as available for the payment of administrative expenses was established from capital funds and disbursed only by the Division of Disbursement, United States Treasury. Any balance unexpended is returnable to capital funds after a period of 2 years following the close of the fiscal year for which made available.

The amount of capital funds, $29,503,829, was capable of being reconciled with the records of the Treasury at June 30, 1945; however, the program classification accounts in the general ledger, which reflected the receipt and payment of cash funds, could not be reconciled in the aggregate with the cash records of the Corporation maintained independently, based on advices received from the depositaries. This was due to the existence of a number of items, some of substantial amount, the nature of which was not known. In the balance sheet, exhibit 1, these have been included in the net amount of suspense items which is composed of numerous undistributed and unallocated charges and credits, many of which affected cash receipt and disbursement transactions. Some of these items came into existence in 1944, when records were taken over from the Federal Reserve banks, and represent differences between bank and Commodity Credit Corporation records which were never reconciled or adjusted. Corporation officials have stated that a complete reconciliation will never be made as, in their opinion, the time and effort would not be justified. A considerable portion of the cash difference, however, cannot be attributed to the transfer of records from the banks, but is a result of the unsatisfactory control exercised over the accounting for cash receipts and disbursements.

Accounts and notes receivable

The accounts and notes receivable owing to the Corporation at June 30, 1945, are summarized as follows:

Arising from sales:	
General commodities purchase program	$366,643,129
Other	155,680,315
Claims and miscellaneous receivables	5,934,374
Peanut seed matured notes	889,212
Due from producers	92,681
Advances and deposits (hemp)	28,586
Total	529,268,297
Less reserve for losses on peanut seed notes	400,000
Total	528,868,297

This amount is presented in the balance sheet, exhibit 1, as follows:

Due from Government agencies	$369,837,332
Due from others	159,030,965
Total, as above	528,868,297

The segregation of receivables between those due from Government agencies and others was made by the use of data presented by the Corporation as a basis. The accounts maintained did not provide an adequate medium for such a segregation, and the segregation made by the Corporation could not be supported in full by analysis.

The amount of $366,643,129 recorded as due from sales made in the general commodities purchase program could not be supported nor verified. The recorded balances of individual accounts are subject to qualification as a result of faulty application of accounting policies and poorly devised procedures. Amounts recorded as owing from sales made in this program were recorded on the basis of quoted prices on the date of recordation, while billings to customers were based upon the quoted price as of the date of delivery. Adjustments frequently were not made. In a number of cases, entries for quantities sold (with associated values) were based upon representations made by the purchaser and could not be supported by documentary evidence. In the case of certain other programs, it was also impossible to support or verify recorded balances of receivables, particularly in the case of claims and miscellaneous receivables.

Loans to aid agriculture

Loans outstanding at June 30, 1945, are summarized from schedule 5, as follows:

Commodity loans:	
Basic commodities:	*Amount*
Cotton (2,567,564 bales)	$251,654,330
Wheat (21,983,355 bushels)	30,808,073
Corn (18,753,218 bushels)	16,731,894
Tobacco (2,780,204 pounds)	856,919
Total	300,051,216
Steagall commodities	608,808
Other commodities	3,799,719
Total commodity loans	304,457,743
Loans for operating expenses, equipment, and facilities	4,114,320
Accrued interest and storage charges relating to loans held by private lending agencies	5,707,157
Loans outstanding as shown in exhibit 1	314,279,220

The total amount of loans outstanding as shown above includes $86,035,259 applicable to loans which were made by private lending agencies under CCC loan programs and which the Corporation was obligated to purchase at maturity in the event of default by the borrower or on demand by the holder. The Corporation followed the practice of reporting loans made and held by lending agencies under CCC loan programs as a part of total loans outstanding, and showing the corresponding obligation to purchase as a liability. Although, according to its attorneys, the various lending agencies participating in these loan programs were not legal agents of the Corporation, loans held by such agencies were regarded by the Corporation as loans of CCC for reporting purposes. These loans were made in connection with CCC loan programs under terms and conditions prescribed by the Corporation, primarily on the credit of the Corporation. In the interest of showing the extent of its various loan programs, the Corporation included them in total loans outstanding. While this classification may not be entirely satisfactory in the light of customary accounting practice, it does simplify the financial presentation of the activities of the commodity loan programs, and, as a matter of convenience and simplicity, it has been retained in the accompanying balance sheet.

Total cotton loans shown in the foregoing tabulation include $181,413,754 relating to certificates of interest issued to lending agencies covering loans made by them to producers, the notes for which were de-

posited in note pools conducted by the Corporation.

In connection with cotton loans held by CCC, the Corporation had made no effort to prove the accuracy of the total amount of loans by adding the individual loan account balances, and we were unable to reconcile the total amounts of loans reported by Federal Reserve banks, as custodians, with the records of the Corporation. In addition, a duplication of $2,329,483 between loans held by the Corporation and those held by private lending agencies was observed in connection with cotton loans. As a result of the above circumstances, the amount of cotton loans indicated in the above summary as outstanding at June 30, 1945, is presented from Corporation records without satisfactory verification.

The recorded balance of loans outstanding on wheat is known to be overstated by approximately $4,000,000 with a corresponding overstatement of accounts payable. This overstatement was caused by the inclusion in inventory of over 3,000,000 bushels of wheat surrendered by borrowers. Because of the time lag between the receipt of the wheat and documentation from points of origin adequate to serve as a basis for crediting loans receivable, the wheat was taken into inventory at an estimated value upon receipt, and the loans were canceled in a subsequent period. The same situation existed to a lesser degree relative to loans on other grains. As a result of our discussion of this subject with Corporation officials, we do not anticipate a similar situation at the close of subsequent fiscal years.

At June 30, 1945, the records of the Corporation reflected as a reserve for losses an amount of $1,095,961 which represented the accumulation of the Corporation's share of fees paid to AAA committees by farmers for assistance in filing applications for loans. The Corporation has represented this amount as being in the nature of self-insurance to offset losses from destruction of loan collateral. Losses of this type, though existing, were never charged against this reserve, and during the fiscal year 1947, the balance therein was transferred to income. In the balance sheet included in this report (exhibit 1), the amount of this reserve has been included in suspense items.

To June 30, 1945, the Corporation had not followed a policy of providing reserves for possible losses on realization of loans. The Corporation was prohibited from borrowing in excess of its assets or the assets to be acquired with the proceeds of borrowings. It appears that this prohibition must necessarily have contemplated the establishment in each fiscal period of reserves in an amount equal to the difference between the sum of loan advances and the estimated realizable value of the commodity pledged to secure the loan. Aside from this consideration, it is a generally recognized principle of sound financial accounting that losses should be reflected in financial statements at the point in time when they are sustained or become apparent. Subsequent to June 30, 1945, the Corporation adopted the policy of providing, in each accounting period, valuation reserves to reflect the estimated loss, if any, to be sustained during liquidation of the loans, based upon estimated realizable values.

Inventory of commodities

The inventory of commodities owned by the Corporation at June 30, 1945, is summarized from exhibit 3, as follows:

Cotton:	
Domestic	$437,816,342
Foreign	9,709,957
Total	447,526,299
General commodities purchase program:	
Dairy and poultry	$108,079,796
Meat and meat products	49,376,765
Vegetables and vegetable products	38,937,926
Special commodities	22,150,444
Fruit and fruit products	13,369,484
Grain and grain products	13,274,003
Fats and oils	6,516,665
Seeds, field and vegetable	4,399,211
Cotton waste and naval stores	249,309
Estimated handling, storage, and transportation charges	14,268,937
Other charges, net	441,064
Total	271,063,604
Wool	159,732,567
Wheat	153,669,751
Oils	40,946,011
Tobacco	35,087,598
Hemp fiber and related items	20,250,953
Corn	19,684,925
Soybeans	19,295,040
Cotton linters	7,840,696
12 other commodities, each less than $5,000,000	17,635,369
Inventories of doubtful value or existence	504,070
Total	1,193,236,883
Differences between program transfer accounts, not entirely applicable to inventories	—2,723,611
Total	1,190,513,272
Less reserves:	
For decline in value of inventories	32,164,000
Other reserves	2,018,070
Total	34,182,070
Total commodities owned, as shown in exhibit 3	1,156,331,202
Advance payments on purchases:	
Sugar	58,538,930
Wool	5,261,704
Total	63,800,634
Total, as shown in exhibit 1	1,220,131,836

To June 30, 1945, the Corporation did not follow the practice of taking periodic physical inventories of commodities under its own control nor did it request periodic confirmations from warehouses. On March 12, 1945, the president of the Corporation, pursuant to a resolution approved by the board of directors on March 10, 1945, requested the General Accounting Office to take a physical inventory of all commodities and to make recommendations relative to inventory control procedures and valuation bases. This request resulted from realization on the part of the Corporation that (1) its financial record of inventory was inaccurate, (2) its inventory control and accountability procedures were inadequate, and (3) large quantities of commodities were improperly stored and had deteriorated in quality, some to the point of being unfit for human consumption.

During March, April, and May 1945, representatives of the General Accounting Office, in collaboration with the Corporation and other agencies of the Department of Agriculture, examined into these points and endeavored to verify the inventory through correspondence with custodians, examination of documents, and inspection and test counts as deemed necessary.

The use of quantities thus determined to adjust corporate records was complicated by the difficulty in effecting reconciliations between the quantities determined on the dates of count and the quantities reflected in the Corporation's financial statements at March 31, 1945 (in the case of the General Commodities Purchase Program), and April 30, 1945 (in the case of commodities acquired under other programs). Considerable effort was devoted to this process, and many of the differences disclosed in the inventory, which were substantial in the aggregate, were adjusted prior to the closing of the books as of June 30, 1945. However, tests made as of the latter date revealed that it was still impossible to effect complete or satisfactory reconciliations between the quantities recorded by the Corporation and those reported to be held at that date by warehousemen, handlers, and others. Some of the unreconciled differences were substantial but were probably caused for the most part by delays in documentation and in recording transactions.

Included in the reports rendered to the Corporation concerning the physical inventory work performed by the General Accounting Office were many suggestions and recommendations directed at improving inventory control and accountability procedures and methods of establishing inventory values. As indicated elsewhere in this report, the Corporation has made substanial improvements since June 30, 1945, in inventory control procedures and methods of valuation.

The recorded value of inventories was computed by the Corporation, in general, on the basis of cumulative average unit costs. The use of this basis of pricing makes no allowance for differences in grade or quality, storage periods, transportation, or marketability. As sales are made of relatively better grades of a commodity, the remaining lower grades become progressively overpriced. We do not believe this basis to be consistent with sound accounting principles for the purpose of determining inventory costs. During the fiscal year 1946 the Corporation changed its method of pricing inventory and sales of some commodities, principally grains, to the first-in, first-out basis. Cotton, however, was still priced by the cumulative average unit cost method to June 30, 1947. In connection with certain other commodities, notably processed foods, the individual lot cost method has been used.

An effort was made by the Corporation at June 30, 1945, to reduce the recorded cost of wool, hemp, and miscellaneous seeds to market value by establishing reserves for losses. Experience subsequent to June 30, 1945, has indicated that the price reductions applied to the wool inventory were insufficient. Estimates of losses to be sustained as a result of reduced selling prices did not include losses to result from sale at reduced prices of approximately 100,000,000 pounds of wool delivered to the Corporation but not recorded in inventory until a subsequent period.

Advances on purchases of sugar were made under contracts with the Cuban Sugar Stabilization Institute. These contracts provided for advances to be made by the Corporation in an amount of 90 percent of the value of the crop remaining unshipped on June 1 of each year covered by the contract.

Equipment, leasehold improvements, etc.

The recorded gross cost of equipment, leasehold improvements, and other fixed assets owned by the Corporation at June 30,

1945, was $20,997,053. Depreciation accumulated to that date in the amount of $14,968,850 reduced this investment to a net amount of $6,028,203.

The most significant of these assets were grain bins and related equipment which, at June 30, 1945, had a net book value of $3,914,871. Regional office records were not maintained on a basis such as to enable a satisfactory independent verification of the quantity or cost of grain bins owned by the Corporation. In addition, depreciation reserves and operating losses were overstated in a substantial amount. The overstatement resulted from the failure of the Corporation to relieve the reserve accounts for accrued depreciation applicable to bins sold. As a result, wooden bins were recorded as fully depreciated at June 30, 1945 (only 3 years after their acquisition), but the Corporation realized a net gain of almost $5,700,000 on the disposition of bins and equipment in the year ended June 30, 1946, resulting principally from the sales of wooden bins.

The natural-cooler storage facility is a natural cave located on the site of a limestone quarry near Atchison, Kans. Its recorded cost to June 30, 1945, was $1,772,009. The facility is said to provide 7,000,000 cubic feet of storage space, sufficient to store 2,800 carloads of commodities. The site is not owned but is occupied under the terms of a 5-year lease negotiated on May 3, 1945, but running from July 10, 1944. The facility was being operated at June 30, 1945, by a private contractor under a cost-plus-a-management-fee contract. This contract was subsequently canceled, and the operation was assumed by the Shipping and Storage Branch of Production and Marketing Administration. No commodities were stored in the facility until December 1945, and no depreciation or amortization thereon was recorded at June 30, 1945.

Other equipment, consisting almost entirely of furniture and fixtures owned by the Corporation at June 30, 1945, was recorded in a net amount of $341,323, as shown in the balance sheet, exhibit 1. The Corporation maintained inadequate control over furniture and fixtures. No detailed record could be furnished to support the recorded value of furniture and fixtures owned.

Accounts payable, advances, and accrued liabilities

Accounts payable, advances, and accrued liabilities recorded as owed by the Corporation at June 30, 1945, amounted to $494,598,691. The items composing this balance are summarized as follows:

Accounts payable:	
Due on purchases:	
General commodities purchase program	$203,186,263
Other programs	49,021,962
Total	252,208,225
Estimated subsidy program obligations:	
Dairy production payments	125,000,000
Beef production payments	5,000,000
Total	130,000,000
Other payables	8,519,596
Total accounts payable	390,727,821
Advances:	
From Foreign Economic Administration to apply on purchases for lend-lease ($78,308,487) and for construction of the natural-cooler storage facility	79,756,155
From the Government of Great Britain to apply on purchases of tobacco	5,283,611
Total advances	85,039,766
Accrued liabilities:	
Interest	$3,667,143
Carrying charges on commodities owned or pooled	14,690,168
Carrying charges on loans	473,793
Total accrued liabilities	18,831,104
Total	494,598,691

This amount is reflected in the balance sheet, exhibit 1, as follows:

Due to Government agencies	$132,286,284
Due to others	362,312,407
Total, as above	494,598,691

The segregation of payables between those due to Government agencies and others was made by the use of data presented by the Corporation. The accounts maintained provided no adequate basis for such a segregation, and the segregation made by the Corporation could not be supported in full by analysis.

The amount of $203,186,263 indicated as owed on purchases made in the General Commodities Purchase program could not be verified. No detail listing of individual creditors' balances could be obtained. We are aware of an overstatement of approximately $18,500,000 resulting from the failure to record cash disbursements of that amount on regional office records. Numerous errors, omissions, and inadequacies in the application of accounting policies and procedures in the conduct of this program necessarily had an effect on the recorded balance of accounts payable.

The preceding comment is applicable equally to the amount recorded as advance deposits from the Foreign Economic Administration on sales made through the General Commodities Purchase program ($78,308,487).

No adequate record was kept of outstanding dairy or beef production payment program drafts, and no determination could be made as to the accuracy of the amount of $130,000,000 shown above as estimated program obligations at June 30, 1945.

Other items of this group are subject, though to a lesser degree, to the same general comment as that contained above relative to the General Commodities Purchase program.

Unrecorded liabilities

It is customary for independent public accountants, when reporting upon the results of a commercial audit, to determine that all liabilities are believed to be recorded in the books of the company being audited, if an unqualified opinion is to be rendered. We cannot assume that responsibility in this case. We are aware of a number of liabilities, some of which were of considerable amount, which were not recorded at June 30, 1945, and believe, as a result of our survey of accounting policies and procedures, that numerous substantial liabilities of which we are unaware probably existed. Further, we do not believe that Corporation officials can make any accurate representations concerning the extent of the unrecorded liabilities of the Corporation as of June 30, 1945.

GENERAL OVERHEAD EXPENSES AND INTEREST ON BORROWED FUNDS

Commodity Credit Corporation did not maintain its accounting records prior to June 30, 1945, in a way which would make it possible to ascertain the real costs of administering and financing the Corporation's various activities, because it had devised no method by which its general overhead expenses and interest on borrowed funds might be distributed equitably to individual programs or groups of programs.

Good accounting procedures normally provide for the allocation in the accounts of all possible items of income, cost, and expense to the activities in which they were incurred. Accounting procedures are unsatisfactory when they do not provide for the break-down of operating results by organizational responsibilities and functional activities. The allocation of cost to individual activities is an aid in determining the selling prices of commodities. It also permits better management control of costs and assists in eliminating waste. If all costs and the net results of each activity cannot be shown, it is not possible to consider the costs in relation to the accomplishments or to demonstrate the effectiveness with which the responsibilities assigned to individuals in charge of activities have been carried out from year to year.

Schedule 22 of this report reflects the net remainder of all interest and general overhead expenses after assignment to specific programs of identifiable items of such expenses aggregating $6,795,448. The principal components of the remainder, as indicated in schedule 22, unallocated to program activities, are:

Interest paid to—	
Public, on collateral trust notes	$31,895,120
U. S. Treasury, on borrowings	28,085,080
Reconstruction Finance Corporation, on borrowings (net of $4,876,590 earned on cash deposited with RFC)	10,983,683
Total	70,963,883
General overhead expenses:	
Salaries	14,199,210
Expenses of Federal Reserve banks and others as custodians and fiscal agents	14,999,673
Total	29,198,883
All other expenses, net	7,996,310
Combined	108,159,076

The above amount represents approximately 90 percent of the Corporation's total recorded general overhead expense and interest on borrowed funds. In a number of cases, expenses which were identical in character with expenses otherwise classified as administrative have been reflected by the Corporation directly in the results of program operations. The aggregate of such expenses so reflected was relatively minor, being less than 5 percent of the total overhead and interest expenses incurred to June 30, 1945. For the most part, such expenses were incurred on a cost-reimbursable basis by agents utilized in conducting various programs. Congressional limitations on administrative expenses, which exclude expenses of this type, need not prevent the informative reflection of the aggregate costs of administering the Corporation's activities.

No provision was made by the Corporation in its accounts at June 30, 1945, for general overhead expense accrued but unliquidated. A liability in the approximate amount of $500,000 existed at that date.

The costs of administration of the Corporation's activities have been obscured by the exclusion of costs borne by other agencies. During the fiscal year 1945 the Corporation conducted a large volume of purchase and sale operations on behalf of lend-lease. The cost of administering these activities was defrayed directly from lend-lease funds in the approximate amount of $6,531,000. Omission of these expenses from financial statements indicates a lower cost of administration of the activities than was the case. Subsequent to June 30, 1945, the Corporation has adopted the practice of presenting such expenses, and the amount by which they are reduced by reimbursement from other agencies, by means of a supplementary schedule to the income statement. We are of the opinion that it would be more desirable to reflect the total of administrative expenses related to the Corporation's activities and the revenue resulting from reimbursement directly in the income statement.

The last issue of the Corporation's collateral trust notes held by the public was called for redemption in February 1945. The principal source of borrowed funds since that date has been the United States Treasury. The Corporation's obligations to the Treasury at June 30, 1945, bore interest at the rate of 1 percent per annum; no interest to that date was paid on the capital of $100,000,000. The Corporation paid interest on funds borrowed from the Treasury for the purpose of making direct subsidy payments. Such interest was payable until the Congress authorized reimbursement to the Corporation for the impairment of capital resulting from the subsidy payments; inasmuch as direct subsidy payments represent immediate expenditure of the Government's funds, it would appear that interest on these amounts should not be paid to the Treasury by the Corporation for any period.

Each fiscal year since June 30, 1937, the Congress has limited or prescribed to some extent the expenses of administering the Corporation's affairs by placing a limitation on the amount of the Corporation's own funds which it was permitted to use for this purpose. The budget language through which this limitation was made was coordinated to some extent with the Corporation's expense accounting practices. The control accomplished in this manner has been impaired by a classification of expenditures producing a total of administrative expenses which reasonably could not be designated as the total of the actual costs of administration for any period. However, it appears that the cost of administration borne by the Corporation and reflected in its accounts as such did not exceed during the fiscal year 1945 the amount specified by the Congress.

COSTS OF OTHER GOVERNMENT AGENCIES AFFECTING, OR RELATIVE TO, THE SUPPORT OF AGRICULTURAL PRICES

As pointed out earlier in this report, Commodity Credit Corporation's costs with respect to its normal purposes of price support or in connection with the ever-normal granary could not be determined because of the effects of the war on the disposal of inventories and the effect of supply and other activities on the requirements for price supports. Furthermore, the Corporation's costs for normal activities, if determinable, could not be interpreted or regarded as the total costs of the Government's endeavors relative to the support of farm prices or in connection with the ever-normal granary. Substantial disbursements have been made by other agencies of the Government for the same general purposes or for purposes the carrying out of which was accompanied by a material effect on the activities of Commodity Credit Corporation. Among the more important approximate costs of this nature incurred or payments made during the life of the Corporation to June 30, 1945, and the pertinent legislation or agency are the following:

	Amount
Soil Conservation and Domestic Allotment Act—1936–45 (49 Stat. 153)	$3,896,300,000
Agricultural Adjustment Acts—1934–45 (48 Stat. 31; 52 Stat. 31)	2,748,000,000
Sec. 32 of the act of Aug. 24, 1935 — exportation and domestic consumption of agricultural commodities—1936–45 (49 Stat. 774)	1,146,000,000
Sugar Act—1938–45 (50 Stat. 903) — excise taxes on manufactured sugar collected by the Treasury Department pursuant to the Sugar Act amounted to $502,828,842 during this period	351,700,000
Removal of surplus cattle and dairy products — 1934–37 (48 Stat. 805)	$116,300,000
Federal Crop Insurance Corporation—1939–45 (52 Stat. 72)	70,800,000
Farm Labor Program—1943–45 (57 Stat. 70; 58 Stat. 11)	56,500,000
Total	8,115,600,000

In addition to the above, Reconstruction Finance Corporation paid subsidies amounting to $1,271,500,000 to processors or producers of livestock, flour, and butter in connection with maximum price regulations.

EXCEPTIONS

We have found no programs or activities which, in our opinion, were carried on clearly without authority of law. However, certain of the Corporation's activities and transactions were undertaken on the basis of legal interpretations with respect to which there can be differences of opinion. Some of the more significant of such undertakings are listed below:

1. Indications of uncertainty concerning interpretations of the Corporation's authority under its charter (and consequently the authority for programs undertaken without specific statutory authority).

2. The undertaking of the domestic wool program without specific authority of law.

3. The sale of commodities acquired under the general commodities purchase program to Army and Navy upon conditions raising a possible question as to the application of section 4 of the act of July 16, 1943, which required the Corporation to recover full costs on sales to such agencies.

Also, in connection with the importation of wheat from Canada for use in the feed wheat program, we believe that formal authorization of the War Food Administrator was required under the law, though not obtained, for quantities imported in excess of 50,000,000 bushels originally authorized by him. However, because the Corporation had been consolidated into the War Food Administration, and because the War Food Administrator, reporting directly to the President, was chairman of the board of directors and exercised the rights of the United States as stockholders of the Corporation, it does not appear realistic to report such transactions as being without authority of law merely because formal authorization was not obtained from the War Food Administrator.

INTERNAL AUDITING

Prior to June 30, 1945, the need for internal auditing appears to have been virtually unrecognized by officials of the Corporation. Available auditors were, in general, assigned and made administratively responsible to the treasurer's office or to various operational branches. They apparently were used to assist branch personnel in the performance of their duties, to clear up documentary backlogs, to make special investigations relative to operating problems, and otherwise to assist in the administration of corporate activities.

In our opinion, internal auditors should examine completed records and, through appropriate tests of the records and other evidence, verify the correctness of the recording of the transactions and balances, observe the adherence to prescribed procedures, and evaluate the procedures from the standpoint of economy, simplicity, internal check, and conformity with accepted principles and the plans approved by the board of directors; the reports should reveal errors noted and contain recommendations relative to any changes considered desirable. The internal auditor should not participate in the preparation or recordation of accounting data.

On December 17, 1945, the Office of Audit of the Production and Marketing Administration was established. The direction of audit and examining activities of the Administration, its agents, and others financed with PMA funds, and of the preparation of cost analyses for use in the termination or renegotiation of contracts was assigned to the Office of Audit. Reports and recommendations were to be made to the Administrator of PMA. This assignment naturally represents far more than the responsibility for conducting internal audits relative to Commodity Credit Corporation. For example, it includes the responsibility for auditing hundreds of schools participating in the school-lunch program and for auditing the accounts of numerous agent cashiers and labor camps in connection with the labor programs.

During the course of our examination, we have made the greatest possible use of the work of the Office of Audit of PMA. In so doing, we have observed certain activities, procedures, and omissions which we believe should be changed or corrected in order that full advantage may be derived by the Corporation from that organization. These deficiencies have been called to the attention of the chief auditor, who has cooperated fully in taking steps to correct those which are within his scope of authority. Our major observations follow:

1. A disproportionate amount of time was devoted to the mechanical verification of routine transactions. Audits were limited, in general, to the examination of records of agents involved in the administration of price-support, supply, or subsidy programs of prior as well as current years. This was not primarily due to a lack of good judgment on the part of those responsible for administration of the office but was the result of assignment to the Office of Audit of functions which we believe are administrative in nature. Had the fiscal organizaiton originally required sufficient supporting data and adequately verified claims for subsidy payments, the need for such audits would have been materially reduced. In no case should the disbursing procedures depend almost entirely upon internal audits for the determination of the validity of the amounts being paid, even when those audits are being made currently.

2. As a result of the extensive use, for the purposes mentioned above, of the limited number of auditors available, too little emphasis was placed on the study of operating and accounting procedures and the system of internal control to determine that they were workable and satisfactory. The determination that program activities were being carried out in accordance with the intent of the board of directors likewise received scant attention.

3. Internal audit review of contracts, agreements, and instructions was limited almost entirely to those connected with the supply programs. Reports, programs, and working papers pertaining to the individual audits which we reviewed indicated insufficient concern over vague provisions, omissions, and other contractual weaknesses which we have noted.

4. In connection with our review of audit reports and discussion thereof with the various branches, we have noted an apparent failure to make maximum use of such reports. Improvement has been made in this respect since the establishment, in March 1946, of a procedure requiring reports of action taken on exceptions set forth in audit reports. However, report narratives sometimes contained comments and suggestions which often went unnoticed by the branches involved. More careful study of reports and closer cooperation with respect to audit matters between the fiscal and operating branches and between these branches and the Office of Audit would have increased the effectiveness of the internal auditing.

5. Despite the fact that inventories consistently constituted a substantial portion of the assets of the Corporation, tests of inventory quantities were extremely limited.

6. Certain contracts with, or instructions to, processors and agents provided that records would be available to the Corporation for audit for a limited period—usually 2 years. We noted that audits were being made of the records of many small processors involving small amounts or more recent periods, while the period of access to the records of much larger and more significant processors was close to its expiration. The chief auditor is of the opinion that the practice of auditing a greater proportion of the smaller concerns would result in greater recoveries, because internal controls and more adequate accounting supervision exist among the larger organizations.

We appreciate that consideration must be given to the relatively recent creation of the Office of Audit and the magnitude of its task. The administrators of the office are acquiring a more complete conception of its purposes, and, while less than full effectiveness of internal auditing has yet been realized, indications are that it will materialize.

As a result of the lack of internal auditing, we were forced to expand considerably the scope of our examination for the period ended June 30, 1945, although there were practical limits beyond which we could not undertake to assume additional responsibility.

In connection with the general subject of internal control, consideration should be given to the question of whether the surety bonds furnished by employees are adequate in amount. In the case of certifying officers, who are bonded for $5,000 each and whose duties include the approval of vouchers for payment, this amount seems inadequate in relation to the aggregate amounts which they certify for payment and in relation to the amounts for which employees of industrial and commercial enterprises having similar responsibilities are bonded. United States Treasury Circular No. 680, prescribing standards for fixing the amounts of surety bonds, contains the following:

"The penal sum of each certifying officer's bond shall be fixed by the head of the department, establishment, or agency concerned in accordance with the degree of the officer's responsibility, taking into consideration the character and estimated amount of vouchers to be certified for payment during the ensuing 12-months period. Such penal sum should be sufficient to protect the interests of the United States under the circumstances."

Inasmuch as employees are required to pay the bond premiums, the management, it is said, has not felt that it could insist upon bonds in more substantial amounts. It is suggested that consideration be given to the question of whether in such situation, authority should be sought to cover all employees, or all of certain groups of employees, under a blanket bond of an amount sufficient to protect the interests of the United States.

INTERNAL CONTROL OVER GRAIN PURCHASES

Grains and related products have been acquired by the Corporation:

1. In settlement of nonrecourse loans.

2. As a result of open announcement that all grain offered would be purchased at specified prices.

3. By negotiated purchase. The Washington office notified the regional office representative to get in touch with one or more grain firms and negotiate the transaction on a basis favorable to the Government.

4. As a result of sealed bids filed in response to public notice or as a result of bid invitations to specific grain dealers.

Criticism has been leveled at the Corporation relative to methods (3) and (4), it being contended that favoritism was shown certain dealers and that others rarely were given an opportunity to participate. Even when sealed bids were publicly requested or obtained as a result of bid invitations to specific dealers, it was claimed that the specifications eliminated all but favored operators. In most cases the invitations would indicate that specific quantities of certain quality were desired at stated geographic locations. This was an advantage to any grain owner who had such described commodity near the stipulated location but did not necessarily indicate favoritism; we do not have any reason to conclude that locations were selected with that in mind. However, the selection of the successful bidder generally could be predetermined by the knowledge of location of quantities of grain.

As a result of this criticism of the purchasing practices of the Corporation, the board of directors established a policy providing for the utilization of competitive bid procedures. A few days later, on May 2, 1945, this procedure was amended by providing for exceptions to the competitive-bid policy when its use was clearly impractical, would not be in the best interests of the Government, or when the approved program provided for a different procedure.

We were informed that all sizable wheat purchases from July 1 to September 30, 1945, for example, were made without competitive bidding on the grounds that the use of the bid procedure clearly was impractical. As the consideration of this matter by the board of directors resulted from criticism of this practice, it appears that the general policy formulated by the board was negated. However, the Corporation's president assured us on June 3, 1946, that it was the board's intention to allow the administrative officers to retain the responsibility for applying the policy and the exceptions to the policy in their purchase activities. Further, he stated that the board of directors was kept informed of the activities of the grain branch and that no move was made or proposed to alter the procedure. Thus it could be inferred that the purchase of grain on a negotiated basis had the sanction of the board and was not in conflict with its policy.

In the spring of 1947, an investigation was conducted by the Division of Investigations of the Department of Agriculture concerning alleged favoritism shown by the Corporation to a grain dealer in Kansas City. In the course of this investigation, rather widespread criticisms of the Corporation's grain-trading practice and release of related information was encountered, particularly among members of the grain trade. As a result, the scope of the investigation was expanded considerably. In the reports on the investigation, it was indicated that considerable basis appeared to exist for the criticisms and allegations made. In a report dated June 10, 1947, an investigator stated that, while the facts and circumstances developed were not conclusive, it appeared that further inquiry should be made and that effort should be directed at establishing control adequate to insure that advance information concerning the Corporation's buying plans would not be made available to unauthorized persons. Based upon our review of the related reports, we agree that this entire field warrants further administrative inquiry.

In connection with purchases on a negotiated basis, the Corporation has stated that the acquisitions were more advantageous as to price than would have been the case under a competitive-bid procedure. Generally, in public operations, competitive bidding has been relied upon to assure the best price obtainable. Of course, when the Corporation engages in a program that provides for purchase at fixed prices from all persons who may offer the commodity, competitive bidding would serve no useful purpose insofar as prevention of favoritism is concerned. Public criticism might be allayed, without hampering operations, by the issuance, after a suitable interval, of announcements relative to consummated negotiated purchases, disclosing the purchase areas and dates, prices paid, and quantities purchased.

SCOPE OF EXAMINATION AND OPINION

We were unable to make our examination of the Commodity Credit Corporation and its affiliated corporation, War Hemp Industries, Inc., for the period ended June 30, 1945, in accordance with accepted procedures of auditing employed by public accounting firms in the examinations of commercial enterprises, as is contemplated by section 5 of the act of February 24, 1945 (59 Stat. 6).[5] Ordinarily in the audit of commercial enterprises, the audit procedures can be augmented and the scope of audit expanded to the extent that deficiencies encountered can be overcome sufficiently to permit of a satisfactory audit. In the case of CCC, however, we found the deviation from sound accounting practices so pronounced, the errors and arrearages in record keeping so substantial, and the internal auditing activities and internal controls so deficient that such expansions were not a practical possibility and would have been, even if possible, unjustifiable economically. Moreover, the expansion necessary in this case would, because of its nature, have constituted unavoidable participation in the administrative responsibilities of the CCC management.

An early survey of the Corporation's various accounting offices in the field disclosed many of the difficulties to be encountered in the examination. With these facts in mind, a program was designed so that we could concentrate our efforts toward disclosing deficiencies in currently active programs, with more limited concern for completed operations.

The six regional offices, which conducted and accounted for operations in wheat, corn, cotton, soybeans, barley, oats, and rye, were visited. Audit work was carried on in New York City on foreign purchases and on the general commodities purchase program. Visits were made to the Federal Reserve Bank of Richmond, Va., in connection with the tobacco programs and to the offices of Dairy Products Marketing Association, Inc., in Chicago, Ill., relative to the butter and cheese programs. Records of area offices in Chicago, New York, and San Francisco were examined. Records of the hemp program were examined at one of the plants and in the Chicago office of War Hemp Industries, Inc. A comprehensive coverage of wool activities was provided through visits to banks, handlers, and warehouses in a number of cities in various States.

We have omitted a description of the steps by which the verification of assets, liabilities, and operating results were attempted. Such description would be highly technical in nature, extremely lengthy, and would add little of significance to the report. Some of the results of our attempted verification are set forth briefly in the section of the report devoted to comments on financial position, and, as mentioned in the footnote on page 48, many other instances of faulty accounting were disclosed during the course of our examination.

---

[5] A commercial audit generally contemplates using as a starting point reliable financial statements prepared by the organization, or at least statements which it will contend are reliable. The treasurer of the Corporation made substantial qualifications as to the correctness of the Corporation's own financial statements as well as the books and records from which they were prepared.

The accounting deficiencies encountered were so substantial and the inaccuracies cited in this report so material that we cannot express an opinion that the financial statements prepared by the Corporation present fairly the financial position of Commodity Credit Corporation and its affiliate, War Hemp Industries, Inc., at June 30, 1945, or the results of their operations for the period ended on that date. Therefore, for the reasons stated on page 35, we prepared the financial statements accompanying this report from the books and records of the Corporation. We are aware of numerous adjustments which could have been made; however, except for the treatment as income of $139,171,171 reserved by the Corporation for possible losses on the general commodities purchase program, no adjustments are reflected in the accompanying statements. Except for the adjustment noted, the excess of subsidies and losses over net gains as shown in exhibit 2 is equal to the excess of expenses and other charges over income as reflected by the Corporation's operating statement.

Mr. BYRD. Mr. President, I desire to speak briefly on the pending conference report. I regard it as a very vitally important matter. We are discussing the management and control of the second largest banking institution in the world, because the Commodity Credit Corporation is in actual practice a banking corporation. The first largest banking institution is the Reconstruction Finance Corporation. The Commodity Credit Corporation is the second. Its total assets and capacity to borrow are greater than those of several of the largest banking institutions in America.

What is being proposed to be done here today is to take away the safeguards and controls which were placed in the charter of this Corporation a year ago and to take them away in such a manner as to remove the checks and balances which the Senate should require in the administration of this fund. I think the Members of the Senate should clearly understand what they are doing before they vote for the conference report.

Mr. President, the so-called Byrd-Butler bill has been referred to in the debate. That bill, as Members of the Senate will recall, was passed after some years of effort, for the purpose of reorganizing the various Government corporations. Among its provisions it required that each of these corporations should obtain a new charter by June 30, 1948, otherwise they would be forced to cease doing business. In accordance with that law, which contained other provisions making these corporations more responsible to the Congress, a new charter was adopted for the Commodity Credit Corporation, last June, as I recall. That charter provided for a board of directors to be appointed by the President. Who can object to the Board of Directors being appointed by the President of the United States? It was provided that the members of the board should be confirmed by the Senate of the United States.

Let me call the attention of the Senate to the fact that the Commodity Credit Corporation was not the only corporation with respect to which such a requirement was made in the new charters. It was made with respect to every single corporation charged with the handling of large sums of money and the responsibility therefor. The same provision was made with respect to the Export-Import Bank. The same provision was made with respect to the Federal Deposit Insurance Corporation. The same provision was made with respect to the Federal Savings and Loan Insurance Corporation. The same provision was made with respect to the Reconstruction Finance Corporation. The same provision was made with respect to the Tennessee Valley Corporation.

These six major corporations, which handle large sums of money under the authority of Congress to borrow, with the backing and the guarantee of the United States Government, were selected to have their directors appointed by the President and confirmed by the Senate of the United States.

It is now proposed, after 1 year's trial to make a change, and yet not one single real reason has been given on the floor of the Senate why the change should be made.

I asked the distinguished Senator from New Mexico several weeks ago why it was desired that the change be made? I asked what there was in the operation of the present law that made it desirable to change it, and give to the Secretary of Agriculture a private bank—for that is what it would be under the proposed change—with resources of $5,000,000,000, greater, as I have said, than the combined resources of some of the largest banks in America today, and second only to the Reconstruction Finance Corporation in its assets and resources.

Mr. President, this is a serious matter. The Congress deliberately enacted the provision I refer to last year. It was done after full and free discussion. Congress did it to protect the resources of the United States. Congress did it to see that the $5,000,000,000 was handled in an orderly and proper manner by requiring that the President appoint the board and that the Senate confirm its members.

Now, what is proposed to be done? Let me read the section of the existing law so Senators can compare it with what is now proposed to be done. The existing law provides:

The management of the Corporation shall be vested in a Board of Directors (hereinafter referred to as the "Board"). The Board shall consist of five members. The Secretary of Agriculture, or his nominee, shall be a member of the Board and the remaining members shall be appointed by the President by and with the advice and consent of the Senate. The Chairman of the Board shall be selected by the Board. A majority of the directors shall constitute a quorum of the Board and action shall be taken only by a majority vote of those present. The appointed directors shall serve for a period of 5 years, except that the terms of the first Board shall be shortened to provide for replacement or reappointment of its members in number as nearly equal as practicable in each year. The power of removal shall be vested in the President of the United States.

What does the new proposal do? It says that in addition to the Secretary, 6 members shall be appointed by, and hold office at the pleasure of, the Secretary. In other words, he can appoint whomever he pleases; and if at any time any single member of the board does not do as the Secretary desires him to do, the Secretary can demand his resignation and appoint someone else. There are no terms of office, whereas under the present law there is a term of 5 years.

In addition to their duties as members of the Board, appointed members shall perform such other duties as may be prescribed by the Secretary. Each appointed member of the Board shall receive compensation at such rate not in excess of the maximum then payable under the Classification Act of 1923, as amended, as may be fixed by the Secretary. * * * A majority of the directors shall constitute a quorum of the Board and action shall be taken only by a majority vote of those present.

The power of the President to remove any of the directors is taken away. The power of confirmation by the Senate is taken away, and the Secretary of Agriculture is given the right to appoint whomever he pleases, at his pleasure, without term. He can change the whole board overnight. The bill does not even provide that any reports be made to the Congress. Let us again remember that we are dealing with a corporation which is in effect a banking corporation, with $5,000,000,000 of assets.

We have heard a great deal of talk about the advisory board. This is what the conference report says with respect to the advisory board. It is a new board:

In addition to the Board of Directors there shall be an Advisory Board reflecting broad agricultural and business experience in its membership and consisting of five members who shall be appointed by the President by and with the advice and consent of the Senate, and who shall serve at the pleasure of the President. Not more than three of such members shall belong to the same political party. The Advisory Board shall meet at the call of the Secretary, who shall require it to meet not less often than once each 90 days; shall survey the general policies of the Corporation, including its policies in connection with the purchase, storage, and sale of commodities, and the operation of lending and price-support programs; and shall advise the Secretary with respect thereto.

All they can do is "advise the Secretary with respect thereto." They have not one particle of executive power. They can take no action. They can only recommend to the Secretary what they think he should do, and the Secretary can disregard the advice, or change it, or do anything he pleases.

The remarkable thing is that the advisory board is confirmed by the Senate; yet the board which actually has the power to make great loans, to lend money here and there, and buy things here and there, to the extent of $5,000,000,000, is not confirmed by the Senate.

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

Mr. BYRD. I yield.

Mr. KEM. I should like to ask the distinguished Senator from Virginia if it is not the general understanding that policy-making officers of the Government are subject to confirmation by the Senate, but inferior officers are not so confirmed.

Mr. BYRD. I think the Senator is correct.

Mr. KEM. I should like to ask the Senator which of these bodies, in his judgment, is the policy-making body of the Commodity Credit Corporation.

Mr. BYRD. It is very obvious that the board of directors is the policy-making body. It has the power to act. The advisory board simply has the power to recommend to the Secretary.

Mr. KEM. Has the Senator, in his discussion, or reading or colloquy in regard to this matter, encountered any reason why the inferior body should have been selected for confirmation by the Senate, and the policy-making body should be permitted to bypass the Senate?

Mr. BYRD. I have heard of no reason that appeared to the Senator from Virginia to be logical. Reasons may have been given. Furthermore, I have heard no reason stated by any proponent of the legislation why this change should be made. Wherein has the present board failed? It has been in operation for a year. It is appointed by the President and confirmed by the Senate. In what way has it failed to discharge its duties?

It has been said on the floor of the Senate that the two public members appointed by the President did not attend the meeting. Mr. President, they receive a salary of $10,000 as members of the board of directors; and if they do not attend the meetings someone should see that they are discharged. They should be compelled to do their duty.

As a matter of fact, all the talk on the floor of the Senate to the effect that a quorum could not be obtained is perfectly absurd. The Secretary of Agriculture is a member of the board. He can designate someone in his place if he is not present. Two members of the board come from the Department of Agriculture. That gives a quorum of the board. So there is no force whatever in the argument that they could not obtain a quorum. If they cannot obtain a quorum by paying a salary of $10,000 a year to attend the meetings, someone is grossly derelict in not demanding the resignation of such persons.

That is the only argument I have heard as to why the organization of the board shall be changed. I cannot understand it. This is one of the Corporations which was selected by the Congress to have a board appointed by the President and confirmed by the Senate. The directors of all the other Corporations which deal with funds—the Reconstruction Finance Corporation, the Tennessee Valley Authority, and others—are appointed by the President and confirmed by the Senate. I should like to have someone tell me why this Corporation is singled out for special treatment. Why, with respect to this single Corporation, should we give the Secretary the power to appoint whomever he pleases, dismiss them at his pleasure, and absolutely control the operations of this vast banking institution?

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

Mr. BYRD. I yield.

Mr. KEM. In looking at some of the authorities on this subject I encountered this text, as to what officers of the Government should be confirmed. The text writer says:

> The test is responsibility for final action in connection with the preparation and promulgation of rules, regulations, or orders.

I ask the Senator from Virginia which of these bodies, under the organization provided in the bill, has the "responsibility for final action in connection with the preparation and promulgation of rules, regulations, or orders."

Mr. BYRD. The board of directors.

This bill gives still greater power to the Secretary in other sections. For example, section 2 of the present law provides that this agency shall be operated "subject to the general direction and control of its Board of Directors." That has been changed to "supervision and direction of the Secretary of Agriculture."

Mr. President, it seems to me that this is an unreasonable and unnecessary concentration of power in the hands of the Secretary of Agriculture. I think the Senate would be derelict in its duty of safeguarding the interests of the people of America if it permitted the bill as drafted in the conference report to become a law, and thereby give these appointments to the Secretary of Agriculture, without confirmation, and without term of office, instead of giving them to the President for a 5-year term, subject to the confirmation of the Senate. The bill even strikes out the provision that the directors may be removed by the President of the United States. Is it possible that we do not trust the President of the United States to make these appointments? I cannot conceive the reason for the desire to change the present provisions. No reason has been given to the Senate. I challenge any proponent of the legislation to point to a single logical reason for making this change.

As Senators know, the Senate refused to adopt this pending proposal when it was advanced in the Senate a few weeks ago. We refused to make this change. I do not know why, but our conferees yielded to the House. In my opinion they should not have done so, because this is a vital question. They should not have done so unless they came back to the Senate for instructions. This provision strikes at the very heart of the legislation. The Senate adopted what it regarded as a proper provision, and the conferees agreed to change it in accordance with the desires of the House, so as to give the Secretary of Agriculture power to make the appointments without restriction, without confirmation, and entirely as he pleases.

Mr. President, I shall not speak longer. I merely wish to register my unequivocal and unqualified protest against this action. We are gradually chipping away the protections which we have had in this democracy of ours. As soon as we establish something to protect the people the bureaucrats start to tear it down, because they want to control the affairs of the Government. This is one example.

It has been said that the Commodity Credit Corporation is a bureau of the Department of Agriculture. I deny that emphatically. The Commodity Credit Corporation, which is chartered as a corporation, is in no sense a creature absolutely under the control of the Department of Agriculture.

It may be that the Secretary of Agriculture has certain duties to perform as directed by the Congress, but this Corporation is not a bureau of the Department of Agriculture, because a Government corporation cannot be a bureau of one of the executive branches of our Government. This Corporation has a charter which is approved by the Congress. To my mind, it is ridiculous to say that the Commodity Credit Corporation is a bureau, and that, as a bureau, the Secretary of Agriculture should have absolute control of it. If such a line of argument is logical, why was it that a year ago the Congress adopted as a safeguard the provision that the appointments of members of the board of directors of the Commodity Credit Corporation must be made by the President and confirmed by the Senate?

Mr. President, I protest the appointment of members of the board of directors of the Commodity Credit Corporation at the pleasure of the Secretary of Agriculture. I have never heard of a business corporation or any other kind of corporation which had appointment to its board of directors made at the pleasure of any certain person. The directors of a business organization or corporation are supposed to represent the stockholders. The stockholders of the Commodity Credit Corporation are the people of the United States of America. They are the ones who put up the money with which the Corporation operates; that money comes from the taxation of our citizens. If losses occur as a result of the operations of the Corporation, those who make up the losses are, not the directors of the Corporation, but the taxpayers, who must pay such losses by means of the payment of taxes imposed upon them.

So why should the directors of the Corporation be appointed at the pleasure of the Secretary of Agriculture, and without a definite term of office? Under such an arrangement, the Secretary of Agriculture could, at 5 o'clock in the afternoon, ask the directors to agree to make a great loan for the purchase of a large amount of commodities; and if the members of the board of directors refused to do so, the Secretary of Agriculture could make new appointments to the board, effective the next day, and he would not have to make a report of that matter to the Congress. He could thus place on the board of directors men of his own choosing, who would do exactly what he wanted done.

Under the law now proposed, there would be nothing to prevent such an occurrence or to permit the Congress to remove such directors if they were appointed, whereas the old law provides that the power of removal of the directors shall be vested in the President of the United States. However, in the law now proposed, that provision is stricken out. Evidently the framers of the present proposal were not even willing to

trust the President of the United States to make the appointments to the board of directors or to remove the appointees.

I, for one, sincerely hope the Senate will vote against the conference report, so that the measure will go back to conference and have its objectionable features removed.

Mr. President, I have no objection to the Commodity Credit Corporation. I think it is a good organization of our Government, and under present conditions I think it is necessary. However, it is our duty to safeguard the operations of this gigantic Corporation, so that the people of the United States, who pay the taxes, shall be protected.

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). The question is on agreeing to the conference report.

Mr. THOMAS of Oklahoma. Mr. President, so far as I know we are ready to vote upon the question, and I hope to have a yea-and-nay vote. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hill	Morse
Anderson	Holland	Mundt
Brewster	Humphrey	Myers
Bricker	Hunt	Neely
Bridges	Ives	O'Conor
Butler	Johnson, Colo.	O'Mahoney
Byrd	Johnson, Tex.	Pepper
Cain	Johnston, S. C.	Robertson
Chapman	Kefauver	Russell
Chavez	Kem	Saltonstall
Connally	Kerr	Schoeppel
Cordon	Kilgore	Smith, Maine
Donnell	Knowland	Sparkman
Douglas	Langer	Stennis
Downey	Lodge	Taft
Eastland	Long	Taylor
Ecton	Lucas	Thomas, Okla.
Ellender	McCarran	Thomas, Utah
Ferguson	McCarthy	Tydings
Flanders	McClellan	Vandenberg
Frear	McFarland	Watkins
Gillette	McKellar	Wherry
Graham	McMahon	Wiley
Gurney	Magnuson	Williams
Hayden	Malone	Withers
Hendrickson	Martin	Young
Hickenlooper	Millikin	

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the conference report.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. Is my understanding correct that it is impossible to present a motion to accomplish the purpose of the distinguished Senator from Delaware, which is to request a conference, with instructions that the directors be confirmed by the Senate. In order that the Senator from Delaware may accomplish his purpose, the conference report must first be voted down, and then the Senator from Delaware can present his motion. Am I correct in that understanding?

The PRESIDING OFFICER. The Senator from Nebraska is correct. The conference report must be voted down before the Chair could entertain such a motion as is proposed by the Senator from Delaware.

Mr. ANDERSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ANDERSON. If the House should not grant a further conference, the bill would be dead. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. KEM. Mr. President, I think it has been pretty well established that under the Constitution of the United States and the traditions of this body the power of confirmation is exercised in the case of officers who have policy-making functions, but not in the case of what the Constitution calls inferior officers. It is perfectly clear that in this instance the policy-making body is the board of directors of the Commodity Credit Corporation.

The Senate, in the case of that board, has been completely bypassed. Another board is established to be called the advisory council. The Senate is to be accorded the privilege of confirmation of the members of that council.

I think there can be no question that under the bill the board of directors has responsibility for final action in connection with the preparation and promulgation of rules, regulations, and orders. The responsibility for determining the policies of this $5,000,000,000 corporation is, therefore, clearly placed in the board.

Mr. President, I should like to say one more thing. I wish to quote the senior Senator from Michigan [Mr. VANDENBERG] on an occasion when a somewhat similar question was before the Senate in the year 1943. The Senator from Michigan referred to it as one of the few ways in which Congress "can reach back in the implementing of its delegated power."

Then he said:

> This is a case in which the Senate has something to say and do by way of limitation of the sprawling bureaucracy which is the curse of our present-day democracy.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. WHERRY and other Senators asked for the yeas and nays.

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

Mr. MYERS. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. MAYBANK] are absent by leave of the Senate.

The Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. MILLER], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH], the Senator from North Carolina [Mr. HOEY], and the Senator from Montana [Mr. MURRAY] are absent on public business.

I announce further that if present and voting, the Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH], the Senator from North Carolina [Mr. HOEY], the Senator from Montana [Mr. MURRAY], and the Senator from New York [Mr. WAGNER] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Indiana [Mr. JENNER] are absent by leave of the Senate.

The Senator from Indiana [Mr. CAPEHART], who is detained on official business, is paired with the Senator from Minnesota [Mr. THYE], who is also detained on official business. If present and voting, the Senator from Indiana would vote "nay" and the Senator from Minnesota would vote "yea."

The Senator from Kansas [Mr. REED] is detained on official business.

The Senator from New Hampshire [Mr. TOBEY], who is absent on official business, is paired with the Senator from New Jersey [Mr. SMITH], who is absent because of illness. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from New Jersey would vote "nay."

The result was announced—yeas 33, nays 47, as follows:

YEAS—33

Aiken	Hunt	Magnuson
Anderson	Johnson, Tex.	Morse
Chavez	Johnston, S. C.	Myers
Connally	Kefauver	Neely
Douglas	Kerr	O'Mahoney
Ellender	Kilgore	Pepper
Graham	Langer	Sparkman
Hayden	Long	Taylor
Hill	Lucas	Thomas, Okla.
Holland	McFarland	Thomas, Utah
Humphrey	McMahon	Young

NAYS—47

Brewster	Gurney	O'Conor
Bricker	Hendrickson	Robertson
Bridges	Hickenlooper	Russell
Butler	Ives	Saltonstall
Byrd	Johnson, Colo.	Schoeppel
Cain	Kem	Smith, Maine
Chapman	Knowland	Stennis
Cordon	Lodge	Taft
Donnell	McCarran	Tydings
Downey	McCarthy	Vandenberg
Eastland	McClellan	Watkins
Ecton	McKellar	Wherry
Ferguson	Malone	Wiley
Flanders	Martin	Williams
Frear	Millikin	Withers
Gillette	Mundt	

NOT VOTING—16

Baldwin	Jenner	Smith, N. J.
Capehart	McGrath	Thye
Fulbright	Maybank	Tobey
George	Miller	Wagner
Green	Murray	
Hoey	Reed	

So the report was not agreed to.

Mr. THOMAS of Oklahoma. Mr. President, there were very few Senators on the floor when the debate was had on the conference report. The conference report bill is one which provides for the acquisition of storage for farm commodities. Now that the bill has been killed temporarily, there is bound to be a delay, but in order that we may still try to salvage the opportunity of providing storage for farm commodities so that farmers may have somewhere to place their grain preliminary to getting a loan, I now move that the Senate ask the House of Representatives for a further conference on the bill, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. The question is on agreeing to the motion that the Senate ask for a further conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. WILLIAMS. Mr. President, I wish to amend the motion of the Senator from Oklahoma by providing for instructions to the conferees to insist——

The VICE PRESIDENT. The amendment would not be in order until the

motion of the Senator from Oklahoma was passed upon.

Mr. WILLIAMS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WILLIAMS. Is not a motion to modify or amend the motion of the Senator from Oklahoma in order?

The VICE PRESIDENT. Not to instruct the conferees. The appointment of conferees must first be authorized.

The question is on agreeing to the motion of the Senator from Oklahoma that the Senate ask for a further conference with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

Mr. WILLIAMS. Mr. President, I move that the Senate instruct its conferees to insist on the provision of the Senate bill under which the Board of Directors would be subject to confirmation of the Senate, after being appointed by the President.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Delaware that the conferees be instructed to insist on the Senate provision in regard to the Board of Directors.

The motion was agreed to.

The VICE PRESIDENT. The Chair appoints as the conferees on the part of the Senate the same conferees, the Senator from Oklahoma [Mr. THOMAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from New Mexico [Mr. ANDERSON], the Senator from Vermont [Mr. AIKEN], and the Senator from North Dakota [Mr. YOUNG].

Mr. ANDERSON. Mr. President, I hope the Senate realizes fully the action it has just taken, and realizes that a crop of wheat will shortly be coming into the market, that it will not be long before that wheat will be on the ground in Oklahoma, and that there will be no facilities for storage.

Mr. President, in a campaign not too long ago a great deal was said about whether or not the Senate had known it was not providing storage facilities. There can be no question this time. The Senate has decided it is not going to provide storage by the vote it has just taken. Storage cannot be ready in time for this year's harvest if the bill is to be taken up for consideration again. So we will have the spectacle of Members of Congress going back and trying to explain to the farmers in Illinois, to the farmers in Iowa, in Indiana, and in Ohio, why they have no storage for their corn. I suggest to the Senate that the most important roll call, so far as farmers will be concerned for a long time to come, was the roll call that was just had.

I further suggest that the action just taken in instructing the Senate conferees to insist upon its desire for confirmation of Board members by the Senate will further impede the possibility of any sort of agreement. I have no objection to abiding by majority rule, but I hope that at no time in the future, and particularly not in the fall of 1950, will we hear the assertion that Senators did not know exactly what they were doing in denying storage to the farmers of this country.

Mr. WILLIAMS. Mr. President, I should like to answer the distinguished Senator from New Mexico in this manner: The question of providing storage was not involved in the vote we took in the Senate. Had that been the only issue involved, the bill would have been passed 3 or 4 months ago.

During the recent campaign the Secretary of Agriculture and many other prominent men in the administration went all over this country bewailing the fact that there were not adequate storage facilities. They charged that to the Eightieth Congress. They deliberately refused to tell the people, or failed to tell them that they were at the same time selling their storage. They did not tell the farmers that at one time they had owned twice as much capacity as they now claim essential, and that even while the Secretary was making his speech pitying the poor farmer, his assistants were in Washington selling and disposing of storage facilities. As late as February 23, this year, the Secretary, in a letter notified me that he had finally arrived at a decision regarding storage facilities.

As one of the New Deal bureaucrats, he was so determined to take charge of the shortage of storage in this country and use the popularity of this bill, that he attached a rider to it whereby he could gain control, as the Senator from Virginia pointed out, of the second largest banking corporation in the world. He wanted sole control over this $5,000,000,000 banking institution. To achieve this power he placed a rider on the storage bill. Repeatedly I asked the Senator from Illinois, the majority leader, to separate those items and end the controversial provisions of the bill; in which event we could have passed long ago by practically unanimous consent, the storage provisions of the bill. The only reason the farmers in America will not have storage facilities this year is because the Secretary of Agriculture is such a power-mad maniac that he is determined he is going to have his power regardless of what happens to the American farmers.

LEAVES OF ABSENCE

Mr. MUNDT asked and obtained consent to be absent from the sessions of the Senate until June 7.

Mr. BUTLER asked and obtained consent to be absent from the session of the Senate tomorrow.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 3704) to provide additional revenue for the District of Columbia, and it was signed by the Vice President.

DEPARTMENT OF DEFENSE

The Senate resumed the consideration of the bill (S. 1843) to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill the enlarged responsibility; and for other purposes.

REDUCTION OF FEDERAL EXPENDITURES FOR FISCAL YEAR 1950

Mr. WHERRY. Mr. President, on behalf of the Senator from New Hampshire [Mr. BRIDGES], the Senator from Michigan [Mr. FERGUSON], and myself, I introduce the joint resolution which I send to the desk and ask to have read. Then I shall ask that it be appropriately referred, and shall also ask unanimous consent that I may address the Senate for a few moments.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MORSE. What is the pending business?

The VICE PRESIDENT. The pending business is consideration of Senate bill 1843. The question is on the amendment of the Senator from Oregon, numbered 2.

Mr. MORSE. I ask my good friend the minority leader when he thinks it will be possible to proceed to consideration of the pending business.

Mr. WHERRY. I am going to speak on the subject of the unification bill as part of my remarks, and I hope that we can have a vote on the bill and on the amendments to the bill before we conclude the session of the Senate tonight.

The VICE PRESIDENT. The joint resolution will be read by title.

The LEGISLATIVE CLERK. A joint resolution (S. J. Res. 97) to reduce Government expenditures for the fiscal year 1950, balance the budget, avert an increase in taxes or rise in the national debt, and maintain a sound national fiscal policy as a basis for the security and economic well-being of the United States.

Mr. WHERRY. Mr. President, I ask unanimous consent that the entire text of the resolution may be printed at this point in my remarks, and that it may be appropriately referred.

There being no objection, the joint resolution (S. J. Res. 97) to reduce Government expenditures for the fiscal year 1950, balance the budget, avert an increase in taxes or rise in the national debt, and maintain a sound national fiscal policy as a basis for the security and economic well-being of the United States, introduced by Mr. WHERRY (for himself, Mr. BRIDGES, and Mr. FERGUSON), was read twice by its title, referred to the Committee on Expenditures in the Executive Departments, and ordered to be printed in the RECORD, as follows:

Resolved, etc., That in order to balance the budget for the fiscal year ending June 30, 1950, the President is authorized and directed to make, prior to October 15, 1949, such reduction in the amounts to be expended from any and all appropriations made for expenditures in such fiscal year, regardless of fiscal year for which the appropriations were originally enacted, as will in the aggregate equal not less than 5 percent nor more than 10 percent of the total amounts so appropriated for expenditure in such year; provided that expenditures for interest on the public debt shall not be subject to any such reduction.

SEC. 2. Each such reduction shall be made in a manner calculated to accomplish the

most efficient operation of the Government and thereby balance the budget, avert an increase in taxes or rise in the national debt, and maintain a sound national fiscal policy as a basis for the security and economic well-being of the United States.

SEC. 3. No reduction of expenditures authorized herein shall have the effect of reducing any item of appropriation for such fiscal year more than 20 percent.

SEC. 4. The President shall cause the reduction in each appropriation account to be certified to the Secretary of the Treasury and to the Committees on Appropriations and the Committees on Expenditures in the Executive Departments of the Senate and House of Representatives. The amounts so certified shall not be expended but shall be impounded and returned to the Treasury.

SEC. 5. The President shall include in the annual budget for the year ending June 30, 1951, a statement of each reduction made in accordance with this act.

Mr. WHERRY. Mr. President, we all hope and believe that the Army and Navy unification bill, now before the Senate, will become law and strengthen our national security at less cost and with greater operating efficiency.

Efforts to unify, coordinate, synchronize, integrate and otherwise weld the several arms of national defense into a compact, hard-hitting force for the security of our country in event of national emergency, have been under way for many years, as was brought out very forcefully in the addresses delivered by the distinguished junior Senator from Oregon [Mr. MORSE] and the junior Senator from Massachusetts [Mr. LODGE] and other Senators who discussed the so-called Morse-Lodge amendment yesterday in a lengthy debate. I should like to say here and now that if it were not for the fact that I feel the bill now before the Senate is the only kind of legislation on the subject which it is likely can be passed, I would have supported the Morse amendment. I predict now that the day will come when we will see the terms of the Morse amendment become a reality so far as unification is concerned.

There are Members of this body who were battling for unification of the armed services long before I came to the Senate. Gradually, and notwithstanding many obstacles, they are seeing their vision become reality. I believe that some of the amendments which may not be adopted now will be adopted at a later date. Since the junior Senator from Nebraska has been a Member of this body he has contributed, as best he could, toward achieving greater efficiency and economy in the armed services while strengthening our defenses.

We all want an adequate, effective national defense. And we all want to see that the taxpayers receive a dollar's worth of defense for every dollar they provide.

In looking to national defense, there is no room for partisan political considerations; at least I feel that way about it. Anyone who attempts to drag national defense into the political arena does a disservice to his country.

Happily, there is no party line in our Armed Services Committee and I am sure that situation prevails on our Appropriations Committee and in the consideration of national defense problems on the Senate floor.

As the senior Senator from Maryland [Mr. TYDINGS] has so well told the Senate, and as other Members have also stated, the pending unification bill does not meet the views of every individual in every provision. There are sharp differences of opinion on some features, and they are honest differences of opinion. But as a whole, it is a good bill, and I am confident that it will be passed by the Senate with overwhelming support from both sides of the aisle.

In these uneasy times, I am sure that the thought which is uppermost in the minds of Senators is to do in national defense what is best for our country.

But with all our labor to improve and strengthen our national defenses, we will have failed unless we also do our utmost to establish a wholesome economic climate to keep America strong economically, strong financially, and strong spiritually.

Behind our Army and Navy and Air Force there must be a strong nation, because it is from a strong nation that our Military Establishment obtains the sinews of defense.

Members of the Senate are familiar with the fiscal situation that confronts our Government today. We all know that at the rate we are appropriating and authorizing expenditures, we are building for a staggering deficit in the Federal Treasury. There can now be no doubt about it.

The Federal Treasury today is operating in the red. I am informed by the Treasury Department that as of May 23—last Monday—the actual deficit for the current fiscal year was $1,273,955,547. It is estimated that the Treasury deficit for the fiscal year ending next June 30 will be $599,706,231. The estimate of the Treasury as of last Monday, taking into consideration the current receipts that will come in, is that there will be a deficit at the end of this fiscal year of nearly $600,000,000.

Think of it! The handsome Treasury surplus in the banner year 1948 that made possible the much-needed tax reduction voted by the Eightieth Congress has been entirely wiped out.

The simple arithmetic of the situation that confronts us as we look to the next fiscal year is known to every Member of this body. There is no escape from the fact that unless we reduce budgeted expenditures for fiscal 1950—the 12 months beginning next July 1—there will be a Treasury deficit of more than $3,000,000,000. Those are the figures which were given to us by the distinguished Senator from Virginia and by the able Senator from Georgia [Mr. GEORGE] in the early days of the present session. Similar figures have been given the Senate by Members on this side of the aisle. They have called attention to the deficit we shall have for the next fiscal year, which has been estimated to be as high as three and a half billion dollars.

The signs are multiplying that national income, from which taxes are derived, is declining. Obviously, prudence dictates that we deal with the situation.

There are some persons who contend that we should increase Government expenditures. They have the fallacious notion that the more the Government spends, the greater the deficit, and the higher the taxes, the more prosperous will be our country.

They believe that we can spend ourselves out of debt; that the way to level off the debt is to spend more for public works.

Competent authorities, including many Members of this body, have warned that such a course leads only to national disaster. Indeed, it would be a betrayal of the American people if Congress fails to bring expenditures into balance with current receipts.

The only alternatives are a return to sky-high wartime taxes, or deficit financing. Simply elevating the brackets does not mean that we shall get the money. The other alternative is deficit financing.

Higher taxes at a time of declining national income could only result in stifling commerce and industry. If Senators do not think so, let them read the letters which I am receiving from small-business men all over the country, asking relief not only from the taxes which they now pay, but from higher taxes for 1950. One of the most disturbing influences upon business today is the uncertainty over whether there is to be a tax increase. It is stopping business expansion in many instances. Confronted by this menace, businessmen naturally are reluctant to make long-range programs for new plants and plant expansions, which would mean more jobs and more national income.

Some of us in this body have been trying to reduce appropriation bills as they come before us. Mr. President, we confront a condition, and not a theory. Nothing is to be gained by moaning over the lack of information to guide us in making appropriations item by item. Congress simply is not equipped at present to make the thorough studies which are essential to obtain justifications for the countless items which appear in all the appropriation bills.

It is my earnest hope that, out of the present chaotic, antiquated procedure of dribbling appropriation bills through the Congress we shall find the incentive to make improvements before the present session of Congress ends.

I believe Congress should provide for its own year-around study of Government expenditures, with a joint Senate and House committee keeping close tab, supported by information kept constantly current by an adequate staff of specialists.

This morning before a subcommittee of the Committee on Rules and Administration, which is now considering Senate Concurrent Resolution 18, known as the Byrd resolution for a single appropriation, I presented Senate Concurrent Resolution No. 38. I joined in sponsoring the Byrd measure, and I am for it; but I joined in submitting another resolution, which provides for an organization in the Senate similar to the personnel of the Bureau of the Budget—not great in numbers, but adequate to provide the Senate at all times with sound advice not only as to expenditures, but as to receipts, so that Members of the Senate can work in a practical way under the provisions of the Byrd resolution. If that can be done, we shall not have to

take a figure out of the air to comply with the legislative budget requirement. We shall know what our receipts are, and what we can spend. That procedure will make the single appropriation bill a reality. I hope Members of the Senate will give that resolution the utmost consideration, because it would make the Byrd resolution practical in every sense of the word. Unless we have our own personnel watching receipts and expenditures, and fully informed as to what appropriations should be made, those which need priority, and those which can be eliminated, then we as Members of the Senate, and especially the Appropriations Committee, cannot justify the appropriations.

It is my hope that we shall establish such a system, so that it can be in operation immediately after the next fiscal year begins. That is July 1, 1949.

Thus, we can prepare to deal with new understanding of the spending picture in the next session of Congress, and have before us a fund of information upon which we can act.

But all of that is looking to the future. Meanwhile, we are up against the real problem of what to do about the deficit presently at hand—today, next week, this fiscal year.

Some of us have tried to send appropriation bills back to the Committee on Appropriations with instructions to reduce the over-all totals by 5 percent. That course is a direct, immediate approach to the problem. That effort has been resisted. I think many Senators who would like to see a cut voted against it because they believe it is a sort of meat-ax provision, to which they cannot agree. Personally, I look at it differently. In any event, we have not been successful in recommitting appropriation bills in the hope that we might get a 5-percent cut in appropriations. It is my feeling that any one of the departments—I care not which one—can cut its general appropriation bill 5 percent and not in anyway cripple or destroy its efficiency. Other Senators do not agree. They have a perfect right to vote against that kind of procedure. But that does not deter us from continuing in our efforts. That is one way to try to meet the problem emergently at hand.

In proposing to scale down all appropriations we do not reflect upon the very capable Committee on Appropriations or its distinguished chairman, the senior Senator from Tennessee [Mr. McKellar]. I also am a member of the Appropriations Committee, and I believe that the Senator from Tennessee would be among the first to agree that it is virtually impossible for the Appropriations Committee to sift each and every item of appropriations in a budget that calls for more than $40,000,000,000, and weigh it against the over-all spending program.

Information to support the thousands upon thousands of items is possessed by the executive branch. All of us know that, as a practical matter, heads of departments, boards, and bureaus are supposed to offer testimony in support of recommended appropriations, and not come before Congress with arguments to whittle away the President's budget.

I have been a Member of this body for 7 years. I have yet to see representatives of a department come before the Appropriations Committee of which I am a member, or a subcommittee thereof, and say, "Won't you please reduce this appropriation?" Yet the only fact-finding body we have consists of the employees of the agencies or of the Budget Bureau, who come before us seeking to justify an increase in the cost of government. They do not come before the Congress with arguments in favor of reductions. They come to the Congress with arguments to support an increase in the figures presented to the Congress. Whenever we try to reduce appropriations, those who are interested come before us and plead that the budget estimates be reinstated; and, of course, they have the support of that executive agency. Perhaps such practice can be justified in the name of orderly procedure.

But the budget estimates we are now passing upon were made last November and December, before present declines in national income were noticeable. We all know that the decline has been gaining momentum since the turn of the year. Certainly that is true of agricultural production. I know what cattle brought last November. I know what was said about cattle prices in Illinois last November, especially before November 2. I know what cattle prices are today. I know what hog prices are, and what grain prices are. So it cannot be disputed that when the budgets were prepared by the bureaus they were based upon prices of last November and December. Since that time there has been a considerable leveling off in all lines, but especially in agriculture. The facts fly at us from every issue of the press that business is slowing down.

It may be only a temporary lull; and I sincerely hope that it is only temporary. But we cannot afford to take chances and open the way to fiscal policies which would hasten depression or inflation leading to economic collapse.

In view of this sudden reversal in the national economic situation—a reversal since the spending budget was prepared, and even since the several appropriation bills got far along in the legislative mill—we should resort to extraordinary methods, methods that we can use immediately to avert this catastrophe. Congress has the wisdom to meet the challenge which now faces it. I am sure that every Member of this body stands ready to do what is best in the emergency.

Senators on both sides of the aisle are alert to the present critical situation. I know that I speak for the minority when I say that we are eager and willing to join with our friends on the other side of the aisle in solving this situation, working hand-in-hand to maintain a sound national economy.

Plainly, the first requisite is a reconsideration of appropriations, item by item. The President, through all his budget personnel and department and bureau heads, is best equipped to act to give that reconsideration, provided, of course, Congress prescribes the authorization and direction for what is to be done.

I am not advocating the abdication of the power of Congress to appropriate. I am advocating a formula which can be enacted by the Congress, requiring the President administratively to carry out our instructions. In so doing, I think the joint resolution meets every constitutional question which might be raised as to that particular power.

It is the intention of some of us to continue making motions to send appropriation bills back to the Appropriations Committee, on the ground that the committee can do the job, in cooperation with department heads and bureau chiefs, handling each appropriation separately as the bills come through the legislative mill. Such procedure is based on the principle that a bird in the hand is better than two in the bush.

But we also want the Senate to be armed to do the job of reducing expenditures for the fiscal year 1950, regardless of the results of our efforts to make cuts in each appropriation bill as it comes along. In other words, if we are not able to make a 5-percent cut in each appropriation bill, the least we can do is to prescribe a means by which the President of the United States can carry out a mandate of the Congress to effect such savings or reductions in the appropriations for the coming fiscal year which already have been made.

We do not want the Congress to adjourn and leave a certain deficit facing the people. That would invoke continuing doubt and worry by all citizens as to whether their presently back-breaking taxes would be increased, or whether the Treasury Department would return to deficit-financing, manufactured currency, printing-press money.

So, Mr. President, some of us have joined in drafting a joint resolution which we believe comprehensively and effectively deals with the rising threat of a Treasury deficit. I shall be glad to have Senators on both sides of the aisle join in supporting the joint resolution.

I now read its title:

> To reduce Government expenditures for the fiscal year 1950, balance the budget, avert an increase in taxes or rise in the national debt, and maintain a sound national fiscal policy as a basis for the security and economic well-being of the United States.

Certainly that covers the situation. I am addressing myself to a joint resolution which would provide for balancing the budget. The joint resolution prescribes a formula which we can easily establish as a basis upon which the President can act in this connection.

Section 1 of the joint resolution provides:

> That in order to balance the budget for the fiscal year ending June 30, 1950, the President is authorized and directed to make prior to October 15, 1949—

That is 15 days after the end of the first quarter of the fiscal year, which gives us 6 months more time to review the appropriations which have been made or to restore to the appropriations any cuts which we might feel would constitute a violation of the mandate.

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

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

Mr. WHERRY. I yield.

Mr. CONNALLY. In the joint resolution, does the Senator use the language "the President is directed"?

Mr. WHERRY. That is exactly the language I have used in the joint resolution.

Mr. CONNALLY. Of course, such language is not in conformity with the ordinary legislative language.

Mr. WHERRY. At any rate, it is in conformity with my intention in the matter, because the joint resolution will establish a formula to be used; and under the act of the Congress the President would be directed to carry out the mandate thus established, and in that way the Congress would be exercising its power in regard to the making of appropriations.

Mr. CONNALLY. The Congress does not have any power to direct the President. I wish the Senator from Nebraska would change the language of the joint resolution if he expects to obtain votes for it.

Mr. WHERRY. At this time I am simply making my speech about the joint resolution. If the Senator from Texas, for whom I have great admiration and respect, thinks other language would be preferable, I shall be glad to have him suggest other language to be used. But under the joint resolution, we would be prescribing the formula under which the President would be directed to act. If we do that, we shall not be dumping into the President's lap the congressional power to make appropriations, as was contended the other day in connection with another resolution proposing to reduce appropriations.

I thank the distinguished Senator from Texas for his observation; and if the word "directed" is offensive and should be changed, I shall certainly give the Senator's suggestion the utmost consideration, for I want his undivided support. I am delighted that this proposal is receiving his consideration. Not only is it an honor at any time to have one's proposal receive the consideration of the distinguished Senator from Texas, but his support is particularly appreciated in this connection, at this time, because the distinguished Senator from Texas, who is chairman of the Foreign Relations Committee, has many most important matters which require his time.

Mr. CONNALLY. Mr. President, if the Senator will further yield, let me say that I did not mean to say that I was pledging myself to support the proposal. I was simply suggesting that it is not within the power of the Congress to direct the President of the United States.

Mr. WHERRY. Mr. President, after being here 7 years, I have found that the Congress can do virtually anything it wishes to do.

Mr. CONNALLY. Then, why does not the Congress do something?

Mr. WHERRY. That is what I am trying to have done. If the Senator from Texas will support the joint resolution, we shall make, for the coming fiscal year, savings in appropriations sufficient to balance the budget, prevent increases in taxes, and keep us from having to resort to deficit spending. Certainly there is no proposal which should receive greater support or command greater interest.

Mr. CONNALLY. That is a very comprehensive and ambitious program. I wonder why the Senator from Nebraska did not put it into effect in the Eightieth Congress.

Mr. WHERRY. We did; the Eightieth Congress, for the first time in 16 years, balanced the budget and reduced taxes. That is exactly what we are trying to do now.

But instead of that, some Members of the Senate make statements to the effect that they wish to have taxes increased $4,000,000,000 and wish to have that money spent on public works—with the idea, apparently, that that is the way to conduct the economy of our country.

Mr. President, increasing taxes $4,000,000,000 might not even tax all the income. How can we know? No one knows. On the contrary, instead of taxing all the income, higher levels of taxation might dry up the income.

So I say to the distinguished Senator from Texas that we are making a bipartisan effort to obtain this very necessary result. There is no Member of the Senate whom I would rather have join me in supporting the joint resolution than the distinguished senior Senator from Texas, because I know in what high regard he is held by all Members of this body.

Let me say that I have approached this matter in a bipartisan way, and I so stated at the beginning of my remarks. I have said that the situation is critical, and that the committee itself is not divided regarding what should be done. It is certainly true that the Appropriations Committee is not divided regarding the action which necessarily must be taken. Apparently the committee is seeking some procedure whereby this saving can be effected in a bipartisan way, so as to accomplish the purpose of the economy drive which is being made, and yet meet all appropriation requirements which Senators apparently have in mind.

I realize that the task is a very difficult one to perform, but at the same time I think it can be performed.

I sincerely hope the joint resolution will be passed by the Congress, so that we shall at least pursue this method. Let us try it. If it does not succeed, of course we shall try something else.

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

Mr. WHERRY. I yield.

Mr. BRIDGES. The distinguished senior Senator from Texas [Mr. CONNALLY] in addressing a question to the Senator from Nebraska [Mr. WHERRY] who has been ably presenting his arguments in favor of passage of the joint resolution—in which I join—asked why that method was not used by the Eightieth Congress. The distinguished Senator from Nebraska answered that question, saying, very appropriately, that it was not needed in the Eightieth Congress, because that Congress did the job.

I hold in my hand a list of appropriations made by the Eightieth Congress in both the first and second sessions. The list shows the budget estimates, the amounts of the appropriations actually made, and whether the appropriations as made constituted an increase or a decrease as compared to the budget estimates. Let me say that the record shows that the regular appropriation bills passed during the first session of the Eightieth Congress constituted a decrease from the budget estimates in the amount of $2,361,889,749.

From the supplemental appropriations, the decrease from the budget estimate was $402,041,986, or a total of $3,163,672,303, in the first session. In the second session of the Eightieth Congress the reduction from the budget estimates in the bills which finally became law amounted to $2,741,481,291.92. That is the reason why such a resolution as the one introduced today was not necessary in the Eightieth Congress.

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

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

Mr. WHERRY. I yield.

Mr. HUMPHREY. I should like to ask unanimous consent to present a resolution and to have it read, and I should also like to ask unanimous consent for its immediate consideration if that is not out of order.

Mr. WHERRY. I did not know the Senator wanted the resolution considered. Reserving the right to object, what is the resolution?

Mr. HUMPHREY. The resolution is in reference to the recent criminal attack in the city of Detroit on one Mr. Victor Reuther.

Mr. WHERRY. If the Senator does not mind, I shall be through in about 10 minutes, and I shall be glad to yield the floor.

Mr. HUMPHREY. I shall be very happy to wait.

Mr. WHERRY. Mr. President, I have just stated that the joint resolution provides the formula, first authorizing and then directing the President "to make, prior to October 15, 1949, such reductions in the amounts to be expended from any and all appropriations made for expenditures in such fiscal year, regardless of fiscal year for which the appropriations were originally enacted, as will in the aggregate equal not less than 5 percent nor more than 10 percent of the total amounts so appropriated for expenditure in such year; provided that expenditures for interest on the public debt shall not be subject to any such reduction."

That clears one hurdle raised by a resolution offered the other day by the distinguished Senator from Maryland. It also permits a sliding scale of from 5 to 10 percent, so there is a latitude given for the administration of the act. I think it should be spelled out, in order that appropriations may not be handicapped, but at the same time there is a latitude in connection with 12 appropriation bills covering an expenditure budget of nearly $42,000,000,000.

Thus, it will be noted, section 1 authorizes and directs the President to make an over-all reduction in expenditures of not less than 5 percent nor more than 10 percent.

The reduction, of course, would not apply to interest on the public debt. For obvious reasons, we would not want to impair the service on the obligations of the United States. There is no suggestion that the President would authorize a default on interest on the public debt, but in order to draft the joint resolution in legal form it was found necessary to insert that language on the public debt.

Mr. President, there is a difference between an expenditure budget and an appropriation budget, and I wonder sometimes whether Members of the Senate always keep that in mind. I am reliably informed, as a member of the Appropriations Committee, that the over-all budget—that is, the appropriation budget—this year is about $48,000,000,000. If it follows the pattern of former years, about 85 percent of it will be spent in the fiscal year for which the money is appropriated. Some of the money will be expended in the next year, of course. I am now talking only about the expenditure budget, and that is the one that takes the money; that is the one that takes the cash. Subtract $5,500,000,000 for interest on the public debt from the $42,000,000,000 spending budget, and the remainder is $36,500,000,000. I have the figures as to the interest on the public debt from the Treasury, also the figure of $42,000,000,000, the spending budget to be used for the fiscal year 1950. The amount is $41,858,419,000, which of course is nearly $42,000,000,000. Subtracting from that the sum of $5,500,000,000 leaves a balance of $36,500,000,000.

Five percent of $36,500,000,000, the saving to be effected if the President should use the minimum figure, represent a saving of $1,825,000,000. If the President should exercise the formula and go to the maximum amount, 10 percent of $36,500,000,000 is $3,650,000,000.

Therefore, it is reasonable to assume that the 5- to 10-percent range for expenditures reduction provided in the joint resolution is adequate to balance the budget and meet the fiscal situation that has developed recently, since Congress began moving appropriation bills based upon outdated estimates.

Every Member of this body knows 5 percent can be wrung out of a spending budget of $42,000,000,000 without impairing any useful function of Government. I mean it can be taken out of those items that are not untouchable without impairing the efficiency of the Government. That, as I said, would save $1,825,000,000, or nearly $2,000,000,000. It might represent the difference between an increase in taxes and no increase in taxes. But, if we go to the 10-percent figure, we can save over $3,500,000,000, which would certainly be assurance against an increase in taxes.

Every Member of the Senate knows there is room for tremendous savings in the Military Establishment. In fact, if the unification bill receives favorable consideration, and we take the word of the distinguished chairman in his opening remarks, we have a right to expect a considerable saving through the unification of the military functions. That is one place where we can effect a saving. There is room for a saving in connection with ECA. I am not saying what the proper amount is, but I believe that all those who support the ECA program feel that, with reduced prices, some saving can be effected there. There is also room for savings in other large-scale activities of the Government, provided the virtue of thrift again becomes a part of the language used in the Senate.

Passage of the joint resolution, with the ensuing orders by the President to all department heads and bureau chiefs to get out their pencils and think in terms of economy, would have a wholesome effect all along the line. With the President and Congress working hand in hand to get the Government out of the red, the job can be done. Let us give the world another demonstration that a republican form of government can meet its emergencies in war and can meet them at this time in peace.

The purpose in authorizing and directing a range of from 5 to 10 percent in expenditures is to give the President leeway to meet possible change in the fiscal situation in order to accomplish a balanced budget. That will lock the door against deficit financing.

Section 2 reads:

> Each such reduction shall be made in a manner calculated to accomplish the most efficient operation of the Government and thereby balance the budget, avert an increase in taxes or rise in the national debt, and maintain a sound national fiscal policy as a basis for the security and economic well-being of the United States.

Section 2 needs no elaboration. It is self-explanatory.

Section 3 reads:

> No reduction of expenditures authorized herein shall have the effect of reducing any item of appropriation for such fiscal year more than 20 percent.

In other words, the President could not make a reduction on any item of more than 20 percent. This limitation is prescribed in order to prevent elimination of any function or activity made lawful by act of the Congress.

It is an essential limitation, in order to prescribe a definite formula. In this joint resolution, Congress exercises its constitutional responsibility and prerogative over making appropriations, and gives to the President administrative duties to carry out the will of the Congress.

As Senators know, the joint resolution, to become law, must be signed by the President, or be passed over his veto. The legal procedure is similar to the process of reapportioning seats in the House of Representatives, as required by the Constitution. The Constitution provides that Congress may reapportion seats in the House of Representatives every 10 years, based upon the growth and shift of population. Congress has provided the formula for such reapportionment. The ministerial or administrative duties are carried out pursuant to the formula prescribed by Congress. We can do so in this case.

Section 4 reads as follows:

> The President shall cause the reduction in each appropriation account to be certified to the Secretary of the Treasury and to the Committees on Appropriations and the Committees on Expenditures in the Executive Departments of the Senate and House of Representatives. The amount so certified shall not be expended but shall be impounded and returned to the Treasury.

Section 5 reads:

> The President shall include in the annual budget for the year ending June 30, 1951, a statement of each reduction made in accordance with this act.

Sections 4 and 5, it will be observed, simply provide for reports back to the Congress and its appropriate committees on the accomplishment of the authorization and directions in the act.

Mr. President, we who have drafted the joint resolution believe that it adequately covers the problem that demands solution. We are not jealous of its provisions. It may be that other Senators can offer amendments that will make more certain that the job is done effectively, and thereby protect the people against return to wartime taxes or deficit financing.

In setting the date of October 15, 1949, for the President to complete his duties under the joint resolution, we believe ample time has been given for a thorough reexamination of the impending expenditures, in the light of changed conditions.

The first quarter of the fiscal year 1950 will have been passed, and he will have up to 15 days in the second quarter to complete his task. October 15 carries us well into the autumn, when sights can be readjusted to whatever the economic situation is at that time.

Eighty days later, Congress again will be in session and on hand to deal with whatever situation may then exist.

Such procedure will restore public confidence. Certainly it will restore the confidence of labor; certainly it will restore the confidence of business; it will restore confidence all along the line; it will restore confidence that the Federal budget is to be taken out of the red and put into the black; confidence that industries can go forward with their plans for new construction, for plant expansion, and for providing jobs for the unemployed, now numbering approximately 3,500,000 persons.

This restoration of confidence based on the knowledge that Congress has done something effective to get the constantly expanding and mounting cost of Government down to size, is the best tonic I know of to reverse the present downward trend of business and upward trend in unemployment.

Mr. President, I have introduced the resolution. I wanted to have it read, but in order to save time I shall forego that.

I appeal to the Members of the Senate to give favorable consideration to the joint resolution. It prescribes a formula which will surmount the hurdle of Congress endeavoring to cut by 5 percent all appropriations. It provides a formula which is constitutionally sound. It per-

mits the President sufficient latitude, and if he will accept the formula we can make a saving of $3,000,000,000, possibly $3,500,000,000, including national defense, ECA, and all the other large items provided for in appropriation bills. It simply means the difference between increased taxes and no increase in taxes. It means the difference between expanding business and curtailing business expansion, deficit spending, high prices, and the imposition of controls.

I hope the Senate will go along with the joint resolution or with some similar resolution. This one may be perfected by amendments which will accomplish the results desired by those who introduce it.

Mr. BRIDGES. Mr. President, because I believe there is necessity for economy, I have offered various motions to reduce expenditures in connection with practically every appropriation bill which has been before the committee. I have supported others directed to the same end. We have offered amendments to various appropriation bills before the Senate to provide for reductions in various ways. One was the method offered by the Senator from Michigan [Mr. FERGUSON] and myself. Another was the method offered by the Senator from Ohio [Mr. TAFT]. Another was the method offered by the Senator from California [Mr. KNOWLAND], and another was the one offered by the Senator from Illinois [Mr. DOUGLAS].

Those efforts commanded the support of many thoughtful Senators who realized the trend in this country. Up to this time such motions on the floor have not been successful. In one instance a motion of this kind was agreed to, and then the vote was reconsidered. I think it is essential that Senators who believe in economy and who have been voting for economy should offer some sort of an over-all resolution. The joint resolution of the Senator from Nebraska, and other Senators, may not be the complete answer, but it is a very intelligent approach and is a very sound one. As the distinguished Senator from Nebraska has said, it may need amendment. It may be the basis for a little different approach in the end, but it seeks the correct objective and is a sound method of procedure. The Senator from Nebraska has very ably presented the case, and I join with him and other Senators because I believe it is very essential that we return to a sound fiscal reality in this country. The objective of the resolution is abundantly clear. It is designed to insure that, regardless of previous or current spending authorizations, the Federal Government will end the fiscal year 1950 in balance.

In order to accomplish this thoroughly worthy objective, the responsibility and the authority are vested in the Chief Executive, within a range calculated to provide him the maximum flexibility to reduce the total spending program for the fiscal year 1950 by a sufficient amount to avoid any imbalance in the total budget. Such a reduction would be made sufficiently in advance to inform the proper committees of the Congress as to their effect on specific items in the budget. The safeguard against complete elimination of essential functions or programs is provided by prohibiting a reduction of more than 20 percent in any one appropriation item.

Naturally and obviously, the joint resolution specifically prevents any reduction whatsoever in the payment of interest on the public debt, since this is one obligation which the Federal Government must meet. A default on the national debt, in any degree, would be unthinkable.

I believe the joint resolution should receive the active support of all Members of this body who believe in the principle of a balanced national budget. This does not mean, so far as I am concerned, that I shall not offer motions to make reductions in individual appropriation bills as they are considered.

Yesterday I sat in a committee where a whole series of motions were offered for reductions in specific items. Some were successful, some were not. Again this afternoon I sat in another committee where the same thing has been taking place. So, in supporting the objective of the joint resolution which has been introduced, I want it distinctly understood that it does not mean that the individual efforts on specific appropriations bills and particular items, in the committee and later on the floor, will not be continued.

DEPARTMENT OF DEFENSE

The Senate resumed the consideration of the bill (S. 1843) to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill the enlarged responsibility; and for other purposes.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The question is on agreeing to amendment No. 2 offered by the Senator from Oregon [Mr. MORSE].

Mr. TYDINGS obtained the floor.

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

Mr. TYDINGS. I yield.

Mr. GILLETTE. I wish the Senator would ask unanimous consent that I might be permitted to make a statement without his losing the floor.

Mr. TYDINGS. Is the statement a long one?

Mr. GILLETTE. It is not too long.

Mr. TYDINGS. I have no objection to yielding.

PRACTICE OF LAW BEFORE GOVERNMENT AGENCIES

Mr. GILLETTE. Mr. President, this morning I introduced a bill in the Senate, and the statement I am about to make is in connection with the purport of the bill. It could not be made at the time of the introduction of the bill, under the rules of the Senate.

Mr. President, the bill I have introduced is presented to the Senate for the reasons set forth in its title, "to protect the public with respect to the practice of the law, by those other than duly licensed attorneys and counselors at law, before the United States Government departments, bureaus, commissions, and agencies and in the United States tax courts."

Fundamental to a democracy are the laws upon which it is constituted. The acts and statutes promulgated within this body determine the welfare of our Nation. The obligation by and to our citizens of such laws is the safeguard of our heritage.

The various States of this country, as has every civilized nation in the world, established and set up standards and criteria by which it has said that only those persons specially trained, qualified, and highly recommended shall be the guardians of this most important inheritance.

The guaranty of impartial justice, the most valued possession of each person, has made our country the greatest of all nations. This guaranty is the keystone of our Constitution. We call it due process of law. It has been, and always will be, just so long as every American legislator worthy of his constituents and his oath of office sees to it that the administration of the law is entrusted only to such persons as by training and character are worthy of being entrusted with this sacred obligation.

Who but the American lawyer, after years of proper academic training and specialized study and research, and who has proven himself by submission to examination as to his ability, character, and fitness, is qualified to carry on this high trust? All during his years of practice he is subject to the rigid code of ethics to further guarantee to the members of the public that he will practice his profession in the interest of proper and ethical administration of justice. The attorney is obligated, without reservation, to all our people in all our courts and in every place wherein the administration of justice is practiced to secure to the members of the public the proper and full protection of their rights.

The Federal Bar Association of New York, New Jersey, and Connecticut has taken up and advanced this most needed proposed legislation for the primary reason of protecting the general public against being represented by anyone other than a duly licensed attorney, for it is to the attorney that the general public will turn after having been mulcted by unscrupulous imposters. However, often it is too late to cure the harm already done.

It is my purpose, therefore, in sponsoring this bill to protect the general public from the commercialized practice of law by unqualified persons. Just as legislation was needed to prevent the public from being mulcted by the quack doctor, the patent medicine man, the nature faker, and all those who would assert that they can cure the ills of man, so today, as there has been permitted to grow up the so-called expert and counselor in all our branches of administrative justice, men and women who practice law before these departments and bureaus who have not the proper qualifications,

fitness, and character necessary to represent the general public. Legislation is needed to see to it that only duly licensed attorneys are permitted to represent the public and their interests in certain of these fields.

We all know that there have grown up over the past 20 years ever-increasing regulations and methods of enforcement of regulations by administrative agencies of the Government. Our Federal departments, bureaus, and agencies have grown to such an extent today because of the complexity of Government, that they are equal in number of our courts throughout the land. As the Senator from Nevada [Mr. MCCARRAN] aptly stated in his explanation of his administrative law court bill:

> Nowadays more laws are made by administrative agencies than by Congress except that we call those laws regulations instead of statutes. We spend hundreds of thousands of dollars every year merely publishing those regulations in the Federal Register and the Code of Federal Regulations. Similarly, bureaus and commissions decide far more specific cases than the courts except that we call those decisions orders instead of judgments. Some are published in vast sets of law books but the greater part of them never see the light of publicity.

And, continuing, he said:

> In great part the courts serve merely as appellate agencies designed or deeming themselves designed to exercise their powers only to correct abuses of the grossest nature.

Speaking of administrative agencies, the late Honorable Charles Evans Hughes, Chief Justice of the United States, stated on May 12, 1938, right here in Washington:

> Administrative agencies, which we earnestly desire to succeed in discharging their independent tasks according to the basic requirements of their authority, will achieve that end to the extent that they perform their work with the recognized responsibility which attaches to judges and with the impartiality and independence which is associated with the judicial office.
>
> Deliberation, fairness, conscientious appraisal of evidence, determination according to the facts, and the impartial application of the law, whether the controversies are decided in the courts or in administrative tribunals—these are the safeguards of society.
>
> For the law is naught but words, save as the law is administered.

Following the thought of our honorable Chief Justice, we must be ever mindful that the law can only be administered in direct relationship to the qualities of those persons who administer it.

Let us consider how manifold our Government bureaus and departments are today and how wide the scope of the rights which they affect. May I be permitted to name but a few of such agencies: Treasury Department; Immigration and Naturalization Service; Agricultural Department; Patent Office; Wage and Hour and Public Contract Divisions of the Department of Labor; Federal Power Commission; Food and Drug Administration; Employees' Compensation Commission; Social Security Administration; and Interstate Commerce Commission.

In considering this bill and our problem before us, may I say that Congress has not been entirely neglectful of demanding that only qualified persons practice before administrative bodies. For instance, Congress took a step in the right direction when it adopted the Administrative Procedure Act of June 11, 1946, when under sections 7 (b), 7 (c) and 8 of that act, it provided that examiners who sit at hearings and determine administrative questions of law and fact must do so judicially and must take an important and judicial part in rendering decisions on cases before them.

Under the Administrative Procedure Act, the United States Civil Service Commission has insisted that those who are to preside over these administrative judicial hearings shall have not less than 6 years active experience as members of the bar of this country.

Unfortunately for the general public, however, our legislative branches of government have not gone far enough. Let me tell of a few agencies and departments which permit laymen to practice: The Patent Office; Department of Immigration and Naturalization; Customs Department; Social Security Administration Interstate Commerce Commission; National Labor Relations Board; Treasury Department.

In the Treasury Department, certified public accountants are admitted to general practice as agents. Although customhouse brokers are regulated by statute (19 U. S. C. sec. 1641), under the Secretary of the Treasury, even corporations, associations, and partnerships may be admitted to practice. Under the Federal Power Commission neither good standing, citizenship, ability nor character need be established nor proof of admission to the bar (18 C. F. R. 1). Before the Social Security Administration there is no distrinction between attorneys and other representatives except an attorney may charge a fee up to $10 without approval whereas others must have their fees fixed by petition. The Administration of Veterans' Affairs authorized representation by agents, who need not be lawyers. These are a few examples of the many instances that might be cited.

MORE THAN MERE EXPERTNESS SHOULD BE NECESSARY TO PRACTICE LAW BEFORE THESE HIGH ADMINISTRATIVE TRIBUNALS

When you examine the rules and regulations of the various departments and bureaus that admit laymen to practice administrative justice, you will find that one of their outstanding reasons for permitting laymen to so practice, as Federal practitioners, is based on so-called "expert knowledge" and "experience." Laymen formerly holding jobs in bureaus are licensed to practice law. Laymen claiming to have expert knowledge in the operation of a railroad, freight rates, laymen who claim to have a knowledge of how a patent works or what constitutes an invention, are admitted to practice law. Character and reputation are supposed to be carefully examined.

The test that expertness and experience are the primary qualifications for the practice of law is on its face ridiculous. It has no more place as a test before an administrative body which challenges the constitutional and statutory rights of a citizen than it would have before any Federal court or State court where that same type of expertness or experience is needed.

For hundreds of years in courts of justice when expert testimony is needed or an expert is required to guide the hand of the court, they are summoned by contestants as experts for the purpose of guiding the judge and jury on matters of particular moment to the issues involved. They are never permitted to take over a proceeding in a court and try the case. In fact the testimony of experts in courts is always received by judges and juries with caution.

I do not for a moment intend to disparage or belittle the expert or the experienced person but I do insist, with the Federal Bar Association of New York, New Jersey, and Connecticut that they are not qualified in knowledge of the rules of evidence, they are not qualified to make a record on appeal or for appeal, they are not qualified under any sensible argument to act as practitioners and to maintain administrative justice before our Federal bureaus and agencies.

Now I shall discuss briefly the proposed bill section by section, as to whether it accomplishes what we seek, and whether there are conditions which the specific provisions of the bill seek to remedy.

May I make something definitely clear at the outset. It is not the intention of this bill to forbid any person, association, or group of persons to assist any other person, group, or association in matters pending before any Government department or bureau, nor is it the purpose of the bill to in any way interfere with any one whether it be corporation or unincorporated association to appear before legislative bodies.

This bill is primarily aimed at those cases where a claim is made by the Government or to the Government or in those cases where a complaint may issue and an answer may be filed, or where a trial or hearing is to be had and the practice of law is defined and in those cases, for example, where a Government agency notifies a person or a corporation that it is likely to begin a proceeding involving the rights of the one who received the notification. No person shall hold himself out as qualified or competent to advise a person with respect to his rights in such matters because in those instances the likelihood of a complaint is apparent.

A reading of the first section is self-explanatory.

Section 2 is likewise self-explanatory. Only persons licensed to practice before the court of last resort of the District of Columbia or a State or Territory shall practice as the term "practice of law" is defined.

Section 3 is conceived with the thought of preventing persons from imposing themselves on the public generally through the medium of advertising and publicity as being capable of substituting themselves in the place of duly qualified attorneys.

Of course, it is a matter of common knowledge to every citizen that no lawyer has a right under the code of ethics to

make public representation that he has superior or expert ability in any branch of his profession. He may under no circumstances advertise for law practice, the reason being that the dignity of the profession forbids such quackery.

Permit me to call your attention to some flagrant cases. I have here before me an instance of an accountant who advertises in the New York papers that by the purchasing of a dollar book you will find the panacea of all tax exemptions and he will save you money if you take his advice on tax law. Here is an instance where over 9,000,000 copies were sold.

One State of these United States has taken positive steps to stop this practice. Many Senators are probably familiar with the well-known Bercu case in the State of New York. There the question of unlawful practice of law by accountants was an issue. In that case, an accountant submitted a brief concerning a tax law for which he made a charge of $500, although he was not the accountant for the party he represented nor had he anything to do with the preparation of the income-tax returns for that company. He was called in solely for the purpose of giving advice on legal propositions involving the tax law. As this case is now pending before the court of appeals in the State of New York, the highest court in that State, no further comment will be made except to state that the lower courts in that case held that he was illegally practicing law.

The Bercu case was recently cited as indicating the impropriety of an accountant giving legal advice, by the Tax Court of the United States in *Hermax Co., Inc.* v. *Commissioner* (11 Tax Court No. 55). In that case a family corporation in Newark, N. J., was penalized for failure to file certain tax returns as a personal holding company. An accountant had advised the stockholders that the company was not a personal holding company. The Tax Court stated that the fact that the accountant had read only section 502 (g) in considering the question as to a personal holding company indicated that he was not a person qualified to give advice to others on questions of law involving the provisions of the Internal Revenue Code.

Finding Bercu guilty of unlawful practice of the law, the appellate division held him in contempt of court, fined him, and restrained him from "practicing or assuming to practice law in any manner, and in particular, from engaging in and charging for the giving of legal opinions in relation to the tax laws, and in rendering legal service in respect thereto for compensation and for the same purposes, from holding himself out or assuming, using or advertising himself as a tax counselor or tax consultant, or by any equivalent designation."

Please do not misconstrue my references to accountants. The accountancy profession is a very honorable one and the accountants are very reputable men. They are highly qualified to keep books and to fill out tax returns but they should stay within their field of knowledge. When they branch out into the field of law they are beyond their depths be they ever so reputable and qualified as accountants. Accountancy is one thing but knowledge of law is another.

An accountant permitted to practice before the Treasury Department, knowing he cannot appeal to higher courts, has the natural tendency, be he ever so high-minded, to prefer to settle the matter rather than fight it out on its merits. On the other hand, a duly licensed attorney is interested, before the Treasury Department, in demanding that his client's rights are properly safeguarded, and if they are not he has no hesitancy in refusing a settlement, well knowing that he is qualified to carry the matter through to the highest court in the land if necessary.

It may be well anticipated that the greatest opposition to the bill perhaps will be the accountants and they will probably claim, as they have claimed in the past, that they are the only ones with sufficient expertness and knowledge because of their familiarity with figures to practice before the Treasury Department and the tax courts in tax matters, and that in any event the lawyer has for years neglected this field.

It is submitted, however, that this argument is fallacious. It is far easier for an attorney to become acquainted with numbers and figures and methods of bookkeeping than it is for an accountant to spend years of study in the various branches of the law with its various rules of evidence, and so forth. Furthermore, there are thousands of attorneys throughout the land who practice tax law, exclusively, and if they wish to engage an expert for the accounting end strictly, they do so without hesitancy.

As stated before, mere expertness in a particular line should not be the criterion for admission to practice before our administrative tribunals.

The obnoxious practice of advertising by laymen, of course, is not confined to accountants. It branches out into various subjects. For instance, in one of the New York papers a person advertises himself as giving immigration and naturalization assistance; another as trade counselor; others advertise profusely and extensively in magazines soliciting the inventor to bring his business to them although they are not attorneys. In this instance, they even practice under a firm name. For instance, I read from one such ad which states that the inventor "is advised to employ a competent registered patent attorney, as the value of patents depends largely upon the skillful preparation of the specifications and claims."

Although this party is only admitted to practice in the Patent Office, he attempts to give the impression and to hold himself out as a generally qualified attorney specializing in the practice of patents.

It is very important that only persons having the highest qualifications, such as duly licensed patent attorneys, be permitted to practice before the Patent Office. The mere obtaining of a piece of paper with a beautiful ribbon and seal on it and called "letters patent" gives the poor inventor nothing if it is not based on the proper requirements of the patent law. The inventor never knows the value of his patent until it is tested in the fires of litigation in a court where only duly licensed attorneys are permitted to practice. He then may find to his sorrow and loss that because the claims of the patent were drawn either too broad or too narrow or more was claimed than is shown that the patent is invalid. He might have spent years on his invention; he might have spent thousands of dollars developing it and even in exploiting it only to find later that it is only a piece of paper.

How much better off would he have been if in the first instance only a qualified, duly licensed attorney prepared his patent papers, one who had the fundamental knowledge of patent law, not primarily from the standpoint of getting a patent but from the standpoint of its withstanding the scrutiny of a judge in the district court, several judges in the Circuit Court of Appeals, and our Honorable Justices in the Supreme Court.

Section 4 also applies to the tax courts. Need I digress on the necessity of preventing laymen from practicing before tax courts? Yet this obnoxious practice is being permitted by the Treasury Department this very day. Laymen may practice before certain of the tax courts.

Section 5 of the bill is designed to cover every possible type of deceptive title that is used by the unscrupulous laymen to make the public believe that he is a duly admitted and licensed attorney and counsellor at law. To say that you are a compensation law expert or a compensation law agent and with that title to represent injured workingmen in opposition to skilled insurance company lawyers is a fraud and a sham on injured workingmen. The skilled insurance company lawyer's business, and rightly so, is to minimize the amount of the award and in the event of an award being made that is unsatisfactory to the insurance company lawyer or to the employer to lay such a record before the administration and to appeal from the decision to a court in the event the administrative decision is not satisfactory. What a helpless and hopeless situation does the workingman find himself in when it comes to the preparation of an appeal? The intention of this section is to wipe out forever and to make it a crime to use such titles as appear in that section in order to induce the public to obtain and employ the person using such titles as one skilled in legal practice.

In the majority of the States of these United States, corporations are by statute prevented from practicing law. Why then should they not be stopped from practicing before our administrative agencies? For instance, in the State of New York there is a section of the penal law, section 280, which states:

> 1. No corporation or voluntary association shall (a) practice or appear as an attorney-at-law for any person in any court in this State or before any judicial body.

This section was construed by Justice Rippey of the court of appeals in the State of New York in the case of *People* v. *Lawyers Title Corporation* (282 N. Y. 513), and Justice Rippey distinctly and emphatically stated:

> It is imperative that the public be protected from the unskillful preparation of legal documents and the unskillful handling of legal transactions.

Under some of our Government agencies, however, corporations are permitted to practice. I call your attention to the Custom House brokers, where corporations are permitted to represent and render such services to importers and exporters.

Section 6: It is hoped through section 6, that no other means or devices or tricks will be used by those who practice law because the trick or device is not set out in section 5. Section 6 is designed to forbid any lawyer from becoming a partner with anyone who practices law or who has practiced law as defined in this bill and who is not himself a lawyer. It is a well-known fact that accountants and certified public accountants have as partners and have as employees members of the bar who practice their profession at the will and dominance of the accountants.

Section 7: This section seeks to eliminate and to make unlawful any attempt by subterfuge on the part of any person or firm who is prohibited from practicing under this law from so doing through the medium of a dummy association. I have cited instances of this by reading you an advertisement in the New York Times by a New York accountant and I am sorry to say that same accountant heads the Law Tax Symposium Division of the New York State University and is permitted to do so by the subterfuge of engaging licensed attorneys to deliver the lectures for him and is further permitted to deceive the public because he is not a licensed attorney.

In respect to the accountants, one frequently sees advertisements appearing in the daily press where an accountant offers to sell his clients to some other accountant because he is going out of business. Accountants are permitted to sell their business as others buy and sell potatoes. The licensed attorney is never permitted to sell his client or his business to someone else. His is a profession that demands that the close relationship of client and attorney remain inviolate and not be peddled in the open market.

Furthermore, accountants are permitted to do business under fictitious names and as a matter of fact it is a matter of common knowledge that accountancy firms do business under fictitious names and titles by registering in the various county clerks' offices. For instance, A. B. C. & Co. can be registered. This is something that would never be tolerated in the legal profession. When a complaint or petition is drawn, the name of the lawyer must appear on it. Under our Federal rules of practice in our Federal courts, the lawyer who is to bear the responsibility of the suit must sign the complaint.

Should laymen therefore who can sell the business and who can practice under fictitious titles be permitted to practice before our Federal bureaus and departments? It is my contention that they should not be and that is what this bill seeks to stop.

Section 8 is intended to protect the public against suspended and debarred lawyers or those who claim they are lawyers and who are not. It will be seen by this section that the notice of appearance and certification of qualifications is designed to protect the public and the department or bureau before whom the lawyer intends to appear when he is properly and duly licensed to practice law.

Section 9: The purpose of section 9 is apparent. It is well recognized that the rights which may subsequently be secured for an individual on appeal, stem from the assertion and protection of the right which he seeks to pursue from the Federal department or bureau or agency into the higher tribunal for review and it may well happen that in this higher tribunal his complaint, application, petition or hearing may not be received in the fullest light so as to properly secure for the individual that which he seeks or deserves because the foundation and framework were improperly laid and prepared by a person incompetent and not qualified and by one who had not the slightest knowledge of the value of collating and presenting material facts for appeal.

Section 10: As I stated in the beginning, it is not the purpose of this bill to prevent any person or persons or group or association, labor organization, or veterans' association or charitable association from assisting any other person, persons, group or association of any kind in any matter relating to any legislation pending or to be initiated before the United States Senate or the House of Representatives or before any committee or committees thereof. Thus section 10 is inserted which specifically so states.

Sections 11, 12, and 13 speak for themselves.

It is possible that a certain selfish few will oppose this proposed legislation because their nests are feathered at the expense of the unsuspecting general public but it is our duty to protect our citizenry. That is the function of our branch of government.

May I say in closing that it was necessary to legislate to protect the public in the medical profession, the dental profession and a host of others. Even the psychologists today are seeking legislation to protect the public from the practice of quackery by unqualified persons holding themselves out to be able to treat the disturbed mind. It is sincerely believed that it is now imperatively necessary to protect the public with respect to the practice by those other than duly licensed attorneys and counsellors at law before our very important and numerous Government departments, bureaus, commissions, and agencies.

With the rising judicial power of our Government commissions and departments, it is imperative that only those trained in the law should be permitted to advise members of the public, keeping in mind always that our Government departments are manned by lawyers trained to represent the phases of administrative law. Consequently, we must never forget this fundamental law:

No free man shall be arrested or detained in prison or deprived of his freehold or outlawed, or banished or in any way molested, and we will not set forth against him nor send against him, unless by the lawful judgment of his peers and by the law of the land" (Magna Carta, ch. 39 (1215)).

Mr. President, I ask that the bill which I introduced this morning be printed in the RECORD at the conclusion of my remarks as they appear in the RECORD.

There being no objection, the bill (S. 1944) to protect the public with respect to the practice of the law, by those other than duly licensed attorneys and counsellors at law, before the United States Government departments, bureaus, commissions, and agencies and in the United States tax courts, was ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

DEFINITIONS

SECTION 1. (a) United States Government departments, bureaus, commissions and agencies shall be the same as are described in the Administrative Procedure Act (Public Law 404, 79th Cong.).

(b) "Persons" shall be deemed to mean an individual, firm, partnership, association or corporation.

(c) "Member of the public" shall be deemed to mean an individual, group of individuals, firm, copartnership, association, or corporation.

(d) "Practice" means any form of appearance or participation in any proceeding or hearing (or otherwise) before any Government department, bureau, commission or agency, other than appearing thereat as a witness except that nothing herein shall prevent practice by an individual on his own behalf, or by a partner on behalf of the partnership engaged in trade or business.

(e) The practice of law shall be deemed to be as follows: To appear for, or attempt to appear for, participate in, counsel, advise, represent or act for or on behalf of any member of the public, either directly or indirectly before any of the United States Government departments, bureaus, commissions and agencies or in the United States tax courts, in any action, litigation, hearing or proceeding, on or in connection with any claim or proceeding whether or not any formal proceeding or action has been or will be commenced before any United States Government departments, bureaus, commissions or agencies or in the United States tax courts.

SEC. 2. No person who has not been duly licensed and admitted to practice law in the court of last resort of the District of Columbia, or in the State, Territory, or insular possession of the United States and in which he or she is or has been a resident therein and of which he or she is an attorney and counselor at law in good standing thereof, shall practice in any manner, directly or indirectly, as the term "practice of law" is defined herein.

SEC. 3. Any person who in any manner whatsoever holds himself out to the public generally or to any "member of the public," or any person who advertises in any manner whatsoever, directly or indirectly, as having or being possessed of the qualifications, abilities, education, and/or character or other prerequisites to practice law as such term "practice of law" is defined herein, shall be guilty of violating this statute and shall be punished in accordance with section 11 herein.

SEC. 4. Any person or persons or group of persons who shall advertise, or use in any manner, directly or indirectly, any one of the titles hereinafter set forth, or modifications or variations thereof, or the component parts thereof, or the significant words therein, or whether the same is used in juxtaposition or with interspace, for the purpose of inducing, enticing, or leading any "member of the public" to retain, engage, or employ him or her to appear for or to represent said "member of the public" before any United States Government departments, bu-

reaus, commissions, or agencies or in the United States tax courts, or in any dispute of any kind by and/or before any United State Government departments, bureaus, commissions, agencies, or in the United States tax courts, where the constitutional or statutory rights of said member of the public are or have been involved, shall be deemed to be practicing law within the provisions of this section and to violate this statute and shall be punished as set forth in section 11 herein.

SEC. 5. In practicing or attempting to either directly or indirectly practice law as defined herein, no person or group of persons, corporations, or partnerships other than those excepted in sections 3 and 9 hereof shall use among others any of the following titles: "Federal Law Practitioner," "Federal Practitioner," "Practitioner," "Government Practitioner," "Governmental Department Practitioner," "Income Tax Counsel," "Income Tax Law Counselor," "Income Tax Law Expert," "Income Tax Law Consultant," "Tax Law Adviser," "Patent Law Counsel," "Patent Law Counsellor," "Patent Law Expert," "Patent Law Practitioner," "Patent Law Consultant," "Patent Law Adviser," "Business Law Practitioner," "Business Law Counsel," "Business Law Counselor," "Business Law Expert," "Business Law Consultant," "Business Law Adviser," "Workmen's Compensation Practitioner," "Workmen's Compensation Law Counsel," Workmen's Compensation Law Counselor," "Workmen's Compensation Law Expert," "Workmen's Compensation Law Consultant," "Labor Law Counselor," "Labor Law Expert," "Labor Law Practitioner," "Labor Law Consultant," "Labor Law Adviser," "Immigration Bureau Counselor," "Immigration Bureau Practitioner," "Interstate Commerce Practitioner," "Interstate Commerce Counselor," "Interstate Commerce Expert or Agent," "Customs Law Expert," "Customs Counselor," "Customs Practitioner," "Agricultural Practitioner," "Agricultural Counselor," "Trade Law Practitioner," "Trade Law Consultant," "Health Law Practitioner," "Cooperative Counsel," "Cooperative Law Consultant," "Cooperative Practitioner" or when the words "attorney" or "agent" are used in connection with the the practice of law as herein defined, or any other similar designation, name, or title.

SEC. 6. The titles set forth in section 5 hereof are not to be deemed exclusive, it being the intent and purpose of section 5 hereof to include herein any similar title or titles which might induce or lead or which might tend to lead the public generally or any "member of the public" to believe that such person, copartnership, firm, corporation or association using such title or titles or advertising under such title or titles is or has been duly qualified, educated and trained in the law to the extent necessary for obtaining a license to practice law as defined herein, or to make it appear that such person using such title or titles, or any of them is qualified and licensed by law to protect the constitutional, statutory or any other rights of a "member of the public" and which title or titles shall make it so appear that he has been trained in the rules of evidence and the various legal procedures applicable to so protect a "member of the public" before such departments and/or agencies set forth in sections 3 and 9 hereof.

SEC. 7. It shall be unlawful for any attorney and counselor at law to become a partner of or associated with, or to be retained by any person, firm, or corporation who is now practicing, or has been practicing, or may be practicing law as defined herein and who or which is not a duly licensed member of the bar as defined herein with the intent of aiding and abetting such person, firm, or corporation to illegally practice law as defined herein or with the intent of soliciting clients for such unlawful practitioners and sharing compensation or fees with such unlawful practitioner of law as defined herein.

SEC. 8. All United States Government bureaus, departments, commissions, and agencies and the United States Tax Courts as defined herein before which an attorney and counselor at law shall appear and represent any "member of the public" and for the purpose of appearing or practicing law before such Government departments, bureaus, agencies, or in the United States tax courts shall require such attorney and counselor at law to file with it, before appearing in any respect for such member of the public a notice of appearance and certification of qualifications in the following form:

"NOTICE OF APPEARANCE AND CERTIFICATION OF QUALIFICATIONS

"----------

"(Insert name of bureau, agency, commission, etc.)

"----------

"(Here insert name of person and matter or proceeding pending before such bureau, etc.)

"Please take notice that the above named (here insert the name of the person) appears in this proceeding by the undersigned and that I have been retained as an attorney and counselor at law herein and I do hereby certify that I have been duly admitted and licensed to practice before the highest court of the State of ---------- the district or territory in which I maintain offices for the practice of law and that I am a member of the bar in good standing.

"Dated: ----------

"----------

"(Attorney for)

"----------

"----------

"(Office and post-office address)

Whenever an appearance shall be made by a law partnership the "Notice of Appearance and Certification of Qualifications" shall be signed and made by a member of the copartnership appearing for the member of the public.

SEC. 9. No person shall represent any "member of the public" before any Government department, commission, bureau, or agency or in the United States tax courts, where said "member of the public's" statutory or constitutional rights are involved, who is not an attorney or counsellor at law qualified to protect such "member of the public's" constitutional and statutory rights and present legal evidence and make a record in any proceeding pending to the end and purpose that the decision affecting the rights of the person so represented may be judicially reviewed by a court of competent appellate jurisdiction against abuses or alleged abuses or other error or errors of administrative law or authority. For a violation of this section such person shall be punished as provided in section 11 of this act.

SEC. 10. Nothing herein shall be construed to prevent any person, persons, group or association, labor organization, veterans' association, or charitable association from assisting any other person, persons, group or association of any kind in any matter relating to the promulgation, amendment, or revision of any legislation pending or to be initiated before the United States Senate or the House of Representatives or before any committee or committees thereof.

SEC. 11. Any person violating any provision or section of this act shall be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

SEC. 12. All prior statutes in any way inconsistent with any of the provisions of this act are hereby repealed as of the date that this act becomes effective, to the extent of such inconsistency. If any provision of this act or the application thereof to any person or matter is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 13. This act shall take effect 30 days after it shall become a law.

Mr. GILLETTE. Mr. President, I thank the Senator from Maryland for his courtesy.

DEPARTMENT OF DEFENSE

The Senate resumed the consideration of the bill (S. 1843) to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill the enlarged responsibility; and for other purposes.

Mr. TYDINGS. Mr. President, the pending question is the amendment of the Senator from Oregon [Mr. MORSE], and I think it is numbered 2. Does the Senator from Oregon wish me to yield while he speaks?

Mr. MORSE. No. I shall be glad to hear the Senator from Maryland.

Mr. TYDINGS. I was going to say that my recollection is that the Senator from Oregon spoke to the amendment yesterday. I should be glad to try to give the committee's point of view, but in view of the fact that there are so few Members of the Senate present at the moment I should like to suggest, without, I hope, being immodest, that some Senator make the point of no quorum.

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

COOPERATION BY FEDERAL OFFICIALS IN INVESTIGATING ASSAULTS ON VICTOR G. REUTHER AND WALTER P. REUTHER

Mr. HUMPHREY. Mr. President, I should like to present a resolution.

Mr. TYDINGS. Mr. President, will the Senator from Oregon withhold his suggestion of the absence of a quorum for a moment?

Mr. MORSE. Yes.

Mr. HUMPHREY. Mr. President, out of order, I ask unanimous consent for the present consideration of a resolution which I submit on behalf of myself, the Senator from Oregon [Mr. MORSE], and the Senator from Michigan [Mr. FERGUSON]. I send the resolution to the desk and ask to have it stated.

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). The resolution will be stated.

The legislative clerk read the resolution (S. Res. 120), as follows:

Whereas requests have been made by the Detroit Common Council, the mayor of Detroit, and the Governor of Michigan for the immediate assistance of the Federal Bureau of Investigation in the apprehension of the assailants who attempted the assassination of Victor G. Reuther and, earlier of his brother, Walter P. Reuther: Now, therefore, be it

Resolved, That it is the sense of the Senate of the United States that all law-enforcement facilities of the Department of Justice be made available immediately to investigate and cooperate with the local authorities in apprehending the criminals who attempted the assassination of Victor G. Reuther, and earlier of his brother, Walter P. Reuther.

Mr. KNOWLAND. Mr. President, some Senators are not on the floor at the present time. Under those circumstances, I wonder if we should not have a quorum call.

Mr. TYDINGS. Mr. President, almost everything has been taken up for consideration today except the pending amendment. Former President Hoover estimates that if the bill is passed it will mean the saving of from $1,000,000,000 to $1,500,000,000 a year. If that were to be placed on a day-to-day basis it would mean a saving of four or five million dollars a day. Therefore, every day action on the bill is delayed—if the bill is as good as we hope it is—there will be that much of a loss to the Treasury of the United States.

Mr. KNOWLAND. Mr. President, I do not anticipate that the resolution of the Senator from Minnesota will cause any delay. However, in view of the absence of many Senators, including the Senator from Michigan, I think we should have a quorum call.

Mr. TYDINGS. Mr. President, I yielded to the Senator from Minnesota with the understanding that this matter would not cause undue delay. I ask him if he will be good enough, if it requires more than 5 minutes after the quorum call, to withdraw his request.

Mr. HUMPHREY. Mr. President, rather than ask for immediate consideration of the resolution, I submit it for appropriate reference.

I should like to state that this action is in concurrence with the remarks of the distinguished junior Senator from Michigan [Mr. FERGUSON] yesterday.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks copies of telegrams which have been received from the Governor of the State of Michigan, the president of the Detroit City Council, and the Common Council of the City of Detroit, as certified by the city clerk, together with this morning's editorial from the Washington Post.

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

WASHINGTON, D. C., *May 25, 1949.*

Attorney General TOM CLARK,
Department of Justice,
Washington, D. C.:

I was shocked to learn of the criminal attack upon the life of Victor Reuther, leading official of the United Automobile Workers, CIO. This attack transcend local issues and is of national significance. It parallels in many ways the attack made against his distinguished brother, Mr. Walter Reuther, president of the United Automobile Workers, CIO. This is a matter of great national concern. I urge you to order an FBI investigation of this attack immediately. It is important that the criminals involved be apprehended at the soonest possible moment. The attacks are clearly a conspiracy to endanger and frighten the liberal, democratic labor movement in America. All Americans are profoundly angered by this incident. Your immediate action is urgently requested.

HUBERT H. HUMPHREY.

MAY 25, 1949.

To the President:

The people of Michigan are profoundly shocked and angered by the brutal shooting of Victor G. Reuther under the same circumstances as surrounded the attempted assassination of his brother, Walter Reuther, president, UAW-CIO. There are indications that shooting may transcend local interest and I have already ordered all police agencies in the State of Michigan to devote their best efforts to the case. I join with the Common Council and Mayor of Detroit to urge you, Mr. President, to put all facilities of the Federal Bureau of Investigation and other appropriate Federal agencies on this case. That the perpetrators against decency and law may be swiftly caught and public order and confidence restored.

GOV. MENNEN WILLIAMS.

DETROIT, MICH., *May 25, 1949.*

Hon. HUBERT HUMPHREY,
Senate Office Building:

I am sure you are as concerned as I am about the Victor Reuther shooting with its identical details to the Walter Reuther shooting of 13 months ago. Mayor and council of the city of Detroit have officially urged FBI to cooperate in this case to investigate all possible national and international angles of it and I am informed that Governor G. Mennen Williams is making a similar request on behalf of State of Michigan. Feel we can afford to leave no stone unturned in attempt to track down would-be assassins of these two magnificently prodemocratic American labor leaders. You'll recall that Victor Reuther recently returned from an official mission as representative of the United States Government in the ECA program from Europe where as chairman of the labor subcommittee he met with pro-democratic European trade-unionists to aid in a fight for European democracy.

GEORGE EDWARDS,
President of Detroit City Council.

MAY 25, 1949.

The Detroit Common Council by resolution urges the President of the United States, the Governor, G. Mennen Williams, of Michigan, and J. Edgar Hoover to order the FBI and the Michigan State Police, respectively, to join with the Detroit Police Department in making a thorough investigation of the brutal shooting of Victor Reuther on Tuesday night. Council President George Edwards suggested international motivations might be behind the shooting.

THOMAS D. LEADBETTER,
City Clerk.

[From the Washington Post of May 26, 1949]

TERRORISM

The methods of the would-be assassin who shot Walter Reuther more than a year ago and the assailant of his brother Victor are so similar as to suggest that both these cowardly attacks were the work of the same criminal. But even if the assault on Victor Reuther was the work of an imitator, it was undoubtedly encouraged by the failure of the authorities to bring to trial the man who tried to murder his more famous brother. The fact that this earlier assault remains shrouded in mystery is a serious reflection on the competence of the Detroit police force to deal with the turbulent elements of that great industrial city.

Walter Reuther now believes that both attacks were the work of hired assassins directed against "pro-American and pro-democratic trade unionism." That might be true, since Mr. Reuther in his rise to power in the UAW made bitter enemies among left-wing radical elements and was responsible for a purge of numerous UAW jobholders after his election to the presidency of the union. His anti-Communist drive inevitably gives rise to a suspicion that Communist plotting was responsible for both assaults. However, this is mere assumption, without a vestige of direct proof. To jump to conclusions about the motivation of these crimes might, indeed, hamper police efforts to apprehend the guilty man or men. For it is also quite possible, as Walter Reuther himself once suggested, that the shots were fired by a crackpot who had some personal grievance, real or fancied, against the labor leader and members of his family. Or in the present instance it may be that one, or more, of the Ford strikers, some of whom are said to be bitterly opposed to Walter Reuther's latest arbitration proposals, decided to emulate the terroristic tactics of the unknown assailant who struck last year.

These and other possibilities that will occur to anyone with even a slight knowledge of the hatred engendered by the factional rivalries that rend trade unions emphasize the importance of running down the criminal instead of indulging in speculation about the motives behind the attacks. Unfortunately these assaults are not "un-American tricks," as Walter Reuther charges. They are characteristic forms of violence only too common in our great cities where crime, organized and unorganized, takes a heavy toll of life and property. And they are crimes that can only be suppressed by vigorous work on the part of law-enforcement officers in apprehending and punishing the guilty.

Mr. HUMPHREY. Mr. President, I will withhold any further comment so that we may proceed with the business which is before the Senate.

The PRESIDING OFFICER. The resolution will be appropriately referred.

The resolution (S. Res. 120), submitted by Mr. HUMPHREY, for himself and other Senators, was referred to the Committee on the Judiciary.

DEPARTMENT OF DEFENSE

The Senate resumed the consideration of the bill (S. 1843) to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill the enlarged responsibility; and for other purposes.

Mr. MORSE. Mr. President, I renew my suggestion of the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hill	Morse
Anderson	Holland	Mundt
Bricker	Humphrey	Myers
Bridges	Hunt	Neely
Butler	Ives	O'Conor
Byrd	Johnson, Colo.	Pepper
Cain	Johnson, Tex.	Robertson
Capehart	Johnston, S. C.	Russell
Chapman	Kefauver	Saltonstall
Chavez	Kem	Schoeppel
Connally	Kerr	Smith, Maine
Cordon	Kilgore	Sparkman
Donnell	Knowland	Stennis
Douglas	Langer	Taft
Downey	Lodge	Thomas, Utah
Eastland	Long	Thye
Ellender	Lucas	Tydings
Ferguson	McCarthy	Vandenberg
Flanders	McClellan	Watkins
Frear	McFarland	Wherry
Gillette	McKellar	Wiley
Graham	McMahon	Williams
Gurney	Magnuson	Withers
Hayden	Malone	Young
Hendrickson	Martin	
Hickenlooper	Millikin	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to amendment No. 2 offered by the Senator from Oregon [Mr. MORSE].

Mr. TYDINGS. Mr. President, I sincerely hope that this amendment will not be adopted. It is an important amendment, and should not be viewed lightly by those who are genuinely interested in the establishment of the most efficient military we can devise. Senators who would be guided by the opinion of General Bradley, Admiral Denfeld, and General Vandenberg will find in the testimony, at about page 110, that all three of them opposed this amendment.

The amendment would place one man in charge of the Chiefs of Staff. He would have more rank than General Bradley, General Vandenberg, or Admiral Denfeld. He would literally command them. We think that would be bad.

Inasmuch as this amendment deals with a military function, I do not believe that we should disregard the combined and unanimous advice of Admiral Denfeld, General Bradley, and General Vandenberg. I therefore hope that the amendment will not be adopted.

Mr. MORSE. Mr. President, I am very glad to have the chairman of the committee state his position in regard to my amendment. I most respectfully disagree with the conclusion he has expressed here in regard to my amendment. My amendment does not and could not possibly give to the Chairman of the Joint Chiefs any such authority or jurisdiction as my good friend the Senator from Maryland indicates would be the case.

Mr. President, my amendment makes perfectly clear that the Joint Chiefs shall not function as a voting staff, but shall function as an advisory staff. That is what I have always taken for granted was the contemplation of the other members of the Armed Services Committee concerning the functioning of the Joint Chiefs. But by my amendment we made it perfectly clear because we eliminate all reference to voting.

Mark you, Mr. President, in this bill the committee does not say that the Joint Chiefs shall vote, but it does say that the Chairman of the Joint Chiefs shall not vote. The conclusion I draw is that indirectly the committee is establishing in this bill a procedure whereby the other members of the Joint Chiefs shall vote, but would deny a vote to the Chairman.

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

Mr. MORSE. I yield.

Mr. McCARTHY. I did not hear a great deal of the Senator's argument on his amendment. Normally I am inclined to go along with the committee recommendations, because the committees study all these matters.

I wish to ask whether I am correct in believing that the committee considered the amendment which the Senator from Oregon now proposes. If so, I wonder whether the Senator from Oregon can tell me by what vote his amendment was rejected in the committee.

Mr. MORSE. In the committee we did not consider the amendment in the sense that we put it to a vote.

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

Mr. MORSE. I yield.

Mr. TYDINGS. I think the record will show that substantially all members of the committee were in attendance at that time—not all of them, but substantially all of them, and much more than a quorum. I think the record also will show that the proposal now set forth in the bill was adopted at that time, that it had the support of General Bradley, General Vandenberg, and Admiral Denfeld—that, with their support, and that the language now contained in the bill was adopted by the committee.

Mr. MORSE. I may say that this particular matter—as in the case of most of the matters discussed in the committee—was not the subject of a formal vote. In the committee we discussed all these matters. The Senator from Maryland is correct in saying that in the committee the consensus of opinion was that the bill should include the provision which now appears in it.

Of course, I had already notified the members of the committee that I would disapprove this section of the bill unless my amendment was accepted.

The point I wish to make to the Senator from Wisconsin is that what the amendment does, on page 8, in line 10, in reference to the Chairman of the Joint Chiefs, is to strike out the language "shall have no vote but," and in line 17 strikes out the word "two," and inserts in lieu thereof the word "four." In other words, because in my opinion the man the President would appoint as Chairman of the Joint Chiefs would be an exceedingly able person, I think he should be allowed to serve 4 years instead of 2 and then should be eligible for reappointment by the President, if the President wished to reappoint him.

Let me make clear—because this point was stressed by the Senator from Connecticut [Mr. BALDWIN] in his remarks in the Senate the other day—that there is no danger that the Joint Chiefs will become handicapped by an inefficient Chairman, because the language of the bill provides that he shall serve at the pleasure of the President, the Commander in Chief. So it will not be mandatory that the Chairman of the Joint Chiefs serve his full term.

Last of all, beginning in line 25 on page 8, I propose to strike out the proviso, because it is surplusage. Under the organic act, the Chairman of the Joint Chiefs could not possibly exercise any military command. Thus, I say it is a reflection upon him to insert such a proviso in the bill, for it would have the effect of lessening his stature; and inasmuch as it is surplusage, I think it should be stricken out.

That is what the amendment does.

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

Mr. MORSE. I yield.

Mr. McCARTHY. I should like to know whether the Senator's amendments were considered in the committee and were rejected by a substantial majority. Of course, I do not take the position that merely because the committee rejected the Senator's amendments, we should not consider them on the floor of the Senate, for some of the things the Armed Services Committee has done rather recently I have not been too enthusiastic about, as the Senator knows.

However, inasmuch as all of us are so busy in different kinds of legislative work, and inasmuch as all of us are to a greater or lesser degree specializing in certain types of such work, I think we must rely to a considerable extent upon the committees, so long as we have competent committees.

For that reason, I wish to have the RECORD clear as to whether the Armed Services Committee as a whole considered the suggestions made by the Senator from Oregon and rejected them.

I now understand that although there may not have been a formal vote in the committee on the Senator's suggestions, nevertheless all of them were considered and all of them were rejected.

Mr. MORSE. I wish the chairman of the committee to follow my remarks closely as I explain that matter now, because I wish the RECORD to be entirely factual and accurate. The junior Senator from Oregon did not submit the amendments to the committee in the form in which he has submitted them on the floor of the Senate. It was quite unnecessary for that to be done, because early in the discussion in the committee it became clear that the Senator from Oregon was in the minority in the committee in his point of view regarding these amendments. Therefore, I said in the committee, in effect, "Gentlemen, we part company on these issues. I shall offer my amendments on the floor of the Senate."

In the committee we did discuss in detail my amendment No. 5; and at one time the committee decided, upon the motion of the Senator from Virginia [Mr. BYRD], as I recall, to postpone final action on my proposal to reduce the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force to Under Secretary of Defense for Army, Under Secretary of Defense for Navy, and Under Secretary of Defense for Air Force until all other sections of the bill were considered. But it is correct to say that the amendments, in the language in which I have submitted them on the floor of the Senate, were not submitted to the committee, because in the committee I served notice that I would submit them on the floor of the Senate. I did that because once I discovered that I was at such variance with my colleagues in the committee as to the subject matter of the amendments I saw no sense in engaging in prolonged discussion in the committee.

I ask the chairman of the committee whether the statement I have just made is a fair one.

Mr. TYDINGS. I think it is a fair statement. The Senator from Oregon is very sincere in his point of view. Of course, I think he is in error, but I always allow to the other man the right to think I am in error.

I am enforced in my judgment by eminent military men in the person of Admiral Denfeld, General Vandenberg, and General Bradley; and when one has such support, he does not care to attempt to ride over any opposition.

But I think the Senator from Oregon has presented his side of the case very clearly and ably.

Mr. President, I hope we can reach a vote on the amendment very promptly.

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

Mr. MORSE. I yield.

Mr. SALTONSTALL. I should like to ask the chairman of the committee a question, in order that he may specifically answer the Senator from Wisconsin. In the committee, in executive session, did not we specifically consider the question of a 2-year or a 4-year term, and the question of giving the Chairman of the Joint Chiefs a vote, and the question of including the proviso in order to make clear that the Chairman of the Joint Chiefs should have no authority over military commands?

Mr. TYDINGS. I remember that in executive session in the committee we considered the term of the Chairman, and I remember that in executive session in the committee we considered the question of giving the Chairman a vote. I think—although I am not sure about it—that we considered the other matter referred to by the Senator from Massachusetts. I remember that we were very active in regard to that matter. My impression is that in the committee, when the vote was taken, it was unanimous.

Mr. MORSE. Mr. President, I am satisfied that all these matters were considered in executive session.

However, it is also true that I made clear to the committee that I would press for action on my amendments when the bill was being considered on the floor of the Senate.

Mr. President, I close by saying to my good friend the Senator from Maryland that he has set forth very well our differences of opinion.

In making an approach to this job, I think he and my other colleagues on the committee are much more impressed and influenced by the views of present-day military leaders as to what language should be included in the bill in order to accomplish what those present-day military leaders would like to accomplish in order to protect, as I see it, their present vested jurisdictional interests, than is the junior Senator from Oregon.

I am interested in building a unification bill in terms of future Generals X, Y, and Z and future Admirals A, B, and C, so to speak. I am willing to take the views of present-day military leaders, but my difference with the committee—and I say this not as criticism but as a statement of fact, as to the basis of my judgment—my difference with the committee is that I did not give, and I think for good reason, as much weight to the views of the present-day military leaders as did the other members of the committee. I think their testimony needed to be checked very carefully for special pleading. I gave much more weight to some of the great civilian leaders who testified before the committee, such as Bob Patterson and Mr. Eberstadt, as to various provisions of the bill, because when it comes to determining how unification should be brought about, I should much rather have the judgment of Patterson and Eberstadt than all the present-day military leaders combined. Patterson and Eberstadt had no basis for special pleading before the committee, but I submit that the military leaders had many selfish interests which I think must be taken into account in evaluating their judgment.

I close by saying that if this section of the bill is allowed to stand without my amendment, whether we will it or not, we are indirectly putting the Secretary of Defense in the position where for the first time it will be claimed that by law the members of the Joint Chiefs, except the Chairman, shall vote on the various issues presented for consideration to the Secretary of Defense. The moment they are put in a position where they formally vote, then I say the position of the Secretary of Defense is weakened, because immediately, if he does not agree with them, he is placed in such an attitude that he must veto their formal action. The Joint Chiefs of Staff, I submit, should be advisory Joint Chiefs of Staff, not voting Joint Chiefs of Staff, and if we are hereby to authorize voting, then by all means we ought to give a vote to the Chairman. Why take the vote away from him?

So, Mr. President, if we look at this from the standpoint of providing for a vote, the bill is wrong, because it discriminates unwarrantedly against the Chairman. If one looks at it from the standpoint of whether a voting procedure is being established, it will be seen that it is clearly established when the bill says the Chairman shall not vote. The conclusion is the others shall vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. MORSE. Mr. President, I want to say to my good friend from Maryland that so far as my personal pleasure in regard to this particular amendment is concerned, it was not my expectation to ask for the yeas and nays, but a request has been made of me by some supporters of the amendment that they be given an opportunity to vote on it by yeas and nays, and I think we can speed it up if we have the roll called.

Mr. TYDINGS. I ask for the yeas and nays, if the Senator from Oregon would like to have them.

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

Mr. MYERS. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. MAYBANK] are absent by leave of the Senate.

The Senator from Georgia [Mr. GEORGE], the Senator from Idaho [Mr. MILLER], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH] and the Senator from Montana [Mr. MURRAY] are absent on public business.

The Senator from North Carolina [Mr. HOEY] is absent on official business.

The Senator from Nevada [Mr. MCCARRAN], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Idaho [Mr. TAYLOR], and the Senator from Oklahoma [Mr. THOMAS] are detained on official business.

I announce further that if present and voting, the Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH] and the Senator from North Carolina [Mr. HOEY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. JENNER] is absent by leave of the Senate.

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

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Connecticut [Mr. BALDWIN], who is absent by leave of the Senate, is paired with the Senator from Maine [Mr. BREWSTER], who is detained on official business. If present and voting, the Senator from Connecticut would vote "nay" and the Senator from Maine would vote "yea."

The Senator from Montana [Mr. ECTON] and the Senator from Kansas [Mr. REED] are detained on official business.

The result was announced—yeas 13, nays 63, as follows:

YEAS—13

Butler	Ives	Thomas, Utah
Cordon	Langer	Watkins
Graham	Lodge	Wiley
Hendrickson	Malone	
Hill	Morse	

NAYS—63

Aiken	Hickenlooper	Millikin
Anderson	Holland	Mundt
Bricker	Humphrey	Myers
Bridges	Hunt	Neely
Byrd	Johnson, Colo.	O'Conor
Cain	Johnson, Tex.	Pepper
Capehart	Johnston, S. C.	Robertson
Chapman	Kefauver	Russell
Chavez	Kem	Saltonstall
Connally	Kerr	Schoeppel
Donnell	Kilgore	Smith, Maine
Douglas	Knowland	Sparkman
Downey	Long	Stennis
Eastland	Lucas	Taft
Ellender	McCarthy	Thye
Ferguson	McClellan	Tydings
Flanders	McFarland	Vandenberg
Frear	McKellar	Wherry
Gillette	McMahon	Williams
Gurney	Magnuson	Withers
Hayden	Martin	Young

NOT VOTING—20

Baldwin	Jenner	Reed
Brewster	McCarran	Smith, N. J.
Ecton	McGrath	Taylor
Fulbright	Maybank	Thomas, Okla.
George	Miller	Tobey
Green	Murray	Wagner
Hoey	O'Mahoney	

So Mr. MORSE's amendment No. 2 was rejected.

INVESTIGATION OF ASSAULT ON VICTOR G. REUTHER

Mr. FERGUSON. Mr. President, there has been offered and referred to the Committee on the Judiciary Senate Resolution 120, requesting Federal assistance in the effort to bring about the apprehension of the assailants who attempted the assassination of Victor G. Reuther and, early last year, his brother Walter P. Reuther. A request has been made by the Detroit Common Council, the mayor of Detroit, and the Governor of Michigan for the immediate assistance of the Federal Bureau of Investigation.

The resolution reads as follows:

Whereas requests have been made by the Detroit Common Council, the mayor of Detroit, and the Governor of Michigan for the

immediate assistance of the Federal Bureau of Investigation in the apprehension of the assailants who attempted the assassination of Victor G. Reuther and, earlier of his brother, Walter P. Reuther: Now, therefore, be it

Resolved, That it is the sense of the Senate of the United States that all law-enforcement facilities of the Department of Justice be made available immediately to investigate and cooperate with the local authorities in apprehending the criminals who attempted the assassination of Victor G. Reuther, and earlier of his brother, Walter P. Reuther.

In yesterday's session the junior Senator from Michigan made a statement on the floor of the Senate urging that the Federal Bureau of Investigation take immediate steps in this matter. Following that statement he talked to representatives of the Federal Bureau of Investigation and was assured that full cooperation would be had. Further, a telegram was sent to the police commissioner of the city of Detroit and to the commissioner of the State police of Michigan urging that they seek the cooperation of the Federal Bureau of Investigation.

I want to associate myself with the resolution which has been offered. I am informed that it has been referred to the Judiciary Committee. Since timely assistance by the FBI is of utmost importance, I should like to ask unanimous consent that the resolution be withdrawn from the Judiciary Committee and immediately agreed to, so that there can be no question that the Senate of the United States does ask immediate and full cooperation of the Department of Justice.

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

Mr. FERGUSON. I shall be glad to yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I presented that resolution in behalf of the junior Senator from Oregon [Mr. MORSE] and myself. I should like at this time to have included as a sponsor of the resolution the distinguished junior Senator from Michigan. It is entirely fitting and proper that he should be a participant in the introduction of the resolution.

Mr. FERGUSON. I request that I may be joined as a cosponsor of the resolution.

Mr. TYDINGS. Mr. President, I do not apprehend that there will be any lengthy debate on this question. We have been waiting all day to have action on one or more amendments to the unification bill, and I hope we shall not be sidetracked again. So I ask, in a spirit of cooperation, that there may not be any extended discussion of this question.

Mr. LANGER. Mr. President, reserving the right to object, I should like to know why a special exception is sought to be made in this particular matter.

Mr. FERGUSON. Coming from the State of Michigan and from the city of Detroit—and I may say that the senior Senator from Michigan joins me in my statement—I feel that in the investigation of this crime, following a similar crime committed on the brother of Victor Reuther, full cooperation should be had with the Department of Justice in connection with lending any facilities it may have for the solution of the case, in order that there may be no question that everything is being done to solve the crimes and to bring to justice and the full penalty of the law those who are responsible for these atrocious attempts at murder.

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

Mr. FERGUSON. Yes.

Mr. LANGER. Why is there any difference between this case and one in which a farmer is shot through a window, or someone is murdered in Georgia, for instance?

Mr. FERGUSON. To be frank with the Senator, the question of subversive activity is involved in connection with those who are opposing the Reuther brothers in the union, namely, Communist activity. The Department of Justice can help to solve the crime.

Mr. VANDENBERG. Mr. President, in response to the perfectly logical inquiry of the Senator from North Dakota, I should like to add this suggestion: Mr. Victor Reuther has only recently returned from Paris, where he was acting as a representative of the Government of the United States, one of the most effective representatives it has had in connection with the work of the ECA in anti-Communist labor circles of western Europe. I think the implication is obvious that there is a Federal responsibility, at least to the extent of determining that Mr. Reuther is not being sacrificed to his loyal services to his Government.

Mr. FERGUSON. I thank my colleague very much for bringing that fact to the attention of the Senate, which fact has also been placed before the Department of Justice by the junior Senator from Michigan.

Mr. LANGER. I have no objection.

Mr. LUCAS. Mr. President, it is my understanding that the resolution has been referred to the Committee on the Judiciary.

Mr. FERGUSON. Yes.

Mr. LUCAS. The Senator is now asking——

Mr. FERGUSON. I am asking unanimous consent that the order referring the resolution to the Committee on the Judiciary be reconsidered, and that the resolution be immediately considered. I ask unanimous consent for both those actions.

Mr. LUCAS. The chairman of the Committee on the Judiciary, the Senator from Nevada [Mr. MCCARRAN], is not present at the moment. Has the Senator discussed this with him?

Mr. FERGUSON. I have not been able to see the Senator from Nevada, and I did not want the matter to go over.

Mr. LUCAS. The Senator from Michigan is a member of the Committee on the Judiciary, is he not?

Mr. FERGUSON. Yes; I am a member of the Committee on the Judiciary.

Mr. LUCAS. I am not going to make any objection to the immediate consideration of the resolution, because I cannot think of a more dastardly crime than has been attempted upon the life of Victor Reuther. In view of what the distinguished senior Senator from Michigan has said, a matter with which I am familiar, it seems to me that there may be subversive elements involved in the attempted murder in Detroit of this loyal and patriotic American citizen, and if so I am inclined to believe that Federal intervention is permissible.

I agree with the Senator from North Dakota, however, that some may believe this would be setting a precedent, and I do not want the Senate or the country to feel that the FBI is going to move in on every attempted murder throughout the country. This case seems to me to be the exception to the rule, and I wholeheartedly agree to the immediate consideration of the resolution.

Mr. FERGUSON. The Senator from Michigan had reason to believe that the matter involved something more than an ordinary assault, that it involved a Federal question and an international question. That was the basis for this extraordinary request.

Mr. HOLLAND. Mr. President, I should like to ask a question of the Senator from Michigan or the Senator from Minnesota, whoever can answer it. When the resolution was read, I noted that it recited that certain State and local officials had requested this assistance, this intervention, by the Federal Government. Can the Senator state just what local or State officials have made that request?

Mr. FERGUSON. The president of the Common Council of the City of Detroit, in behalf of the city council and the mayor of the city of Detroit, together with the Governor of the State of Michigan.

Mr. HOLLAND. Will the Senator yield for one more question?

Mr. FERGUSON. I am glad to yield.

Mr. HOLLAND. Am I correct in my understanding that it is upon the strength of the fact that the chief executive of the State of Michigan, the chief executive of the city of Detroit, and the city council which was mentioned by the Senator, have recognized the need for the assistance of this Federal investigatory body, and have requested that assistance, that the distinguished Senator feels that Federal action would be appropriate?

Mr. FERGUSON. Yes.

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

Mr. FERGUSON. I yield.

Mr. TYDINGS. The bill which is pending before the Senate has been estimated by Mr. Hoover, Mr. Forrestal, and others, as likely to save the Government about a billion dollars a year. That means about three or four million dollars a day. I shall not object to the consideration of the resolution, provided the debate is not to continue longer, but I feel that I owe it to my committee and to the country to save $3,000,000 a day by insisting that we either pass or reject the bill and the amendments. It is a vital matter. The expense of the Military Establishment is tremendous, and it has been said, as I have stated, that it will save us a billion dollars a year if we put the bill on the statute books. I shall not object.

The PRESIDING OFFFICER. Without objection, the committee will be discharged from the further consideration of Senate Resolution 120. Is there

objection to the immediate consideration of the resolution?

Mr. McCLELLAN. Mr. President, I merely desire to make an inquiry. I do not care to debate or discuss the matter at any length, but I want to know if there is any precedent for the action the Senate is about take.

Mr. FERGUSON. The Senator from Michigan is not familiar with any precedent, but he thinks the facts warrant the action being taken.

Mr. McCLELLAN. I am merely inquiring. It this a new venture we are undertaking? Are we establishing a precedent following which, if a murder is attempted anywhere in the country, the FBI might be called in?

Mr. FERGUSON. No. I would say this was no precedent, because of the facts of this particular case.

Mr. HOLLAND. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield for a question.

Mr. HOLLAND. I cannot help referring to the fact that in adopting this resolution, to which I have no objection, and for which I shall vote upon another theory, the Senate will be in the position of asking the executive department of the Government to do something which it has been asked to do for the Senate in connection with the investigation of appointees to the Atomic Energy Commission and has declined to comply, to the extent of the measure making that provision having been vetoed. In addition the veto was upheld by the Senate. I am agreeable to bringing up the resolution and to voting for it, but solely upon one understanding, namely, that the request of the Governor of the State of Michigan, the mayor of the great city of Detroit, and the executive body of that city, all show what is tantamount to an admitted insufficiency of the State and local law-enforcement agencies, and a request for help from the Federal Government, and from that agency of the Federal Government which is recognized as having the finest abilities in this field. I do call to the attention of the Senate the fact that the Senate in adopting this action will be asking, suggesting, and recommending that the executive department do something in this matter which the executive department has not been willing to do for the Senate.

Mr. McCLELLAN. Mr. President, I was not on the floor and did not hear all the resolution, but I think I understand what the purpose is. It is to have the FBI assist in the investigation of the crime which has been committed.

Mr. FERGUSON. That is correct, to cooperate with the law enforcement officers of Michigan.

Mr. McCLELLAN. The Senator gives us the assurance, as I understand, that this request has come from the three officials whom he has named, including the Governor of the State of Michigan.

Mr. FERGUSON. That is correct; and I may ask the Senator from Minnesota, who offered the resolution, if that is not the fact.

Mr. McCLELLAN. I am not questioning the Senator's statement.

Mr. TYDINGS. Mr. President, I shall have to ask for the regular order.

Mr. McCLELLAN. I shall conclude immediately.

Mr. TYDINGS. I do not want to cut anybody off, I am not trying to do that, but there is an amendment pending to the important measure now the unfinished business, which has been laid aside on the assumption this other matter would take only two or three minutes.

Mr. FERGUSON. Will the Senator withhold his request for the regular order?

Mr. TYDINGS. I will withhold it for a moment.

Mr. McCLELLAN. I do not care to delay, but I have some responsibility, and I want to know what is back of this, and I desire to be sure that the request comes from State officials.

Mr. VANDENBERG. Mr. President, I merely wish to make the comment that I do not assent to the hypothesis submitted by the Senator from Florida that this action is predicated upon a breakdown in the law-enforcement agencies of Detroit and the State of Michigan. It is predicated upon the fact that the Reuther case probably involves anti-Communist activities which stretch into Federal jurisdiction, and may have resulted from the recent services rendered by Mr. Victor Reuther in behalf of the Government of the United States. The sole purpose of the resolution is to ask the Federal Bureau of Investigation to inquire into these phases of the matter, to determine whether or not it is not possible for them, within their legitimate jurisdiction, to cooperate in helping run down those responsible for this unspeakable crime. I do not think we are conceding any break-down in our legal process, but I think we have a right to direct the Federal attention to the recently attempted murder of a Federal official who was engaged abroad in anti-Communist activities.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 120) was considered and agreed to.

The preamble was agreed to.

AUTHORIZATION FOR STOPPAGE OF WORK ON CERTAIN COMBATANT VESSELS

Mr. GURNEY. Mr. President, there has been some controversy as to whether or not the Congress last year passed a bill authorizing the construction of the large flush-deck aircraft carrier. To settle that argument, and to present the evidence so everyone can see exactly what action was taken, I ask unanimous consent to have printed in the RECORD a copy of Public Law 690, Eightieth Congress, which is very short, and also the report by the Committee on Armed Services on Senate bill 2400 authorizing the President, in his discretion, to permit the stoppage of work on certain combatant vessels.

There being no objection, the law and the report (No. 1449, 80th Cong.) were ordered to be printed in the RECORD, as follows:

[Public Law 690—80th Cong.]

[Chap. 521—2d sess.]

[S. 2400]

An act to authorize the President, in his discretion, to permit the stoppage of work on certain combatant vessels

Be it enacted, etc., That the proviso of title III of the Second Supplemental Surplus Appropriation Rescission Act, 1946, under the heading "Increase and replacement of naval vessels" (60 Stat. 227), in the discretion of the President shall not apply to the following vessels: *Kentucky* (BB66), *Hawaii* (CB3), *Wagner* (DE539), *Vandiver* (DE540), *Castle* (DD720), *Woodrow R. Thompson* (DD721), *Lansdale* (DD766), *Seymour D. Owens* (DD767), *Hoel* (DD768), *Abner Read* (DD769), *Seaman* (DD791), *Unicorn* (SS436), and *Walrus* (SS437).

Approved June 19, 1948.

The Committee on Armed Services, to whom was referred the bill (S. 2400) to authorize the President, in his discretion, to permit the stoppage of work on certain combatant vessels, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

Under a provision of the Second Supplemental Surplus Appropriation Rescission Act of 1946 those combatant vessels which were more than 20 percent complete as of March 1, 1946, are required to be completed. The purpose of this bill is to provide the President with authority to remove from the mandatory operation of that act, which necessitates their completion, 13 named vessels consisting of 1 battleship, 1 cruiser, 2 destroyer escorts, 7 destroyers, and 2 submarines. The cessation of construction will suspend present obligations against the Treasury to an extent of over $300,000,000. It is intended that a portion of this sum will be used if appropriated to institute a new shipbuilding and conversion program of advance-design ships.

EXPLANATION AND JUSTIFICATION OF BILL

The enactment of this bill would have a dual effect both of which are considered highly desirable. First, it would enable the conservation, against any future emergency, of the ships included under its terms in a partially completed status. By suspending their construction at this time they will be of greater value in the future as they will be completed, if and when needed, with weapons not as yet fully perfected. The hulls of these vessels will be useful as stand-by units which may be readily adapted to such new techniques and armaments as may be originated or perfected in the future. An analogy may be found in cases of the *Lexington* and *Saratoga*. Both were originally laid down as battle cruisers, but could not be completed, as such, under the terms of the treaty limiting naval armaments, signed at Washington in 1922. They thereafter emerged as aircraft carriers and proved themselves to be useful and active components of the Pacific Fleet during World War II.

The second and very important function of the bill is to permit, by the deferment of construction of the 13 vessels affected, the employment of funds, which are otherwise obligated to complete them, for the construction and conversion of prototype ships which will be required to keep our Navy abreast of the trends of ship construction and naval operations currently being developed. Enactment of this bill will have no effect on the authorized tonnage strength of naval ves-

sels and new construction of prototype ships is within the presently existing authorized tonnage of combatant vessels.

Included in the contemplated program of new construction is one new, large, flush-deck carrier, the size of which is determined by the dimensions and characteristics of the advance-type aircraft which it is designed to carry. It is not intended that units of this type will engage in strategic or saturation-type bombing attacks, but will be employed in naval functions such as controlling the air over the sea and over hostile beaches, ports, and coastal regions by destroying or neutralizing targets which would otherwise jeopardize the success of naval support for our armed forces. The new-type carrier will assist the Navy in maintaining surveillance over the earth's large expanse of water and insure the uninterrupted use of the sea lanes which are vital to the continued existence of the United States.

By letter to the chairman, Committee on Armed Services, the Secretary of the Navy requested enactment of this bill, and his letter dated March 25, 1948, is appended hereto and is made a part of this report.

THE SECRETARY OF THE NAVY,
Washington, March 25, 1948.

Hon. CHAN GURNEY,
Chairman of the Committee on Armed Services, United States Senate.

MY DEAR MR. CHAIRMAN: There is transmitted herewith a draft of proposed legislation to authorize the President, in his discretion, to permit the stoppage of work on certain combatant vessels.

A proviso of the Second Supplemental Surplus Appropriation Rescission Act, 1946, under the heading "Increase and replacement of naval vessels," provides that combatant vessels under construction on March 1, 1946, whose percentage of construction exceeded 20 percent on that date will be completed. The proposed legislation would authorize the President, in his discretion, to except from that proviso the following vessels: *Kentucky* (BB66); *Hawaii* (CB3); *Wagner* (DE539); *Vandiver* (DE540); *Castle* (DD720); *Woodrow R. Thompson* (DD721); *Lansdale* (DD766); *Seymour D. Owens* (DD767); *Hoel* (DD768); *Abner Read* (DD769); *Seamen* (DD791); *Unicorn* (SS436); and *Walrus* (SS437).

If the proposed legislation is enacted, work will not be resumed on these vessels and they will be retained in their present condition for eventual completion if a future emergency requires. Thus, the present investment in these vessels will be preserved against a future emergency. Although no funds are currently being expended on the building of these vessels, enactment of the proposed legislation will result in removing future obligations of funds against the United States Treasury in excess of $300,000,000. This will allow the obligation of funds for the construction and conversion of other vessels pursuant to the modified Navy shipbuilding program without increasing eventual Treasury withdrawals. The vessels embraced in the modified Navy shipbuilding program are considered essential in order that the Navy may keep pace with modern ship construction.

Enactment of the proposed legislation will not result in any additional cost to the Government.

For the foregoing reasons, the Navy Department recommends enactment of the proposed bill.

An identical report has been transmitted to the Speaker of the House of Representatives this date.

The Navy Department has been advised by the Bureau of the Budget that there would be no objection to the submission of the proposed legislation to the Congress for its consideration as the enactment thereof would not be in conflict with the program of the President.

Sincerely yours,
W. JOHN KENNEY,
Acting Secretary of the Navy.

DEPARTMENT OF DEFENSE

The Senate resumed the consideration of the bill (S. 1843) to convert the National Military Establishment into an executive department of the Government, to be known as the Department of Defense; to provide the Secretary of Defense with appropriate responsibility and authority, and with civilian and military assistance adequate to fulfill the enlarged responsibility; and for other purposes.

Mr. TYDINGS. Mr. President, the Senator from Oregon, as I understand, has another amendment he wants to offer at this time.

Mr. MORSE. Mr. President, I now call up the amendment No. 3, offered by me on behalf of myself and the Senator from Massachusetts [Mr. LODGE], and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 10, lines 11 and 12, it is proposed to strike out "to consist of not to exceed 210 officers and."

Mr. LUCAS. Mr. President, will the Senator yield so I may make an announcement?

Mr. MORSE. I yield.

Mr. LUCAS. I agree with the Senator from Maryland respecting the importance of the bill. In view of the fact that so much time has been taken away from its consideration this afternoon by other matters, I hope Members of the Senate will stay until action on the bill is completed today.

Mr. MORSE. Mr. President, if I may have the attention of the Senate for not more than two minutes, I should like to say a word about my third amendment, because I think it is an amendment which the individual Senators will have great difficulty in justifying a vote against, in view of what the chairman of the committee has already said in the CONGRESSIONAL RECORD respecting the amendment. I refer to the CONGRESSIONAL RECORD of May 24, page 6715, to a statement occurring in a colloquy between the Senator from Maryland [Mr. TYDINGS] and the distinguished junior Senator from Massachusetts [Mr. LODGE]:

Mr. LODGE. In order to perfect the RECORD I point out that on yesterday, in response to a question from me, the senior Senator from Maryland, chairman of the committee, said, on page 6631 of the RECORD:

"I think the Senator from Massachusetts and I see eye to eye on that proposition."

Later, on the same page, he said:

"I should be glad to have the Senator offer an amendment to strike out the 210. While I would feel in duty bound not to support the amendment, I would not be displeased—and I hope I am not equivocating—if it were adopted."

Mr. President, the chairman of our committee is a very delightful person and very loyal to his chairmanship duties. However, in the language of the chairman of the committee, which I have just quoted, I think he admitted that the amendment is a good one. As far as I can see there is absolutely no justification for putting this type of restriction upon the Joint Chiefs of Staff. They ought to have whatever staff they need to do the job. Senators know that the amendment does not propose to create new officers. All that is done is to take officers, as the language provides, from the other three branches of the services in such numbers as the Joint Chiefs of Staff—and each service is represented on the Joint Chiefs—and the Secretary of Defense decide they need to do the work of the Joint Chiefs.

Why, I ask, in the name of common sense, can we justify writing into the bill the arbitrary restriction of 210? Maybe under some circumstances they may need 500 or 300 or 211. But we say quite arbitrarily, "We limit you to 210." What I think my good friend from Maryland ought to do is to offer to take the amendment to conference; but if he does not want to do that, and because of his loyalty to what he thinks is a commitment which he owes the full committee, I think we ought to vote to adopt the amendment. Even the chairman of the committee says to the Senator from Massachusetts he would not be displeased with its adoption. With that admission on the part of the chairman, I think I have won my case, if Senators want to vote on the merits.

Mr. TYDINGS. Mr. President, I shall take only a minute to give the Senate the other side of the argument respecting the amendment. The old law provided for only 100 members of the Joint Staff. This proposal is to increase that number to 210. To be perfectly frank, the chairman of the committee, who is now speaking, said he believed there should be no top or bottom limit when the committee considered the provision. However, a majority of the committee took the opposite view. They felt that to have no checks on the number of officers who served on the Joint Staff was inviting extravagance in that particular field. Therefore, the committee, after due consideration, voted for 210 members of the Joint Staff rather than for the 100 provided for in the old law.

I may say that the Joint Chiefs were not displeased with the number provided in the 210 quota. The chairman of the committee himself had sufficient confidence in the Joint Chiefs to feel that if no limitation had been provided the committee would have acted more wisely; but, as I say, I was in the minority, and I am loyally supporting the committee's view because I do not consider this a transcendentally important amendment. Its motivation is good. The Senate has heard both sides of the question, and I hope the Senate will soon vote.

Mr. KNOWLAND. Mr. President, I do not wish to delay the action of the Senate. I think it might be well to call the attention of the Senate to page 118 of the hearings on the bill, at the bottom of the page:

Senator KNOWLAND. I can see the need of additional help, but can't you put some other

reasonable ceiling on it so that the thing is not left completely wide open?

Admiral DENFELD. We talked that over yesterday with General Gruenther, who is the director of the Joint Staff, and he said he would have no objection to a limitation on it. The situation has been such in the past year that we have had so many papers presented to us, that the present staff has not had sufficient people in it to perform the duties. They have been working nights, Saturdays, and Sundays, and we really have to have less for them to do or give them more help. General Gruenther felt a limit of 250 would be a reasonable number. He did not think he would use that, but he certainly needs more than 100.

I merely wish to point out that there is some danger in any Government agency—and the Army is not entirely free from that fault—of empire building, if we leave the situation wide open. I think it is fair to say that as a member of the committee I had the very strong impression from the Joint Chiefs when they appeared before us that 200 would be a satisfactory number.

Mr. TYDINGS. I believe the Senator from California is correct in saying that perhaps while the Joint Chiefs felt competent to handle the matter without a ceiling being fixed, they were well satisfied with the 210 figure.

Now, as we have all points represented, I hope we can obtain a decision on the amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 3 offered by the Senator from Oregon for himself and the Senator from Massachusetts [Mr. LODGE].

The amendment was rejected.

Mr. MORSE. Mr. President, I offer my amendment No. 4, for the purpose of future reference, I assume. It is another good amendment. I send it to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 11, line 4, before the comma, it is proposed to insert "and shall have power of decision."

On page 11, line 11, beginning with the word "The," it is proposed to strike out all down to and including line 18, and insert in lieu thereof the following:

It shall be the duty of the Board, under the direction of the Secretary of Defense and in support of strategic and logistic plans prepared by the Joint Chiefs of Staff, to provide for——

Mr. MORSE. Mr. President, in explanation of this amendment I wish merely to read a short paragraph or two from the statement which I made on the floor of the Senate when I first submitted the amendment. By way of introduction to that statement, let me say that if it is economy we want, then by all means we cannot vote against this amendment. This is an amendment which comes to grips with the procurement problem and the waste involved in the present procurement practices.

My expert witness in support of the amendment is none other than Mr. Eberstadt himself. I should like to have the Senate consider these statements in support of my amendment:

Mr. President, my fourth amendment is with respect to the Munitions Board, I feel that its operations are seriously hampered by the fact that the Chairman does not have the power of decision. This was first brought to my attention by Mr. Eberstadt, and I agree with him. The duties of the Munitions Board are spread across a very broad field through nine different categories. The Chairman of the Board is essentially the Under Secretary of Defense for Procurement, a field in which I feel a far greater degree of centralized authority is needed. A glance at the duties of the Board, which begin near the bottom of page 11 and run to the top of page 13 of the bill, shows that the nerve center of our procurement and industrial planning for war, as well as peace, is located in the Munitions Board. Yet this body has no responsible head. Its responsibility is diffused, and this diffusion is complicated by the fact that the other members of the Board are Under Secretaries or Assistant Secretaries who serve on the Board as a sort of additional duty. Further, their tenure of office is generally not very long. This combination produces a very loose organization, which is charged with staggering responsibilities. Neither the secretary nor the president has a single individual to whom he can look to assume the full responsibility for sound procurement or realistic industrial planning. I therefore propose that this glaring weakness in the present structure be strengthened by fixing this responsibility where it obviously belongs—in the Chairman of the Munitions Board as an agent of the Secretary of Defense.

I close my explanation and argument by saying that if it is economy we want, if we are trying to eliminate the glaring wastes which characterize so much of our procurement, then in the name of efficiency and economy we must give to the Chairman of the Munitions Board the power of decision, so that he can say to the various branches of the service, "You cannot continue, unless you can get higher approval, certain practices which I find result in waste in connection with procurement."

Mr. TYDINGS. Mr. President, the Senator from Oregon is correct in presenting his support of this amendment. Only one substantial witness appeared in support of it. He was a very good witness. However, the commitee gave it due weight in connection with the other testimony, and at the time we acted on it in the committee—I think I am accurate in this statement—the vote was unanimous for the language in the bill as it stands today, after giving all phases of the question due consideration.

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

Mr. TYDINGS. I yield.

Mr. LUCAS. Am I correct in my understanding that this amendment is really contradictory of the theory of the bill?

Mr. TYDINGS. This amendment would allow the Chairman to say "Yes" or "No."

Mr. LUCAS. The theory of the bill is to take the power away from the Munitions Board and lodge it in the Secretary of Defense.

Mr. TYDINGS. I think that is a fair observation. The philosophy is generally along that line.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 4, offered by the Senator from Oregon [Mr. MORSE].

The amendment was rejected.

Mr. MORSE. Mr. President, I now offer my amendment numbered 5, which is the amendment which proposes to change the titles in the bill as it now stands, from Secretary of the Army, Secretary of the Navy, and Secretary of the Air Force, to Under Secretary of Defense for the Army, Under Secretary of Defense for the Navy, and Under Secretary of Defense for the Air Force.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 5, line 7, beginning with the colon, it is proposed to strike out all down to and including the word "Defense" in line 11.

On page 6, line 3, after the first semicolon, it is proposed to insert "Under Secretaries;".

On page 6, line 16, it is proposed to strike out "Secretaries of" and insert in lieu thereof "Under Secretaries of Defense for."

On page 6, between lines 19 and 20, it is proposed to insert the following:

(b) There shall be in the Department of Defense an Under Secretary of Defense for the Army, an Under Secretary of Defense for the Navy, and an Under Secretary of Defense for the Air Force, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate. The said Under Secretaries, under the direction and control of the Secretary of Defense, shall administer the military departments of the Army, the Navy, and the Air Force, respectively, and shall perform such other duties as may be required by law or prescribed by the Secretary of Defense.

On page 6, line 20, it is proposed to strike out "(b)" and insert in lieu thereof "(c)."

On page 7, lines 21 and 22, it is proposed to strike out "the Secretary of the Army; the Secretary of the Navy; the Secretary of the Air Force;" and insert in lieu thereof "the Under Secretary of Defense for the Army; the Under Secretary of Defense for the Navy; the Under Secretary of Defense for the Air Force;".

On page 11, line 4, beginning with the word "and," it is proposed to strike out all down to and including the word "departments" in line 7 and insert in lieu thereof the following: "and a representative of each of the three military departments, to be designated in each case by the Under Secretaries of Defense for their respective departments."

On page 15, lines 17 and 18, it is proposed to strike out "Secretaries of Military Departments," and insert in lieu thereof "Under Secretaries of Defense,".

On page 16, beginning with line 1, it is proposed to strike out all down to and including line 3, and insert in lieu thereof the following:

(c) The Under Secretary of Defense for the Army, the Under Secretary of Defense for the Navy, and the Under Secretary of Defense for the Air Force shall each receive compensation at the rate of $14,000 a year.

On page 19, line 4, it is proposed to strike out "Secretaries," and insert in lieu thereof "Under Secretaries,".

On page 19, lines 8 and 9, it is proposed to strike out "Secretaries of" and insert in lieu thereof "Under Secretaries for."

On page 19, lines 13 and 14, it is proposed to strike out "either the Secretary, the Under Secretary, or an Assistant Secretary of" and insert in lieu thereof "the Under Secretaries for."

On page 19, line 16, it is proposed to strike out "Secretary of" and insert in lieu thereof "Under Secretary for."

On page 24, line 8, it is proposed to strike out "Secretaries of" and insert in lieu thereof "Under Secretaries for."

On page 26, line 8, it is proposed to strike out "Secretaries of, the departments" and insert in lieu thereof "Under Secretaries for, the military departments."

On page 32, line 7, beginning with the comma, it is proposed to strike out all down to and including the word "Senate" in line 11.

On page 32, line 24, beginning with the word "The" it is proposed to strike out all down to and including the period in line 7 on page 33.

On page 33, beginning with line 21, it is proposed to strike out all down to the end of the bill and insert in lieu thereof the following:

(g) The offices of Secretary of the Army, Secretary of the Navy, Secretary of the Air Force, Under Secretary of the Army, Under Secretary of the Navy, Under Secretary of the Air Force, Assistant Secretaries of the Army, Assistant Secretaries of the Navy, and Assistant Secretaries of the Air Force are hereby abolished and the functions, powers, and duties vested in and imposed upon such officers shall hereafter be vested in and imposed upon the Secretary of Defense, who may delegate the same to the Deputy Secretary of Defense or to such of the Under Secretaries of Defense as he may designate.

Mr. MORSE. Mr. President, I shall not repeat the argument which I made the other day at some length on the floor of the Senate in support of this proposal. However, I invite the attention of the Senate to page 97 of the printed record of our hearings, to the colloquy which took place between the Senator from Massachusetts [Mr. SALTONSTALL] and Mr. Symington. I quote only that part of the testimony in which Mr. Symington spoke, as follows:

Personally, I have always felt that it would be wiser in order to clarify this question of responsibility and authority to make the three heads of the three services Under Secretaries, although I fully support this bill as written, because now I feel that the most important thing to establish in our building is the question of who reports to whom and who has the authority about what and how far the authority goes.

I take merely a second to pay a deserved tribute to Mr. Symington, because I think he is one of the great public servants of our Government. He is a man who, I have always found, meets the test as to whether or not one's word is his bond. I think Mr. Symington is trying to do a conscientious job in an endeavor to bring about true unification. The Secretary of the Air Force testifies that he believes, and always has believed, that these particular positions should be that of Under Secretaries.

As I stated the other day, I believe that the titles which these men hold have a very direct effect on whether or not we are to have true unification, because around titles there is a tendency in government to develop what I call government by implication. Men take on implied powers because of the titles they hold. But if we establish the titles of Under Secretary of Defense for the Army, Under Secretary of Defense for the Navy, and Under Secretary of Defense for the Air Force, there is no question at all as to the officer to whom they owe their allegiance so far as the chain of command and authority is concerned.

Mr. President, on this amendment I should like to have the courtesy of the yeas and nays, because this amendment, along with my first amendment, I consider to be the two basic amendments which I have offered in the interest of true unification. They represent the two basic differences which developed within the committee with regard to the type of unification which we are to have. In my judgment, without my amendment No. 1 and my amendment No. 5 we cannot have true unification. We cannot get it under the provisions of the bill as it stands. All we shall be doing is passing a bill today which will have to come back to the floor of the Senate 2 or 3 years from now, and we shall have to retrace our steps and adopt some of the principles for which I have been fighting in order to get true unification.

Mr. President, I ask for the yeas and nays on this amendment.

Mr. TYDINGS. Mr. President, before we have the yeas and nays I should like to make a brief statement. I should like to make a fuller argument, but I shall not do so.

Many of those who originally advocated the amendment which the Senator from Oregon now offers have changed to the committee language, for this very obvious reason: The Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force receives $14,000 a year. He administers a four-, five-, or six-billion-dollar business. The only way we can induce men to endure the criticisms and the slings and arrows which go with such a great controversial job, involving the spending of so much money, is at least to make the job attractive for them in as many respects as possible.

It was the final opinion of Mr. Hoover and others that if we were to retain the titles Secretary of the Army, Secretary of the Navy, and Secretary of the Air Force, rather than Under Secretary of Defense for the Army, Under Secretary of Defense for the Navy, and Under Secretary of Defense for the Air Force, in the public mind the idea that it is a position of prestige would find lodgement. Men might be induced, in a close decision, to take such a job, when otherwise they might be reluctant to surrender great business interests, perhaps, for the mere title of Under Secretary. It made a deep impression on the committee, and inasmuch as this is largely a question of nomenclature, I hope and believe that the national defense will be greatly augmented if the bill is passed in the form in which it is now before the Senate.

I have no objection to having a yea-and-nay vote taken on this question; but I say to the Senator from Oregon that a number of Senators have assumed that there would not be another yea-and-nay vote today. However, that is no reason why we should not have such a vote, of course.

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

Mr. TYDINGS. I yield.

Mr. FERGUSON. Is not this matter solely one of name? The power and authority of the various persons concerned will not be changed at all by the use of the name Secretary or Under Secretary, will they?

Mr. TYDINGS. Mr. President, in the committee I originally offered the suggestion that we call the heads of these departments Under Secretary of Defense for Army, Under Secretary of Defense for Navy, and Under Secretary of Defense for Air. However, after listening to all the witnesses, we reached the conclusion that the major factor was the prestige of the office, as the Senator from Michigan [Mr. FERGUSON] has pointed out. So I surrendered my position, believing that I was wrong, and that those who advocated the language now contained in the bill were correct. I still believe that was the proper solution.

Mr. FERGUSON. Mr. President, I agree that we can do a great deal for the morale of the present incumbents, and even for the men who will later serve in these positions, if we retain the titles now stated in the bill. I think it is also important for them to have the titles now provided in the bill when they deal with officers of foreign nations, for in such event it is important that our officials have titles which are clearly understood by foreign officers.

Mr. TYDINGS. I think that is true.

Mr. FERGUSON. I believe it is vital that we retain in the bill the titles now set forth in it.

Mr. SALTONSTALL rose.

Mr. TYDINGS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I should like to ask a question of the Senator from Maryland: Did not the committee, in considering the question of nomenclature, deliberately vote to create the title of Deputy Secretary of Defense, so as to have such a Deputy Secretary of Defense under the Secretary of Defense, and superior in salary and authority to the Secretary for Army, Secretary for Navy, and Secretary for Air?

Mr. TYDINGS. That is true, so that the Deputy Secretary of Defense will outrank the Secretary for Army, the Secretary for Navy, and the Secretary for Air.

The chain of command will be as follows: First, the Secretary of Defense; next, the Deputy Secretary of Defense; and then the three Secretaries for Army, Navy, and Air, under the Deputy Secretary of Defense.

So we are really dealing with nomenclature, rather than with a chain of command.

Mr. SALTONSTALL. That title was created in order to leave the Secretaries for Army, Navy, and Air Force with those titles, for the reasons the Senator from Maryland has stated—namely, prestige, salary, and authority. Is that correct?

Mr. TYDINGS. That is correct.

Mr. FLANDERS and Mr. MORSE addressed the Chair.

Mr. TYDINGS. I yield first to the Senator from Vermont, and then I shall be glad to yield to the Senator from Oregon.

Mr. FLANDERS. Mr. President, I should like to suggest to the Senator from Maryland that there has been on the Senate Calendar for many weeks a bill which would have made it possible to reward the Under Secretaries by appropriate salaries, instead of by empty nomenclature. I take this opportunity to make a plea to the leadership of the Senate to have the "top pay bill" taken up by the Senate at a very early date.

Mr. TYDINGS. I yield now to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to reply briefly to my good friends the Senator from Maryland and the Senator from Michigan.

I simply refuse to adopt the premise that we must buy patriotic service for this country by the giving of titles. I think part of the purpose of the titles which have been advocated by the proponents of the bill has been brought out by the comments of the Senator from Michigan [Mr. FERGUSON], namely, that it is desired to give such persons those titles because of the psychological or prestige factors which apparently the Senator from Michigan thinks will be involved in the relationships of such persons with foreign officials. But by that statement, Mr. President, the Senator from Michigan admits the very weakness which I am trying to correct in this entire matter of unification. I say the relationships the Senator from Michigan is talking about should be carried on by the Secretary of Defense, if we are going to have unification. It is right around these titles and such relationships as the Senator from Michigan is talking about that we have men year by year engaging in what I called the other day "government by implication." I warn against that in my defense of this amendment. I wish to strip the holders of those offices of just the type of so-called tinsel and title which I think encourage their gradually usurping jurisdiction and power through the prestige of their offices.

Mr. President, if we are going to have unification, we shall have to have it through the office of the Secretary of Defense; and the chain of command, up to that office, should be through the offices of Under Secretary of Defense for the Navy, Army, and Air Force, not through a Secretary of the Navy, a Secretary of the Army, and a Secretary of the Air Force. The last-mentioned titles, if used, imply some autonomy of jurisdiction, some autonomy of independent power, which I wish to take away from them, because I thought that was what we were trying to do by means of unification.

Unless we are willing to take that step, I say all we are doing is, not setting up unification, but continuing a four-headed monstrosity down in the Pentagon Building, so far as the administration of our Military Establishment is concerned. If we do that it will be only a matter of time before there will be sitting before the Armed Services Committee, as a witness, some other official such as Bob Patterson, who testified at the hearings this year that he would hate to have to guess the billions and billions of dollars that were wasted in the last war because of a two-headed administration of our Military Establishment.

Mr. President, let us make up our minds either to have unification through one office of Secretary of Defense, with Under Secretaries of Defense serving under him, or to agree to surrender to the request of the military for the very title which they have used so unsuccessfully in building up by the accretion of implied power their little island empires in the Pentagon Building. The titles of Secretary of Army, Secretary of Navy, and Secretary of Air Force, if continued, will create the same sort of jurisdictional strife that has characterized the Military Establishment ever since we passed the unification bill in 1947.

Without my amendment, we shall continue, in my judgment, exactly the same sort of jurisdictional struggle which I think wrecked the unification bill of 1947.

Mr. LUCAS. Mr. President, I should like to ask the distinguished and able Senator from Maryland one question, after listening to the able Senator from Oregon: Am I correct in my understanding that this amendment would not give to the Secretary of Defense any more power than he has under the bill as presently written?

Mr. TYDINGS. That is correct.

Mr. LUCAS. In other words, it is just a question of title or name, so to speak—whether he is to be an Under Secretary or whether we shall continue the titles of "Secretary of War," "Secretary of Navy," and "Secretary of the Air Force"; is that correct?

Mr. TYDINGS. Mr. Hoover and his colleagues on the Commission felt so strongly about this matter that they joined in a very strongly worded statement advocating the retention of the old titles.

Mr. LUCAS. The amendment specifically states, does it not, that the administration shall be under the authority and direction and control of the Under Secretary of Defense for Army, Under Secretary of Defense for Navy, and Under Secretary of Defense for Air?

Mr. TYDINGS. That is correct.

Mr. FERGUSON. Mr. President, the able Senator from Oregon has attempted to imply that I had in mind the thought that patriotism could be purchased by the awarding of a certain title. Let me say that was the farthest thing from my thought in that connection.

I believe that the title which is established is of importance, although no more authority is granted thereby. It is clear from the wording of the bill that the Secretary of Defense will have the ultimate power and the power of decision. However, I think it is rather awkward to call a man "Under Secretary of Defense for Air Force." That is a long title. I think it is much better to use a shorter title. A shorter title would be a considerable convenience to such a person when he signs his name or when he uses his title in conversation. I think it would be most appropriate to permit such a person to have a considerably shorter title which also would convey to others his real position.

We have an Under Secretary of Defense and we have a Secretary of Defense. If we have no Secretary of the Navy, there could not very well be an Under Secretary of Defense for Navy, in name.

So I think it will be most appropriate to use the titles now set forth in the bill.

Mr. DOUGLAS. I should like to ask the Senator from Oregon whether, in view of the fact that he states that savings of a billion or so dollars could be made by unification, he would submit for the RECORD an estimate of the precise sources from which it is believed these savings could be made, and the total savings to be effected. I know that this is quite a request to make and expect immediate compliance, but I wonder whether upon consulting with the advocates of unification such a detailed statement might be furnished.

Mr. MORSE. I may say to the Senator from Illinois I should be glad to have a compilation prepared. There is a great deal of evidence already in the RECORD of the hearings as to the savings that can be made. The former President of the United States, Mr. Herbert Hoover, testified in regard to an estimated savings of some billion and a half dollars, much of which he thought could be accomplished by the recommendation of the Hoover Commission in regard to the perfected accounting system which has been written into the bill. I say to the Senator from Illinois I think many, many million dollars, running into at least two billions, can be saved by a simplification of the whole procurement system and an elimination of the duplication and waste that now characterizes procurement. But this afternoon the Senate has rejected an amendment which, in my judgment, would have made possible such savings. I do not think it is possible now, so long as we have a Munitions Board with a chairman who has been divested of any effective power of final decision over procurement. But I shall do my very best to have a bill of particulars prepared and inserted in the RECORD as soon as it is possible, answering the inquiry of the Senator.

I may say to my friend from Maryland in regard to the yea and nay vote, I have not asked for very many yea and nay votes. I told a good many Senators that I expected to ask for the yeas and nays on my fifth amendment, and I hope I can have the courtesy of obtaining the yeas and nays. I ask for the yeas and nays.

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

Mr. MYERS. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Wyoming [Mr. HUNT], the Senators from Idaho [Mr. MILLER and Mr. TAYLOR], the Senator from Nevada [Mr. MCCARRAN], the Senator from Florida [Mr. PEPPER], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. MAYBANK] are absent by leave of the Senate.

The Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH] and the Senator from Montana [Mr. MURRAY] are absent on public business.

The Senator from North Carolina [Mr. HOEY] is absent on official business.

If present and voting, the Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH] and the Senator from North Carolina [Mr. HOEY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Indiana [Mr. JENNER] are absent by leave of the Senate. If present and voting, the Senator from Connecticut [Mr. BALDWIN] would vote "nay."

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

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], who is detained on official business, is paired with the Senator from Maine [Mr. BREWSTER], who is also detained on official business. If present and voting, the Senator from New Hampshire would vote "nay" and the Senator from Maine would vote "yea."

The Senator from Nebraska [Mr. BUTLER], the Senator from Montana [Mr. ECTON], the Senator from Missouri [Mr. KEM], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Kansas [Mr. REED] are detained on official business. If present and voting, the Senator from Wisconsin [Mr. MCCARTHY] would vote "nay."

The result was announced—yeas 21, nays 45, as follows:

YEAS—21

Aiken	Knowland	Smith, Maine
Cordon	Langer	Sparkman
Flanders	Lodge	Taft
Hendrickson	McMahon	Thomas, Utah
Hill	Malone	Vandenberg
Humphrey	Morse	Watkins
Ives	Schoeppel	Wiley

NAYS—45

Anderson	Frear	Lucas
Bricker	Gurney	McClellan
Cain	Hayden	McFarland
Capehart	Hickenlooper	McKellar
Chapman	Holland	Magnuson
Chavez	Johnson, Colo.	Martin
Connally	Johnson, Tex.	Millikin
Donnell	Johnston, S. C.	Mundt
Douglas	Kefauver	Myers
Downey	Kerr	Neely
Ellender	Kilgore	O'Conor
Ferguson	Long	O'Mahoney
Russell	Thye	Williams
Saltonstall	Tydings	Withers
Stennis	Wherry	Young

NOT VOTING—30

Baldwin	Graham	Miller
Brewster	Green	Murray
Bridges	Hoey	Pepper
Butler	Hunt	Reed
Byrd	Jenner	Robertson
Eastland	Kem	Smith, N. J.
Ecton	McCarran	Taylor
Fulbright	McCarthy	Thomas, Okla.
George	McGrath	Tobey
Gillette	Maybank	Wagner

So Mr. MORSE's amendment No. 5 was rejected.

Mr. PEPPER. Mr. President, I was in my office in conference with some persons from my State, and was unable to return to the floor before the vote was concluded on the last Morse amendment. If I had been present I would have voted "nay."

I ask unanimous consent that this announcement may appear immediately after the vote on the Morse amendment.

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

Mr. MORSE. Mr. President, I have one more amendment. By reading it I can, at the same time, explain it.

It is proposed to insert a new subsection on page 6, to be entitled "(e)", following the word "designate" in line 2. The amendment contains most of the provisions of a bill which the chairman of the committee previously introduced in the Senate, known as Senate bill 1740.

If we are to unify the services, now is the time to take action on the proposal.

The amendment is as follows:

(e) Under such regulations as he shall prescribe, the Secretary of Defense, with the approval of the President, is authorized to transfer between the armed services, within the authorized commissioned strength of the respective services, officers holding permanent commissions therein—

Note the proviso—

Provided, That no officer shall be transferred without (1) his consent, (2) the consent of the service from which the transfer is to be made, and (3) the consent of the service to which the transfer is to be made.

It includes the consent of the officer, the consent of the service from which he is to be transferred, and the consent of the service to which he is transferred. I read further:

Officers transferred hereunder shall be appointed by the President alone to such commissioned grade, permanent and temporary, in the armed service to which transferred and be given such place on the applicable promotion list of such service as he shall determine: *Provided*, That Federal service previously rendered shall be credited for promotion, seniority, and retirement purposes as if served in the armed service to which transferred according to the provisions of law governing promotion, seniority, and retirement therein: *Provided further*, That no officer upon a transfer to any service from which previously transferred shall be given a higher grade, or place on the applicable promotion list, than that which he could have attained had he remained continuously in the service to which retransferred.

Any officer transferred hereunder shall be credited with the unused leave to which he was entitled at the time of transfer.

Mr. President, if it is efficiency we want, if it is the elimination of waste we want, this power to transfer officers within the services by the Secretary of Defense, subject to the specific approval of the President and subject to the protection that the officer must consent, the service from which he is transferred must consent, and the service to which he is transferred must consent, subject to the further conditions that all rights of promotion, seniority, and retirement shall be protected, is one of the best steps in the interest of efficiency that can be taken. It will improve the bill very much.

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

Mr. MORSE. I yield to the Senator from Maryland.

Mr. TYDINGS. The committee has had no opportunity to consider the amendment fully. I have listened to the Senator from Oregon, and inasmuch as it will be reviewed in the event it is agreed to and goes to the House, unless some of my colleagues on the committee think otherwise, I am not disposed to oppose the amendment offered by the Senator from Oregon.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. FLANDERS. Mr. President, I send to the desk two amendments on behalf of myself, the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Illinois [Mr. DOUGLAS]. They have already been printed and are on the desks of Senators. They are numbered 6 and 7.

I now call up amendment No. 6.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to amend section 205 (e) of the National Security Act of 1947 as amended (1) by inserting in the first sentence thereof, immediately after the word "aviation", a comma and the following: "including tactical close-support aviation," and (2) by inserting in the third sentence thereof, immediately after the words "land forces", a comma and the following: "including organic tactical close-support aviation."

Mr. FLANDERS. Mr. President, in support of this amendment I should like to say that I have been reading about the functions and equipment of the Army, the Navy, and the Marine Corps, with particular reference to the Air Forces. The wording with regard to the air equipment of the Navy, which is to be found in the Organic Act under section 206 (b), is in the first sentence of (b). It reads as follows:

In general, the United States Navy, within the Department of the Navy, shall include naval combat and service forces and such aviation as may be organic therein.

I invite attention to the phrase relating to aviation.

The second sentence of section 206 (c), with regard to the Marine Corps, reads as follows:

The Marine Corps shall be organized, trained, and equipped to provide fleet marine

forces of combined arms, together with supporting air components.

Provision seems to be made in the wording for the tactical air equipment and operations in support of the Navy and the Marine Corps. However, when we come to what is said with relation to the Army, which is to be found on page 7, section 205 (e), we read this:

In general the United States Army, within the Department of the Army, shall include land, combat, and service forces and such aviation and water transport as may be organic therein.

I had at first thought, on reading that provision, that it was merely vague language, but, on consultation with the distinguished chairman of the Armed Services Committee, if I have correctly understood his explanation, it was not by vagueness of statement, but by direct intent, that the aviation attached to the Army seems to be confined to transport. That, it seems to me, is definitely wrong. I cannot imagine that under active service conditions it will be found desirable—it may even be found tragic, and there is past history to support that view—that the Army is to make application to the Air Force for such things, in one extreme instance, as spotting artillery, or, in other cases, for aerial barrage for advancing forces. These things require such an intimate correlation between the aircraft and the land forces that there might easily be tragic results if the Army had to apply to the Air Force for them.

Mr. LODGE. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield to the Senator from Massachusetts.

Mr. LODGE. Does the Senator think that tactical close support of aviation should be organic now?

Mr. FLANDERS. I do.

Mr. LODGE. Does the Senator think the experience we had with tactical close support of aviation in World War II was unsuccessful?

Mr. FLANDERS. I have heard reports of incidents in various places that were something worse than annoying. Of course, we all have more information on the tragic lack of cooperation between the British Air Force and the British Navy.

Mr. LODGE. Will the Senator permit me to make an observation?

Mr. FLANDERS. Certainly.

Mr. LODGE. It so happens that I was in a number of conferences that had to do with tactical close support, and it seemed to me that the arrangement worked out very well. Of course, I am only one man, and it is an extremely rapidly changing art. The doctrine which is satisfactory for one time may be a very different one 3 weeks later. I should like to know what authority the Senator has for his statement that tactical close support should be organic in the Army. Has he any Army authority that backs him up in that opinion?

Mr. FLANDERS. I have no Army authority, but as a layman it would seem to me just common sense that our Air Force should be a strategic force. It does not seem to me at all reasonable that it is necessary to make connections with an entirely separate force, under separate command, for close tactical support.

Mr. LODGE. On the call of what unit does the Senator think tactical close-support aviation should be assigned a mission?

Mr. FLANDERS. I have come to my own judgment on that matter.

Mr. LODGE. I ask the Senator what his judgment is.

Mr. FLANDERS. I have just explained that it seemed to me completely unreasonable to depend upon a completely separate force for the tactical support of ground operations.

Mr. LODGE. I ask the Senator, on the call of what unit does the Senator think tactical close-support aviation should be assigned a mission? Would he have it at the level of the division, or the corps, or the Army group?

Mr. FLANDERS. I would have it at least under the command of the Army officer in charge of the operations, depending on the size of the operations.

Mr. LODGE. Then the Senator would put tactical close support at the call of a division commander?

Mr. FLANDERS. If the division commander were carrying out a detached operation.

Mr. LODGE. Would he put it under a corps commander in a large-scale operation?

Mr. FLANDERS. I would at least have it under the command of the responsible Army officer in charge of the entire operation.

Mr. LODGE. That would be General Eisenhower, then.

Mr. FLANDERS. General Eisenhower certainly would be responsible for the provision of the tactical close support aviation force for any of the operations under his charge.

Mr. LODGE. Of course, tactical close support was under the supervision of General Eisenhower in the last war, and, frankly, I never heard that it was not a successful arrangement.

Mr. FLANDERS. The arrangement made, of course, at the time, for instance, of the invasion, was that of a close coordination of the Army, the Air, and Naval forces, but it does not seem to be reasonable that even General Eisenhower should have to apply to a distinct branch of the service for that close tactical support.

Mr. LODGE. I can just assure the Senator that in the southern France operation, as I recall where the Twelfth Tactical Air Force was operating, it worked in cooperation with the headquarters which subsequently became the Sixth Army group.

Mr. TYDINGS. Mr. President, we on this side would like to hear a little of this conversation.

Mr. LODGE. I have never heard it said, until today—and I have been in close touch with many of those involved—that the system which had been worked out in the hot fires of experience, a system which was not legislated by Congress, but was worked out on the spot, in the hot fires of experience, was not a satisfactory system. If the Senator proposes the idea that it is not satisfactory, I wish he would document it with the statements of military leaders who agree with him.

Mr. DOUGLAS. Mr. President——

Mr. FLANDERS. Did the Senator from Maryland want me to yield to him?

Mr. TYDINGS. No.

Mr. FLANDERS. Does the Senator from Illinois desire to have me yield?

Mr. DOUGLAS. Yes; very briefly.

Mr. FLANDERS. I yield.

Mr. DOUGLAS. I wonder if I may ask the Senator from Massachusetts if this satisfactory degree of tactical air support which he says occurred in the European theater was not due to the fact that we had the principle of unified command in that theater, which of necessity bound the various arms together, and if the purpose of the amendment proposed by the Senator from Vermont is not to make certain that the ground forces have a sufficient number of planes to give them support as they are advancing, so that they do not have to go as beggars to other branches of the service to get the support from the air which they need, and which at times, in the absence of such provision, causes very severe casualties.

Mr. FLANDERS. Let me suggest to the Senator from Illinois what I had not said, but what is perfectly obvious, that between the time of the operations in the European theater and the present time the Air Force has become a completely separate arm, so that the conditions are not now the same as they were during that period.

Mr. LODGE. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield to the Senator from Massachusetts.

Mr. LODGE. For all practical purposes, the Air Force was completely separate from the Ground Army all through that period, and when we think of the specialized equipment, the different techniques, the entirely separate system of supply required, the entirely different system of signal communications, and everything else, it seems to me almost a fantasy to think of making tactical air support organic in the Ground Army, and I have never heard of any ground soldier who advocated it.

Mr. DOUGLAS. I wonder if the Senator from Illinois will yield so that I may ask the Senator from Massachusetts a question.

Mr. FLANDERS. I yield to the Senator from Illinois to ask a question of the Senator from Massachusetts.

Mr. DOUGLAS. Is it not true that the concept of the Air Force is directed almost entirely to strategic bombing, and that in the disposition of the forces which they plan for their 70 groups, the almost overwhelming proportion of the planes are to be long-distance bombers, and that there is very little emphasis on the support of ground troops?

Mr. LODGE. That is not at all my impression. As I say, I was only one man, and I had only one man's view——

Mr. DOUGLAS. I am referring to present plans.

Mr. LODGE. During the war close tactical support was an enormously important part of the Air Force's function. I remember General Saville and General

Joe Cannon, those two names come to me, two very able men in the Air Force. They handled tactical close support in cooperation with the ground commander. It was something of which a ground-force officer could not understand the details. Today we have General Quesada, who is certainly one of the distinguished men in the Air Force, who has wholly dedicated himself to tactical close support. With respect to what the Senator from Illinois said about the Air Force devoting its planes completely to strategic bombing——

Mr. DOUGLAS. I said predominantly.

Mr. LODGE. I have never heard that suggested.

Mr. FLANDERS. Mr. President, as a member of the general public, it would seem to me that almost the entire publicity of the Air Force has been given to strategic bombing. It would also seem to me that the requests it has made to Congress for appropriations have almost entirely related to strategic bombing. It seems to me that that is the field they have marked out for themselves, and that they will give such attention as they have left to spare to the question of tactical support of the land forces.

I am merely referring to the publicity which comes out of that very active and very valuable organization which will have to carry a heavier load in any future war than it has ever carried in the past, and which is magnificently doing the job so far as the strategic phases of the Air Force are concerned.

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

Mr. FLANDERS. I yield.

Mr. McCARTHY. I have just returned to the Senate Chamber, having been absent for about 10 minutes. I wonder if the Senator has as yet touched upon what has very recently occurred, which sheds some light upon the concentration upon tactical bombing and at the expense of strategic bombing. I refer to the article of Hanson Baldwin in the New York Times about 3 days ago in which he pointed out that the Air Force is canceling, at a cancellation cost of between $60,000,000 and $120,000,000, I believe, a great mass of the planes I think having to do with tactical bombing, and concentrating almost exclusively upon strategic bombers, the B-36's.

Mr. FLANDERS. I thank the Senator from Wisconsin. I think it gives more point and emphasis to the necessity of assuring the land forces that they have within their control not merely on the field, but in the long processes of developing the equipment and developing tactics, air matériel, and air personnel who are devoted to tactical support.

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

Mr. FLANDERS. I yield.

Mr. LODGE. I think we can all assume that the things which worked out satisfactorily and to the general approval of everyone in World War II are not going to be thrown overboard. In the ETO I understand there was the strategical air force, which was based in England, and which never left England, and which took on the strategic targets in Germany and Austria. Their missions, I understand, were assigned to them by SHAEF, General Eisenhower's headquarters. I have never heard anyone object to that or anyone say that they should be organic in any different way than they were organic.

Then we had the tactical air force. It is my understanding that the tactical air force was subject to the assignment of missions to General Montgomery in the north, General Bradley in the center, and General Devers in the south. At General Devers' headquarters there was a major general of the Air Force and a brigadier general. They lived there. Wherever General Devers' force was they were there. There was a complete fluidity and flexibility of control, and the tactical air force was used wherever General Devers thought it ought to be used. But it was not organic in the Army corps. That is an entirely different thing. I ask the Senator from Vermont whether he thinks it is a mistake to have tactical base support aviation subject to the call of the Army commander, or whether he thinks it should be subject to the field army commander or the corps commander, or whether he thinks such things should be written into the statute?

Mr. McCARTHY. Mr. President, may I ask a question?

Mr. LODGE. I should like to have an answer to my question.

Mr. McCARTHY. Perhaps if I might be permitted to ask my question——

Mr. LODGE. My question is a fairly difficult one. I should like to receive an answer to it first.

Mr. FLANDERS. I should like to say to the Senator from Massachusetts that he uses certain terms with respect to which I have not had the military experience to assign definitions. So I would be blundering if I tried to answer his question specifically. What I do say is that we want to assure ourselves that the Army has at its command planes, equipment, and men who have devoted themselves intensely to the questions of tactical support, and they should be under the direction and at the disposal of the Army, and I seriously doubt whether that is now taking place.

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

Mr. FLANDERS. I yield to the distinguished Senator from Maryland.

Mr. TYDINGS. We are discussing something which is very much in the field of scientific leadership in the higher stratum of military technique and comprehension. I have mentioned this matter now under discussion a time or two to General Bradley. I hope I am not misquoting him when I say that he is not worried at present by the lack of liaison and cooperation between the Air Force and the Army in the field of tactical support for ground troops. It strikes me that unless this gentleman is somewhat concerned about it, we generals and admirals and marshals on the floor might with some complacency feel a little relieved.

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

Mr. FLANDERS. I yield to the Senator from Wisconsin.

Mr. McCARTHY. I ask the Senator from Maryland to pay particular attention to this, if he will. I may say that I think the Senator from Maryland has done a relatively good job on this bill which he has brought to the floor. I believe I am correct in saying that the present rule is that the Army land troops will have control over no airplanes which operate with more than 200 horsepower.

In that connection, I will say that we were at Quantico, Va., about 2 weeks ago. We saw the Marine Corps experiment with putting on a demonstration of new landing technique with helicopters, not only taking off and landing on the water, but taking off and making landings from one hill to the other, moving the troops back over the theoretical enemy supply lines.

When I came back I talked to a number of Army line officers, men who took an active part in fighting the last war, and those men are very much disturbed by this: First, the fact that the line can conduct no experiments and has nothing to do with an airplane which has more than 200 horsepower. Second, that the Air Corps, consisting of some excellent and outstanding flyers, apparently has no concept whatsoever of the fact that the next war may again require some ground troops.

As I said, these men in the Army are disturbed, even as men in the Marine Corps, because of the lack of experimentation, the lack of development on the part of the Army of close-in ground support; in other words, tactical air support. I wonder if that is not something to which we should pay attention.

I realize that we are not experts, but when the Army says the line can have nothing to do with planes having more than 200 horsepower, that means that the Army line cannot go into the field of developing helicopters, and it is possible that in the next war we may need them.

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

Mr. FLANDERS. I yield.

Mr. TYDINGS. I want to say, and I want to say it very sincerely, that to the layman, and I put myself in that category, although I have had some slight service as a soldier, the question raised by the Senator from Vermont, in my opinion, is as important as is any question that has been raised in connection with the bill. When we had the unification measure up originally and when testimony was being taken, I asked some of the witnesses how they could consent, when they themselves had command of ground troops, to the divorcement of ground troops from aviation so that they would have to call on a separate arm of the Government or a separate department of the Government to furnish aviation protection and support. My recollection is that if the testimony concerning the original Unification Act is read, it will be found that those men felt, from the lessons of World War II, particularly in the Atlantic and Pacific, that there was no fundamental trouble, assuming that the aviation was actually in existence.

I should like to say to the Senator from Vermont that in the event we provide tactical support for ground troops in the Army, it will probably cost us a great deal more money, because we cannot take all the tactical support away

from the Air Corps. There will be a duplication.

The idea that we have only strategic bombers is likewise a false public impression. We have many groups of fighters, groups of light bombers, groups of medium bombers, groups of heavy bombers, groups of transport planes, and so forth. While they do not figure in the news as much as do some of the others, I can assure the Senator that in those groups, rising from the fighter planes to the big bombers, consideration has been given to the tactical support of ground troops.

I therefore hope that the Senator will not press his amendment. If he does, I hope we can get a vote on it. Not one witness wearing a uniform appeared before us in support of this amendment. Even if it were a wise amendment, it ought to be the subject of very careful consideration and expert military advice before we attempt to enact such a revolutionary provision as this amendment in the defense organization of the country.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. FLANDERS].

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

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

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Texas [Mr. CONNALLY], the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Wyoming [Mr. HUNT], the Senators from Idaho [Mr. MILLER and Mr. TAYLOR], the Senator from Nevada [Mr. MCCARRAN], the Senator from West Virginia [Mr. NEELY], the Senator from Maryland [Mr. O'CONOR], the Senator from Oklahoma [Mr. THOMAS], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. MAYBANK] are absent by leave of the Senate.

The Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH] and the Senator from Montana [Mr. MURRAY] are absent on public business.

The Senator from North Carolina [Mr. HOEY] is absent on official business.

If present and voting, the Senators from Rhode Island [Mr. GREEN and Mr. MCGRATH] and the Senator from North Carolina [Mr. HOEY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Indiana [Mr. JENNER] are absent by leave of the Senate. If present and voting, the Senator from Connecticut [Mr. BALDWIN] would vote "nay."

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

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Maine [Mr. BREWSTER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Nebraska [Mr. BUTLER], the Senator from Oregon [Mr. CORDON], the Senator from Montana [Mr. ECTON], the Senator from Missouri [Mr. KEM], and the Senator from Kansas [Mr. REED] are detained on official business. If present and voting, the Senator from Maine [Mr. BREWSTER] and the Senator from New Hampshire [Mr. BRIDGES] would vote "nay."

The result was announced—yeas 6, nays 58, as follows:

YEAS—6

Aiken	Flanders	McCarthy
Douglas	Langer	Smith, Maine

NAYS—58

Anderson	Johnson, Tex.	O'Mahoney
Bricker	Johnston, S. C.	Pepper
Cain	Kefauver	Robertson
Capehart	Kerr	Russell
Chapman	Kilgore	Saltonstall
Chavez	Knowland	Schoeppel
Donnell	Lodge	Sparkman
Downey	Long	Stennis
Ellender	Lucas	Taft
Ferguson	McClellan	Thye
Graham	McFarland	Tydings
Gurney	McKellar	Vandenberg
Hayden	McMahon	Watkins
Hendrickson	Magnuson	Wherry
Hickenlooper	Malone	Wiley
Hill	Martin	Williams
Holland	Millikin	Withers
Humphrey	Morse	Young
Ives	Mundt	
Johnson, Colo.	Myers	

NOT VOTING—32

Baldwin	George	Murray
Brewster	Gillette	Neely
Bridges	Green	O'Conor
Butler	Hoey	Reed
Byrd	Hunt	Smith, N. J.
Connally	Jenner	Taylor
Cordon	Kem	Thomas, Okla.
Eastland	McCarran	Thomas, Utah
Ecton	McGrath	Tobey
Frear	Maybank	Wagner
Fulbright	Miller	

So Mr. FLANDERS' amendment was rejected.

Mr. KEFAUVER. Mr. President, I offer and send to the desk an amendment to section 2 of the bill, relative to the National Security Council. The bill now provides that the National Security Council shall be composed of the President, the Vice President, the Secretary of State, the Secretary of Defense, the Chairman of the National Security Resources Board, and such of the Secretaries of the other executive departments as the President may appoint; but it provides for reconfirmation by the Senate of any of the Secretaries of the other executive departments, in the event the President appoints them, to advise him as members of the National Security Council.

At its meeting this morning the committee reconsidered this proposal, and the amendment I have offered has the approval of the committee.

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

Mr. KEFAUVER. I yield.

Mr. TYDINGS. I should like to say that we were in general agreement in regard to the amendment. It is a rearrangement of a procedural matter, and we thought it would be better arranged under the amendment of the Senator from Tennessee. The question affected is not a fundamental one to the bill, but is simply a question of whether the Secretary of an executive department should be reconfirmed by the Senate, although he has already been confirmed as such Secretary, if he serves as one of the advisers to the President on the National Security Council.

We are in agreement about the matter, and I hope the Senate will dispose of the amendment without further debate.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, line 5, beginning with the word "and", it is proposed to strike out all down to and including the word "Council" in line 10 and insert in lieu thereof the following: "such of the Secretaries and Under Secretaries of the other executive departments who have been confirmed as such Secretaries by the Senate, as the President may designate from time to time; and such other officials of the executive branch of the Government as the President, by and with the advice and consent of the Senate, may from time to time appoint to serve at the pleasure of the President as additional members of the Council."

Mr. TYDINGS. Mr. President, we accept the amendment, and I hope it will be voted upon at once.

Mr. WHERRY. Of course the amendment must be acted upon by the Senate.

Mr. TYDINGS. Certainly.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. KEFAUVER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. FLANDERS. Mr. President, on behalf of myself, the Senator from Wisconsin [Mr. MCCARTHY] and the Senator from Illinois [Mr. DOUGLAS], I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 10, between lines 7 and 8, it is proposed to insert the following:

(e) The Commandant of the Marine Corps shall serve as a voting member of the Joint Chiefs of Staff when questions dealing with the Marine Corps or amphibious warfare are under consideration.

Mr. FLANDERS. Mr. President, the reasons for the amendment are short and simple, and because of that fact I am unable to speak at length about it.

I may state the reasons for the amendment as follows: The work of the Marine Corps, whether in its historical field of action or as defined in the fundamental law as now proposed, is quite specialized. Not even an expert admiral is necessarily fully informed in regard to the technical work of the Marine Corps.

In order that the technical work the Marine Corps does may have proper representation on the Joint Chiefs of Staff, the amendment is proposed.

Mr. TYDINGS. Mr. President, I shall be very brief. I hope the amendment will be rejected, for the reason that, similarly, we might ask the Chief of the Chemical Warfare Service to sit with the Joint Chiefs of Staff, when chemical war-

fare was being contemplated; or we might ask the Chief of the Biological Warfare Service to sit with the Joint Chiefs of Staff when biological warfare was being contemplated. The Marine Corps will be represented on the Joint Chiefs of Staff, because the Navy will be represented there, and the Marine Corps is a part of the Navy.

Certainly we could not very well pick out various functions or services in the Army and have them specially represented on the Joint Chiefs of Staff when particular activities involving them were under consideration or were about to be engaged in.

No military support has been presented for the amendment.

With all due respect to the Marine Corps, I think it would be unfortunate to make an exception in its case, because to do so would be to give the Navy two votes on the Joint Chiefs of Staff, although the Army and the Air Corps would still have only one each.

If the amendment were adopted, of course the next step proposed would be to increase the representation of the Army and the Air Corps on the Joint Chiefs of Staff, so as to give all three services equal representation there.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Vermont [Mr. FLANDERS], on behalf of himself, the Senator from Wisconsin [Mr. McCARTHY], and the Senator from Illinois [Mr. DOUGLAS].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill S. 1843 was passed.

ADMINISTRATION OF CENTRAL INTELLIGENCE AGENCY

Mr. LUCAS. Mr. President, I ask unanimous consent that the unfinished business, House bill 1211, to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, be temporarily laid aside, and that the Senate proceed to the consideration of House bill 2663, Calendar No. 90, an act to provide for the administration of the Central Intelligence Agency.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 2663) to provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

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

Mr. WHERRY. I have no objection.

There being no objection, the Senate proceeded to consider the bill.

ACQUISITION OF SITES FOR FEDERAL BUILDINGS

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 714) to provide for comprehensive planning, for site acquisition in and outside of the District of Columbia, and for the design of Federal building projects outside of the District of Columbia; to authorize the transfer of jurisdiction over certain lands between certain departments and agencies of the United States; and to provide certain additional authority needed in connection with the construction, management, and operation of Federal public buildings; and for other purposes, which was to strike out all after the enacting clause and insert:

That this act may be cited as the "Public Buildings Act of 1949."

TITLE I—COMPREHENSIVE PLANNING OF FEDERAL PUBLIC BUILDINGS OUTSIDE OF THE DISTRICT OF COLUMBIA

SEC. 101. The Federal Works Administrator is authorized to acquire, by purchase, condemnation, donation, exchange, or otherwise, lands or interests in lands as sites or additions to sites for Federal public building projects previously authorized and for such new projects as may be selected in the manner designated in this section, to make investigations and studies and to prepare plans, sketches, working drawings, and specifications for such projects. Whenever the Federal Works Administrator shall determine such action to be necessary, such investigations, studies, preparation of plans, sketches, working drawings, and specifications, may be undertaken prior to the approval of title to the sites by the Attorney General. When buildings to be used in whole or in part for post-office purposes are involved, the Federal Works Administrator, shall act jointly with the Postmaster General in the selection of towns or cities in which buildings are to be constructed, and in the choice of sites therein for such projects. The Federal Works Administrator and the Postmaster General shall submit to the Congress a comprehensive report of all eligible projects and their limits of cost when in excess of $200,000, without regard to the time in which they may be undertaken, which report shall be printed as a public document. When the estimated cost of a project does not exceed $200,000 the limit of cost shall be determined by the Commissioner of Public Buildings. Selection of projects for the purposes of this title shall be made by the Federal Works Administrator and the Postmaster General from such report and they may also select such other projects not included in such report which in their judgment are economically sound and advantageous to the public service: *Provided*, That in making such selections they shall distribute the selected projects equitably throughout the country with due regard to the comparative urgency of projects in various sections of the country.

SEC. 102. It is the intent of the Congress that the equitable distribution of selected projects required by section 101 of this title shall provide for the participation by each congressional district in the benefits that will accrue from the future construction of one or more of such selected projects. It is the further intent of the Congress that those congressional districts in which are located projects previously authorized and selected for construction (including those for which sites have been acquired), but which have been deferred, shall be entitled to such project or projects, or the equivalent thereof, in addition to the projects authorized and selected under this title.

SEC. 103. For carrying out the purposes of this title, including administrative, supervisory, traveling, and other expenses in connection therewith, there is hereby authorized to be appropriated the sum of $40,000,000 to remain available until expended.

TITLE II—ACQUISITION OF SITES AND TRANSFER OF JURISDICTION OVER SITES BY VARIOUS AGENCIES AND DEPARTMENTS OF THE GOVERNMENT

SEC. 201. The Federal Works Administrator is authorized to acquire, by purchase, condemnation, donation, exchange, or otherwise, land situate in the northwest section of the District of Columbia designated as squares 11, 19, 20, and 32, said land to be used wholly or in part together with other Government-owned land adjacent or in close proximity thereto as the site or sites for a departmental building or buildings project authorized to be constructed thereon.

SEC. 202. In order to provide a more suitable site for the new San Diego, Point Loma, Calif., Quarantine Station, the Secretary of the Navy is hereby authorized and directed to transfer to the control and jurisdiction of the Federal Works Agency, without reimbursement, a parcel of land in the city of San Diego, county of San Diego, State of California, described as follows:

Commencing at an old stone monument marked "U. S. M. R.", on the northerly boundary line of the naval fuel annex, said point being the true point of beginning; thence from said true point of beginning north eighty-nine degrees thirty-one minutes thirty-five seconds east one hundred and eleven and six one-hundredths feet, more or less, to a point on the mean high-tide line of San Diego Bay; thence south five degrees twenty-two minutes fifty seconds west along the mean high-tide line three hundred and ten and eleven one-hundredths feet; thence south one degree fifteen minutes forty-five seconds west along the mean high-tide line one hundred and three and fifty one-hundredths feet; thence leaving said mean high-tide line south eighty-nine degrees thirty-one minutes thirty-five seconds west five hundred and eighty-seven and nine one-hundredths feet; thence north one degree thirty-eight minutes twenty-five seconds west two hundred and one and forty-three one-hundredths feet; thence north twelve degrees twenty-four minutes forty-five seconds east two hundred and sixteen and nine one-hundredths feet to a point on the northerly boundary line of the naval fuel annex; thence along said northerly line of the naval fuel annex north eighty-nine degrees thirty-one minutes thirty-five seconds east four hundred and sixty-six and seventy-four one-hundredths feet to the true point of beginning, containing five and six-tenths acres, more or less;

And the Federal Works Administrator is hereby authorized and directed to transfer to the control and jurisdiction of the Department of the Navy, without reimbursement, all the land comprising the present quarantine station site lying and being in the city of San Diego, county of San Diego, State of California, bounded on the south by First Street, on the west by San Antonio Avenue, on the north by Colorado Street, and on the east by San Diego Bay.

SEC. 203. The Federal Works Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Department of the Army, without reimbursement, for use for military purposes, all the land comprising the present quarantine station situated on Quarantine and Sand Islands, Honolulu, Oahu, Territory of Hawaii, described as follows:

Beginning at the southwest corner of tract C transferred to the Commerce Department by the War Department by Executive Order

No. 6584, dated February 6, 1934, the coordinates of said point of beginning referred to Government Survey Triangulation Station "South Base, Sand Island" being two thousand three hundred and fifty-nine and ninety-three one-hundredths feet north and one thousand three hundred and forty-six and five one-hundredths feet west, and running by azimuths measured clockwise from true south (1) one hundred and five degrees thirty minutes thirty seconds five hundred feet along Sand Island Military Reservation to a pipe in concrete; thence (2) along the arc of a curve to the right having a radius of four hundred and ninety feet a distance of one hundred and one and eighteen one-hundredths feet to a plate in concrete, the direct azimuth and distance being seventy degrees twenty minutes twenty seconds one hundred and one feet; thence (3) continuing along the arc of said curve a distance of seven hundred and eighty-four and forty-nine one-hundredths feet to a pipe in concrete the direct azimuth and distance being fifty-nine degrees six minutes no seconds seven hundred and three and thirty-five one-hundredths feet; thence (4) one hundred and five degrees no minutes no seconds one thousand five hundred and twenty feet to a pipe in concrete; thence (5) along the arc of a curve to the right having a radius of seven hundred and thirty feet a distance of two thousand five hundred and twenty-five and eighty-eight one-hundredths feet, the direct azimuths and distances being one hundred and ninety-five degrees no minutes no seconds seven hundred and thirty feet to a concrete monument and two hundred and thirteen degrees fifteen minutes no seconds seven hundred and thirty feet; thence (6) three hundred and three degrees fifteen minutes no seconds one thousand six hundred and seven and forty-seven one-hundredths feet to a pipe in concrete; thence (7) two hundred and thirty degrees thirty minutes no seconds five hundred and twenty-three and eighty-eight one-hundredths feet to a pipe in concrete; thence (8) three hundred and four degrees thirty-three minutes no seconds six hundred and fifty-two feet along Reserved Channel and Honolulu Harbor and passing over a pipe in concrete at fifty-two feet; thence (9) along tract C hereinbefore cited (transferred to Commerce Department by the War Department by the aforesaid Executive Order No. 6584, dated February 6, 1934), thirty-three degrees thirty-seven minutes thirty seconds five hundred and fifty-six and sixty-six one-hundredths feet to the point of beginning, containing an area of eighty-one and ninety-four one-hundredths acres, more or less, together with the improvements thereon;

And the Secretary of the Army is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use as a quarantine station at Honolulu, Hawaii, the following described land:

That portion of the Fort Armstrong Military Reservation, Oahu, Territory of Hawaii, particularly described as beginning at the north corner of the land herein described on the southeast side of Channel Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Punchbowl" being four thousand four hundred and twelve and twenty-three one-hundredths feet south and five thousand six hundred and seventy-eight and thirty-nine one-hundredths feet west and running by azimuths measured clockwise from true south (1) three hundred and nine degrees three minutes no seconds one hundred and sixty-seven and one one-hundredths feet along other lands of Fort Armstrong Military Reservation, and along the southwest side of Buford Avenue; (2) thirty-eight degrees fifty-seven minutes twenty seconds ninety-six and seventy-one one-hundredths feet along said other lands of Fort Armstrong Military Reservation; (3) three hundred and eight degrees forty-eight minutes thirty seconds twenty-five and ninety-eight one-hundredths feet along said other lands; (4) thirty-eight degrees forty-eight minutes thirty seconds two hundred and thirty-one and sixty-one one-hundredths feet along said other lands; (5) three hundred and eight degrees fifty-nine minutes thirty seconds one hundred and thirteen and ninety-three one-hundredths feet along said other lands; (6) thirty-seven degrees eight minutes no seconds seventy-seven and twenty-five one-hundredths feet along said other lands; (7) three hundred and nine degrees no minutes forty seconds one hundred and seven and ninety-four one-hundredths feet along said other lands; (8) thirty-eight degrees fifty-seven minutes no seconds five hundred and twenty-two and ninety-eight one-hundredths feet along said other lands and along the northwest side of Pleasanton Avenue; (9) thirty-nine degrees no minutes two thousand three hundred and eighty-two and ninety-one one-hundredths feet; (10) one hundred and forty-five degrees no minutes ninety-eight and thirty one-hundredths feet; (11) one hundred and eighty-nine degrees twenty-five minutes one thousand two hundred and six and eighty-seven one-hundredths feet; (12) two hundred and nineteen degrees no minutes one thousand seven hundred and five and fifty-five one-hundredths feet; (13) three hundred and nine degrees no minutes two hundred and seventy-one and sixty-four one-hundredths feet to a brass plate set in concrete, passing over a brass plate set in sea wall at two hundred and ten and ninety-four one-hundredths feet; (14) two hundred and nineteen degrees no minutes five hundred and twenty-nine and twenty-eight one-hundredths feet along the southeast side of Channel Street to the point of beginning, and containing an area of thirty-nine and sixty-five one-hundredths acres, together with all riparian, littoral and shore rights thereunto belonging or in anywise appertaining, and all improvements thereon except the gun emplacement and foundations, the space enclosed in which is in use and is to be continued in use by the Department of the Army for telephone terminals and exchange until June 30, 1969, the foundations to be thereafter removed by the Department of the Army before possession of the land on which same are situate is finally made available to the Federal Works Agency for quarantine station purposes: *Provided*, That said date of June 30, 1969, may be either anticipated or deferred by mutual agreement of the Department of the Army and the Federal Works Administrator.

SEC. 204. The Federal Works Administrator is hereby authorized to retain for the use of the Public Buildings Administration permanent custody and control of the following-described lands, together with the improvements thereon, together with such personal property as may be necessary in his discretion for use in connection therewith:

(a) Cheyenne, Wyo.: Lots 7 and 8, and the east twenty-two feet of lot 6 in block 266 in the city of Cheyenne, county of Laramie, State of Wyoming, containing forty-seven one-hundredths of an acre.

(b) Little Rock, Ark.: Lots 5 and 6, block 3, original city of Little Rock in the county of Pulaski, State of Arkansas.

(c) Medford, Oreg.: Lots 1, 2, 3, and 4 in block 3, in the original townsite, now city of Medford, Oreg.

(d) Fayetteville, N. C.: Lying and being in the county of Cumberland, State of North Carolina, and described as follows: Beginning at a point in the western margin of Winslow Street, same being an iron stake at the foot of a twenty-inch elm tree, said stake being three hundred and fourteen feet southwardly of the intersection of the southern margin of Elm Street and the western margin of Winslow Street, and running thence north sixty-six degrees thirty-seven minutes west two hundred and eighty-six and two-tenths feet to an iron stake in a ditch; thence north twenty-three degrees east thirty-nine and five-tenths feet to an iron stake; thence north sixty-seven degrees west thirty-three and five-tenths feet to an iron stake; thence north twenty-eight degrees thirty minutes east eighty-five feet to an iron stake, the northwest corner of this tract; thence south sixty-six degrees thirty-seven minutes east three hundred and thirteen and five-tenths feet to a post in the western margin of Winslow Street; thence with the western margin of Winslow Street south twenty-three degrees fifty-five minutes west one hundred and twenty-four feet to the beginning.

(e) Durham, N. C.: Lying and being in the city of Durham, county of Durham, State of North Carolina, and described as follows: Beginning at a concrete monument, in the east line of Morris Street, said monument being sixty-five and six-tenths feet north fifty-seven degrees forty-six minutes east from the northeast corner of the brick building occupied by Imperial Tobacco Co.; running thence south eighty-five degrees twenty minutes east two hundred feet to a concrete monument; thence north seven degrees thirty-one minutes east one hundred and sixty-four and fifty one-hundredths feet to a point in the present south line of Hunt Street; thence with said south line of Hunt Street north eighty-five degrees twenty minutes west two hundred and eight one-hundredths feet to a point being the intersection of said south line of Hunt Street with the east line of Morris Street; thence with the east line of Morris Street south seven degrees thirty minutes west one hundred sixty-four and fifty one-hundredths feet to the true point or place of beginning.

(f) Paris, Tex.: A tract of land lying and being in the city of Paris, county of Lamar, State of Texas, and being a portion of the Larkin Rattan Survey, particularly described as follows: Portions of lots 5 and 6, block 1, of the city of Paris, as shown by the original fifty-acre donation as recorded in the deed records of Lamar County, Tex., book G-1, page 299, more particularly described as follows: Beginning at a point being the intersection of the north line of Grand Avenue with the east line of Short Street, now Nineteenth Street; running thence due north along the east line of Short Street, now Nineteenth Street, eighty-one feet to a marker; thence due east eighty-three feet to a marker; thence due south eighty-one feet to a marker in the north line of Grand Avenue; thence due west along the north line of Grand Avenue eighty-three feet to the point or place of beginning, together with all the right, title, and interest of the former owners in and to the streets and alleys abutting the above-described premises.

(g) Hampton Roads, Norfolk, Virginia: Lands lying and being in the city and county of Norfolk, Commonwealth of Virginia, and particularly described as follows: Lots numbered 1, 2, 3, 4, 7, 8, 9, 10, 25, 26, 27, 28, 29, and an unnumbered lot, lying between said lots numbered 10 and 25 and being in block numbered 12 in map book 11, page 33, Corporation Court of Norfolk, Virginia, containing eighty-five one-hundredths of an acre.

(h) Chatham County, near Savannah, Georgia: Tracts of land lying and being in the county of Chatham, State of Georgia, more particularly described as follows:

Parcel A: One hundred acres of land, more or less, of what is known as the southwestern portion of Oatland Island, in Chatham County, Georgia, as more particularly appears on a map attached to the deed from George T. Page, Alvan M. Hitt, and William G. Slaughter to the order of Railway Conductors Home Association, dated May 22, 1926, filed for record August 31, 1926, and recorded in book 22B, page 182, of the rec-

ords in the office of the clerk of the Superior Court of Chatham County, Georgia, a copy of which map is recorded in map book 2, folio 81, of the records aforesaid, to which special reference is hereby made, and which is made part and parcel of this description, said lands lying south of the "red" line appearing on said map, and being that portion of land lying at the southwest end of the island beyond the marks of boundary erected on said island, and having the following bearings: Beginnng at the marks of boundary one hundred feet from the marsh on the eastern side of said island, near Richardson's Creek, and marked with a concrete stone, on which appears the following mark, "XIII"; thence along a line proceeding north thirty-seven degrees fifty-five minutes west to another concrete marker, bearing the same mark, to wit, "XIII", and proceeding north thirty-seven degrees fifty-five minutes west to another concrete marker one hundred feet from the marsh bearing the same mark, to wit, "XIII", said land being all of the remaining portion of the land lying southwest of the said markers of boundary, said land being described as follows: Bounded on the north by the remaining portion of said island, on the east by Richardson's Creek, on the south by Richardson's Creek, and on the west by the Thunderbolt River for about three hundred and fifty yards, and then the remainder of the western boundary by an unnamed creek, which meanders into the Thunderbolt River; together with the marshland adjacent to and adjoining the one hundred acres above described, and between the boundaries above mentioned; that is, the marshland that is south of where the red line appearing on the map, if extended, would meet the creek, to wit, said Richardson's Creek on the east and the said unnamed creek on the west, together with the improvements thereon.

Parcel B: All of those certain lots, tracts, or parcels of land situate, lying, and being in Whitmarsh Island, Chatham County, Ga., and known upon the map or plan of the Riverside Subdivision on said island as lots Nos. 45, 46, and 47, a plan of said subdivision being recorded in the records of Chatham County, Ga., in map book 1, folio 229, and a plat of said lots with the adjacent marsh being also recorded in said records in map book 1, page 259, said lots 45, 46, and 47 together having 7½ acres, more or less, of high land; and also those portions of the adjacent marshland which said marshlands are described more fully as follows: Starting at the westermost point of lot 47 and running parallel with the eastern line of said lot to a creek, and also one-half of the marsh lying east and southeast of lot 45 and between lots 45 and 44 of said subdivision; excepting, however, therefrom eight-tenths of an acre being part of lot 47 which was conveyed by Jessie C. Thomas to Chatham County on May 26, 1926, by deed recorded in Chatham County on May 26, 1926, by deed recorded in Chatham County Records in book 21S, folio 271, together with the improvements thereon.

Parcel C: All those certain lots, tracts, or parcels of land situate, lying, and being in the subdivision known as Oatland Island, in the county of Chatham and State of Georgia and more particularly described as follows: Lots Nos. 1, 2, 3, 4, 5, and 6 in block C, according to a plat of said subdivision known as Oatland Island, which said plat appears on record in the office of the clerk of the Superior Court in map book No. 2, folios 82 and 83, together with all highland and marshland contained between the side lines of said lots 1, 2, 3, 4, and 5 extending to low-water mark, save and except the 60 feet in width across said extended premises heretofore granted to the county of Chatham for a highway, and known as Bacon Drive, together with the improvements thereon.

(i) Fort Smith, Ark.: Lands lying and being in the city of Fort Smith, county of Sebastian, State of Arkansas, particularly described as follows: All of lots 9, 10, 11, and 12 in block C, Fitzgerald Addition, city of Fort Smith, Ark.

(j) The Federal Works Administrator is hereby further authorized to retain for the use of the Public Buildings Administration temporary custody and control of the following described buildings together with such personal property located therein as may be necessary, in his discretion, for use in connection therewith for a period ending not later than June 30, 1954: *Provided*, That on or before June 30, 1954, the Federal Works Administrator shall transfer custody and control over such buildings and any such personal property as may then remain therein, without reimbusement, to the Department having primary jurisdiction over the land on which such buildings are situated:

(1) Suitland, Md.: The infirmary building and recreation building with snack bar located on land comprising site of Federal Office Building No. 3, Suitland, Md., occupied under authority of revocable license dated November 17, 1947, from the Federal Works Agency to Department of the Army.

(2) West Potomac Park, Independence Avenue and River Drive, Washington, D. C.: The recreation building and storage plant, and the infirmary building constructed in west Potomac Park under permit from Secretary of the Interior to Federal Works Agency dated August 22, 1942.

(3) Langston Stadium, Twenty-fourth Street and Oklahoma Avenue NE., Washington, D. C.: The recreation-cafeteria building and the infirmary building located at the Langston Residence Hall project constructed under permit from Department of the Interior, National Park Service, to Public Buildings Administration, dated June 10, 1942.

(4) Arlington Farms, Va.: The storage building, maintenance shops, garages, and an administration building, the infirmary building, the cafeteria, recreation center, including auditorium, snack bar, and classrooms and the fire station, constructed under transfer of jurisdiction over land from War Department to Federal Works Agency by letter dated May 14, 1942, for use during national emergency.

SEC. 205. (a) The Federal Works Administrator is hereby authorized to assume permanent custody and control of properties described in this section to be transferred to the Federal Works Agency for use of the Public Buildings Administration:

(1) The Secretary of the Army is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, that portion of the Fort Brown Military Reservation, Brownsville, Tex., described as follows, lying and being in the Espiritu Santo Grant, Cameron County, Tex., for its use as a site for the construction of the Brownsville (Tex.) border station building and the Federal Works Agency may take possession thereof pending commencement of construction of the contemplated border station building:

Commencing at a point which is south sixty-six degrees twelve minutes west twenty-six and sixty-one one-hundredths feet from monument numbered 1B set by United States Engineer Department marking the boundary line of Fort Brown Military Reservation; running thence along the southwesterly side of Kerr Street (fifty feet wide) south forty-nine degrees fifty-one minutes east fifty and one one-hundreths feet to an iron pin; thence continuing along the southwesterly side of Kerr Street south thirty-six degrees forty-seven minutes forty-five seconds east seventy-six and fifteen one-hundredths feet to an iron pin; thence continuing along the southwesterly side of Kerr Street south twenty-three degrees thirty-six minutes east sixty-seven and forty-four one-hundredths feet to an iron pin set on the north line of a concrete sidewalk on the north side of a street; thence along the north line of said sidewalk south sixty-six degrees nineteen minutes west two hundred and forty-one feet to an iron pin in the toe of the Rio Grande protection levee; thence along the toe of said levee north forty-two degrees one minute west eighty-two feet to an iron pin; thence continuing along the toe of said levee north fifty degrees thirty-seven minutes west one hundred twenty-one and twenty-one one-hundredths feet to monument numbered 1A set by the United States Engineer Department marking the boundary line of Fort Brown Military Reservation; thence along the boundary line of the Fort Brown Military Reservation north sixty-six degrees twelve minutes east two hundred eighty-two and forty-nine one-hundredths feet to the point or place of beginning, containing one and one hundred forty-two one-thousandths acres, more or less.

(2) The Secretary of the Army is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, the entire building known as the 1114 Commerce Street Building, Dallas, Tex., together with the site thereof described as follows:

All of a certain tract or parcel of land situated in the city of Dallas, county of Dallas, State of Texas, said tract being a part of block numbered 63 of said city and county and being more particularly described as follows: Beginning at a point on the south line of Commerce Street, said point being located fifty feet west of the northeast corner of said block 63; thence west along the south line of said Commerce Street one hundred and fifty feet; thence south at right angles to the south line of Commerce Street one hundred feet; thence west at right angles to the last-mentioned line fifteen feet; thence south at right angles to the last-described line one hundred feet to a point on the north line of Jackson Street; thence east along the north line of Jackson Street one hundred and sixty-four feet to a point; which point is fifty-one feet west of the southeasterly corner of block 63; thence northerly at right angles to the north line of Jackson Street thirty-one feet; thence east at right angles to the last-described line one foot; thence northerly at right angles to the last-mentioned line one hundred and sixty-nine feet to the point of beginning.

(3) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

Lying and being in Marfa, county of Presidio, State of Texas: Beginning at the northeast corner of a tract of land known as tract numbered 1 containing four hundred thirty-four and two-tenths acres, more or less, comprising a part of the military reservation of Fort D. A. Russell and being the same tract conveyed to the United States by W. G. Young by deed dated August 23, 1927, and duly recorded among the land records of said county in volume 74, page 162, thereof; thence with the north line of said tract west four hundred forty-seven and nine-tenths feet to the northwest corner of this tract; thence south seventeen degrees six minutes west three hundred feet to a point for corner; thence south seven degrees eight minutes west four hundred feet to a point for a corner; thence east five hundred sixty-eight and three-tenths feet to a point in the east boundary line of said four hundred thirty-four and two-tenths acre tract for the southeast corner of this tract; thence with said east boundary line north one degree twenty-eight minutes east six hundred

eighty-three and nine-tenths feet to the point of beginning, containing approximately eight and twenty-one one-hundredths acres, subject to existing streets and easements for existing utilities.

(4) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

That portion of Angel Island (Fort McDowell) known as the San Francisco Quarantine Station, particularly described as being that certain parcel of land on Angel Island, Marin County, Calif.; commencing at Point Ione; thence south approximately six hundred and eighty feet to a point on the northerly side of Military Road; thence following the station side of said Military Road to a point of intersection with a line bearing south forty-five degrees east, which line passes through a point one hundred feet north forty-five degrees east from the northernmost station structure; thence north forty-five degrees west to a point on the low-water mark of Hospital Cove; thence in a westerly direction to the point of beginning, together with an area one hundred feet wide centered on two groups of water tanks, and to extend from the station side of Military Road to a distance of fifty feet beyond the center of the farthest group of tanks.

(5) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

All that certain piece or parcel of land situate, lying, and being in the county of San Mateo, State of California, together with the appurtenances, to wit: Beginning at a point on the northerly line of Butler Road, said point being north eighty-three degrees nine minutes fifteen seconds east one hundred ninety-three and twelve one-hundredths feet from a two-inch iron pipe set in concrete on the northerly line of Butler Road, said iron pipe being north eighty-seven degrees four minutes thirty seconds east four hundred ninety-two and ninety-nine one-hundredths feet from the intersection of the north line of Butler Road and Southern Pacific Company right-of-way; running thence from said point to beginning along the northerly line of Butler Road north eighty-three degrees nine minutes fifteen seconds east one hundred seventy-three and twenty-four one-hundredths feet; thence north eighty-seven degrees four minutes thirty seconds east nine hundred seventy-eight and eighty-three one-hundredths feet; thence leaving the northerly line of Butler Road north two degrees fifty-six minutes west two hundred forty-seven and twenty one-hundredths feet; thence south eighty-seven degrees four minutes thirty seconds west seven hundred eighty-two and forty-nine one-hundredths feet; thence north sixty-one degrees fifty-five minutes fifteen seconds west one hundred ten and fifty-two one-hundredths feet; thence south thirty-eight degrees three minutes fifteen seconds west four hundred eighteen and fifty one-hundredths feet to the point of beginning.

(6) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration, the following-described land, together with the improvements thereon:

All that lot, tract, or parcel of land situate, lying, and being in the city of East Point, Fulton County, Ga., being a part of land lot 155, district 14, and more fully described as follows: Beginning at the intersection of the north line of Saint Joseph Street with the northeasterly line of Lawrence Avenue and the east property line of the U. S. L. Battery Co., extending thence east along the north line of Saint Joseph Street a distance of six hundred eighty-three and two-tenths feet, more or less, to an iron monument on the east line of said land lot 155, district 14, extending thence north, making an interior angle of ninety degrees sixteen minutes to the left, along said east line of land lot 155, district 14, a distance of one thousand three hundred thirty-four and nine-tenths feet, more or less, to an iron monument; extending thence west making an interior angle of eighty-nine degrees forty-four minutes to the left, a distance of nine hundred seventy-three and five-tenths feet, more or less, to an iron monument on the east line of Lawrence Avenue; extending thence south making an interior angle of ninety degrees thirty-eight minutes to the left, along the said east line of Lawrence Avenue, a distance of six hundred twenty-seven and five-tenths feet, more or less, to an iron pipe at the intersection of the east line of Lawrence Avenue with the north property line of the U. S. L. Battery Company; extending thence east, making an interior angle of eighty-nine degrees twenty-two minutes to the left, along the said north property line of U. S. L. Battery Company, a distance of three hundred feet, more or less, to a point at the northeast corner of property of U. S. L. Battery Company; extending thence south making an exterior angle of eighty-nine degrees fifteen minutes to the right, along the east property line of U. S. L. Battery Company, a distance of seven hundred seven and three-tenths feet, more or less, to the point of beginning; the last-described line making an interior angle of eighty-nine degrees and fifteen minutes with the north line of Saint Joseph Street; containing twenty-five and eighty-nine one-thousandths acres, more or less, and said lot is more fully shown in colored yellow on print of the Central of Georgia Railway Company's Plan Numbered 15622, dated February 14, 1945.

(7) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

Lying and being in the limits of San Antonio, county of Bexar, State of Texas, and more particularly described as follows: Beginning at a point in the center line of South Flores Street, distant north twenty-four degrees forty minutes forty-one seconds east seven hundred forty-two and eighty-one one-hundredths feet measured along the center line of South Flores Street from its point of intersection with the center line of Arsenal Street; running thence south twenty-four degrees forty minutes forty-one seconds west seven hundred forty-two and eighty-one one-hundredths feet to a point, being the intersection of the center line of South Flores Street with the center line of Arsenal Street; thence south sixty-three degrees twenty-two minutes nineteen seconds east a distance of six hundred and eighteen feet along the center line of Arsenal Street to its point of intersection with the westerly side of Main Avenue extended; thence north eleven degrees thirteen minutes forty-one seconds east seven hundred one and sixty-two one-hundredths feet; thence with a ten degree thirty-two minutes eighteen seconds degree curve to the left seventy-seven and fifty-one one-hundredths feet to a point in the north property line of the Arsenal property, said curve having a radius of five hundred forty-three and sixty-nine one hundredths feet and a delta of eight degrees fifty-six minutes forty-five seconds; thence north sixty-four degrees thirty minutes nineteen seconds west along the north line of the Arsenal property to the point or place of beginning.

(8) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration, the following-described lands, together with the improvements thereon:

All that certain real property situate, lying, and being in the city and county of San Francisco, State of California, described as follows, to wit: Beginning at the point of intersection of the northerly line of Geary Street and the westerly line of Polk Street; running thence westerly along said line of Geary Street eighty-two feet and six inches; thence at a right angle northerly one hundred and twenty feet to the southerly line of Cedar Street; thence at a right angle easterly along said line of Cedar Street eighty-two feet and six inches to the westerly line of Polk Street; and thence at a right angle southerly along said line of Polk Street one hundred and twenty feet to the point of beginning; being part of Western Addition block numbered 59.

(9) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

Situated in the city of Cleveland, county of Cuyahoga, and State of Ohio, and bounded and described as follows:

Known as being part of sublots numbered 1 and 2 in Mrs. C. D. Brayton's subdivision of part of original Brooklyn Township lot numbered 86, as shown by the recorded plat in volume 3 of maps, page 20, of Cuyahoga County Records, and sublots numbered 15, 16, and parts of sublots numbered 17, 18, and 19 in the Cuyahoga Valley Realty Co.'s subdivision numbered 2 of part of original Brooklyn Township lots numbered 71 and 86, as shown by the recorded plat in volume 50 of maps, page 21, of Cuyahoga County Records, and part of sublots numbered 64, 65, 66, 67, 68, 69, 74, 76, 77, 78, and all of sublots numbered 70, 71, 72, 73, and 75 in Brayton and Yates reallotment of part of original Brooklyn Township lot numbered 86, as shown by the recorded plat in volume 4 of maps, page 18, of Cuyahoga County Records, and all of sublots numbered 33, 34, 35, 36, 37, 38, 39, 40, and part of sublots numbered 41, 42, 43, and 44 in John Raines and W. H. Dean's allotment of part of original Brooklyn Township lot numbered 86, as shown by the recorded plat in volume 7 of maps, page 18, of Cuyahoga County Records, and also a part of original Brooklyn Township lots numbered 71 and 86, and together forming a parcel of land bounded and described as follows:

Beginning at the intersection of the northerly line of Clark Avenue Southwest, sixty-three feet wide, with the easterly line of West Eleventh Street, forty-five feet wide; thence south eighty-eight degrees twenty-one minutes fifty seconds east along the northerly line of Clark Avenue Southwest, five hundred sixty-nine and ninety-nine one-hundredths feet to the southwesterly corner of land conveyed to the Highway Construction Company of Ohio, Incorporated, by deed dated January 27, 1944, and recorded in volume 5657, page 522, of Cuyahoga County Records; thence north one degree thirty-eight minutes ten seconds east along the westerly line of land conveyed to the Highway Construction Company of Ohio, Incorporated, by deed last aforesaid and by deed dated October 20, 1944, and recorded in volume 5861, page 269, of Cuyahoga County Records, three hundred and ten feet to the northwesterly corner of land conveyed to the Highway Construction Company of Ohio, In-

corporated; thence south eighty-eight degrees twenty-one minutes fifty seconds east along the northerly line of land conveyed to the Highway Construction Company of Ohio, Incorporated, last aforesaid, one thousand five hundred nine and ninety-eight one-hundredths feet to the northwesterly line of land conveyed to the city of Cleveland by deed dated September 30, 1942, and recorded in volume 5472, page 98, of Cuyahoga County Records; thence north thirty-three degrees fifty-eight minutes ten seconds east along the northwesterly line of land so conveyed to the city of Cleveland, which is also the northwesterly line of Quigley Road Southwest, eighty feet wide, one thousand two hundred thirty-five and twenty-nine one-hundredths feet to the southerly end of the curved turn-out between the westerly line of West Seventh Street relocation and the northwesterly line of Quigley Road Southwest, as shown by the dedication plat of West Seventh Street relocation recorded in volume 133 of maps, page 24, of Cuyahoga County Records; thence northerly along said curved turn-out, thirty-one and forty-two one-hundredths feet, which is along the arc of a curve deflecting to the left, said curve having a radius of twenty feet and a chord of twenty-eight and twenty-eight one-hundredths feet; thence northerly along the westerly line of West Seventh Street relocation, one hundred fifty-six and twenty-four one-hundredths feet, which is along the arc of a curve deflecting to the right, said curve having a radius of ninety-nine and forty-seven one-hundredths feet and a chord of one hundred forty and sixty-seven one-hundredths feet, to a point of tangent; thence northeasterly along the northwesterly line of West Seventh Street relocation sixty-seven and eighty-eight one-hundredths feet to a point of curvature; thence northeasterly continuing along said northwesterly line, seventy and eighty-two one-hundredths feet, which is along the arc of a curve deflecting to the left, said curve having a radius of one hundred and ten feet and a chord of sixty-nine and sixty-one one-hundredths feet, to the southerly line of Severn Avenue Southwest (formerly Severn Street) forty feet wide; thence north eighty-seven degrees forty-four minutes fifteen seconds west along the southerly line of Severn Avenue Southwest three hundred forty-six and eighty-one one-hundredths feet to the northwesterly corner of sublot numbered 33 in John Raines and W. H. Dean's Allotment; thence south two degrees fifteen minutes forty-five seconds west along the westerly line of said sublot numbered 33, one hundred twenty-five and twenty-two one-hundredths feet to the southwesterly corner thereof; thence north eighty-seven degrees forty-four minutes fifteen seconds west along the southerly line of John Raines and W. H. Dean's Allotment, as recorded in volume 7 of maps, page 18, of Cuyahoga County Records, two hundred seven and fifty-six one-hundredths feet to the southwesterly corner thereof; thence north two degrees thirty-three minutes fifty-five seconds east along the westerly line of said allotment three hundred sixty-five and two one-hundredths feet to the southerly line of Clyde Avenue Southwest, forty feet wide; thence north eighty-seven degrees forty-four minutes forty seconds west along the southerly line of Clyde Avenue Southwest, and the westerly extension thereof, three hundred eighty-nine and four one-hundredths feet to the southwesterly corner of Saint Theodosius Church subdivision, as recorded in volume 64 of maps, page 27, of Cuyahoga County Records; thence north two degrees eleven minutes twenty seconds east along the westerly line of said Saint Theodosius Church subdivision two hundred seventy-six and sixty-two one-hundredths feet to the southerly line of Clarence Court Southwest, sixteen feet wide; thence north eighty-eight degrees forty-six minutes thirty seconds west along the southerly line of Clarence Court Southwest thirty-six feet to the northeasterly corner of land conveyed to Majk Bejda and Juliana Bejda by deed dated November 17, 1924, and recorded in volume 3230, page 38, of Cuyahoga County Records; thence south two degrees eleven minutes twenty seconds west along the easterly line of land so conveyed to Majk and Juliana Bejda, and the southerly extension thereof and along the easterly line of land conveyed to Albert Baumann and Bertha Baumann, by deed dated January 10, 1924, and recorded in volume 2986, page 190, of Cuyahoga County Records, one hundred and twenty feet to the southeasterly corner of land so conveyed to Albert and Bertha Baumann; thence north eighty-eight degrees forty-six minutes thirty seconds west along the southerly line of land so conveyed to Albert and Bertha Baumann and along the southerly line of land conveyed to the Western Realty Company by deed dated June 19, 1928, and recorded in volume 3832, page 378, of Cuyahoga County Records, and the southerly line of land conveyed to Gustav Krentz and Mary Krentz by deed date August 19, 1916, and recorded in volume 1819, page 555, of Cuyahoga County Records, one hundred and thirty-eight feet to the southwesterly corner of land so conveyed to Gustav and Mary Krentz; thence north two degrees eleven minutes twenty seconds east along the westerly line of land so conveyed to Gustav and Mary Krentz, one hundred and twenty feet to the southerly line of Clarence Court Southwest, sixteen feet wide; thence north eighty-eight degrees forty-six minutes thirty seconds west along the southerly line of Clarence Court Southwest, ninety-eight and seventy one-hundredths feet to the northeasterly corner of land conveyed to Domka Kreneiglova by deed dated May 17, 1937, and recorded in volume 4737, page 343, of Cuyahoga County Records; thence south two degrees eleven minutes twenty seconds west along the easterly line of land so conveyed to Domka Kreneiglova one hundred and twenty feet to the southeasterly corner thereof; thence north eighty-eight degrees forty-six minutes thirty seconds west along the southerly line of land so conveyed to Domka Kreneiglova thirty-five feet to the southwesterly corner thereof; thence north two degrees eleven minutes twenty seconds east along the westerly line of land so conveyed to Domka Kreneiglova one hundred and twenty feet to the southerly line of Clarence Court Southwest, sixteen feet wide; thence north eighty-eight degrees forty-six minutes thirty seconds west along the southerly line of Clarence Court Southwest two hundred eighty and eighty-six one-hundredths feet to the northeasterly corner of land conveyed to John Woycitsky and Franciska Woycitsky by deed dated July 24, 1923, and recorded in volume 2873, page 159, of Cuyahoga County Records; thence south two degrees thirty-nine minutes forty seconds west along the easterly line of land so conveyed to John and Franciska Woycitsky one hundred and forty feet to the southeasterly corner thereof; thence north eighty-seven degrees fifty minutes ten seconds west along the southerly line of land so conveyed to John and Franciska Woycitsky, and the westerly extension thereof, and along the southerly line of land conveyed to Stanley Kozlowski and Mary Kozlowski by deed dated March 29, 1920, and recorded in volume 2377, page 346, of Cuyahoga County Records, four hundred eight and two one-hundredths feet to the westerly line of sublot numbered 64 in Brayton and Yates' Reallotment as recorded in volume 4 of maps, page 18, of Cuyahoga County Records; thence north two degrees forty minutes forty seconds east along the westerly line of said sublot numbered 64, one hundred thirty-nine and forty-one one-hundredths feet to its intersection with the southerly line of H. R. Hadlow allotment as recorded in volume 8 of maps, page 34, of Cuyahoga County Records; thence north eighty-eight degrees forty-seven minutes twenty seconds west along the southerly line of said H. R. Hadlow allotment three hundred feet to the easterly line of J. J. Holmes' subdivision as recorded in volume 64 of maps, page 38, of Cuyahoga County Records; thence south two degrees forty minutes forty seconds west along the easterly line of said J. J. Holmes' subdivision one hundred thirty-six and fifty-four one-hundredths feet to the southeasterly corner thereof; thence north eighty-eight degrees forty-seven minutes twenty seconds west along the southerly line of said J. J. Holmes' subdivision, three hundred and fifty-six one-hundredths feet to the westerly line of said original lot numbered 86; thence south two degrees forty minutes forty seconds west along the westerly line of said original lot numbered 86, four hundred eighty-two and nine one-hundredths feet to an angle therein; thence south three degrees nine minutes forty seconds west along the westerly line of said original lot numbered 86, four hundred forty and sixty-nine one-hundredths feet to the southeasterly corner of Josephine L. Hartzell's subdivision as recorded in volume 15 of maps, page 37, of Cuyahoga County Records; thence north eighty-eight degrees eighteen minutes forty seconds west along the southerly line of said Josephine L. Hartzell's subdivision, two hundred and fifty-five feet to the easterly line of west Eleventh Street; thence south two degrees twenty-one minutes twenty seconds west along the easterly line of west Eleventh Street; five hundred sixty-seven and sixty-four one-hundredths feet to an angle therein; thence south six degrees thirty-one minutes fifty seconds east along the easterly line of west Eleventh Street, twenty-seven and ninety-five one-hundredths feet to the northerly line of the Cuyahoga Valley Realty Company's subdivision numbered two, as recorded in volume 50 of maps, page 21, of Cuyahoga County Records; thence north eighty-three degrees twenty-eight minutes ten seconds east along the northerly line of said subdivision numbered 2, one hundred feet to the northeasterly corner thereof; thence south six degrees thirty-one minutes fifty seconds east along the easterly line of said subdivision numbered 2, three hundred fourteen and eighty-one one-hundredths feet to the northerly line of land conveyed to Mike Hlatky and Mari Hlatky by deed dated October 14, 1919, and recorded in volume 2370, page 26, of Cuyahoga County Records; thence north eighty-three degrees twenty-eight minutes ten seconds east along the northerly line of land so conveyed to Mike and Mari Hlatky, five feet to the northeasterly corner thereof; thence south six degrees thirty-one minutes fifty seconds east along the easterly line of land so conveyed to Mike and Mari Hlatky thirty-four and ninety-eight one-hundredths feet to the northerly line of land conveyed to Peter Ryba and Jadwiga Ryba by deed dated May 26, 1921, and recorded in volume 2476, page 633, of Cuyahoga County Records; thence north eighty-three degrees twenty-eight minutes ten seconds east along the northerly line of land so conveyed to Peter and Jadwiga Ryba ten feet to the northeasterly corner thereof; thence south six degrees thirty-one minutes fifty seconds east along the easterly line of land so conveyed to Peter and Jadwiga Ryba, and along the easterly line of land conveyed to Antoni Kaeser and Apolonia Kaeser by deed dated August 7, 1924, and recorded in volume 3116, page 195, of Cuyahoga County Records, eighty-one and forty-nine one-hundredths feet to the northerly line of sublot numbered 17 in the Cuyahoga Valley Realty Company's subdivision numbered 2; thence north eighty-eight degrees twenty-one minutes fifty seconds west along the northerly line of sublots numbered 17, 16, and 15 in said subdivision numbered 2, one hundred

sixteen and eighteen one-hundredths feet to the easterly line of West Eleventh Street; thence south two degrees eighteen minutes forty seconds west along the easterly line of West Eleventh Street one hundred feet to the place of beginning, be the same more or less, but subject to all legal highways.

Excepting, excluding, and reserving from the above-described premises that part thereof conveyed to the city of Cleveland by warranty deed dated March 8, 1915, recorded in volume 1619 at page 67 of Cuyahoga County Deed Records, which such part of the above-described premises so conveyed to the city of Cleveland is described as follows:

Situated in the city of Cleveland, county of Cuyahoga, and State of Ohio, and known as being so much of the unallotted land of the Cuyahoga Valley Realty Company and being part of lots 71 and 86, formerly in Brooklyn Township, now in said city, and shown by deed recorded in volume 888, page 374, of Cuyahoga County Records, and of sublots 17, 18, and 19 of the Cuyahoga Valley Realty Company's subdivision numbered 2, as recorded in volume 50, page 21, of said county records, as is required for constructing and maintaining the fill and embankment for Clark Avenue southwest, to the elevations and grades hereinafter described, lying between the north line of Clark Avenue southwest and the foot of said fill and embankment, the foot of said fill and embankment being where a slope of one and one-half feet horizontal to one foot vertical, measured northerly, eastwardly, and downward from the following described line intersects the natural surface of the ground:

Beginning at a point whose elevation is about one hundred four and five-tenths feet above the city base of levels and which is about eighty feet easterly from the intersection of the north line of Clark Avenue southwest, with the northeasterly line of West Eleventh Street and three feet north at right angles to said north line; thence with the established grade of Clark Avenue southwest easterly along a line parallel to and three feet north of said north line of Clark Avenue southwest about ninety-eight feet to a point whose elevation is about one hundred one and six-tenths feet; thence south at right angles to said described line three feet to a point in the said north line of Clark Avenue southwest, whose elevation is about one hundred one and six-tenths feet above the city base of levels, said point being about one hundred and seventy-eight feet east of said intersection, containing one hundred and twenty one-thousandths acre, more or less: *Provided*, That the portion of parcel 2 located in said sublots 17, 18, and 19 shall revert to the owner of such sublots should the land of said sublot be at any time raised and maintained by means of an earth fill to the grade of the Clark Avenue viaduct and the westerly approach thereto.

Together with all rights, reservations, privileges, and easements acquired by grantor under that certain deed from the Cuyahoga Valley Realty Co. to grantor dated April 2, 1946, and recorded in volume 6064 at page 455 of Cuyahoga County Records.

Together with all rights, reservations, and privileges retained by grantor under the provision of the "Easement for Maintenance of Water Main and Appurtenances from Reconstruction Finance Corporation to the City of Cleveland," dated August 6, 1946, a copy of which is attached hereto, made a part hereof and marked exhibit A, and grantee by the acceptance of this quitclaim deed assumes and agrees to perform all of the obligations of grantor contained in said "Easement for Maintenance of Water Main and Appurtenances from Reconstruction Finance Corporation to the city of Cleveland."

Also excepting from the first above-described premises that parcel of land conveyed by the United States to the city of Cleveland by deed dated May 27, 1948, recorded June 9, 1948, in volume 6492, page 4, of Cuyahoga Deed Records, and particularly described as follows:

Beginning at the southeasterly corner of sublot numbered 1 in Josephine L. Hartzell's subdivision, recorded in volume 15, page 37, of Cuyahoga County Map Records; thence south eighty-eight degrees eighteen minutes forty seconds east six hundred sixty-nine and ninety-three one-hundredths feet; thence north sixty-seven degrees forty-nine minutes forty seconds east four hundred twelve and five-tenths feet; thence north forty-seven degrees fifteen minutes forty-five seconds east six hundred feet; thence south eighty-seven degrees forty-four minutes fifteen seconds east three hundred feet; thence south forty-two degrees forty-four minutes fifteen seconds east three hundred feet; thence south eighty-seven degrees forty-four minutes fifteen seconds east two hundred twenty-five and seventy-five one-hundredths feet; thence south sixty degrees twenty-seven minutes forty-four seconds east three hundred forty-one and thirty-two one-hundredths feet to the northwesterly line of Quigley Road southwest, which point is north thirty-three degrees fifty-eight minutes ten seconds east measured along said northwesterly line of Quigley Road southwest, one thousand one hundred and eighty-five feet from its intersection with the southerly line of land conveyed as aforesaid to the United States of America.

Also excepting from the first above-described premises two parcels of land described as follows:

(Parcel No. 1): Beginning on the easterly line of West Eleventh Street at its intersection with the southerly line of Josephine Hartzell's subdivision as recorded in volume 15, page 37, of Cuyahoga County Map Records; thence south two degrees twenty-one minutes twenty seconds west along said easterly line of West Eleventh Street five hundred sixty-seven and sixty-four one-hundredths feet to an angle point therein; thence continuing along said easterly line of West Eleventh Street south six degrees thirty-one minutes fifty seconds east twenty-seven and ninety-five one-hundredths feet to the northerly line of the Cuyahoga Valley Realty Company's subdivision numbered 2 as aforesaid; thence north eighty-three degrees twenty-eight minutes ten seconds east along the northerly line of said subdivision numbered 2, one hundred feet to the northeasterly corner thereof; thence south six degrees thirty-one minutes fifty seconds east along the easterly line of said subdivision numbered 2, three hundred fourteen and eighty-one one-hundredths feet to the northerly line of land conveyed to Mike Hlatky and Marie Hlatky by deed dated October 14, 1919, and recorded in volume 2370, page 26, of Cuyahoga County Deed Records; thence north eighty-three degrees twenty-eight minutes ten seconds east along the northerly line of land so conveyed to Mike and Marie Hlatky five feet to the northeasterly corner thereof; thence south six degrees thirty-one minutes fifty seconds east along Mike and Marie Hlatky's easterly line thirty-four and ninety-eight one-hundredths feet to the northerly line of land conveyed to Peter Ryba and J. Ryba by deed dated May 26, 1921, and recorded in volume 2476, page 633, of Cuyahoga County Deed Records; thence north eighty-three degrees twenty-eight minutes ten seconds east along said northerly line of land conveyed to Peter Ryba and J. Ryba ten feet to the northeasterly corner thereof; thence south six degrees thirty-one minutes fifty seconds east along Peter and J. Ryba's easterly line and along the easterly line of land conveyed to Antoni and A. Kaczar by deed dated August 7, 1924, and recorded in volume 3116, page 195, of Cuyahoga County Deed Records, eighty-one and forty-nine one-hundredths feet to the northerly line of said sublot numbered 17 in the Cuyahoga Valley Realty Company's subdivision numbered 2; thence north eighty-eight degrees twenty-one minutes fifty seconds west along the northerly lines of sublots numbered 17, 16, and 15 in said subdivision numbered 2, one hundred sixteen and eighteen one-hundredths feet to said easterly line of West Eleventh Street; thence south two degrees eighteen minutes forty seconds west along said easterly line of West Eleventh Street one hundred feet to the northerly line of Clark Avenue Southwest; thence south eighty-eight degrees twenty-one minutes fifty seconds east along said northerly line of Clark Avenue Southwest five hundred sixty-nine and ninety-nine one-hundredths feet to the westerly line of land conveyed to the Highway Construction Company of Ohio, Incorporated, by deed dated January 27, 1944, and recorded in volume 5657, page 522, of Cuyahoga County Deed Records; thence north one degree thirty-eight minutes ten seconds east along said westerly line and also the westerly line of land conveyed to said Highway Construction Company of Ohio, Incorporated, by deed dated October 20, 1944, and recorded in volume 5861, page 269, of Cuyahoga County Deed Records, three hundred and ten feet to the northerly line of land conveyed to the Highway Construction Company of Ohio, Incorporated, last aforesaid; thence south eighty-eight degrees twenty-one minutes fifty seconds east along said northerly line five hundred feet; thence north one degree thirty-eight minutes ten seconds east seven hundred eighty-seven and sixty-three one-hundredths feet to an angle point; thence north forty-seven degrees fifteen minutes forty-five seconds east two hundred forty-eight and sixty-six one-hundredths feet to an angle point in land conveyed to the city of Cleveland by deed dated May 27, 1948, and recorded in volume 6492, page 4, of Cuyahoga County Deed Records; thence south sixty-seven degrees forty-nine minutes forty seconds west along the southerly line of land so conveyed to the city of Cleveland four hundred twelve and fifty one-hundredths feet to an angle point therein; thence north eighty-eight degrees eighteen minutes forty seconds west along the southerly line of land conveyed to the city of Cleveland as aforesaid and along the southerly line of Josephine Hartzell's subdivision as recorded in volume 15, page 37, of Cuyahoga County Map Records, nine hundred twenty-four and ninety-three one-hundredths feet to the place of beginning, excepting, excluding, and reserving from the above-described premises any part thereof conveyed to the city of Cleveland by deed dated March 8, 1915, and recorded in volume 1619, page 67, of Cuyahoga County Deed Records.

(Parcel No. 2): Situated in the city of Cleveland, county of Cuyahoga, and State of Ohio and known as being part of original Brooklyn Township lot numbered 86 and bounded and described as follows: Beginning on the easterly line of West Eleventh Street at its intersection with the southerly line of Josephine Hartzell's subdivision, as recorded in volume 15, page 37, of the Cuyahoga County Map Records; thence south eighty-eight degrees eighteen minutes forty seconds east along said southerly line of Josephine Hartzell's subdivision and along the southerly line of land conveyed to the city of Cleveland by the United States of America by deed dated May 22, 1948, and recorded in volume 6492, page 4, of Cuyahoga County Deed Records, nine hundred twenty-four and ninety-three one-hundredths feet to an angle point; thence north forty-seven degrees fifteen minutes forty-five seconds east along said southerly line of land conveyed to the city of Cleveland three hundred feet, to the principal place of beginning; thence continuing along the city of Cleveland's southerly line the following courses and distances: North forty-seven degrees fifteen minutes forty-five seconds east three

hundred feet; south eighty-seven degrees forty-four minutes fifteen seconds east three hundred feet; south forty-two degrees forty-four minutes fifteen seconds east three hundred feet; thence north eighty-seven degrees forty-four minutes fifteen seconds west seven hundred twenty-four and twenty-six one-hundredths feet to the principal place of beginning.

(10) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, the right to use and occupy the land hereinafter described which was acquired through condemnation proceedings in the District Court of the United States for the District of Kansas, First Division, on August 24, 1945, being a term for years commencing January 15, 1945, and ending June 30, 1946, extendible for yearly periods thereafter until June 30, 1955, at the election of the United States, in and to said lands particularly described as follows:

A tract of land situated in the county of Wyandotte, State of Kansas, within section 2 township 11 south, range 25 east, of the sixth principal meridian, being a part of the lands known as the Public Levee of Kansas City, Kans., and land adjacent north thereof. The boundary lines of said tract are described in detail as follows:

Starting at a brass monument situated at the intersection of the center line of Jersey Creek inclosure with the center line of Minnesota Avenue extension in and across said Public Levee lands, said brass monument being known as Base Point for all surveys within said Public Levee lands; thence south seventy-five degrees thirty-six minutes forty seconds east on said center line of Jersey Creek inclosure, forty feet; thence north fourteen degrees twenty-three minutes twenty seconds east at right angles to said center line of Jersey Creek inclosure, forty feet to the true point of beginnning which is on the northeasterly right-of-way line for said Minnesota Avenue extension; thence by the following courses and distances: South seventy-five degrees thirty-six minutes forty seconds east five hundred thirty and eighty-five one-hundredths feet; north fourteen degrees twenty-three minutes twenty seconds east one hundred and thirty feet; south seventy-five degrees thirty-six minutes forty seconds east one hundred sixty-seven and ninety-four one-hundredths feet; north twenty-eight degrees forty-three minutes forty seconds east three hundred and seventy-one feet; north fifty-one degrees thirty-eight minutes forty seconds east one hundred eighty-two and thirty-three one-hundredths feet; thence north twenty-eight degrees forty-three minutes forty seconds east seven hundred thirty-one and four one-hundredths feet to a point on a line parallel with and thirty-one and fifty-five one-hundredths feet distant southeasterly at right angles from the center line of the Union Pacific Railroad Co.'s southerly ladder track produced northeasterly; thence south seventy-three degrees twenty-seven minutes twenty seconds west parallel with and thirty-one and fifty-five one-hundredths feet distant southeasterly at right angles from the center line of said southerly ladder track one thousand three hundred one and twelve one-hundredths feet, more or less, to the northeasterly right-of-way line for said Minnesota Avenue extension; thence south eleven degrees two minutes twenty seconds west along said northeasterly right-of-way line five hundred eighty and fifty-nine one-hundredths feet to an angle point thereon; thence south fourteen degrees twenty-three minutes twenty seconds west ninety-four and twenty-seven one-hundreths feet, more or less, to the true point of beginning.

Excepting and excluding therefrom the road lying upon a strip of land extending across the above-described tract thirty feet in width being fifteen feet at right angles on each side of the center line of such strip of land, said center line being parallel with and one hundred and fifteen feet distant southeasterly at right angles from the center line of said southerly ladder track and its tangent produced northeasterly; and

Excepting and excluding therefrom two strips of land which are eight and five-tenths feet in width at right angles on each side of the Union Pacific Railroad Company's running tracks numbered 3 and numbered 12 and from the switch tracks leading therefrom, all said tracks serving the buildings lying southerly from said Jersey Creek enclosure.

Containing a net area of seven hundred and fifty thousand square feet, more or less.

All bearings refer to true north.

(11) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use as a United States quarantine station all of the Government-owned portion of the United States naval small-craft facility, also known as Lockwood Basin, East Boston, Massachusetts, comprising approximately one hundred thirty-five thousand six hundred thirty-three square feet of land, being that certain parcel of land conveyed to the United States by William J. Stober, of Boston, Massachusetts, by deed dated March 12, 1918, recorded in the office of the Register, county of Suffolk, Commonwealth of Massachusetts, and entered in book 4078, page 463; together with all buildings, structures, appurtenances located thereon, including the marine docking and berthing facility designated as pier C.

(12) The Governor of the Farm Credit Administration is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration, as an addition to the Denver Federal Center, all of that portion of the former Denver Ordnance Plant, Denver, Colo., together with the appurtenances and improvements located thereon, comprised of the east half of the east half of the northeast quarter and the east half of the east half of the southeast quarter of section 8, township 4 south, range 69 west, sixth principal meridian, excepting therefrom the land used for highway purposes, in the southeast corner of the southeast quarter of said section 8.

(13) The Secretary of the Treasury is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

A certain tract of land bounded by Fourth Avenue South, Stacy Street, Fifth Avenue South, and Lander Street, Seattle, Wash., being all of block 276A, Seattle Tidelands in Seattle, King County, Wash., which is more particularly described as follows:

(a) West one hundred and ten feet of lots 1 to 11, inclusive, block 276A, Seattle Tidelands;

(b) East ten feet of lots 1 to 11, inclusive, block 276A, Seattle Tidelands, and the adjoining west half of Fourth Place South;

(c) West one hundred eight and fifty one-hundredths feet of lots 12 to 22, inclusive, block 276A, Seattle Tidelands, and the adjoining east half of Fourth Place South;

(d) East eleven and fifty one-hundredths fet of lots 12 to 22, inclusive, block 276A, Seattle Tidelands;

(e) The easterly half of Fourth Avenue South from the center line of Stacy Street to the center line of Lander Street and the west half of Fifth Avenue South from the center line of Stacy Street to the center line of Lander Street; also, the south half of Stacy Street from easterly line of Fourth Avenue South projected to the westerly line of Fifth Avenue South projected; also the north half of Lander Street from the easterly line of Fourth Avenue South projected to the westerly line of Fifth Avenue South projected; also, together with that certain street designated as Fourth Place South from the southerly line of Stacy Street to the northerly line of Lander Street, containing six and sixty-five one-hundredths acres, more or less; subject to existing easements for public roads and highways, for public utilities, for railroads and for pipe lines in the above-described portions of Fourth Avenue South, Fifth Avenue South, Stacy Street, and Lander Street.

(14) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

All the following-described lots or parcels of land or real estate situate, lying, and being in the county of Luna, State of New Mexico, together with the appurtenances, to wit:

First tract: Beginning at the northeast corner of the southeast quarter of section 26 townships 23 south, range 9 west, New Mexico principal meridian; running thence due south four hundred and fifty feet, more or less, to the Southern Pacific Railroad right-of-way; thence southwesterly along said right-of-way two thousand six hundred and fifty feet, more or less, to the west line of said quarter section; thence due north along said west line of said quarter section five hundred and fifty-two feet, more or less; thence due east five hundred and twelve feet; thence due north two hundred eighty-four and four-twelfths feet, more or less; to the north line of said quarter section; thence along said north line of said quarter section in an easterly direction to the place of beginning.

Second tract: Beginning at a point on the southeast line of the right-of-way of the Atchison, Topeka and Santa Fe Railroad, which point is described as being three hundred ninety-six and forty-one one-hundredths feet along said right-of-way, northeasterly, from another point which is five hundred forty-seven and nine-tenths feet north and eight hundred and thirty-three feet east of the southwest corner of the northeast quarter of section 26, township 23 south, range 9 west, of New Mexico principal meridian; being the northerly corner of the premises conveyed to Wah Brothers by Charles B. Allaire and wife, by deed dated August 10, 1899, and recorded in book 37 of deeds, at pages 200–201, in the office of the County Clerk of Grant County, and transferred to book C, at pages 618–619 of the Deed Records of Luna County; thence north fifty-two degrees five minutes east along the south boundary line of the Atchison, Topeka and Santa Fe right-of-way aforesaid to the point where said boundary line intersects the north and south line separating sections 25 and 26, township 23 south, range 9 west, aforesaid; thence south along said line separating said sections 25 and 26 to a point on said line one hundred and sixty-five feet north of the east and west line connecting the centers of sections 25 and 26 aforesaid; thence north sixty-seven degrees fifteen minutes west, along the northeast boundary line of the property conveyed to Wah Brothers as aforesaid, one thousand six hundred twenty and five-tenths feet to the place of beginning; excepting and reserving from said premises one acre on which now stands a brick powder house, being the land conveyed by John A. Raithel and wife to the Safety Nitra Powder Company by a deed dated April 26, 1889, and recorded in book 28 of deeds, at pages 51–52, in the office of the County Clerk of Grant County, and transferred to book C at pages 441–442 of the Deed Records of Luna County.

Third tract: Beginning at the southeast corner of the northeast quarter of section 26,

township 23 south, range 9 west, New Mexico principal meridian; running thence north approximately one hundred and sixty-five feet to a point just south of the county road; thence north sixty-seven degrees fifteen minutes west approximately one thousand five hundred and forty-five feet along the southerly line of said county road; thence south approximately seven hundred and seventy feet to a point on the south line of the northeast quarter of section 26; thence east approximately one thousand four hundred and twenty feet to the point of beginning.

Fourth tract: An easement across the land lying westerly of the above described third tract of land, for the purpose of installing a railroad spur to run into the said third tract of land, which railway spur is to come off of the Atchison, Topeka and Santa Fe Railway, the said railway spur to run northerly of the mill which has been constructed on the tract of land westerly of the said third tract of land; said easement to remain in full force and effect as long as said railway spur is maintained and used.

(15) The War Assets Administrator is hereby authorized and directed to transfer to the jurisdiction and control of the Federal Works Agency, without reimbursement, for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

A six and eight hundred and twenty-three one-thousandths acre tract of land lying and being in Tarrant County, Texas, particularly described as follows: Beginning at the most easterly southeast corner of a tract of land deeded to the Defense Corporation by the Globe Aircraft Corporation on the 20th day of April 1942, also recorded in volume 1530, page 357, Deed Records of Tarrant County, Texas; said beginning corner also being the southeast corner of a four and eighty-eight one-hundredths acre tract deeded to the Bennett Aircraft Corporation by John Kennedy, et ux, on the 20th day of March 1940, said deed being on record in volume 1425, page 500, Deed Records of Tarrant County, Texas:

Thence north no degrees two minutes east along its east line one hundred and twelve feet to the place of beginning of the land to be described; thence north eighty-eight degrees fifty minutes west two hundred and thirty-six feet; thence north one degree ten minutes east one hundred and fifteen feet; thence north eighty-eight degrees fifty minutes west five hundred and forty-four feet; thence north one degree ten minutes east with fence line three hundred and forty-nine feet to the center of the Saginaw-Old Denton Road; thence south eighty-eight degrees fifty minutes east with the center of said road seven hundred and seventy and eight-tenths feet, to northeast corner of said tract, same being the northeast corner of said Bennett Aircraft Corporation's four and eighty-eight one-hundredths acre tract; thence south no degrees two minutes west four hundred and sixty-four feet to the place of beginning.

(16) The Reconstruction Finance Corporation is hereby authorized to transfer to the jurisdiction and control of the Federal Works Agency for use of the Public Buildings Administration the following-described land, together with the improvements thereon:

A one hundred forty-nine and seven hundred and sixty-two one-thousandths acre tract of land lying and being in Tarrant County, Texas, particularly described as follows: Beginning at a point in the south line of the David Cook Survey in the center of Cantrell-Sansom Road, one thousand two hundred and ninety-one feet east of the southwest corner of said David Cook Survey, said point being the most southerly southeast corner of a tract of land deeded to the Reconstruction Finance Corporation by Globe Aircraft Corporation on the 27th day of June 1947, said deed being on record in volume 1925, page 463, Deed Records of Tarrant County, Texas:

Thence north one-half degree east with fence line four thousand five hundred and sixteen feet, an iron post; thence south eighty-five and one-half degrees east with fence line nine hundred and sixty-seven feet, an iron post; thence south with fence line thirty feet, an iron post; thence south eighty-five degrees east with fence line seven hundred and twenty-six feet, a stake; thence north one-half degree west one hundred and twelve feet, a stake the southeast corner of a six and eight hundred and twenty-three one-thousandths acre tract of land out of said David Cook Survey, deeded to the Defense Plant Corporation by the Globe Aircraft Corporation on the 20th day of April 1942, said deed being on record in volume 1530, page 357, Deed Records of Tarrant County, Texas; thence north eighty-eight degrees fifty minutes west two hundred and thirty-six feet; thence north one degree ten minutes east one hundred and fifteen feet; thence north eighty-eight degrees fifty minutes west five hundred and forty-four feet; thence north one degree ten minutes east with fence line three hundred and forty-nine feet to the center of the Saginaw-Old Denton Road; thence with the center of said road north eighty-eight degrees fifty minutes west one thousand one hundred and seventy-seven feet; south eighty-four degrees no minutes west one hundred and thirty-five feet; south seventy-two degrees no minutes west eight hundred feet; thence south three-fourths degree east with fence line two thousand one hundred and ninety feet; thence west with fence line two hundred and sixteen feet; thence south one-fourth degree east with fence line two thousand and seventy-four feet, a post in the east line of the Fort Worth & Denver City Railroad right-of-way; thence south thirty-seven degrees east with said right-of-way five hundred and eighty-three feet to the center of the Cantrell-Sanson Road in the south line of the David Cook Survey; thence east with the center of said road nine hundred and forty-two feet to the place of beginning.

(17) The Reconstruction Finance Corporation is hereby authorized to transfer to the jurisdiction and control of the Federal Works Agency for use of the Public Buildings Administration the following described land, together with the improvements thereon:

All that certain lot, piece or parcel of ground, situated in the second ward of the city of Pittsburgh, county of Allegheny and State of Pennsylvania, together with the appurtenances, bounded and described as follows, to wit: Beginning at the corner of Ninth Street (formerly Anderson Street and before that Hand Street) and Liberty Avenue; thence northerly by Ninth Street one hundred twelve and one-half feet to an alley; thence at right angles with the last line by said alley westwardly thirty-six feet eight inches to a point in a party wall; thence by a line in said party wall, parallel with Ninth Street, southwardly one hundred twelve and one-half feet to Liberty Avenue; thence eastwardly by the same avenue thirty-six feet eight inches to Ninth Street at the place of beginning.

(b) In the case of any real property transferred to the Federal Works Agency for the use of the Public Buildings Administration, pursuant to this section, by a corporation, all of the capital stock of which is owned or controlled directly or indirectly by the Government, a conveyance to the United States of America, without representation or warranty, of all right, title, and interest of such corporation therein shall be made, and thereupon the Secretary of the Treasury is authorized and directed to cancel notes or otherwise discharge the indebtedness to the Treasury of such corporation in an amount equal to the fair market value of the property at the time of the transfer of jurisdiction and control to the Federal Works Agency, which fair market value shall be determined by the Federal Works Administrator and the head of such corporation: Provided, however, That in the event the Federal Works Administrator and the head of such corporation shall fail to agree, the fair market value of such property shall be determined by the Secretary of the Treasury.

SEC. 206. The Federal Works Administrator is hereby authorized to assume permanent custody and control for the use of the Public Roads Administration, without reimbursement, the property located within the area known as Vancouver Barracks, in Vancouver, Washington, consisting of two buildings numbered 689 and 698, and five and three-tenths acres, more or less, of land described as follows:

Beginning at a point on the east line of West Reserve Street and the north line of East Fifth Street in the southeast quarter of section 27, township 2 north, range 1 east, Willamette meridian, in the city of Vancouver, county of Clark, State of Washington, which point is a bronze disk monument, said point being north twenty-two degrees thirty-seven minutes east, a distance of one thousand four hundred and seventy-four and seven-tenths feet; thence south eighty-three degrees ten minutes east, a distance of exactly forty-eight feet from the southeast corner of Amos Short donation land claim; thence north twenty-two degrees thirty-seven minutes east, a distance of two hundred and sixty-eight and three-tenths feet; thence south eighty-three degrees ten minutes east, a distance of eight hundred and sixty and six-tenths feet; thence south twenty degrees seventeen minutes west, a distance of two hundred and seventy-eight and eight-tenths feet; thence north eighty-five degrees twelve minutes west, a distance of exactly seventy-three feet; thence north eighty-three degrees ten minutes west, a distance of two hundred and eighty-four and five-tenths feet; thence north sixty-eight degrees twenty-three minutes west, a distance of sixty-one and five-tenths feet; thence north eighty-three degrees ten minutes west, a distance of four hundred and fifty-one and nine-tenths feet to the point of beginning.

TITLE III—IMPROVEMENT OF EXISTING BUILDINGS

SEC. 301. The Commissioner of Public Buildings is authorized to formulate, undertake, and prosecute a program for the renovation and improvement of federally owned buildings outside the District of Columbia for which funds are not otherwise available, including appurtenances and approaches thereto, that are under the control of the Public Buildings Administration for repair and preservation: *Provided*, That where necessary or desirable in carrying out the program herein authorized, additional land may be acquired to accommodate equipment or special appliances and devices proposed to be installed or to provide working areas to accomplish the objectives sought in this title: *Provided further*, That no project, the estimated cost of which is less than $25,000, shall be deemed to be eligible for the program authorized by this title.

SEC. 302. For carrying out the purposes of this title, including administrative, supervisory, traveling, and other expenses in connection therewith, there is hereby authorized to be appropriated the sum of $30,000,000 to remain available until expended.

TITLE IV—MISCELLANEOUS AND GENERAL PROVISIONS

SEC. 401. (a) In addition to the authority conferred upon him by any other law the Commissioner of Public Buildings, whenever he deems it desirable or advantageous, is authorized to employ, by contract or otherwise and without regard to the Classification Act of 1923, as amended, or to the civil-

service laws, rules, and regulations or to section 3709 of the Revised Statutes, the services of established architectural or other professional or technical corporations, firms, or individuals, to such extent as he may require for any public building project which the Public Buildings Administration is authorized by Congress to construct, or for any such project, funds for which are transferred by another agency to the Public Buildings Administration for construction of the project, regardless of specific legislation governing such other agency: *Provided*, That this authorization shall not apply to the employment of such corporations, firms, or individuals on a permanent basis, but their services shall be limited to the individual project for which employed: *Provided further*, That nothing contained in this section shall relieve the Commissioner of Public Buildings or any other duly authorized contracting officer of the Public Buildings Administration, who shall execute a construction contract, from the responsibility of interpreting such contract, of passing on the acceptability of materials and workmanship supplied pursuant to such contract, of approving changes in such contract during the construction period, of certifying vouchers for payments becoming due the contractor, or of effecting final settlement of the contract.

(b) The Commissioner of Public Buildings is hereby authorized, whenever he deems it to be in the public interest, to hold a competition for the design of any project, to stipulate the terms, scope, and the conditions of each such competition and to make awards in pursuance thereof.

SEC. 402. The third paragraph of section 5 of the Public Buildings Act of May 25, 1926 (44 Stat. 630), as amended, is hereby deleted and the following is hereby substituted therefor:

"With respect to sites or additions to sites acquired under this act, the Commissioner of Public Buildings is hereby authorized, in his discretion, to rent, until they are needed for construction purposes, such sites or additions to sites and any improvements located thereon not reserved by the vendors, at a fair rental value and upon such terms and conditions as he may deem to be in the public interest. Such rentals may be deposited into a common fund account or accounts in the Treasury, and, notwithstanding the provisions of the act of June 30, 1932 (40 U. S. C. 303b), shall be available to pay the cost of such maintenance, repair, and alterations of any improvements located on such sites or additions to sites as is necessary to keep them in rentable condition and for the establishment of necessary reserves therefor: *Provided*, That except for such necessary reserves, as determined by the Commissioner, the unobligated balances of rentals so deposited into the Treasury shall be covered at the end of each fiscal year into miscellaneous receipts: *Provided further*, That with respect to improvements on such sites or additions to sites which are suitable for residential purposes only and the estimated annual rentals of which will not exceed $1,200, the Commissioner may enter into leases without regard to the provisions of section 3709 of the Revised Statutes, as amended."

SEC. 403. Section 5 of the Public Buildings Act of May 25, 1926 (44 Stat. 630), is hereby amended to delete the following words which appear at the end of the last paragraph thereof: "and to charge against the total sum of $150,000,000 hereinbefore authorized only the respective net excess cost, if any, over and above the proceeds of such sales, or providing such new sites and buildings", and after the words "miscellaneous receipts" change the comma to a period.

SEC. 404. The Federal Works Administrator, together with the Postmaster General where his office is concerned, is authorized to accept on behalf of the United States unconditional gifts of real, personal, or other property in aid of any project or function within their respective jurisdictions.

SEC. 405. The provisions of section 601 of the Economy Act, approved June 30, 1932, as amended, are hereby extended to authorize the Public Buildings Administration to furnish services in the continental United States, on the basis of full reimbursement, at the request of the State Department, to any international body with which the United States Government is affiliated.

SEC. 406. The Commissioner of Public Buildings is authorized to contract for seeding, planting, or landscaping the grounds of any public building constructed or acquired by the Public Buildings Administration in an amount not exceeding $1,800, without reference to section 3709 of the Revised Statutes.

SEC. 407. The Commissioner of Public Buildings is authorized to procure space in the District of Columbia by lease, upon such terms and for such period, not in excess of 1 year, as he may deem in the public interest, for the housing of any Federal agency or agencies, except the Post Office Department, and to assign and reassign such space. As used in this section, the term "Federal Agency" means any executive department (except the Post Office Department), independent establishment, commission, board, bureau, in the executive branch, or other agency of the United States, including wholly owned Government corporations.

SEC. 408. The Federal Works Administrator is hereby authorized to enter into such agreements with the city of Chicago, Ill., as he shall deem necessary and in the public interest, in connection with the construction by the said city of a superhighway through the Congress Street Post Office located in said city. For the purposes of this section there is hereby authorized to be appropriated such sum as shall be necessary to defray such cost, if any, which said Administrator shall determine should be borne by the United States as an incident to the construction by the said city of the superhighway through said post office.

SEC. 409. The Federal Works Administrator and the Postmaster General shall submit to the Congress promptly after the convening of each new Congress, reports showing the location and the approximate accommodations of such public building projects throughout the United States, its Territories and possessions, as they shall find eligible to be constructed in accordance with applicable statutory provisions. Such reports shall indicate the limit of cost of each project when in excess of $200,000. When the estimated cost of a project does not exceed $200,000 the limit of cost shall be determined by the Commissioner of Public Buildings. The report herein provided for shall supersede the report required by the Public Buildings Act of 1926 (44 Stat. 630, as amended).

SEC. 410. The Federal Works Administrator, with the approval of the Bureau of the Budget, is authorized, notwithstanding any other provision of law, to change or rechange the name or designation of any building in the custody and jurisdiction of the Federal Works Agency.

SEC. 411. All acts and parts of acts inconsistent or in conflict with the foregoing provisions are hereby repealed to the extent of such inconsistency or conflict.

Mr. CHAVEZ. 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. CHAVEZ, Mr. HOLLAND, Mr. CHAPMAN, Mr. CAIN, and Mr. MARTIN conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE REPORT OF A COMMITTEE

Mr. MYERS. Mr. President, from the Committee on Interstate and Foreign Commerce, I report favorably the nomination of Thomas Chalmers Buchanan, of Pennsylvania, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1952, to which office he was appointed during the last recess of the Senate, and I submit a report (Exec. Rept. No. 6) thereon.

The PRESIDING OFFICER. The report will be received and the nomination will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk proceeded to read sundry nominations in the Diplomatic and Foreign Service.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

UNITED STATES MARITIME COMMISSION

The legislative clerk read the nomination of Maj. Gen. Philip B. Fleming, United States Army, retired, to be a member of the United States Maritime Commission for the term expiring April 15, 1955.

Mr. WHERRY. Mr. President, I have been requested by one of my colleagues to ask that this appointment go over until the next call of the Executive Calendar.

The PRESIDING OFFICER. Without objection, the nomination will go over.

Mr. WHERRY. I wish the RECORD to show that I have made that unanimous-consent request on behalf of another Senator, a colleague, who has asked that the nomination go over until the next call of the Executive Calendar.

The PRESIDING OFFICER. The RECORD will so show.

Without objection, the President will be notified forthwith of the confirmations which have been made today.

Mr. LUCAS. Mr. President, I should like to inquire of the distinguished minority leader whether he believes there will be objection to the nomination at the next call of the calendar.

Mr. WHERRY. I do not believe there will be.

Mr. LUCAS. I thank the Senator.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, I should like to ask the distinguished majority leader a question. If action on House bill 2663, Calendar No. 90, is concluded tomorrow afternoon before the usual time of recess, is it the intention of the distinguished majority leader to have the Senate take up any other proposed

legislation before a recess is taken until Tuesday?

Mr. LUCAS. I may say to the Senator, if we should conclude this bill within a reasonable length of time tomorrow afternoon, we shall immediately take up, I think, either the basing-point bill or the District of Columbia home-rule bill, one or the other. It is my understanding there has been some serious objection made to the basing-point bill upon the part of some of the Members on this side of the aisle, and that Senators are now discussing it with the Senator from Pennsylvania [Mr. MYERS] to see whether they may be able to reach some sort of compromise.

Mr. WHERRY. I sincerely suggest to the distinguished majority leader that if Calendar No. 90, H. R. 2663, is completed, and if he can arrange his program, I believe we can iron out the difficulty, and I think we might be able to pass the basing-point bill even tomorrow afternoon. I at least offer that as a suggestion.

Mr. LUCAS. That is a very worthwhile suggestion. I may say to the Senator from Nebraska I certainly hope we can get both bills through tomorrow.

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

Mr. LUCAS. I yield to the Senator from Tennessee.

Mr. KEFAUVER. I was going to suggest, if there is some delay in ironing out the difficulties in connection with the basing-point bill, I hope the Senate will proceed with the home-rule measure, which has been reported.

Mr. LUCAS. If the Senator from Tennessee, who, I understand, is not altogether favorable toward the basing-point bill, will cooperate with other Senators in trying to get the basing-point bill through tomorrow afternoon, we shall reach the home-rule bill I am sure a little faster, and perhaps pass it before we take up some measure which may take weeks.

Mr. KEFAUVER. I may say to the Senator from Illinois, I have just spoken to the senior Senator from Wyoming [Mr. O'MAHONEY], who indicated it might take some little time to iron out the difficulties in connection with the basing-point bill, although he is making progress, I believe.

Mr. LUCAS. That is a very encouraging statement, and I am sure the Senator from Tennessee will cooperate with other Senators toward the progress we all hope can be made, so we can finally take up his home-rule bill.

Mr. KEFAUVER. I certainly hope the Senator will enable us to get to it very shortly.

Mr. LUCAS. I am traveling in that direction as fast as possible.

Mr. WHERRY. Mr. President, will the majority leader yield?

Mr. LUCAS. I yield.

Mr. WHERRY. I ask the distinguished Senator from Tennessee to see if he cannot cooperate on the basing-point measure. The Small Business Subcommittee is still receiving letters from people throughout the country asking for relief. I know that although I am not the chairman. There is a state of confusion, and I believe if the differences regarding the basing-point bill can possibly be ironed out, it will take care, at least temporarily, of a very bad situation. That is all the bill does. It gives temporary relief, while an investigation is made to see whether some permanent solution of the problem can be found.

RECESS

Mr. LUCAS. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 43 minutes p. m.) the Senate took a recess until tomorrow, Friday, May 27, 1949, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 26 (legislative day of May 23), 1949:

DIPLOMATIC AND FOREIGN SERVICE

REAPPOINTMENT AS A FOREIGN SERVICE OFFICER OF CLASS 1, A CONSUL GENERAL, AND A SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

John Dewey Hickerson

CONSULS GENERAL OF THE UNITED STATES OF AMERICA

Julian C. Greenup
Francis H. Styles
Ralph J. Blake
Robert T. Cowan
Parker T. Hart
Quincy F. Roberts
Rolland Welch

CONSULS OF THE UNITED STATES OF AMERICA

Robert Mills McClintock
David M. Clark
Donald A. Dumont
Edward L. Waggoner
Charles D. Withers
Thomas J. Cole

SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

William O. Baxter
Arthur A. Compton
Charles C. Stelle

IN THE ARMY

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADES INDICATED UNDER THE PROVISIONS OF TITLE V OF THE OFFICER PERSONNEL ACT OF 1947

To be major general

Roderick Random Allen, O4652.

To be brigadier general

Harlan Nelson Hartness, O12269.

To be major generals, Medical Corps

Guy Blair Denit, O8675.
Joseph Ignatius Martin, O11943.

To be brigadier generals, Medical Corps

Robert Parvin Williams, O3924.
Robert Burns Hill, O4046.
Arthur Raymond Gaines, O6261.

To be major general, Dental Corps

Walter Duncan Love. O11506.

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES TO THE GRADES INDICATED UNDER THE PROVISIONS OF SECTION 515 OF THE OFFICER PERSONNEL ACT OF 1947

To be major generals

Edgar Erskine Hume, O4033.
Paul Henry Streit, O6254.
George Ellis Armstrong, O16548.
George William Rice, O8850.
John Morris Hargreaves, O16293.

To be brigadier general

Edwin Howerton Roberts, O6421.

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

Maj. Gen. Abram Franklin Kibler, O6668, Army of the United States (brigadier general, U. S. Army), for appointment as major general in the Regular Army of the United States under the provisions of title V, Officer Personnel Act of 1947.

Brig Gen. Ernest Marion Brannon, O12292, Army of the United States (colonel, Judge Advocate General's Corps, U. S. Army), for appointment as brigadier general, Judge Advocate General's Corps, in the Regular Army of the United States under the provisions of title V, Officer Personnel Act of 1947, and title II, Public Law 759, Eightieth Congress.

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

Brig. Gen. George Leland Eberle, O6613, United States Army, for temporary appointment as major general in the Army of the United States under the provisions of sections 515, Officer Personnel Act of 1947.

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

The nominations of Louis Edward Abele et al., cadets, United States Military Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, effective June 3, 1949, upon their graduation, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), which were confirmed today, were received by the Senate on May 23, 1949, and appear in full in the Senate Proceedings of the CONGRESSIONAL RECORD for that date, under the caption "Nominations," beginning with the name of Louis Edward Abele, which is shown on page 6637, and ending with the name of Lewis Lowenstein Zickel which appears on page 6639.

APPOINTMENTS IN THE OFFICERS' RESERVE CORPS OF THE ARMY OF THE UNITED STATES UNDER THE PROVISIONS OF SECTION 37 OF THE NATIONAL DEFENSE ACT AS AMENDED

To be brigadier generals

Daniel Collier Elkin
Edward Taylor Kirkendall
Harry Paul Newton
Harry Hodges Semmes
Lawrence Harley Whiting

APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES OF THE ARMY OF THE UNITED STATES UNDER THE PROVISIONS OF SECTION 38 OF THE NATIONAL DEFENSE ACT AS AMENDED

To be brigadier generals of the line

Hugh John Cox
Charles Joseph Hodge
John Lewis Thompson, Jr.

To be major generals, Adjutant General's Department

Kearie Lee Berry
Edward Clark Rose

To be brigadier generals, Adjutant General's Department

Carl Ausey Anderson
John Augustus Harris
Robinson Hitchcock
William Hoy Kelly
Earl Thornton Ricks

IN THE UNITED STATES AIR FORCE

The nominations of Gordon S. Adams et al., for appointment in the United States Air Force, in the grade of second lieutenant, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), which were confirmed today, were received by the Senate on May 16, 1949, and may be found in full in the Senate proceedings of the CONGRESSIONAL RECORD for that date under the caption "Nominations," beginning with the name of Gordon S. Adams which appears on page 6242, and ending with the name of Paul M. Yeager which appears on page 6243.

The nominations of Harman Charles Agnew et al., for appointment as second lieutenants in the United States Air Force, which were confirmed today, were received by the Senate on May 24, 1949, and appear in full in the Senate proceedings of the CONGRESSIONAL RECORD for that date under the caption "Nominations," beginning with the name of Harman Charles Agnew which appears on page 6726 and ending with the name of William B. Warwick, Jr., which is shown on page 6727.

IN THE NAVY

Vice Adm. John L. McCrea, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as Director of the Staff, Personnel Policy Board, National Military Establishment.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 26, 1949

The House met at 10 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God our Father, if we have taken our daily bread and it brought us no message; if we have enjoyed a night's rest and we are not grateful; if we have had happiness and have failed to see Thee, O Lord, forgive us and open our eyes.

May we see Thee in the creation, the preservation, and the redemption of the great wide world. May we know Thee in the nearness and sanctity of true friendship. Glory be to Thy holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate insists upon its amendments to the bill (H. R. 4392) entitled "An act to provide for the payment of compensation to the Swiss Government for losses and damages inflicted on Swiss territory during World War II by United States armed forces in violation of neutral rights, and authorizing appropriations therefor," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PEPPER, Mr. GREEN, and Mr. LODGE to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 49-13.

POMONA STATION, POMONA, CALIF.

Mr. WHITE of California. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 3003) to transfer Pomona station of the Agriculture Remount Service, Department of Agriculture, at Pomona, Calif.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman please explain the bill?

Mr. WHITE of California. I will be glad to.

Mr. Speaker, this bill provides for the return of a piece of property to the W. K. Kellogg Foundation, of Battle Creek, Mich., which property was turned over to the Government during the war for a remount station and for the breeding of Arabian horses. Under the bill it will be turned back to the Kellogg Foundation, and the property used for educational and benevolent purposes only under the terms of a trust.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from California?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture is authorized and directed to transfer and convey to the W. K. Kellogg Foundation, Inc., without cost, the real property, comprising 812 acres, more or less, of the Agriculture Remount Station at Pomona, Calif., which was conveyed to the United States acting through the War Department (now Department of the Army) by W. K. Kellogg and subsequently transferred to the Department of Agriculture pursuant to the act of April 21, 1948 (62 Stat. 197), and such of the personal property of this station as may be agreed upon, in writing, by the Secretary of Agriculture and the W. K. Kellogg Foundation, Inc.

With the following committee amendments:

Page 1, line 7, after "which", insert "tract, originally in the ownership of W. K. Kellogg."

Page 1, line 10, strike out "by W. K. Kellogg."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. WHITE of California. Mr. Speaker, I ask unanimous consent for the immediate consideration of a similar Senate bill (S. 969) to transfer the Pomona station of the Agriculture Remount Service, Department of Agriculture, at Pomona, Calif.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture is authorized and directed to transfer and convey to the W. K. Kellogg Foundation, Inc., without cost, the real property, comprising 812 acres, more or less, of the Agriculture Remount Station at Pomona, Calif., which tract, originally in the ownership of W. K. Kellogg, was conveyed to the United States acting through the War Department (now Department of the Army) and subsequently transferred to the Department of Agriculture pursuant to the act of April 21, 1948 (62 Stat. 197), and such of the personal property of this station as may be agreed upon, in writing, by the Secretary of Agriculture and the W. K. Kellogg Foundation, Inc.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

By unanimous consent, the proceedings by which H. R. 3003 was passed were vacated, and the bill laid on the table.

COMMITTEE ON EDUCATION AND LABOR

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

DISTRICT OF COLUMBIA TAX BILL

The SPEAKER. The unfinished business is the conference report on the bill (H. R. 3704) to provide additional revenue for the District of Columbia, on which the previous question was ordered on last Tuesday.

The question is on the conference report.

The question was taken; and on a division (demanded by Mr. BIEMILLER) there were—ayes 29, noes 15.

Mr. BIEMILLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 184, nays 152, not voting 95, as follows:

[Roll No. 105]

YEAS—184

Abbitt	Byrnes, Wis.	Goodwin
Abernethy	Camp	Gossett
Albert	Carlyle	Graham
Allen, Calif.	Carnahan	Gwinn
Allen, Ill.	Case, S. Dak.	Hale
Anderson, Calif.	Church	Hall, Leonard W.
Andresen, August H.	Cole, Kans.	Halleck
Andrews	Cole, N. Y.	Harden
Arends	Cooley	Hardy
Aspinall	Cotton	Hare
Auchincloss	Coudert	Harris
Barden	Curtis	Harrison
Barrett, Wyo.	Dague	Hays, Ark.
Bates, Mass.	Davis, Ga.	Hedrick
Battle	Davis, Tenn.	Herter
Beall	DeGraffenried	Hobbs
Bennett, Mich.	Dondero	Hoffman, Mich.
Bentsen	Doughton	Holmes
Bishop	Durham	Hope
Blackney	Eaton	Jackson, Calif.
Boggs, La.	Elliott	James
Bolton, Ohio	Ellsworth	Jenison
Bonner	Elston	Jensen
Bosone	Engel, Mich.	Johnson
Boykin	Fallon	Jones, Ala.
Bramblett	Fenton	Kean
Breen	Fernandez	Kearns
Brown, Ga.	Fisher	Kerr
Brown, Ohio	Ford	Kilburn
Bryson	Fugate	Kilday
Burleson	Garmatz	Larcade
Burton	Gary	Latham
Byrne, N. Y.	Gavin	LeCompte
	Gillette	

LeFevre
Lind
Lodge
Lovre
Lucas
McConnell
McCormack
McCulloch
McGregor
McKinnon
McMillan, S. C.
McMillen, Ill.
Mack, Wash.
Magee
Mahon
Marsalis
Martin, Iowa
Martin, Mass.
Merrow
Meyer
Michener
Miles
Miller, Md.
Miller, Nebr.
Mills
Monroney
Morris
Morton
Nicholson
Nixon
Norrell
Norton
O'Hara, Minn.
Passman
Peterson
Phillips, Calif.
Pickett
Polk
Poulson
Preston
Rankin
Redden
Reed, Ill.
Reed, N. Y.
Rees
Rich
Rivers
Rogers, Fla.
Sadlak
St. George
Sasscer
Scott, Hugh D., Jr.
Scrivner
Scudder
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Va.
Steed
Stefan
Stigler
Sutton
Taber
Tackett
Teague
Thompson
Trimble
Vinson
Vorys
Welch, Mo.
Werdel
Wheeler
White, Idaho
Whitten
Whittington
Wickersham
Wigglesworth
Williams
Willis
Wilson, Ind.
Wilson, Okla.
Wilson, Tex.
Winstead

NAYS—152

Addonizio
Allen, La.
Andersen, H. Carl
Angell
Bailey
Baring
Barrett, Pa.
Beckworth
Bennett, Fla.
Biemiller
Blatnik
Boggs, Del.
Bolling
Brooks
Buckley, Ill.
Burdick
Burke
Canfield
Cannon
Carroll
Cavalcante
Celler
Chelf
Chesney
Christopher
Chudoff
Cooper
Corbett
Crawford
Crook
Crosser
Davis, Wis.
Dawson
Delaney
Denton
Dollinger
Donohue
Douglas
Doyle
Eberharter
Engle, Calif.
Flood
Fogarty
Forand
Frazier
Furcolo
Gordon
Gore
Gorski, Ill.
Gorski, N. Y.
Granahan
Granger
Green
Gregory
Hagen
Hand
Hart
Harvey
Havenner
Hays, Ohio
Heffernan
Heller
Heselton
Hill
Holifield
Howell
Huber
Irving
Jackson, Wash.
Jacobs
Judd
Karst
Karsten
Keating
Kelley
Kennedy
Keogh
King
Kirwan
Kruse
Kunkel
Lane
Lemke
Lesinski
Linehan
Lynch
McCarthy
McDonough
McGrath
McGuire
Mack, Ill.
Madden
Mansfield
Marcantonio
Marshall
Mason
Miller, Calif.
Mitchell
Morgan
Morrison
Multer
Murdock
Murray, Wis.
Noland
Norblad
O'Brien, Ill.
O'Brien, Mich.
O'Hara, Ill.
O'Konski
O'Sullivan
O'Toole
Pace
Patten
Perkins
Philbin
Poage
Price
Rabaut
Ramsay
Rhodes
Ribicoff
Rodino
Rooney
Sadowski
Sanborn
Scott, Hardie
Secrest
Shafer
Sheppard
Sims
Spence
Staggers
Sullivan
Tauriello
Thomas, Tex.
Thornberry
Tollefson
Towe
Underwood
Van Zandt
Wagner
Walter
Weichel
Welch, Calif.
White, Calif.
Wier
Withrow
Wolverton
Woodhouse
Yates
Young
Zablocki

NOT VOTING—95

Bates, Ky.
Bland
Bolton, Md.
Brehm
Buchanan
Buckley, N. Y.
Bulwinkle
Burnside
Case, N. J.
Chatham
Chiperfield
Clemente
Clevenger
Colmer
Combs
Cox
Cunningham
Davenport
Davies, N. Y.
Deane
D'Ewart
Dingell
Dolliver
Evins
Feighan
Fellows
Fulton
Gamble
Gathings
Gilmer
Golden
Grant
Gross
Hall, Edwin Arthur
Hébert
Herlong
Hinshaw
Hoeven
Hoffman, Ill.
Horan
Hull
Javits
Jenkins
Jennings
Jonas
Jones, Mo.
Jones, N. C.
Kearney
Kee
Keefe
Klein
Lanham
Lichtenwalter
Lyle
McSweeney
Macy
Moulder
Murphy
Murray, Tenn.
Nelson
O'Neill
Patman
Patterson
Pfeifer, Joseph L.
Pfeiffer, William L.
Phillips, Tenn.
Plumley
Potter
Powell
Priest
Quinn
Rains
Regan
Richards
Riehlman
Rogers, Mass.
Sabath
Short
Smathers
Smith, Ohio
Smith, Wis.
Stanley
Stockman
Talle
Taylor
Thomas, N. J.
Velde
Vursell
Wadsworth
Walsh
Whitaker
Wolcott
Wood
Woodruff
Worley

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Macy for, with Mr. Hull against.

Mr. Jones of Missouri for, with Mr. Buchanan against.

Mr. Grant for, with Mr. Smathers against.

Mr. Gilmer for, with Mr. Feighan against.

Mr. Quinn for, with Mr. Powell against.

General pairs until further notice:

Mr. Davenport with Mr. Dolliver.

Mr. Dingell with Mr. Wolcott.

Mr. Bulwinkle with Mr. Lichtenwalter.

Mr. Priest with Mr. Brehm.

Mr. O'Neill with Mr. Case of New Jersey.

Mr. Hébert with Mr. Hoeven.

Mr. Buckley of New York with Mr. Golden.

Mr. Klein with Mr. Gamble.

Mr. Lanham with Mr. Taylor.

Mr. Stanley with Mr. Short.

Mr. Wood with Mr. Patterson.

Mr. Cox with Mr. Chiperfield.

Mr. Whitaker with Mr. D'Ewart.

Mr. McSweeney with Mr. Horan.

Mr. Deane with Mr. Jennings.

Mr. Evins with Mr. Jonas.

Mr. Clemente with Mr. Plumley.

Mr. Bolton of Maryland with Mr. Wadsworth.

Mr. Colmer with Mr. Woodruff.

Mr. Burnside with Mr. Cunningham.

Mr. Gathings with Mr. Keefe.

Mr. Rains with Mr. Riehlman.

Mr. Richards with Mr. Smith of Ohio.

Mr. Walsh with Mr. Smith of Wisconsin.

Mr. Sabath with Mr. Gross.

Mr. Worley with Mr. Edwin A. Hall.

Mr. Murphy with Mr. Hoffman of Illinois.

Mr. Davies of New York with Mr. Jenkins.

Mr. Chatham with Mr. Kearney.

Mr. Kee with Mr. Potter.

Mr. Lyle with Mr. Fulton.

Mr. Moulder with Mr. Fellows.

Mr. Joseph L. Pfeifer with William L. Pfeiffer.

Mr. Patman with Mr. Stockman.

Mr. Bland with Mr. Vursell.

Mr. Bates of Kentucky with Mr. Velde.

Mr. Jones of North Carolina with Mrs. Rogers of Massachusetts.

Mr. Murray of Tennessee with Mr. Hinshaw.

Mr. Regan with Mr. Nelson.

Mr. Herlong with Mr. Talle.

Mr. Combs with Mr. Phillips of Tennessee.

Mr. O'TOOLE changed his vote from "yea" to "nay."

Mr. KERR changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

COMMITTEE ON ARMED SERVICES

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent that the Subcommittee of the Committee on Armed Services investigating post exchanges be permitted to sit during the session of the House today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FOREIGN AID APPROPRIATION BILL, 1950

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 228 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That during the consideration of the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, it shall be in order to consider without the intervention of any point of order the following amendment:

"On page 4, line 7, strike out the period, insert a colon, and the following: '*Provided further*, That the entire amount may be apportioned for obligation or may be obligated and expended, if the President after recommendation by the Administrator deems such action necessary to carry out the purposes of said act during the period ending May 15, 1950'."

Mr. SMITH of Virginia. Mr. Speaker, I have no requests for time on this side, and I will be the only Member to speak on the rule on our side. I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ANGELL. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

THE ORIENTAL FRUITFLY SHOULD BE ERADICATED NOW

Mr. ANGELL. Mr. Speaker, a major problem is facing the Hawaiian Islands in devastation caused by the oriental fruitfly, discovered in June 1946. It is my information that it has made alarming advances in that time and everything possible should be done to eradicate the pest in the islands and to take every precautionary measure to prevent this infestation from reaching the mainland of the United States. We on the Pacific coast, in which we have a highly developed fruit-growing industry, which is one of our major assets, are situated in an area which could easily become infected by this pest reaching the mainland from the many airplanes flying back and forth betwen the islands and the Pacific coast. It has been found that this pest attacks not only citrus fruit but all fruit and is highly destructive.

I urge speedy action in providing the necessary funds to control and eradicate the pest.

I include as part of these remarks a letter I received today from Paulus Bros. Packing Co., of Salem, Oreg., under May 18, 1949, calling attention to the seriousness of the problem and urging effective steps to meet it. This company is one of the major fruit and vegetable packers in the Northwest. The letter follows:

PAULUS BROS. PACKING CO.,
Salem, Oreg., May 18, 1949.

Representative HOMER ANGELL,
Washington, D. C.

DEAR REPRESENTATIVE ANGELL: They are having a lot of trouble in Hawaii with the oriental fruitfly. Since its discovery in June 1946, it has made such rapid progress that fruit growers there are very alarmed and have asked an appropriation of $2,000,000 from Congress to control and eradicate this pest. The request has been broken down into six separate items, as follows:

A. Two hundred and fifty thousand dollars to expand the quest of parasites destructive

to fruitfly pests, now in progress in the western Pacific area, India, and South Africa, it being apparent that if success is to be achieved by this biological control method, early progress will be more assured by increasing facilities of these missions.

B. One hundred and fifty thousand dollars to studies of biology and ecology of fruitfly pests, since comparatively little is known of how the oriental fruitfly lives and responds to different conditions. Such information, of course, is vital to control and eradicate it wherever it may appear.

C. Five hundred thousand dollars to study of sterilization and fumigation of fruits, vegetables, and flowers. There is a wide area of unexplored possibilities for scientists with adequate laboratory equipment. Development of successful methods will stand for years to come as a vital safeguard to all agricultural areas threatened by such pests.

D. Five hundred thousand dollars to intensive studies of methods of area treatments and controls, such as spraying from aircraft, uses of chemicals, and eradication of host plants, inasmuch as such controls will be immediately needed should such a pest appear in any area in continental United States unprotected by ocean barriers.

E. Two hundred and fifty thousand dollars to intensive development and testing of new insecticides, since there are already thousands of new chemical products of laboratories developed during the war which have yet to be properly tested against these specific insects under various conditions.

F. Three hundred and fifty thousand dollars to research in disinsectizing materials and procedures on local and global common carriers, since rapid development of air travel has brought all continents within a few hours of each other.

With modern transportation as rapid as it is, it would be simple for the Pacific Coast States to become infected with the same pest. California is already fighting the possibility of the Mediterranean fruitfly coming in through fruits and has men stationed at its borders to inspect every automobile entering the State for fruit which might carry this pest. Fruit orchards of the Pacific coast are so valuable that we cannot afford to run the risk of infection.

We have gone over this program for the study and eradication of the oriental fruitfly and feel the amounts requested for the different phases of work are not excessive. This pest affects not only fruit but also vegetables and flowers.

We are very interested in seeing the danger of immigration of this trouble removed, and therefore would appreciate any help you might give.

With kindest personal regards, we are,

Yours truly,

PAULUS BROS. PACKING CO.
ROBERT C. PAULUS.

(Mr. ANGELL asked and was given permission to revise and extend his remarks and include a letter.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, it takes a great deal of nerve to stand up in the well of the House and talk to a Congress which seems to have in mind giving America away to foreign countries. It seems as if the majority of the Members are in favor of such a thing. I am not one of those. I am a Member who is interested in America first, last and all the time. I am going to stand in the well of the House and fight for America until there is nothing left of "BOB" RICH.

"BOB" RICH is just going to use every ounce of energy he has to try to convince the Members of Congress that this business of squandering the American taxpayers' dollars and taking the American people further and further into debt, as each day goes by, is eventually going to bring us to bankruptcy. I do not propose to encourage that.

Mr. Speaker, I picked up the Treasury statement of May 20, and I find that the excess of expenditures over receipts for this year, which will close very shortly, in about 30 days, is $2,895,654,019.45. We have a national debt of over $250,000,000,000. It is about time that we took a little inventory of our resources. It is about time that we took a little inventory of our ability to look after the affairs of our Nation if we intend to be a solvent, solid, sound, and going country like it was when you came into it. Remember that you Members are going to leave this country very shortly to your children and your grandchildren. How are they going to carry the responsibilities that you have heaped upon them by this great national debt which you have incurred in the last 15 years? How are they going to be able to survive? Are they going to be able to have the same opportunities that you had, or are they going to have a yoke around their necks so that they will not be able to carry on at all?

Mr. Speaker, I asked for this 5 minutes on the rule because it seems to me as if nobody is going to talk about it, and it seems as if it is the intention to let the thing come in easy, pass this bill for five or six billion dollars, and then slide out easy. But I have been working on a few of the things that we are doing under ECA, and I will give them to you when we come to the consideration of the bill. But you are on the rule now. Give them the rule. Let them talk it over. But, are you not going to stand here and let a few of the Members of the House try to cut this appropriation down? There is the gentleman from New York [Mr. TABER]. I have no doubt that he will be working hard to try to cut the amount down. There ought to be 250 Members trying to cut down Government expenses, and trying to cut down and economize in every other way possible. You have your taxpayers back home hollering at you and saying that they want less taxes, and that they want more opportunity to have more privileges for ourselves and our children. Yet we have many people saying that they want the Federal Government to look after them and they want the Federal Government to give them more so that they will not have to work. I believe in work and earn and save. It is only because of the great opportunities that have existed heretofore that America has afforded that America has become great. But, if you are going to assume all the burdens of all the countries all over the world, then I say "look out, America." It may be someday that we will not have any America. We will go by the board with a lot of other countries, because communism is running just as rampant in this country as it is in lots of these foreign countries. Stop communism here. Stop wrecking our own economy. We are no good to ourselves or to anybody when we are not solvent.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from New Jersey such time as he may desire.

Mr. HAND. Mr. Speaker, even in its reduced amount, I am still unable to support the pending bill appropriating additional billions for the foreign-assistance program.

Former President Hoover once referred to national prohibition as an experiment noble in purpose. It is only fair to say that the purpose of the foreign-assistance program is "noble in purpose." But it is my view that it is both impractical and unnecessary.

What the proponents of the bill overlook completely is that when the Marshall plan was first proposed, and before we had appropriated a dollar to implement it, many of the nations of western Europe had already achieved, in both industrial and agricultural production, a standard which was roughly equal to their production immediately before the war. Do not make the mistake of thinking that this program is designed to restore Europe to its prewar standards; it is, rather, to increase their standards of living and production far beyond that which existed immediately before the war.

There are many who will be shocked by this statement, but it is quite factual, and the basis for it may be found in the committee reports advocating the original adoption of this far-flung, and exceedingly expensive scheme.

Now, Mr. Speaker, it is entirely a desirable objective to increase the standards of European production and living until they equal our own, but the point that I raise is that we have not the slightest moral right to do this with the money of the American taxpayer, and I gravely doubt if we have the constitutional right to do it. The Federal Government is one of limited powers; the Congress can only do those things which are expressly or implicitly authorized. And I am certainly unaware of any authority in the Constitution to spend Federal revenues for the purpose of increasing living standards all over the world.

I call to your attention, also, that this dangerous theory will be expanded. The President, in his inaugural address in January 1949, spoke very clearly of the extension of this principle to help all the rest of the world. Indeed, we have come to a point where we insist on giving our money away regardless of need, and sometimes without even a request for it.

Mr. Speaker, what we do under this program sometimes leads to remarkable results. For example, we all agree that the Navy of the United States is not only the most powerful in the world, but more powerful than all the navies of the world combined. The second greatest Navy is that of our ally and friend, Great Britain. There just is not a naval threat to this country or to Great Britain, or to the Europe that we propose to support by the North Atlantic Treaty. It was for this reason, as well as in the interest of some sane economy, that the Secretary of Defense, Mr. Louis Johnson, recently canceled plans to build a huge aircraft carrier to add to our already impregnable fleet. I say that we did this because we did not need it, and could not very

well afford it. Notwithstanding these facts, the world press recently announced that Great Britain, the principal beneficiary of foreign-assistance funds, and who drains billions of our dollars for its own interests and socialistic enterprises, has announced the building, for its navy, of eight new aircraft carriers. If this makes sense, I would like it explained to me in words of one syllable by some of the proponents of this bill.

GREEK-TURKEY AID

I have referred to the Marshall plan as at least an experiment noble in purpose; that cannot be said of the program of assistance to Greece and Turkey. That, in its very conception, was an imperialistic doctrine in which the United States assumed the right to insist upon governments and policies all over the world which meet with its approval, and insisted that no government should exist which did not meet with its approval. When President Truman first suggested such a course to the Congress and stated that it was our duty to everywhere support democracies by cash and probably by force of arms, and referred to Greece and Turkey as democracies, I could hardly believe that he was serious. Neither country has ever been a democracy as we understand the meaning of the term. Moreover, quite frankly, it is none of our business to dictate to them the character of their Government; and it was a little difficult to understand why Greece and Turkey, alone, were selected.

On May 7, 1947, in a speech to the House of Representatives on this question, I said:

> If the President thinks that the United States has the moral duty, or even the moral right, to interfere with all governments that are not democracies, he might have also mentioned most of the rest of the world; not just Iran, but Iraq, Egypt, India, Korea. He might have mentioned the communistic threat of Togliatti in Italy, of Thorez in France. He could have referred to the totalitarian Franco in Spain, and, closer to home, Argentina and Chile are not conspicuous adherents to the form of government that we in America prefer.

Further in the same speech I said:

> There should be no misunderstanding of the Truman doctrine. The President was frank about it. Summed up, it is this:
>
> "I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.
>
> "I believe that we must assist free peoples to work out their own destinies in their own way."
>
> I cannot bring myself to believe any such thing. I do not believe we have either the duty or the right to interfere with the internal affairs of foreign nations throughout the globe.

It is this imperialistic and dangerous theory to which we have already subscribed hundreds of millions, if not billions, and are now asked to further support, perhaps indefinitely.

Moreover, Mr. Speaker, those hundreds of millions have been largely wasted. It was the assumption that this aid to Greece would stop the few thousand guerrillas who were then terrifying the entire Greek Army. If you think the plan has worked, I beg you to read the President's reports to Congress on the progress of Greek aid, all of which I have examined with care. In his sixth report to the Congress for the period ending December 31, 1948, which is the latest the State Department has available for us, you will find that the President says, among other things, that—

> After weeks of inconclusive fighting and increasing guerrilla activity in other areas, Greek Army efforts in Vitsi slackened, and by the end of November the campaign was reduced to a holding operation. (P. 4, Sixth Report to Congress on Assistance to Greece and Turkey.)

Please bear in mind, Mr. Speaker, that this is the situation after about 2 years of the ceaseless pouring of American money into the Greek economy and Greek Army. The President goes on to say:

> No major offensive actions were undertaken by the Greek Army during the period under review.

And again:

> During December the guerrillas demonstrated a capacity to mount attacks in force against medium-sized towns in central and northern Greece.

They captured thousands of people to replace their own losses, and engaged in a considerable campaign of destruction.

Every report made by the President is to the same general effect, and the inescapable conclusion is that the plan just is not working.

Mr. Speaker, I am reluctant to continue stubbornly fighting against this program, which seems to get at least lip service from a considerable majority of the House.

The truth is, the program would not get 50 votes if it were not attractively presented as an effective movement for containing communism. I loath and despise communism, both with respect to its political theories, and economic theories. I support with all my strength, and always shall, our political democracy and our economic system of private enterprise; but anybody who has observed with care world events in the last 4 years will certainly conclude that this is not an effective means of combating communism. It must be clear now that we are on the wrong track.

However, I am content to follow the dictates of my conscience and to act in accordance with my extensive study of the entire program. I cannot stop what is being done, but I can at least raise my voice in warning, and I shall be content with the ultimate verdict of history as to whether our present proceedings were statesmanship of high order, or as I believe, dangerous nonsense.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, one of our solemn obligations as Members of Congress is to maintain at all times an adequate national defense. Each of us is under oath to support and defend the Constitution, and our country, against all enemies, foreign and domestic. In addition, we have an obligation to those who make up our armed forces in times of emergency, that they will be equipped with the finest weapons of modern warfare that dollars and cents can buy.

It is because I regard this obligation so keenly that yesterday I introduced House Resolution 227 providing for an investigation of the military aircraft-procurement program.

These are perilous times—times in which the preservation of peace depends upon our readiness for war if war must come.

Twice, first in 1917 and again in 1941, I served in the armed forces for my country. I think I know the importance of an alert readiness for a national emergency. Everyone knows that the American taxpayers, groaning under an almost unbearable burden of charges for the national defense, foreign relief, and domestic programs, need now more than ever before to be doubly sure that their money is not being wasted, that they are getting a dollar's worth of defense for every dollar of taxes paid.

Right now, I am not sure that they can be confident that this is the case.

Ugly, disturbing reports are beginning to circulate through the Congress and through Washington. They have come to me from New York and from other cities. I am confident that I am not the only Member of Congress who has heard these reports.

I say that the seriousness of their nature, the insistence with which they are going the rounds, the vigor and confidence with which they are asserted, imperatively demand that this Congress set up an unbiased House committee to make a full and complete investigation.

There may be some who will cry "politics" at my suggestion. I deny here and now, with every emphasis possible, that there is any politics at all involved. My record on national defense speaks for itself. It has, for years, been the record of both the Republican and Democratic Parties that when it came to the national defense and to international policy, politics was permanently adjourned.

While I know it is customary to give the author of an investigating resolution chairmanship of an investigating committee, I renounce any traditional claims for myself.

My old friend, Louis Johnson, the Secretary of National Defense, should particularly welcome this inquiry. Inasmuch as his name is deeply involved in the reports, he should wish to clear it. Officers of the Army, Navy, and Air Force should welcome the investigation. Their stake is a million miles from politics.

The administration should welcome the inquiry. If the reports are ill-founded, it should be glad to accept a device which, through an unbiased inquiry, will dispose of them for all time. If they are correct, then the American people have an absolute, undeniable, God-given right to know the truth and to expect their Congress to take drastic action.

My proposal is simply this: That the House set up a committee of five members each from the House to investigate all phases of the qualities of various military aircraft; all circumstances and facts involved in the cancellation of some contracts, the enlargement of others;

the connections of the Honorable Louis Johnson, Secretary of Defense, and the Honorable Stuart Symington, Secretary for Air, past or present, direct or indirect, with these companies; and the 1948 political campaign contributions that may have been made by these companies or their officers.

These disturbing reports—and to me they are only reports until they are investigated—revolve around the associations of Mr. Symington and Mr. Johnson with Mr. Floyd Odlum of the gigantic Atlas Corp., a super holding company.

It is reported that Mr. Symington is a frequent week-end visitor at the Palm Springs, Calif., ranch home of Mr. Odlum and his wife, the former Jacqueline Cochrane; that the logbook of the "Dewdrop" plane, which Mr. Symington uses as his personal aircraft, will record many visits to Palm Springs. This in itself is nothing. Against a background of other facts it provides food for thought.

In 1947, the Consolidated Vultee Aircraft Corp. held contracts for 100 B-36 bombers. At that time there was considerable doubt as to whether the contracts would ever be fully validated. A reading of the hearings on the 1949 Air Force appropriations discloses that in early 1948, it was actually planned to cut back these contracts. The Air Force was asking instead for B-50's and B-54's. In 1947, Victor Emanuel, who then controlled Convair through his Aviation Corp. (AVCO), considered selling Consolidated to the Lockheed Aircraft Corp. The Securities and Exchange Commission would not approve the sale.

Late in 1947, Mr. Odlum, through Atlas, acquired control of Consolidated, and became chairman. A few months later, in January, the Air Force prepared a directive canceling production of the B-36. Air Force studies in early 1948 indicated that the B-36 was not suitable, and Gen. Lauris Norstad so advised his superiors, explaining that the contract for 100 would be cut back to 50 or 60 so as not to bring finanical ruin to Convair. In May, the Air Force announced that it would build its 70-group force around the B-50, Boeing; and the B-45, North American; P-86, North American; and others. This announcement on May 7, 1948, did not list the Convair B-36.

By then, 10 B-36's had been produced. The Air Force in June cut production to 96 and announced a further reduction to 61 B-36's.

Mr. Louis Johnson was a director and attorney for Consolidated Vultee at that time.

During the same months of April, May and June, 1948, an official investigation was begun of the wartime aircraft turret contracts of Emerson Electric Co., of St. Louis, a firm formerly headed by Mr. Symington.

These aircraft turrets were unsatisfactory, and the contracts contained a clause providing that defects be corrected without cost to the Government. Col. Frank Wolfe, of Wright Field, went to St. Louis and renegotiated these contracts without loss to the company. It has been said that this renegotiation process cost the Government approximately $20,000,000. Emerson Electric was saved from loss, the Government obtained the turrets at increased cost and as usual, the American taxpayer suffered. Colonel Wolfe, who was a subordinate of Gen. Benny Meyers, is now retired and is said to be living at Beverly Hills, Calif. The entire transaction should be the object of the committee's inquiry.

I return to Consolidated Vultee-Atlas Corp. Although in the spring and summer of 1948 the Air Force planned to reduce materially the B-36 contracts, we find that in January of 1949 it was canceling contracts with other companies for other planes in order to procure more B-36's, which not many months before had been found unsatisfactory as bombers and were to be used as refueling tankers. The renegotiations of the canceled contracts with other manufacturers was handled by an outside law firm, reportedly upon the recommendation of Mr. Johnson. This firm had been retained for some time by Mr. Odlum's Atlas Corp.

Throughout the aircraft industry there are reports of very serious circumstances surrounding this transaction. They involve reported plans to set up, through Atlas, a huge aircraft combine under the control of Mr. Odlum. I have heard from sources I cannot disregard that there is a plan under way for Mr. Symington to resign as Secretary of Air as soon as the 1950 budget containing more funds for more B-36's is approved, and head this huge aircraft combine. I do not say that all of these reports are true; but I do emphatically assert that they are so prevalent and so persistent as to require a congressional investigation without further delay. The Congress should take this action in the vital interests of the security of the United States. We have a duty to the Nation regardless of an individual or corporation. That duty we cannot shirk.

On September 10, 1948, it was announced that the B-36 contract would not be cut back to 61 after all, but that the entire 94, still under contract, would be accepted. Later, 36 Convair—Consolidated-Vultee—liners were purchased and a $35,000,000 contract for modified training planes was executed with the same company. In October, the production of Northrup B-49a jet bombers was transferred from that firm to Consolidated Vultee. The same month a Curtiss-Wright contract for F-87 all-weather fighters was canceled. A few weeks later, the $80,000,000 which was withdrawn from the Curtiss contract was transferred to Consolidated Vultee for trainers. There have been repeated cancellations early this year for other types of planes, all a matter of record, to make additional funds available for B-36's. The cut-backs of other contracts involve $312,000,000, a great sum. The cost of canceling the original contracts is being borne by the taxpayer. They will total in the neighborhood of $100,000,000. The money withdrawn from the other contracts will go, for the most part, to Floyd Odlum's Consolidated Vultee Aircraft Corp.

More recently the B-54 contract has been canceled and plans are going forward for the purchase of yet another 36 B-36's. The Air Force has also brought forth a plan to modify the 73 B-36's already on hand by the addition of jet engines, for which the B-36 was not designed. The cost of the modification of the plane to bring it more in line with aircraft developments that have far outpaced its original design is more than $2,500,000 each, more than all airplanes except the B-36 cost in the first place. Former Secretary of Defense, the late Mr. Forrestal, in learning of irregularities in the handling of this plan, refused to approve it. A very short time after Mr. Johnson was sworn in to succeed Forrestal, he issued orders, in great haste, to give the additional $183,000,000 contract to the Consolidated Vultee Aircraft Corp., a firm from which he had just resigned as director and counsel a few weeks before.

It is impossible for me at this point to catalog the entire series of cancellations and reorders of Consolidated planes. But Congress should here and now find out why the B-36 was unacceptable in the first half of 1948; why it became acceptable in September and October 1948; why contracts for other types have repeatedly been cut back to provide funds for still more B-36's, and whether there are plans for a super aircraft combine to be headed by Secretary of Air, Symington, and under the thumb of Floyd Odlum.

There are well-founded reports that Mr. Odlum was very active in assisting Mr. Louis Johnson to raise campaign funds for the Democratic Party in September and October 1948 that this coincides with the improvement in the status of the Consolidated Vultee Aircraft Corp. and with the reputation of the product on which its financial future was staked—the B-36. If the aircraft industry and Mr. Odlum assisted in raising $1,500,000, or as some reports have it, a staggering $6,500,000, for the Democratic campaign, the Congress and the American people should know about it.

I do not assert that this is true. I maintain that there is sufficient evidence at hand to demand an investigation, devoid of any whitewashing or soft-pedaling tactics. The American people are entitled to a fair and impartial investigation so that the truth may be known.

There is much more information available that I have not taken the time to relate. This information belongs properly to an investigating committee. It concerns the wastage of some 2,000 B-29's now in storage; it concerns the influence and political association of Mr. Odlum with Mr. Johnson and Mr. Symington.

Nothing short of an inquiry by Congress will clear up these matters. We are spending $15,000,000,000 a year on our national defense. Are we pouring much of this into one basket, and an outmoded basket at that? Is there undercover dissension and serious disagreement on the state of our defenses? What about these influences that are being so widely discussed now? What about the cancellation, revision, renegotiation, and rejuggling of contracts for planes that, less than a year ago, were thought to be our best defensive weapons? What about these associations that are being so widely discussed?

In fairness to the public which ungrudgingly pays the bill, in fairness to

Congress itself, and in fairness to all who have been and are being mentioned, Congress can do no less than to support a full, complete, and fair investigation into these matters. That is exactly the purpose of my resolution.

Mr. ALLEN of Illinois. Mr. Speaker, while I do not know of any further requests for time on this side, yet I reserve the balance of my time until the gentleman from Ohio [Mr. BROWN] comes in.

Mr. SMITH of Virginia. I want the gentleman from Illinois to understand that when I conclude my remarks I shall move the previous question. Is that all right?

Mr. ALLEN of Illinois. That is all right.

Mr. SADOWSKI. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Virginia yield to the gentleman from Michigan for a parliamentary inquiry?

Mr. SMITH of Virginia. I yield.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. SADOWSKI. Mr. Speaker, the gentleman from Virginia has stated that there has been no request for time on this side. I make a request for 5 minutes.

The SPEAKER. The gentleman has not stated a parliamentary inquiry.

Mr. SMITH of Virginia. Mr. Speaker, I may state, in order to show my good faith, that the gentleman from Michigan did ask me for time just after I had said I had had no inquiries, which was the fact, and had agreed that I would not yield any further time on this side. I will state further that I also arranged for the gentleman from Michigan to get 5 minutes under general debate, which he does not seem to desire.

Mr. Speaker, the purpose of this rule is merely to facilitate passage of this bill by authorizing and making in order an amendment which the Committee on Appropriations wishes to offer. The House will thus be given an opportunity to vote on this proposed amendment. It is thought that by doing that it will facilitate the passage of this bill, which I think all Members are very anxious to dispose of.

Mr. Speaker, I move the previous question on the resolution in order that we may get right into it and that its consideration may be concluded today.

The previous question was ordered.

The resolution was agreed to.

Mr. GARY. 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. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes; and pending that I ask unanimous consent that general debate on the bill may be limited to 4 hours, one-half the time to be controlled by the gentleman from New York [Mr. TABER] and one-half by myself.

Mr. RICH. Mr. Speaker, reserving the right to object, I wish to ask the gentleman if he believes that in 4 hours we can do justice to the American people in spending $6,000,000,000?

Mr. GARY. Mr. Speaker, I assure the gentleman that we are going to try to do justice, complete justice, to the American people.

The SPEAKER. The gentleman from Virginia asks unanimous consent that general debate on the bill be limited to 4 hours, the time to be equally divided and controlled between himself and the gentleman from New York [Mr. TABER].

Is there objection?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, with Mr. COOLEY in the chair.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Virginia [Mr. GARY] is recognized for 2 hours, and the gentleman from New York [Mr. TABER] will be recognized for 2 hours.

Mr. GARY. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, at the beginning of the discussion on this bill, may I pause for a moment to pay my respects to the subcommittee that has labored so diligently for the last month on this measure. We had as majority members of this subcommittee the gentleman from New York [Mr. MCGRATH] and the gentleman from Illinois [Mr. YATES], two newcomers to the House and two newcomers to the committee, but men who have already made their mark and have demonstrated their ability. As the two Republican members of the committee we had the gentleman from New York [Mr. TABER] and the gentleman from Massachusetts [Mr. WIGGLESWORTH], whom I am certain the House will realize have given thorough consideration to this entire problem. I know of no two men who are better qualified to pick flaws or to find weaknesses in a witness' armor, and I say to you that throughout these hearings they were zealous in their efforts to find out, if possible, if there was anywhere we could cut down on this program or if there was any faulty administration.

There appeared before the committee many witnesses from the Department and from the outside. We had the privilege of listening for over an hour to Gen. Lucius D. Clay, the retiring United States Governor in Germany, who had just returned from Germany and was, therefore, able to give us an accurate picture of conditions with respect to that country. In addition, we had several representatives of the ECA who had recently returned from Germany and from Japan. So that we had at first hand the latest information as to conditions in Europe and Japan.

Mr. Chairman, this bill contains four subdivisions. In the first place, we have the ECA. In the second place, we have what is known as GARIOA appropriations for Government and relief in occupied areas. Then we have EROA, which is economic rehabilitation in the occupied areas. EROA is the ECA for Japan. In addition to that, we have an item for assistance to Greece and Turkey.

I shall try to outline briefly the various proposals before the Committee of the Whole at the present time. But before I do that may I give you the general background of this entire situation insofar as ECA is concerned.

Our committee did not feel it was our duty to go into the question of policy, which has been considered on numerous occasions on this floor. The House has decided the policy so far as ECA is concerned. We considered it our job to see to it that the policy is carried out at the least possible expense. Consequently, we scrutinized very carefully the administration of the ECA program. May I say, and I think I can say this without contradiction from the minority members of the committee, that we were greatly impressed with the administration of ECA from Mr. Hoffman on down.

Throughout the hearings there was never a time when we asked for information and statistics, that they were not immediately available or if not immediately available, the statistics were compiled and presented just as quickly as could be expected.

There have been substantial accomplishments under the ECA program; as a matter of fact, I think I could go even further and say that there have been amazing accomplishments. It was my privilege to visit Europe in the fall of 1947. When present conditions are compared with those which existed in 1947, it is nothing less than startling.

Industrial and agricultural production has increased tremendously in practically all of the countries. Exports from these countries have increased substantially, so that some of the countries today are helping the other countries of Europe in their respective recovery programs. The standards of living have been raised to a gratifying extent in all of the participating countries. As a matter of fact, in many of the countries the standards of living are now almost back to the prewar level, when you discount the question of housing in those countries where destruction was worst. Of course, the housing conditions in Europe will be bad for many years to come.

The morale of Europe has improved and let me say to you this is of the greatest importance in this critical state of world affairs. As a matter of fact, the cold war in Europe has been won up to the present time. Communism has been stopped in its tracks. We asked General Clay and other witnesses who are in a position to know and they said that in their judgment there would have been no North Atlantic Pact, which guarantees the safety and security of this country, unless there had been an ECA. They said that the Berlin blockade would not have been lifted had it no been for the effects of the ECA. In fact, this program has succeded so well, that many, who 1 year ago proclaimed that it should not be undertaken because we would be pouring money down a rat hole, are today contending that recovery has been so substantial that the ECA does not now need additional funds.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Does the gentleman know how much money is covered in this bill altogether?

Mr. GARY. I will give the gentleman the figures in just a moment.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Pennsylvania.

Mr. RICH. What country did the gentleman say does not need additional funds?

Mr. GARY. I did not say any country. I said that many people who stood on this floor and who argued a year ago that we should not embark upon this program because we would be pouring money down a rat hole now say that all the countries have recovered to the point where they do not need any money, which is an admission of the efficacy of the program.

Mr. RICH. Has the gentleman had any indication from any country over there that they would not need any funds at any particular time in the future?

Mr. GARY. No; and I am going to discuss that right now.

Mr. RICH. They are all going to have their hands out as long as you are going to hand it to them.

Mr. GARY. Gentlemen, we have made substantial progress, and yet there is a great deal to be accomplished. In the first place, the currencies of these various countries have not been completely stabilized. In some of the countries inflation is still rampant. That is one of the situations that the ECA is fighting in Europe today. It is insisting that the countries stabilize their currencies. We are in this position in this program, the ECA does not attempt to tell these various nations what they have got to do, but they are trying to assist them in formulating programs that will eventually mean the economic recovery of the entire world.

Much is yet to be done with reference to the elimination of trade barriers so that these nations in Europe can trade freely with each other. A great deal has been accomplished in that respect. A number of trade barriers have been removed, but that is a difficult program and consequently it is one that is going to take a long time to work out. The nations of Europe need a balanced budget. As a matter of fact, that is one of the great problems that we are also facing in our country today. In some of these countries they have not imposed adequate taxes, and in one or two instances they have not collected the taxes that they have imposed. But great progress has been made in bringing about reforms in these respects. Moreover, a great deal has been accomplished in regional cooperation, yet much more must be done. Naturally, there is a desire on the part of each nation of Europe to become self-sufficient rather than remain dependent upon its neighbor nations for some essential commodities. The ECA is trying to promote a program of regional cooperation, so that one nation will rely more upon another nation for the things that nation is best prepared to produce.

We have two alternatives today. One is the ECA, which will bring about recovery of our allies in Europe. The other is to prepare for war. If we cannot stop the advance of communism in Europe, then we must realize that sooner or later, after they have taken over the Continent of Europe, the continent of North America will be their next objective.

The ECA program is a defense program, and it is a much more effective defense program than one of merely preparing for war, for this reason: if we spend all our money preparing for war and war does not come, the money is wasted; but if we spend a part of our money in strengthening our allies, who will assist us in the event of war, we will at the same time under the ECA program strengthen them economically so that in time of peace we will increase our opportunities for trade and provide markets for the surpluses in this country.

We all know that the United States is a surplus-producing Nation. We must have foreign markets to dispose of those surpluses or else our own national economy will suffer. When we rebuild Europe, we are building up markets which will benefit us in peacetime, and we are also strengthening those nations to the point that they can be effective allies in the event of war.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Pennsylvania.

Mr. RICH. I suppose a good many people think I am opposed in every way to helping others, but that is not the case. I am opposed to the degree in which we are trying to aid other people, when we need so much help ourselves. Suppose you spend this $6,000,000,000 in assisting these countries; does the gentleman believe for a minute that these countries will give every consideration to American produce, if they can buy the materials from some other country for less money than they can from America?

Mr. GARY. May I say to the gentleman that I do not believe anyone on this floor will question the motives of the gentleman from Pennsylvania. I certainly have the highest regard for him. I know that in this matter he is actuated by the highest motives. I do not agree with the gentleman, however, and the reason I do not agree with him is that I have seen the effectiveness of this program. We are encouraging the people of Europe to trade among themselves because they must have trade to live, just as we must. On the other hand, unless we can strengthen them economically, they cannot trade with us at all. We certainly must have markets for the surplus products in this country.

Mr. RICH. They have always worked things out themselves. The thing I fear will happen is what is happening in this country. We are trying to let everybody know they can get everything they want without doing anything to get it. I believe in working and earning and saving. I believe that the more you do for some people the less they will do for themselves. That is what I fear we are doing in the operation of ECA.

Mr. GARY. I think the administration of this program from that standpoint has been beyond criticism. Mr. Hoffman and his associates in the administration of ECA have tried in every way they could to see that the European nations do their part. The gratifying thing about it is that they are doing their part, and the results to date show it.

Mr. RICH. One other statement: I have the highest regard for the gentleman, and I want him to know it.

Mr. GARY. I thank the gentleman.

Mr. RICH. I have appreciated my association with the gentleman. But have you weighed the question of how far this country can go beyond the condition that we find ourselves in now, with the great demands that are made upon us for the people of our own country? How much further do you think we can go on? I know that we have a lot of fine men on the Committee on Appropriations. I just think that they are overdoing it. Have you figured how much we can go in the red this next year and still be economically sound?

Mr. GARY. It is important to find out how far we can go, but it is more important in my judgment to know how far we must go. We must go far enough to protect this country. To have an inadequate program for the ECA would be worse than having none at all, for this reason: If you have no program at all, then you can take the money now used for the ECA and use it for atomic bombs and an increased Army and Navy in this country. If, you have an adequate program, you will strengthen our enemies—pardon, me, I mean you will strengthen our allies to the point that if war should come, they will be of material assistance to us. But if you have an inadequate program, you will merely weaken the United States without strengthening our allies, and the whole amount will be virtually thrown away.

Mr. RICH. The gentleman made the statement, inadvertently of course, that we will strengthen our enemies.

Mr. GARY. What I meant to say and did say was that an adequate program would strengthen our friends.

Mr. RICH. Of course it was a slip of the tongue. I know the gentleman did not mean to say that. But what I am afraid of is that by trying to strengthen our friends we may be making a mistake.

Mr. GARY. I said we were trying to strengthen our allies.

Mr. RICH. We gave Russia over $12,000,000,000 worth of equipment, which they have in that country. We are fearful of them now, and we wish we had it back.

Mr. GARY. We are not doing that any more.

Mr. RICH. We are doing the same thing, perhaps, with some of these other countries which may turn on us. Under the North Atlantic Pact, we are figuring on helping them, and they are preparing for war over there. They might turn around and use that against us. That is what I am afraid of. I think you have to keep your eyes and ears wide open for fear that some of these things, which we think are going to be blessings, will turn out to be anything but blessings to our country.

Mr. GARY. I agree most heartily with the gentlemen on that. I think that is what our committee has done. We are trying to see that this money is used properly.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. RABAUT. The gentleman from Pennsylvania [Mr. RICH] asked the question: How far can we go in the red on this? I would like to ask the question of the gentleman from Pennsylvania, how far does he think we will go in the red if we have a "hot" war?

Mr. RICH. The gentleman from Pennsylvania will answer that question, if the gentleman would yield for that purpose.

Mr. GARY. I wish the gentleman would not ask me to yield now.

Mr. RABAUT. Let us thresh that question out on our own time.

Mr. GARY. I would like to give the gentleman the opportunity to answer, but I feel that I have yielded sufficiently.

Mr. Chairman, I want to say to the gentleman that the aim of our committee was to provide for an adequate program at the least possible cost. Let us look at the costs briefly.

Mr. RICH. Mr. Chairman, will the gentleman permit me to make a statement in reference to the question asked by the gentleman from Michigan [Mr. RABAUT]?

Mr. GARY. I yield.

Mr. RICH. I believe that if we would talk peace, and work and do everything for peace in this great Nation of ours, and in all the world, instead of talking so much about the probability of having war with Russia—if we would send a commission over there, by the President of the United States, to try to get together with them peacefully, we would accomplish a great deal more than by trying to prepare for war. Whenever we make these great preparations for war, we have a lot of fellows who want to use the machinery of war. That is what will happen. But if we talk peace and try to keep from spending our money for arms and munitions, and things of that kind, then we will have peace.

Mr. GARY. May I say this—of course, if the gentleman from Pennsylvania believed, as I do, that this program will promote the peace of the world, he would not object to one dollar that we are spending. From the bottom of my heart I believe that it will do just that. That is the reason I stand before this body today, with all the sincerity of my being, to ask you to provide for an adequate program for the ECA, which I think is the greatest factor we have for the advancement of world peace today.

Let me talk for a few moments about the figures. In the ECA authorization bill recently passed by this Congress, we authorized $1,150,000,000 for the period from April 3 to June 30, 1949. In addition to that, we authorized $4,280,000,000 for the fiscal year 1950. The total authorization was $5,430,000,000. That was the original estimate for this program. But before the bill was presented to our committee, realizing that there had been some reduction in prices, when the budget estimate was submitted, the President himself cut those estimates $157,800,000 below the authorization. So that the budget estimates were $1,074,000,000 for the period from April 3 to June 30, 1949, and $4,198,200,000 for the fiscal year 1950, making a total of $5,272,200,000.

The subcommittee went over these estimates very carefully. They felt that they could be further reduced. There had been some price reductions between the time of the President's budget estimates, and the submission of the report to us, which we estimated at $42,300,000. We considered that there would be a continued decline in prices throughout next year, and that decline was estimated at $80,000,000. In addition, there is now pending before the Senate an international wheat agreement which will probably be ratified by that body and if it is ratified the ECA, by reason of the price provided in that agreement, will save $60,000,000.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. FLOOD. If the gentleman will permit, I wish to read a statement from the New York Times of May 24. This article states:

> The cost-of-living index went up 0.1 percent between March 15 and April 15, the Bureau of Labor Statistics reported today. This represented higher average retail prices for foods, miscellaneous consumers goods and services. According to this report it marked the second month of slight price rises following 5 months of falling prices.

Mr. GARY. I thank the gentleman from Pennsylvania for that information which indicates that our subcommittee may have cut too deeply. The items which I just outlined total $182,300,000 that the subcommittee cut from the ECA appropriations.

When the recommendations of the subcommittee were submitted to the full committee, the full committee felt that the subcommittee had not cut sufficiently; consequently a motion was made in the full committee that the amount for the fiscal year 1950 be decreased 15 percent from the amount of the budget request. That brought the figure down to $3,568,470,000. It cut the total budget requests for ECA to $4,642,470,000. That was a reduction of $1,280,730,000 below the funds available for the fiscal year 1949, or a cut of 26 percent. It is a reduction of $629,000,000, or 15 percent, below the budget estimates.

Frankly, the subcommittee did not think that was a proper cut, but we are not going to ask at this time that the amount be restored; what we are going to ask is that the House write into the bill a provision that was in last year's bill, inserted, I think, at the instance of my friend, the gentleman from New York [Mr. TABER]. The language which is identical with that inserted in the bill passed in 1948 is as follows:

> *Provided*, That the entire amount may be apportioned for obligation or may be obligated and expended if the President after recommendation by the Administrator deems such action necessary to carry out the purposes of said act during the period ending May 15, 1950.

That means that we are appropriating this amount for a 15 months' period. If, however, it becomes necessary it may be used in a period of 13½ months. If the committee has guessed right, the funds appropriated will be spent during the 15 months' period and the entire amount stricken from the bill by the committee will be saved. However, if it develops that the program cannot be successfully carried on for the full 15 months with the funds provided in the bill, then the President may authorize that the expenditures be accelerated and the entire funds spent in 13½ months. The amendment will insure the continuation of this program which is so vital to our national defense and to world recovery.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from New York.

Mr. COUDERT. Does the gentleman from Virginia, who is my chairman also on another subcommittee, contemplate that at the end of 4 years the ECA program shall terminate?

Mr. GARY. May I say to the gentleman from New York that is one thing this subcommittee has insisted upon and we had every assurance from Mr. Hoffman and his associates that they are working to this end. They have served notice on all of the recipient countries that the program will close in 1952 as originally planned and that relief will not be extended beyond that time. I have talked with Mr. Hoffman and Mr. Harriman. They both assert that the program has gained a certain momentum at the present time and, if we do not sustain that momentum, they fear that we may not complete the program within 4 years as contemplated and it may cost us much more in the long run than making a proper appropriation at the present time.

Mr. COUDERT. Assuming that the President exercises a power to use the entire amount, what percentage of reduction do the figures in this bill represent when compared to the 1949 appropriation?

Mr. GARY. Seventeen percent.

Mr. COUDERT. I have an impression it was somewhat less than that from what the gentleman said in committee.

Mr. GARY. I said 6.2 percent below the authorization in committee, but it is 17 percent below the funds available for 1949.

Mr. COUDERT. In estimating that percentage, does the gentleman include the 1949 $1,000,000,000 loan fund?

Mr. GARY. Yes.

Mr. COUDERT. That accounts for the difference between the 17 percent and the 6 percent?

Mr. GARY. The 6 percent applies to the authorized funds. It has no reference to the amounts used in the fiscal year 1949.

Mr. COUDERT. What is the reduction from the appropriated funds in 1949?

Mr. GARY. From the appropriated funds of 1949? They had three sums for a 15-month period.

Mr. COUDERT. I am taking a 15-month period in both cases because this

bill is for a 15-month period and the full amount is the amount that the President may call for.

Mr. GARY. Does the gentleman mean the percentage eliminating the $1,000,000,000 loan fund?

Mr. COUDERT. Yes.

Mr. GARY. I do not have that percentage.

Mr. COUDERT. It seems to me that the committee this year and next year should consider the fact, if this is a 4-year program, that it ought to be reduced pro rata in each year so that when it comes to the end there will not be an enormous sudden drop in funds being paid out by the United States to Europe, which might adversely affect our economy and the European economy.

Mr. GARY. I understand what the gentleman has in mind. We started this program about a year ago. It took some time to gain momentum. The Administrator feels we should not reduce quite as much now because we have gained that momentum; but, if we keep up this momentum this year, next year we can cut more drastically and the following year more drastically still. As recovery progresses the countries will need less money. By this program we are building these countries up to where they become self-sustaining, so that the greater their recovery the less money the United States has to contribute.

Mr. COUDERT. The gentleman realizes, I take it, that all concerned with this program admit that at the end of 4 years the ERP nations will not have attained self-sufficiency. That is true, is it not?

Mr. GARY. No; I do not think that it true. I do not know that they will be completely self-sustaining, but they will be in position to go along without further aid from this program.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Ohio.

Mr. VORYS. On the point that has just been brought up, and it has been brought up a number of times before, I think the House should be reminded of what these countries over there are doing themselves. It was brought out before our committee and before the House when the extension bill was up. The OEEC—the Organization for European Economic Cooperation, set up by these 16 European nations—when it received estimates from the various member governments for this year and for the period up to 1952, found those figures were out of balance by over $3,000,000,000, and that Europe would have a dollar deficit of that amount at the end of ECA, if these estimates were used. The OEEC itself refused to accept these figures and sent them back to every country, saying in substance: "You have got to refigure this so that instead of a $3,000,000,000 deficit in 1952 we come out even."

It was felt, and I think with some justice, that this was a step in the right direction by this Organization itself. They refused to rubber stamp the reports, as I fear they did in 1948, but instead they criticized these reports and returned them without approval. They said, for instance, that each country was trying to achieve entirely too much self-sufficiency, and they had better refigure their estimates, and cooperate, so as to get Europe in balance by 1952.

I want to point this out; while the amount of money we furnish by way of grants, subject only to the deposit of counterpart funds, should shrink down finally to nothing at the end of the 4-year period, in 1952, the amount of material that we can furnish from our farms and factories will not only be available but will increase. What we should aim to do and what the OEEC should aim to do is not to cut down the exports from the United States but to arrange to pay for them, either in cash or credit, by 1952, and I feel quite confident that that can be done.

Mr. GARY. I thank the gentleman for his contribution.

Mr. THOMAS of Texas. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Texas.

Mr. THOMAS of Texas. I would like to commend the gentleman from Virginia for his interest, being certainly one of the hardest-working Members of the House, and for the very fine, clear statement he is making.

I noticed in the paper this morning that an agreement has been worked out. I understand time is of the essence, and therefore the gentleman did not have the opportunity to advise the full Committee on Appropriations nor the House of the agreement. I just wonder if he will explain it sometime in his own time in detail. Does the gentleman intend to do that later, or would he care to do it now?

Mr. GARY. I will say to the gentleman that I have just explained that when the bill is up for amendment I shall offer an amendment to place into the bill identically the same language that was in the bill last year; the language which I just read a few moments ago on the floor.

Mr. THOMAS of Texas. That is fine. I understand that; that is very clear. From there let us go two or three steps further. Does the gentleman intend to offer a motion to restore the funds?

Mr. GARY. No.

Mr. THOMAS of Texas. Or leave the funds as they are now?

Mr. GARY. We leave the funds as they are now. That is, the ECA funds?

Mr. THOMAS of Texas. That is right.

Now, will the gentleman's motion include the occupied countries' funds?

Mr. GARY. No. I am coming to that right now.

Mr. THOMAS of Texas. Will they be touched in any way?

Mr. GARY. I am coming to that right now; if the gentleman will just wait, I will explain the rest of it. I have completed my statement with reference to ECA. If the gentleman will just give me a few moments, I will attempt an explanation of the other items.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. I have in my hand a letter received on May 19, over the signature of Mr. Paul Hoffman, in which he admits that lumber is being purchased behind the iron curtain under the ECA program in competition with the American lumber industry. I therefore assume that the same thing is true of other commodities.

Now, can the gentleman, who is well-versed and well-informed regarding these appropriations and the uses thereof, explain to me, first, how that is consistent with the program; and, secondly, will he tell the House how much ECA money is being spent behind the iron curtain in the procurement of commodities in competition with American industry?

Mr. GARY. So far as we know, absolutely none. There may be some isolated instances, the gentleman will understand.

Mr. WILLIAMS. If the gentleman wants to see this letter, I will be very happy to show it to him.

Mr. GARY. He admits that that might be true?

Mr. WILLIAMS. He says:

> We may add, a comparatively small amount—

Speaking of lumber—

> has been authorized for procurement behind the iron curtain.

Now, I would like to know how much is being procured behind the iron curtain.

Mr. GARY. There is no provision in this bill for any countries behind the iron curtain.

Mr. WILLIAMS. Before the House votes on this measure, does not the gentleman feel that we should know how much is being spent behind the iron curtain?

Mr. GARY. None is being spent behind the iron curtain.

Mr. WILLIAMS. Then Mr. Hoffman is wrong?

Mr. GARY. He said there may have been. There may have been in the past, but there is none at the present time, as I understand it, and there are no funds in this bill to be spent behind the iron curtain.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Illinois.

Mr. YATES. I think perhaps what may confuse the picture is that some of these countries are still dealing in their own currencies with countries that are behind the iron curtain, using soft currencies, but not with the dollars that come from the United States under the ECA program.

Mr. GARY. Certainly there is no money in this bill for any country behind the iron curtain.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from New York.

Mr. TABER. It is true, however, that some of the participating countries are trading with countries behind the iron curtain and receiving certain supplies from them. For instance, Poland is sending coal and timber to the different countries. I think there are some food shipments out of Yugoslavia into Italy. Perhaps there is a little meat coming in. I would not be sure about that. I think that is true.

Mr. GARY. There is some coming from some of the countries; yes.

Mr. WILLIAMS. By way of explanation, let me say that this letter written by Mr. Hoffman has sole reference to purchases and procurement under the ECA program.

I will read further from Mr. Hoffman's letter. He says:

It is the purpose of this policy—

Speaking of the policy adopted by the ECA—

to assure to the United States lumber industry an opportunity to compete for ECA-financed business.

Mr. GARY. And not countries behind the iron curtain.

Mr. WILLIAMS. Before he came to that, he admitted we were purchasing lumber behind the iron curtain.

Mr. GARY. Not that we were purchasing lumber behind the iron curtain. As the gentleman has explained, there is some trade between the countries; yes.

Mr. WILLIAMS. It is being purchased by American money.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Minnesota.

Mr. JUDD. I wonder if the confusion may not arise from the possibility that some of these countries may have used for buying behind the iron curtain some of the counterpart funds, funds that they put up in their own currency to match the value of what we send over in dollars. There is no reason so far as I know why they should not use it for that purpose if authorized by the Administrator. Furthermore, we must remind ourselves again that the one objective of this program is to help them get in such a position that they do not have to buy so much in dollars or in hard-currency countries; otherwise, we never can end the program.

Mr. TABER. If the gentleman will yield further—as I understand, these counterpart funds are used entirely within the country to which the goods are sent. The counterpart funds represent a fraction of the receipts from merchandise that is sold that is contributed from our purchases from participating countries and Western Hemisphere countries and ourselves, to ship over there. None of those counterpart funds are used in any way outside the country into which the goods are sent, as I understand.

Mr. GARY. That is correct.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentlewoman from California.

Mrs. DOUGLAS. The distinguished former chairman of the Committee on Appropriations is quite correct. Counterpart funds are not used to finance trade between the countries of Europe, either between the western countries of Europe or in east-west trade. There is today east-west trade in Europe. There has always been east-west trade in Europe. Eastern Europe has the grains, the coal, the wood western Europe must have. Without such trade, the Marshall plan would cost many times over what it is costing to get the western European nations back on their feet. East-west trade is not financed out of American dollars.

Mr. Chairman, you may recall the statement I made on the floor, when the ERP legislation was before the House. I handled that part of the program, explaining the intra-European-payments plan for the Foreign Affairs Committee. I pointed out that there are little Marshall plans underwritten by the Marshall-plan countries—intra-European-payments programs that permit trade to be carried on between the western nations in Europe and, where it is necessary, between the western nations and the eastern nations of Europe. Western Europe must import such things as wood, wheat, coal, and dairy products. For instance, England imports her eggs from Poland. Wood comes from Russia to England. If England had not been able to get wood, she could not have started building homes for those hundreds of thousands of families whose houses were bombed out in the war.

Intra-European trade is carried on through trade arrangements financed by local currencies. It is not financed by our dollars.

You will recall, Mr. Chairman, that when the ERP program was originally discussed in the House, the committee of the House amended the bill prohibiting exports to the ECA countries of any goods in short supply in this country.

That is why in some instances ECA countries have gone outside of the United States to buy wheat and other products. First, they do not begin to have enough dollars to buy in the United States all the food and raw materials that they need. Second, many of the products which ECA countries imported last year from one another, other parts of the world or the eastern countries, were not available in the United States or were in short supply. The Marshall-plan countries in trading with eastern European countries by agreement have observed the same trade regulations the United States observes in trading with eastern European countries in regard to the export of military potential.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. JAVITS. I would just like to ask this question to try to clear up this matter. Is it not the policy of the Committee on Appropriations that European countries under the recovery program shall first use, wherever possible, their own currencies and second, that if they do have to use our dollars, they will buy them in the cheapest possible markets. Is that not the whole reason for whatever trade is carried on between east and west Europe?

Mr. GARY. That is not the policy of the Committee on Appropriations—it is the policy of the Congress of the United States.

Mr. JAVITS. Exactly.

Mr. GARY. The Committee on Appropriations felt, as I stated at the very beginning, that it was not our duty and responsibility to determine policy. Those policies have been determined by the Congress of the United States. It is our duty to determine how much money is necessary to carry out those policies and that is what we are trying to do.

Mr. JAVITS. That is the policy, as you understand it, as I have stated.

Mr. GARY. Exactly.

Mr. JAVITS. Another question. Is it not a fact that Europe, having had approximately $11,000,000,000 deficit when we started this program, even if there has been waste; it has been cut down to $3,000,000,000 in 4 years, and ERP has more than paid its way and has done a remarkable job.

Mr. GARY. There is no question about it.

May I speak briefly with reference to GARIOA and EROA. GARIOA is Government and Relief in Occupied Areas; and EROA is Economic Rehabilitation in Occupied Areas. It is the ECA for Japan. The appropriation for these items for 1949 was $1,300,000,000. The budget estimate for 1950 was $1,000,000,000. The subcommittee recommended $949,600,000. In other words, the subcommittee cut the appropriation because of decreasing prices, which we went into very carefully, and because of some administrative savings, which we thought could be effected—$50,430,000.

The full committee recommended a cut of 15 percent in the GARIOA and the EROA funds. While ECA is a voluntary program, GARIOA is a legal responsibility of the United States. We must take care of conquered territories. At the present time we are changing the administration in Germany from military government to civilian government. It would be extremely unfortunate if, at this time, we should make such cuts as would embarrass the new administration, which is just taking over under Mr. McCloy. Therefore, at the proper time, an amendment will be offered, not to restore the entire amount of the cut, but to restore for GARIOA $75,000,000 of the $150,000,000 stricken by the committee, and to restore of the administrative funds, which does not mean any additional appropriation, because they are taken out of the total appropriation, $45,000,000, which is a reduction of $5,000,000 from the amount requested in the budget.

In addition, this bill carries an item of $50,000,000 for assistance to Greece and Turkey. There have been no changes in that amount, either by the committee or the subcommittee. The House has authorized an appropriation of $275,000,000 for that purpose. We have previously appropriated $225,000,000. This bill merely appropriates the remaining $50,000,000 to be expended as a stop-gap fund until the recommendations come through for the Atlantic Pact program. It is understood that this appropriation will be taken into consideration when the budget requests are submitted for funds to implement the Atlantic Pact.

The $50,000,000 will finance the Greek and Turkish programs until October or November.

I want to apologize to the membership for taking so much of their time, but I did want to give you a complete and full explanation of this bill. I hope the House will see fit to adopt the two amend-

ments which have been suggested. With these amendments this bill will adequately take care of the situation for the next year, and will show the Communists in Russia that we really mean business in this recovery program. Moreover, our action will tremendously strengthen the hands of Mr. Acheson, who is in Paris today, negotiating with the Foreign Ministers of Russia, England, and France.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I shall be happy to yield to the gentleman from New Jersey.

Mr. CANFIELD. Mr. Chairman, before the distinguished gentleman from Virginia relinquishes the floor I wish to make this observation: I know something about the gentleman from Virginia; I know something about his interest in and his work for drastic Federal economies. I was chairman of the Subcommittee on Treasury-Post Office appropriations in the Eightieth Congress, and the gentleman from Virginia served under me. He gave me 100-percent support in my program to cut severely the requests of the President and the Bureau of the Budget; furthermore, when we faced the Senators in conference on the other side of the building he was a stand-up man in conference, so much so that one of the elder statesmen who had served in the other body for some 20 years made this statement: "GARY, of Virginia, and CANFIELD, of New Jersey, are pretty tough conferees, the toughest I have ever faced." So I congratulate the gentleman from Virginia on the job he is continuing to do in this Congress as the present chairman of that subcommittee and as chairman of this special Subcommittee on ECA. He is a credit, a distinct credit, to the Congress and the country.

Mr. GARY. I thank the gentleman from New Jersey and remind him that with his help we cut the Treasury-Post Office request this year by $100,000,000, but $40,000,000 of it has now been restored in the other body.

Mr. ABBITT. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. ABBITT. I desire to take this opportunity to express my appreciation for the splendid manner in which the gentleman from Virginia [Mr. GARY] has explained this important piece of legislation. I desire to compliment him highly and extend him the thanks of myself and others who feel likewise, for the wonderful work that he and his subcommittee have done. We of Virginia are wholeheartedly supporting the gentleman and wish him to know that we appreciate the wonderful work that he has done.

Since April 2, 1948, this program has been in effect. Its purpose is to help the European countries help themselves recover economically. At the time the program was instigated, economically, western Europe was bankrupt. The question was whether or not the democratic countries would be able to survive economically. They were on the brink of collapse internally. Since that time much progress has been made to date toward European recovery. Agricultural and industrial production has been steadily rising, living conditions have been improving, and morale is higher now than at any time since the war ended. Despite these favorable aspects, inadequate progress has been demonstrated in certain features of the program. The aid being extended by the United States is a relatively small but vital factor in the aggregate of what must be produced and accomplished for Europe to become self-supporting by June 30, 1952. The progress made toward recovery up to now is largely attributable to the efforts made by Europeans themselves, and the success or failure to achieve adequate recovery by 1952 will also depend principally upon the efforts made in Europe. Continued aid in declining volume by the United States will, however, be an indispensable factor. In other words, due to the progress that has been made by the western democracies in Europe, it is now possible to reduce the amount of our aid, but aid is a vital and necessary factor in the continuing recovery of Europe.

It is necessary to have an expansion of production, consumption, and trade in Europe and throughout the world during the period of the European recovery program, and after it has ended, if the objectives of the program are to be realized. It is most important that care be exercised that any tendencies on the part of participating countries to indulge in uneconomic self-sufficiency are not implemented by the investment of aid funds, or funds contributing to requirements for aid. It is conceded by all people familiar with the program that it has done a wonderful job, that the administration of the plan has been carried out in a businesslike and highly efficient manner and speaks well for Administrator Hoffman and his staff.

Mr. GARY. I appreciate the very gracious words of my colleague, but being a politician, I may say that I value votes above commendation, and I hope that the House will endorse my views by its vote.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. DAVIS of Wisconsin. The gentleman's explanation of the bill has been very helpful and I am sure all Members of the House appreciate the splendid job the gentleman has done. My question has to do with the section of the bill dealing with the National Military Establishment authorization for the Administrator to use funds for the transportation of relief packages to Japan and some of the occupied lands; but I do not find anything in the section authorizing the ECA and its Administrator to do that same thing for the European areas. I understood such a provision was included in the bill last year.

Mr. GARY. It is included in this bill. We have not touched that at all.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Virginia has consumed 58 minutes.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN of Ohio. Mr. Chairman, earlier today the Commission created by the Eightieth Congress on the Organization of the Executive Branch of the Government held its last official meeting at the White House and submitted its final report to the President, the Vice President, and the Speaker of the House.

This bipartisan Commission, the membership of which was appointed in July of 1947 by President Truman, Speaker MARTIN, and Senate President pro tempore VANDENBERG, has worked diligently at the task assigned it for the past 21 months. In its work it has had the assistance of several hundred outstanding American citizens, many of whom have made great personal sacrifices to serve their country.

Including the final summary or report filed today, the Commission has submitted to the Congress 19 official reports setting forth 318 findings and recommendations which, if followed, will make possible huge savings and greater efficiency in the operation of the Federal Government. Now it is up to the Congress and the President to make effective the new economies and efficiencies in the public service which have been charted by the Commission.

Those serving as members of the Commission have been: Hon. Herbert Hoover, ex-President of the United States; Dean Acheson, Secretary of State; the late James V. Forrestal, Secretary of National Defense; Arthur S. Flemming, former Chairman of the Civil Service Commission and now president of Ohio Wesleyan University; Joseph P. Kennedy, former Ambassador to Great Britain; James H. Rowe, Jr., former White House secretary and Assistant Attorney General; Dr. James K. Pollock, professor of political science, University of Michigan; George H. Mead, industrialist, of Ohio; Senators Aiken, of Vermont, and McClellan, of Arkansas; our former colleague in the House, Carter Manasco, of Alabama; and your humble speaker, author of H. R. 775, the bill which created the Commission.

At the meeting to organize the Commission, held in the Cabinet room at the White House and presided over by President Truman, I had the pleasure of nominating our only living ex-President, Herbert Hoover, for Chairman of the Commission. He was unanimously elected, as was Dean Acheson, as Vice Chairman.

And now that the Commission has concluded its labors and will cease to exist in a few days I wish, not only in my own behalf, but in behalf of other members of the Commission, to take this opportunity to pay a tribute to the great American who served as our Chairman and by whose name the Commission on Organization of the Executive Branch of the Government is best known—Herbert Hoover.

Most men, when they have suffered a political defeat, retire to nurse their

grievances. Many men, when they have reached the venerable age of three score and ten, sit back to reminisce on their past greatness. Few men—very few, indeed—take on new tasks and new careers at such an age. Few men disregard their personal comforts, their own needs, and the possibility of physical exhaustion, to serve the public interest at such an age.

Herbert Hoover is today the leader of no political party. He is not regarded solely as a former President of the United States. He has found altogether a different place in the hearts of our people, a place that might be the envy of any man. It has come as the blossoming of a great understanding, and from the universal response to a simple man who loves his people and has devoted the whole of his days to them. If men call him our elder statesman, it is for want of a better phrase. Rather, he is the father and the mother of our generation—the strong, spiritual man who steps in to assume and do unbelievable tasks—the tender person whose compassion and faith bring to such tasks an intuitive sense of what is right and good for us.

Herbert Hoover is of the soil of America. An Iowa farmer's son, born of a devout Quaker family, he was in early childhood left an orphan to the care of relatives. Sent to Oregon, it might be said of him that he has had to work all his life, from earliest childhood. And out of it came his robust body, his tireless energy, his ability to keep at his tasks with strength and determination.

Herbert Hoover never seems to age. Certainly during the past decade he has grown younger in spirit, if more mellow and universal in his philosophy. His has always remained the Quaker concept that it is sounder to help people to help themselves than it is to make them permanent subjects for charity, either by private or public coddling. He has never recognized any people as an enemy of this country, even when at war. Rather he has regarded them as erring children of God to be pitied and guided aright. Often, in a materialistic era, this essential Christian attitude has been mistaken for weakness and compromise, and even as a willingness to forgive one's enemies, rather than the merciful understanding of a great soul.

Children and women and aged men are not enemies, even in time of war. They are but the victims of mistaken policies and misguided leaders, and of the fallacies inherent in the doctrine of the supremacy of the state over the freedoms of the individual. Perhaps the steadily rising respect for Mr. Hoover's judgment is the result of his having, for so long, been unpopularly right while so many others were so popularly wrong. He has viewed human events in terms of large historic forces, rather than by the smallness of party politics. The truth will reassert itself in each generation, no matter how brilliantly falsehood and error are presented to beguile the minds of the unthinking and the hearts of the immature. Truth, at times, seems cold and hopeless, while falsehood is like a beautiful tree that blossoms gaily in the spring, yet produces no fruit in the autumn.

Since Herbert Hoover has left the Presidency, he has devoted himself to three tasks:

First. To keeping before the American people our national ideals and traditions that they may never forget the fundamentals of their inalienable freedoms which for three centuries on this continent protected and served them and made this the greatest of all nations, not only as a material reservoir but also as a spiritual sanctuary. He has viewed American history not as the events of one country—his own— but rather as the zenith of the Christian civilization of the Western World—the growth of the ideal that man is not the servant of the state but is the master of his own soul, that his inalienable rights are by the grace of God and not the accident of political arrangements. It is a philosophy of life grounded not only in the Declaration of Independence and the Constitution but in the moral law of the Western World.

Second. He has been concerned over the sufferings of the young, the weak, and the aged, and came to their relief with his great powers of administration, offering his services to anyone who would use them, without regard to self, to cost, to his aging years, or to the expenditure of his own physical strength. During World War I he brought into being the most humane and effective organizations for the relief of the hungry and the care of the needy. The American relief of that war was an act of compassion and it will never be forgotten. During World War II, his services were not required. Yet, he organized the Finnish Relief; he sought to aid the Poles; he offered his services at all times, and, when the war was over, he actually flew around the earth twice, with side trips into South America, to effect a more equable distribution of the available food supplies when starvation threatened in many parts of the world. This aid to mankind almost cost him his life and actually brought upon him an illness of intense physical pain. Yet, when cautioned by friends that he was risking too much, he replied, "I've lived too long, anyhow."

Third. He undertook 2 years ago to act as a servant of the Congress of the United States in heading the Commission on Organization of the Executive Branch of the Government. Perhaps there were some who imagined he was being named as Chairman of our Commission as a sort of last honor, a sinecure to top off his years and to give a public acknowledgment of his services to the Nation.

His arm in a sling, and suffering the pains of an illness brought on by his heavy labor to feed the hungry, Herbert Hoover set out to make this Commission an effective agency of Government. He devoted himself to this new task, as he has to every duty he has ever undertaken, with a thoroughness rarely expected and seldom found in a public servant.

Instead of hiring a vast multitude of so-called experts, he mobilized more than 300 citizens, each an experienced, competent leader in his particular field, to serve on task forces devoted to finding the answers to special problems. Most of the members of these task forces served their Congress and their country without remuneration, with many contributing their own expenses.

It is my firm conviction that this Commission, on which I have had the honor of serving, has competently completed one of the most gigantic tasks ever assigned to any group of citizens. In a short period of 20 months the Commission has analyzed the nature, structure, functions, and activities of our sprawling Federal administration, prepared 24 task force reports in full detail, and issued 19 Commission reports, making 318 specific findings and recommendations for the better organization of the executive branch of the Government. Nothing has been suppressed. No data in the possession of the Commission has been withheld from the people. There has been no double talk, no evasion of issues, no protective obscurities.

The affairs of this Commission have been administered entirely by Herbert Hoover. He has labored with each task force, read every report, directed the work of the Commission so as to save time and expense, and has given to its labors an over-all philosophy based upon American ideals and history. Our task force and Commission reports are today the only existing source material which fully and impartially describe the actual workings of our Government. They will be used for decades to come as a guide for our people and our officials toward better government.

Now that the work of our Commission has concluded—now that the final report has been filed—I wish only to call attention to the Herculean labors, the superb patriotism, the utter selflessness of one of our greatest Americans—Herbert Hoover.

May God grant that his vigorous health, his earnest spirit, his wise philosophy may long be at the service of the Nation he loves. May God grant that in the years ahead he may enjoy the respect, the love, and the veneration of a grateful Republic.

Mr. TABER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill as it is reported by the committee carries $3,568,470,000 for the ECA for the fiscal year 1950 and $1,074,000,000 for the 3-month period ending June 30, 1949.

On April 2 there remained unshipped, according to the table that was first presented to us, $1,953,000,000. According to the statement that was later made, it was estimated that the shipments had been $3,774,000,000. That would leave $1,226,000,000. With the funds that are carried in this bill they would have available to ship $5,872,000,000 in the 15-month period, leaving an amount of $391,000,000 available per month, or $90,375,000 per week all the way through, if it were all used.

This would be at a far higher rate of shipment than they have already attained on an average for any 3-month period, and a higher rate by far than the $315,000,000 per month that the last report showed of estimated shipments to the 31st of March, so it seems to me that with the funds that have been reported here they can unquestionably get along.

I shall not, however, oppose the amendment which the gentleman from Virginia [Mr. GARY] stated he would offer. I shall support it because I feel that it is very important that whatever is done here shall be done by as nearly unanimous a vote as is possible.

Mr. Hoffman has agreed that he will try his best to get along and do the job on the amount of funds that are available for the period involved, and I have not the slightest doubt but that he can do it.

There are a great many things that are involved. The future prices of corn and grain are down below the figures that are carried in here. My understanding is that the futures prices of grain represents just about what the Commodity Credit Corporation has set as the loaning price that will be in effect next year. Lard, for instance, is down from $310 a metric ton to $265, between the middle of April figures that they gave us and the price that seems to be current in the New York FAS market.

Raw cotton: Futures of raw cotton are down. The October price is down from $519 a ton to $397. Lead prices are down from $334 to $308. Zinc prices are down from $331 to $264. The prices of hides are down very considerably.

There we have the picture. I do not think there is the slightest doubt that the United States of America can ship everything which needs to be shipped across the water with the funds that are carried in this bill. I believe it would be much healthier if we get along on just this amount of money, from the standpoint of the ECA and from the standpoint of the rest of the world. Just to show you what is presently going on here in the United States, I wish to call your attention to the Treasury statement of May 23. That statement shows that the amount of income tax withheld by employers is down, as compared to the same period a year ago, about $248,000,000. The amount of personal income tax is down $59,000,000. The amount of refunds of receipts is up $80,000,000 for that same period. The other revenues are approximately in the same category. That indicates we are in a very serious situation. The receipts so far this year exceed the expenditures, but not by an amount which makes us feel we should move into anything except with the greatest care and the most cautious approach.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITE of Idaho. The gentleman says he is for the bill and he says that it will improve the market and make a better outlet for wheat and cotton. Has he given any consideration to metals in this country?

Mr. TABER. Metals?

Mr. WHITE of Idaho. Yes. Does the gentleman know that $190,000,000 are allocated in this bill for the purchase of strategic materials in foreign countries in competition with the metals which we produce here?

Mr. TABER. There will be no strategic materials brought into this country as the result of this bill, with the possible exception of some small items, which will come in as a result of the use of the counterpart funds. That will not hurt any metal industry in this country.

Mr. WHITE of Idaho. Does the gentleman say that for zinc, lead, and copper?

Mr. TABER. Yes. I say that because the zinc, lead, and copper stock piles in this country are going to be built up just as much as possible for the protection of our own military position. I do not believe there is any suffering in any of those industries.

Mr. WHITE of Idaho. Has the gentleman taken into consideration the market quotations on lead, copper, and zinc in recent weeks?

Mr. TABER. I just gave you the figure on that, as compared with what they were a while back.

Mr. WHITE of Idaho. Has the gentleman obtained any statistical information from the ERA on the importation of copper, lead, and zinc?

Mr. TABER. No; I have not obtained any information from them, but I have been watching the markets and I gave you the trend of the markets, which is very similar to the trend of the markets on almost everything.

Mr. WHITE of Idaho. Does the gentleman know that negotiations now are under way between the ECA and these Marshall plan countries to provide money not only to buy copper and zinc and lead, but also to develop the mining properties in these Marshall plan countries? The statistical tabulation I have recently received from the ECA discloses substantial importations of copper, lead, and zinc into this country financed by ECA money at the same time the market quotations disclose the price of these metals are continually declining and with the fall in metal prices the price of the securities of most of our industrial concerns are also falling.

Mr. TABER. While I think that is true to a certain extent, on the other hand we are not able to take care of our own requirements in good shape in this country, and I do not believe that this is going to prejudice legitimate industry in any way in the mining of lead and zinc.

Mr. WHITE of Idaho. As a matter of fact, 5 percent of all appropriations made are allocated or set aside and earmarked for the purchase of strategic materials, which include copper, zinc, and lead.

Mr. TABER. No; that is not exactly correct. Five percent is set aside. That represents these counterpart funds which may be used for that purpose, but the amount that is being used is very, very small.

Mr. Chairman, I do not believe that I can yield further at this point.

Mr. WHITE of Idaho. I think that is a very vital matter, I may say to the gentleman; I think the miners in our country should be given preference over foreigners.

Mr. TABER. It is; there is not any question about it.

The result of our examination of the receipts in this country indicates that the withholding tax is down, the other income taxes are down, and the refund of taxes is up $80,000,000, indicating a total collection nearly $400,000,000 less for this month than we were a year ago. This indicates that we need to economize.

The countries across the water are very gradually getting into a position where they need a little less than they needed before. We should not give them more instead of less. Right while we were holding the hearings it came up that the President had reduced the amount that would go to Germany under the ECA program by $80,000,000 because they had increased their expected exports to other countries by $100,000,000 and as a result they were able to get more of the things that they were able to import than they had before. The production in Germany is going up very rapidly as a result of that; they will go up another $100,000,000, in my opinion, next year; perhaps they will go $200,000,000 above. That same thing applies to the French and the British production, and the Italian production; as they approach the point where they are able to be more nearly stable, as a result of sending out more of their own exports the amount that they will receive out of the ECA will gradually go down. We should as we go along gradually reduce this situation so that we will encourage these people to be self-reliant.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I yield myself five additional minutes.

What these countries need to do presently, as much as anything, is to stabilize their currencies on a sound basis. The French have approached it, but they have not done it; the British have withheld approaching the problem with a full sense of responsibility. If they would do that their exports would increase in France, Italy, and England, to such an extent that I believe the time can be seen in the not too distant future when they will need very much less aid. I hope that the Administrator will watch this situation very closely and that he will as he goes along reduce the amounts that are given to these countries just as fast as it can be done without slowing up their recovery. I believe that with this situation the cuts which the committee made really give them ample money to carry through the year.

Mr. BARRETT of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wyoming.

Mr. BARRETT of Wyoming. I might say to the gentleman that I noticed in the hearings on this bill that Dr. Fitzgerald of the ECA had testified as is shown on page 352 thereof that the Commodity Credit Corporation held about 55,000,000 pounds of wool, most of which is quarter blood wools and practically all of which was of low quality and low grades and was mainly carpet wools. Dr. Fitzgerald is wholly incorrect in his statement and I was sorry to learn that he had misinformed the committee. As a matter of fact, the Commodity Credit Corporation has a stock pile of something over 75,000,000 pounds of wool; 34,000,000 pounds of this wool is shorn, grease wool, and over 40,000,000 pounds is scoured, pulled wool. Accordingly, it can be said that the Commodity Credit

Corporation is holding the equivalent of 100,000,000 pounds of grease wool.

A break-down on the wool in the Commodity Credit Corporation discloses that 32,000,000 pounds of the scoured, pulled wool is graded 56 to 58 and 20,000,000 pounds of the shorn wool is the same grade. Accordingly, 85 percent of the wool in the hands of the Commodity Credit Corporation would be highly desirable for use in Germany and in western Europe for processing for domestic purposes in those countries. There is no question that these wools would be of splendid use for blanket purposes.

I have made diligent inquiry and none of the wools in the hands of the Commodity Credit Corporation are carpet wools. The Commodity Credit officials have advised me that they do have about 10,000 pounds of forty to forty-fours but even these wools are not carpet wools and these 10,000 pounds represent but one-hundredth of 1 percent of the stock pile in the hands of the Commodity Credit Corporation. Will the gentleman tell me what provision is made in this bill for the purchase by Mr. Hoffman of agricultural commodities in surplus in this country, such as wool and the 101,000,000 pounds of beef that the Commodity Credit Corporation has in northern New Mexico?

Mr. TABER. There is no mandatory provision in this bill for the purchase of anything. The funds are appropriated, and I understand that so far as surplus commodities can be used effectively they are going to use them for the purpose of meeting the demands of ECA.

Mr. BARRETT of Wyoming. I notice in the hearings that Dr. Fitzgerald testified, page 426, that it was the intention to acquire during fiscal year 1950, 6,000 tons of ECA-financed wool. Where are they going to get that wool, will the gentleman tell me?

Mr. TABER. I cannot tell the gentleman just exactly where that wool will come from. I have not that particular document in front of me. But I imagine a considerable part of the purchase of wool by participating countries will come from Australia. Of course, we are an importing Nation as far as wool is concerned.

Mr. BARRETT of Wyoming. That is true, but we do have 100,000,000 pounds of surplus grease wool or the equivalent thereof in the hands of the Commodity Credit Corporation.

Mr. TABER. Which should be used as far as it can be.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. Has ECA used all of the funds provided for it last year and, if not, at what rate has it been using them? The gentleman said earlier in his statement that the amount supplied for the future would be at a more rapid pace than has been provided by ECA in the past. Therefore, I wonder how the rate compared with last year's appropriation and how fast the funds are being exhausted.

Mr. TABER. The expenditures for the first 12 months of operation from the 2d of April 1948 to the 2d of April 1949—it may be the 3d of April 1948 to the 2d of April 1949—were in shipments $3,774,000,000, or at the rate of approximately $315,000,000 per month. If they ship all of this stuff in the 15 months that is here, they would ship at the rate of $391,000,000 a month if they exhausted all their funds. There is no question about that. I do not think they should do this. I hope they will not, because I really believe the funds that we have provided here should carry them through to the 30th of June next year and still leave them with pipe line enough to go on until new stuff may be purchased.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GARY. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, may I join the distinguished gentleman from Ohio [Mr. BROWN], in the eloquent and richly merited tribute paid to one of the greatest American statesmen of our time, ex-President Herbert Hoover, and in the urgent recommendation that the Congress give prompt and sympathetic consideration to the report of the Hoover Commission.

No one can question the necessity of a revision of our governmental procedure. It has grown like Topsy, without planning or system. We have added a section, an extension, an accession here and there. From time to time we have enlarged and extended duties, prerogatives and functions embracing in the aggregate vast and intricate ramifications so that it is now imperatively necessary that we institute an over-all revision and readjustment which will eliminate duplication, and unnecessary activities and machinery, and reduce the cost of government, and give us a better and a more economical and a more effective administration of the greatest Government on earth. For this important work no one could be better equipped, better qualified, better prepared, or better trained than ex-President Hoover. No one has had the experience, no one has greater capacity, and certainly no one can exceed him in his patriotic desire to be of service to the Congress and the country.

It might be added that he has mobilized about him a staff of the best-trained and most efficient men to be secured, men whose work is calculated to secure results which will meet with general aproval.

It must not be forgotten that many of the supernumeraries whose functions and prerogatives will be circumscribed, and whose expenditures will be curtailed by any reasonable reorganization of the Government, can be counted upon from the beginning to oppose any change in their personal or official status. It must not be overlooked also that in their opposition to recommendations of the Hoover Commission they will not be naive enough to give the real reasons for their objections, but will seek to bring in other organizations and groups and assign to other reasons their efforts to obstruct the prompt and efficient prosecution of this much-needed reorganization.

May I reiterate what I have frequently said on this floor: it is to be hoped that regardless of party affiliation we can cooperate to secure an early and a satisfactory consideration and disposition of the reports of the Commission.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from New Jersey.

Mr. CANFIELD. The distinguished gentleman from Missouri, and my able chairman has, in my opinion, made a most important statement on the floor of the House this afternoon, and I hope it will be reported by newspapers throughout the country.

Now, does he not think that it would be a most inspiring, a most wholesome thing for our country if the Eighty-first Congress were to adopt in toto the reports of the Hoover Commission?

Mr. CANNON. I always welcome a suggestion from my distinguished colleague, the gentleman from New Jersey. I have found him in his long and useful service in the House always ready to cooperate in any movement for the welfare of the Government, and the Nation. His suggestion should have every consideration.

Now, Mr. Chairman, because we have by previous agreement practically fixed the terms of the pending bill—instead of taking additional time for its discussion after it has been so thoroughly covered by the gentleman from Virginia [Mr. GARY] and the gentleman from New York [Mr. TABER] I desire to discuss at this time a collateral matter of general interest I trust to the Congress and to the country.

The history of fiscal legislation in the American Congress over the last three decades has been marked by an insistent demand from the country, and by a consistent effort on the part of the Congress to perfect a more efficient and effective system of handling the annual appropriation bills.

In the years preceding 1920 the appropriating functions of Congress were exercised by many committees, which at various times reported appropriations with little or no relation to any definite centralized plan or system. For some 10 years Congress worked intermittently but assiduously in an effort to devise a plan under which we could consolidate and coordinate the appropriation functions thereby achieving a more scientific and economical handling of national finances.

Finally, in 1921, Congress enacted the Legislative and Accounting Act, under which for the first time we were able to segregate the funds for each department and agency of the Government in one place, in the same bill. It was a decided step forward.

However, it became immediately apparent that there was a further defect in the system in the lack of a ceiling or other means of correlating expenditure with revenues—of adjusting outgo to income. Many men in these intervening years, including Swagar Shirley, of Kentucky, John Fitzgerald, of New York, and Martin B. Madden, of Illinois, with

the able cooperation of talented career men like Marc Sheild and John Pugh, have sought the philisophers' stone in a correlated, consolidated budget submitted to the Congress simultaneously with authoritative estimates on the national income, but were thwarted largely by an obsolete and antiquated organization of the subcommittees.

Eventually, after long study, the Congress passed in 1946 as a part of the Reorganization Act, section 138, providing for a legislative budget under which a joint committee of the two Houses was required to submit not later than February 15 of each year a legislative budget, including a ceiling of expenditure and estimated over-all Federal receipts for the next year. It was hoped at that time that this provision would solve the problem, that it would bring into such strong relief the outgo and the income of the Federal Government as to retrench the amount of money appropriated and bring it into a reasonable relation with the national income

But from the beginning the plan was singularly unsuccessful. The requirement that a ceiling of expenditure be fixed before hearings could be held, rendered it wholly impracticable. It was in effect a requirement for a court verdict before witnesses could be examined and testimony submitted. On the other hand, if deferred until after hearings had been completed and bills reported, its application came too late to affect the totals.

Every effort was made to comply with the law. On both sides of the aisle we made a sincere and conscientious effort to put it into effect, but it was unworkable. So apparent was it that nothing could be achieved by this method of establishing legislative limitations that the gentleman from New York [Mr. TABER], the first chairman of the Joint Committee on the Legislative Budget, in the House, and Senator BRIDGES, the second chairman of the committee, in the Senate, both said emphatically in debate on the floors of their respective Houses that it was impracticable, that it should be abandoned.

Consequently, at the beginning of the present session I introduced a resolution for its repeal. But out of deference to those who were reluctant to abandon hope that eventually it might be made effective I modified the resolution to extend the date of the report of the joint committee from February 15 to May 1. That date is now past and the Congress by its complete disregard of the law has saved the time of 104 of its busiest men and the expenditure of some thousands of dollars which otherwise would have been expended in a futile and useless gesture.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. GARY. Mr. Chairman, I yield 15 additional minutes to the gentleman from Missouri.

Mr. CANNON. Mr. Chairman, section 138 of the Reorganization Act of 1946 is now a dead letter. But the need which it sought to serve, the problem which gave rise to its enactment are still with us and growing more insistent with the increasing size and complexity of national finance. Some practical method must be found of presenting in one proposal the entire expenditure program for the fiscal year in connection with an authoritative forecast of the national income for that period.

We believe we have now developed such a method. Through a reorganization of its subcommittees, restricting each member to one subcommittee and each subcommittee to one annual supply bill, and through a corresponding readjustment of our committee staff and reporting system, permitting all subcommittees to sit simultaneously, the House Committee on Appropriations has reported to the House and sent to the Senate for the first time in the history of the Congress all annual appropriation bills within approximately 10 weeks from the beginning of the hearings. This was the first step. We had to wait until its practicability could be demonstrated.

We are now in a position to announce that beginning with the next session of Congress the Committee on Appropriations will discontinue the practice which has been in effect since the earliest days of the Congress of reporting appropriations piecemeal in separate, unconnected and uncorrelated individual bills, and will submit the annual appropriations in one consolidated omnibus appropriation bill.

The bill will be reported not later than April 15 of each year. By that time an authoritative forecast of the national income will be available. The prime question before the House when the appropriation bill comes to a vote will be whether to hold expenditures within the national income or vote to exceed the national income and increase the national debt.

In the fierce light of publicity which will be concentrated on that final vote there will be no escape from responsibility. A clear unequivocal record must be made. And public opinion will do the rest. The embodiment of all annual expenditures in one compact bill, with all duplications and conflicts eliminated and with its impact on national credit clearly outlined, will serve to offset the pleas of pressure groups and high-powered lobbies and should save vast sums of money and reduce waste and prodigality to a minimum.

No special enactments or change in rules are necessary in order to provide for the consolidated budget or its consideration in either House. As a matter of fact no Senate responsibility is involved. Under the Constitution all general appropriation bills must originate in the House. And the House Committee on Appropriations is authorized to determine, without conference, the number and form and jurisdiction of the annual appropriation bills.

For example, at the beginning of this session two subcommittees of the House Committee on Appropriations had for many years been reporting the Military appropriation bill and the Naval appropriation bill respectively. Under the authority vested in the committee we combined the two subcommittees which now report out one bill, the armed-service appropriation bill. Likewise at the beginning of the current session, we combined the Subcommittee on Independent Offices and the Subcommittee on Government Corporations. From the consolidation of four bills into two bills it is only a step to the consolidation of all bills into one general bill.

Such a bill will be privileged for consideration under the general rules of the House and will remain the unfinished business until disposed of. It will be considered in Committee of the Whole and after the widest latitude in debate and amendment will be reported to the House for passage. No change in any rule or practice of the House is essential for its consideration and transmission to the Senate.

However, in view of the length of the bill and the money involved it would be perhaps advantageous to make one change in the rule governing the motion to recommit. In order to permit the minority to include in the motion to recommit, items affecting any or all of the several sections comprising the consolidated bill, and in order to insure the minority the opportunity to secure a record vote on its program or any part of its program, the rule under which the present motion to recommit is indivisible should be modified to permit any Member to demand a separate vote on any proposal included in the motion to recommit.

Accordingly, I have today introduced a resolution which has been referred to the Committee on Rules proposing such a modification. It is not essential to the consideration of an omnibus appropriation bill but it would permit a record vote on the minority program and I hope the Committee on Rules will feel warranted in giving it consideration. I might add that I have submitted it to the ranking minority member of the Committee on Appropriations, the gentleman from New York [Mr. TABER] and I am under the impression that it meets with his approval.

I do not have to remind the House that one of the many untoward effects of any war, and to an unprecedented degree in the last war, is the development in both the legislative and executive branches of the Government of an expenditure complex, a spending psychology. In the stress of war and the imminent necessity of providing for adequate national defense at all costs, we appropriate and spend with little regard for the sources of income or the possibility of securing results at less expense.

Now that the war is over it is difficult to get back to normal conditions and the exercise of prudent economy. It is hard to begin thinking again in terms of prewar expenditures and to drop from billions down to millions and from millions down to thousands—from dollars down to pennies. And may I say, Mr. Chairman, that in the present emergency in which we find ourselves, with a national debt which approximates a very substantial percentage of our national wealth, and with increasing budget estimates and decreasing revenues, we must begin to ccunt even the pennies. Under present circumstances no economy is so small as to be disregarded.

The consolidated bill considered in juxtaposition with the available income

offers an incentive to retrenchment. As a matter of fact it is the only practical method available at this time. We hope we can have the cooperation of every Member of the House on both sides of the aisle in the consideration of the consolidated bill and in the reduction of appropriations to the smallest amounts consistent with sound business and good government.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WHITE of Idaho. Mr. Chairman, does the gentleman expect to yield to anyone in the course of his remarks?

Mr. WIGGLESWORTH. I would prefer to yield a little later.

Mr. WHITE of Idaho. If the gentleman has time?

Mr. WIGGLESWORTH. If I have time.

Mr. Chairman, this bill, as has been pointed out, carries $50,000,000 for assistance to Greece and Turkey, $850,000,000 for GARIOA and EROA and $4,642,470,000 for ECA, or an over-all total of $5,542,470,000, a reduction of $779,730,000 below the budget estimates.

It provides for the full budget estimate for Greece and Turkey. It makes a 15-percent reduction ($150,000,000) in the budget estimates for GARIOA and EROA. It makes a 12-percent reduction ($629,730,000) in the over-all budget estimates for ECA.

I shall confine my general statement to the ECA item.

Mr. Chairman, I speak as one who has favored ECA from the outset.

Despite its enormous cost, in the face of the threat of world communism, I have believed the program to be vital to America from the standpoint of national security, having in mind our present relationship to the participating nations, including some 270,000,000 people, many of whom think and feel much as we do, many of whom stood shoulder to shoulder with us in World War I, or in World War II, or in both.

I have always believed, however, that we must not attempt more than we can accomplish and that the program must be carried out in the most economical way possible consistent with the recovery needs of the participating nations.

The program will continue. Every government in the world understands this. Congress has so decreed, specifically extending the program for another year and providing for a ceiling on appropriations amounting to some $5,430,000,000 for the period ending June 30, 1950. Within that ceiling appropriations can be made at any time. The only question before us today is the question which we have in respect to every legislative authorization by the Congress, namely, the amount of funds that shall be made available now.

With a view to determining this question your subcommittee spent some three and one-half weeks in detailed hearings. You will find a great many tables of value in the hearings which help to summarize the work of the ECA to date and conditions in the various participating nations of Europe.

You will find, for instance, a table showing allocations, obligations, shipments, and actual payments month by month. You will find a table showing the dollar deficiencies computed for each of the 18 participating countries. You will find a list of commodities to be provided on an over-all basis and by country under the proposed program. You will find a table showing the prices used by ECA in fixing the cost of those commodities.

You will also find tables in respect to each of the participating nations giving populations and areas, standards of living compared with prewar standards, production and agricultural indexes in terms of the prewar period, hours of work and rates of production, capital investment programs, budget surpluses and deficits, taxation in terms of percentage of national incomes, currency values, exports and imports, dollar investments, non-ECA financing possibilities, drawing rights, and the use of counterpart funds. There is a wealth of information embodied in the hearings.

When I look back to the presentation made to your committee a year ago, I feel like expressing my appreciation to Mr. Hoffman for the vast improvement made in presenting the facts this year. I congratulate him in this connection, and also upon the contribution toward recovery which his organization has made in this critical period of the world's history.

During the first 12 months of the ECA program there has been real progress made toward recovery in western Europe. No one can read the hearings without appreciating that fact.

Among other things, it is reported that the output of factories and mines, speaking of Europe generally, is nearly equal to that of prewar days. The output of steel, if we except western Germany, is 30 percent above the prewar output. Electric power production is 40 percent more than before the war. Crops, in general, although 1947 was a bad year, are reported up 20 percent from that year. Exports, if we again exclude western Germany, are reported up 20 percent as compared with 1947.

The hearings deal with each participating country in detail.

There is still much to be done, however, Mr. Chairman, if Europe is to be put on a self-supporting basis. The record emphasizes that there will be some 27,000,000 more people to feed and clothe in 1952 than in 1938; that property destroyed by war must be restored; and that exports must be increased by some $3,000,000,000 over prewar figures to offset the loss of income from investments abroad and other so-called invisible items in the over-all balance of payments.

Furthermore, Mr. Chairman, budgets must be balanced with reasonable tax burdens on the people, currencies must be stabilized in realistic terms, capital investment programs must be regulated so as to avoid inflation, and the European economy, insofar as practicable, must be integrated. These are fundamental to the success of the program.

I want to point out, Mr. Chairman, that the dollar needs for each country are presented this year in terms of so-called illustrative balances of payments. You will find the computations in the hearings for the various nations concerned. Speaking generally, the balance-of-payments tables seek to determine the amount of imports essential to a given country that cannot be paid for out of the exports of that country or be obtained from nondollar sources. The resulting figure, the so-called dollar deficiency, is the yardstick used, subject to certain modifications, to represent the necessary ECA financing.

I have always been very skeptical of this dollar deficiency yardstick.

In the first place, it is not an accurate yardstick because you no sooner determine by using the yardstick what the needs of a given country are than you find that there are drawing rights in favor of that country or against that country which make the original figure rather meaningless.

In the second place, Mr. Chairman, the yardstick, in my judgment, is unsound in principle. It is unsound in principle because it places the emphasis on results rather than on causes, on symptoms of the disease rather than the disease itself. If it were taken at face value, it would place a premium on faulty domestic policies, upon the failure to do in this or that country what should be done with a view to making the plan a success. The more faulty the domestic policies the greater, generally speaking, becomes the dollar deficiency, and the greater the apparent need for ECA dollars.

I cannot but recall the remark of a distinguished European some time ago in this connection, when he said in substance, "Give me control over the fiscal and exchange policies of any country in Europe, promise to meet the dollar deficiency in my balance of payments, and I will show you the dollar deficiency."

Back in the twenties, as some of you recall, I put in some 4 years in Europe in the office of the agent general for Reparation Payments, which was concerned, among other things, with the economic recovery of Germany after World War I. There were somewhat similar organizations in Austria and in Hungary at that time, with which we were in frequent contact. In those days the emphasis was always placed on the fundamentals to which I have referred. The balance of payments was incidental and was supposed to respond to other factors.

Mr. Chairman, unbalanced budgets, overvalued currencies, limiting exports, too great investment in capital programs in reference to savings, lack of production, and in this instance lack of international cooperation and mutual aid—you will find them all discussed in the hearings—these can prevent the program from achieving the success that is so vital in terms of world peace.

It is to be hoped that the months immediately ahead will indicate substantial progress in dealing with these fundamental elements in the over-all program.

Now Mr. Chairman, just a word as to dollars and cents.

The amount made available for direct aid during the first 15 months of the program ending June 30, 1949, was approximately $5,000,000,000.

During the first 12 months of operations ending April 2, 1949, $3,000,000,000 was required for reported shipments and $3,700,000,000 for estimated shipments.

This bill provides $4,642,470,000 on an over-all basis for the period of 15 months ending June 30, 1950, or $3,568,470,000 for the period of 12 months ending June 30, 1950.

Based on a total of $3,000,000,000 of reported shipments in the first 12 months, ending April 2, 1949, we arrive at an average figure of $250,000,000 a month during that period. Based on a total of $3,700,000,000 of estimated shipments during that same period, we arrived at an average figure of $315,000,000 a month for the period, with a pipeline of at least $1,200,000,000 adequate in terms of actual experience to take care of the months of May, June and July in the current fiscal year.

The suggested appropriation of $4,642,470,000 for the 15-month period beginning on April 2, 1949, and ending July 30 of 1950, will permit monthly shipments at the rate of $310,000,000 a month, leaving a pipeline at the end of that period of $1,200,000,000 or in the alternative shipments at the rate of $390,000,000 a month if the pipeline be exhausted during that time.

Furthermore, Mr. Chairman, recovery is proceeding in Europe with increased momentum; large balances of counterpart funds have yet to be expended; some $145,000,000 available, for guaranties for private enterprise in Europe have yet to be utilized; as recovery proceeds non-ECA financing should increase rather than decrease; the appointment of a high commissioner to Germany who will control both ECA and GARIOA funds may well result in savings; and prices for commodities are generally falling.

The majority members of your subcommittee felt that price declines alone justified a $182,000,000 reduction in the over-all request. Frankly I think this estimate is a conservative one in the light of future markets for grains and other commodities on regular exchanges and support prices set for some of our major agricultural crops.

These and other general considerations should be taken into account in considering the picture as a whole.

Mr. Chairman, I want to give the House one quotation from Mr. Hoffman. At page 687 of the hearings, he makes the following statement:

> Our entire planning has been directed to one and only one thing, that is, the termination of this program on June 30, 1952. And furthermore, we have made it clear to all the European nations involved, almost from the first day we started business, that the program of aid had to be on a descending scale; that the largest volume of aid would come in the first year, and a considerably lower amount in the second, third, and fourth years—each year a lower amount. That is understood; that is accepted by every government in Europe as a fact.

In other words, Mr. Chairman, it is understood by all the nations concerned that the program is to taper off. It must taper off, of course, if there is not going to be a violent transition at the conclusion of the program in June of 1952.

In the light of this statement, in the light of actual experience to date, in the light of the general factors to which I have referred, it is difficult for me to believe that we cannot safely impose the cut recommended in this bill—a cut calling for a reduction of 12 percent in the over-all budget estimates for ECA; a cut representing a reduction from about $5,000,000,000 to $4,642,700,000 on a 15-month basis, or a reduction from $3,700,000,000 to $3,568,470,000 on a 12-month basis; a cut which permits shipments averaging $310,000,000 monthly against estimated shipments in the first 12 months of the plan averaging $315,000,000 a month; a cut which would leave at the end of fiscal year 1950 a pipe line of some $1,200,000,000.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself three additional minutes.

Nevertheless, Mr. Chairman, in view of the tremendous importance of the program; in view of the desirability if possible of unanimity in action at this particular time; in view of the assurances which I understand Mr. Hoffman has given to the effect that he will do his utmost to make the appropriation carried in this bill cover the full 15-month period; and in view of my confidence in him I am not going to oppose the proposed amendment giving him the leeway he desires.

I want to see whatever is necessary provided insofar as we can provide it safely. In view, however, of the extremely grave conditions by which we are confronted at home our contribution must be held to a minimum.

I realize, Mr. Chairman, the tremendous importance of the success of the ECA program; it must succeed. I realize also, however, the tremendous importance of the economic and financial stability of America.

Incidentally, Mr. Chairman, every nation participating in the ECA program has a tremendous stake in that stability.

To impair the financial and economic stability of America would be a tragedy not only for America but for the entire western world.

Mr. GARY. Mr. Chairman, I yield 12 minutes to the gentleman from New York [Mr. McGRATH].

Mr. McGRATH. Mr. Chairman, there is but one question presented in the bill under consideration, the same question that concerned your subcommittee in its deliberations: Is the amount submitted in the bill a wise and judicious appropriation to implement the action of the House of Representatives?

On April 19 this body adopted in principle the theory that the ECA must be continued. The enactment of Public Law 47 was an unequivocal expression of a deliberate determination by the Congress that America should participate in the economic rehabilitation of Europe. In considering this from an appropriation viewpoint, your subcommittee was guided by the thought that we should allocate only such an amount as would adequately implement the statute and accomplish the will of Congress, keeping always in mind that the sum thus made available for the maintenance of democracy would be prudent and sound.

The argument will be raised that we have not perhaps appropriated for this or that domestic project, but I respectfully submit that in appropriations the test should be, Is the amount now allocated the proper amount for the particular purpose? And then the sum total of all appropriations must be balanced against our natitonal economy. To argue that we did or did not appropriate money for a particular cause that might or might not be wise would merely open the door to an endless and fruitless discussion of each and every one of these items. Your committee, therefore, has kept in mind your recommendations of last April, and has kept in mind the underlying reason and cause for your action: the realization that only through reestablishing Europe on a sound economic footing can we halt the onslaught of communistic Russia. Bear this in mind: No nation in the history of the world has acquired control and domination over so large an area and of so large a number of people at so little cost. Russia has devoured Yugoslavia, Hungary, Estonia, Latvia, Bulgaria, Czechoslovakia, Poland, and others with the loss of hardly a soldier and at a minimum financial cost. This was accomplished by internal unrest fomented by fifth columns and augmented by disorganized national economics. The Red tide swept at its full flood to the very gates of Italy. It was feared by many—and I daresay this fear was shared by not a few members of this body—that Italy, too, would be engulfed in the crimson deluge.

But the people of Italy, inspired by their faith in the American brand of democracy as evidenced by our ECA program, raised a dike constructed of faith and courage, and dammed the red raging flood of destruction. The cruel red waters beat furiously yet against this dam. Dare we lower it by 15 percent?

The European recovery program has been a success. The participating countries have a renewed faith in their ability to solve their internal problems and they recognize the aid and guidance our Government has given to them. These countries have made great progress in expanding industrial and agricultural production. Industrial plants which had been destroyed either entirely or partially today are rebuilt. Men and women are finding employment, homes are being reestablished, and in the hearts of these people there is the realization that Uncle Sam has made all this possible.

The balancing of a nation's budget is one of its first steps toward recovery. The ECA has insisted that these budgets gradually be brought into line. Some nations whose tax structures have been archaic and poorly administered have sought the aid of tax experts in our country so that the tax burden can be justly spread over all the people of a given land.

Exports which will create employment have gradually been improved so that it can be predicted that in 1952 this program can be ended and Europe will be on a self-supporting basis.

The standard of living of the people has risen as evidenced by the chart on page 67 of the testimony which shows that most of the countries are approximating the level of 1938. It must be borne in mind, however, that this was well below the American standard at that time, and far below our present standard of living.

It has been submitted that economic conditions have not been improved in Italy by the ECA.

We have allotted to Italy from June 1948 to March 1949 $349,000,000 and have loaned to that country $42,000,000, which is roughly 90 percent in grants and 10 percent in loans. This year Italy will receive about $530,000,000. Should we not then look at the picture Italy presented before the Marshal plan came into being? We all recall how Communist-inspired traitors attempted to tear Italy asunder, to halt its production, and to sabotage and destroy. Their objective in Italy, as it is in every other nation on the face of the earth, was to undermine the confidence of the people in their institutions, to destroy their courage and faith, their hope and their honor. Once this is accomplished, Soviet Russia adds another link in the chains she has forged for world domination. Consider, too, how bruised by the cruel heel of fascism and bled white by the disastrous war, these good but unfortunate people were left floundering in a morass of despair with no helping hand offered to them save by America. True, Russia offered the hammer and the sickle. Russia offered economic and moral slavery to a liberty-loving and honorable people. Would the opponents to this plan return Italy to those dark postwar days or would they not rather see that lovely land as it is now with a stabilized national government, with its national pride reestablished, and hope again blooming in the breasts of her people? What would the opponents to this plan offer? What do they offer?

Yes, there is unemployment in Italy to a number of approximately 1,700,000. Yes, there is an antiquated tax system which has placed the burden on the low-income groups and to a large extent exempted the wealthy. The Italian Government recognizes these facts and is preparing a new tax system whereunder all men will stand equally before the law. They have men here studying our tax program so that improvements can be made in their own. Further, they have been successful in the last few months in collecting huge sums from wealthy tax evaders, and this action has been sustained in their courts.

Italy's most vexatious problems currently are unemployment and housing. The testimony contains the answer to my direct question as to what was being done by the ECA and the Italian Government on these matters. I quote:

> The Italian Government and ECA feel very strongly that there ought to be a considerable acceleration in the rate of construction of new housing accommodations. We have indicated to the Italian Government our strong support for that kind of program, and the Italian Government hopes greatly to increase the rate of housing construction in the new fiscal year.

To abandon or even to curtail this program now would certainly add to Italy's unemployment, aggravate her housing problem, and serve to weaken an important cog in the economic machinery of Europe.

Now I would like to pay tribute to the Government of Italy because it has been one of the leading forces pressing for economic cooperation as well as closer political ties with the democracies. Italy has vigorously sought economic union with France. She has worked assiduously in negotiations for trade agreements with her neighbors.

We must never forget in looking at this picture that the Italian Government is now only about a year and a half old and that she is striving for and is actually reestablishing the principles of democratic government which had been denied to her for almost a quarter of a century.

It has been said by our ECA Chief in Italy, who summed it up concisely when he said:

> Wherever I have gone in Italy I have found a deep and sincere appreciation of American aid on the part of Italians in all walks of life. All except the Communists who follow the party line of obstruction and chaos, reveal a heart-warming understanding of and a profound gratitude for American assistance in this joint effort to preserve the western way of life.

The ECA has a twofold program: Immediate assistance and the solution of long-range problems. The end of the war found Italy in a chaotic and pathetic condition. All means of communications were utterly disrupted or destroyed; manufacturing plants suffered the same fate; port facilities were wrecked; housing suffered tremendous losses; a flourishing merchant marine was completely wiped out; the colonies were gone; and the general state of the Italian economy was completely prostrated. Disease and famine were reaping a tremendous harvest, hope and faith in a better future had disappeared, and the people of Italy were easy prey for malignant forces, revolution and communism. The immediate objective of ECA which was to bring order where there was chaos, hope in place of despondency, and life in place of paralysis and prostration, has been fully realized at this early stage. Italy is back on its feet. Industrial plants are working, means of communication have been almost completely restored to its prewar level, port facilities are in reasonably good order, food is available, inflation has been stopped, communism has been defeated, and a fairly stable government has been established. All this is due primarily to ECA without which Italy today would surely be behind the iron curtain.

The ECA has been a successful undertaking and its dividends will be paid to the American people now and in the years to come by the democratic forces of Europe. It may be argued that we are spending money for foreign lands and foreign people. We will be questioned: "Where is the money coming from?" Certain groups will cry out against this appropriation because they have orders to keep clear the path for Soviet conquest. We owe them no answer. By their obvious and overt treachery they have forfeited all right to query us. But to the well-intentioned and economy-minded among us who raise this question we can only say that the money is coming from the American workingman's pocket and from the pocketbooks of American women. It is coming from the great middle class American men and women and it is coming from the wealthy. We recognize that the ECA and the Atlantic Pact can stop Russia. The American fathers and mothers do not want another war if it can be avoided. They will willingly pay taxes to avoid war because they know that if war comes not only will they pay greater taxes than this bill provides but they will pay in wealth infinitely more precious than gold or silver.

Mr. Chairman, I wish it were possible to take every penny of this money and appropriate it for heart and cancer research, to appropriate it for social welfare and the comfort of our people, to make our harbors better and to harness our water power, but in this world at this moment that cannot be done. If this Marshall plan had not come into being, all of western Europe would now be under the heel of the Kremlin. All of the hope and ambition of the people would have been crushed under the worst dictatorship in history. I care not if there are a few who will not appreciate what America has done but I believe that the great mass of people in Europe know that it is the United States of America that has saved civilization. Yes, Mr. Chairman, we should appropriate this money and we should pass this bill so that the countries of Europe which have given so much in the centuries past in every cultural field, and whose sons and daughters have built this Nation that is America will realize that we have not failed them.

By our action today, we will serve notice upon the Communist state, "You have gone far enough. Your aggression is ended and it is stopped by the democratic forces in the world."

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, one of the real values in having to extend the authorization of a program once a year, and then to appropriate another year's funds for its operations, is that it compels us to examine the whole enterprise with greater thoroughness and concentrated attention than is ordinarily possible. We have to take a long look at where we have been, where we are, and where we want to go.

It may be worth while for a moment to go back to the psychology that prevailed here a little over a year ago when the European recovery program was initiated. It was described correctly as a calculated risk. It was recognized that if the United States did not carry out such a program of assistance to these countries in western Europe, they could not possibly recover; one by one they

would go down from strains within or pressures from without. On the other hand, if we adopted the proposed program and carried it out efficiently there was a fair chance that Euroupe could be restored as an area of human freedom and genuine self-government from which eventually those explosive ideas could penetrate back through the iron curtain. If we did not adopt such a program, there was no hope; if we did, there was some hope. Therefore, naturally, we were inclined to take the latter course. But at the same time there were grave uncertainties and anxieties that made most of us hesitate and caused some to vote against it. What if it didn't succeed?

I remember discussing this on a forum with another member of the Committee on Foreign Affairs. He said, "It is better to try it even though we fail than not try at all." To that I took strong exception. I thought it better not to try it at all than to try it and then fail. That would do no one any good except Russia. To make this vast effort weakens our own economy to some degree. If in 1952 we were to find that the recipient nations still were not able to stand on their own feet, our effort would not have done them any permanent good and would have done us great damage, in a kind of world where somebody has got to stay free, somebody has got to remain strong and solvent, in order to hold aloft the torch of freedom to which enslaved peoples can at least look with hope until the day comes when they can once more rally to it. The forces of freedom do exist in all countries, even though silenced in many areas for the present. It is no help to them if we go down, too.

I came to the decision to support the program after a long difficult struggle. I concluded that if there was better than a 50–50 chance of success we should make the effort. If there was not at least a 50–50 chance of success, we should not because we would be weakening the United States and its solvency without any compensating increase in their strength. If we could succeed in helping these nations get on their feet economically and strong enough to present a barrier to further extension of the glacier of tyranny moving out of the Soviet Union, it would add to our own security; it would allow us to reduce expenditures for armaments at home; and it would preserve and enlarge the area of freedom in the world with which we could expect to trade in the future. Those were all genuine advantages. We had to weigh them against the disadvantages of possible failure.

A year ago when the program was before us I said there were five criteria which it seemed to me had to be met to give a better than 50–50 chance of success, and I should like to look at them again for a moment to determine the degree to which we have succeeded in meeting them.

The first and probably the most important was this: That the 16 nations of western Europe and the 3 zones of western Germany be willing to make a far more vigorous attack upon their own economic problems, both individually and collectively, than they had made up to that time. In their individual effort we have to give almost every country a high grade. They have done as well or even better than anyone had a reasonable right to expect, although we hoped, of course, they would do it. Once they were given assurance of continuing support from the one nation in the world that was in a position to help them, it became apparent, as had been predicted, that they had resources within themselves far greater in magnitude than was generally appreciated.

The thing that was necessary, as Secretary Harriman put it in our hearings a year ago, was to get their stalled economic machines off center. After all, the $17,000,000,000 we contemplated putting in represented less than 5 percent of the total economic activity of those countries. Our aid was an attempt to get it started. Once it was started, would it go ahead under its own momentum?

Individually, the nations have done on the whole an extraordinarily good job. They have tightened their belts, they have improved their fiscal systems and tax collections, they have resisted the temptation to do what the United Kingdom did with the British loan, squander about half of it for nonessential consumer goods to make the people temporarily more happy and comfortable without getting at the basic problems of restoring and modernizing their productive plant, increasing their man-hour output, reducing their costs. Collectively, the record is not so good. Trade barriers have not been reduced and intra-European trade increased as much as hoped. This will mean trouble in the years ahead unless corrected, because western Europe cannot become self-sustaining without rapid progress in economic unification.

The second criterion was that the program be put under the best administrators America could furnish. Probably coequal in value with our money is the managerial know-how that America has to contribute to these countries. Efficient administration of such a program could not be expected from any of the regular departments. You will remember that was one of our fights. Some wanted to put it all under the State Department, or split it up between several departments. Others of us resisted that because the old-line agencies are not set up to administer this sort of program which must be flexible, temporary, somewhat experimental. They are organized on the seniority basis, where length of service in other types of work is the controlling factor rather than fitness for this particular job. The program had to be put in the hands of the best managers, the best administrators, America has. I want to pay tribute to the President for appointing Paul Hoffman and giving him quite a free hand in choosing the best men he could recruit from our most successful industries. They have gone into these countries under ticklish circumstances and supervised the program with great skill and tact, but with great firmness. First, through the ECA mission in each country they have scrutinized rigorously that nation's imports from the United States and other hard currency countries, insisting that it resist the temptation to use the dollars we were furnishing, to buy luxury goods or semiluxury goods or even goods that would improve their immediate standard of living but were not absolutely necessary. Instead, the dollars must be used to the greatest degree possible for machines and machine tools, for fertilizer and fertilizer plants, for generators and power plants, for railroads and mining equipment, and so forth, that would increase the country's ability to get going and stay going under its own power. Our missions also scrutinized the imports from nondollar areas and tried with the utmost urgency to persuade them to import as much as possible from the areas where their own soft currency was usable.

Again, the ECA missions have examined their exports and urged them to export everything they could conceivably spare from their own economy to the dollar countries to earn every single bit of hard currency possible.

Our people also had to work on the problem of increasing inter- and intra-European trade. If each country should try just to restore itself as a separate economic unit, the program could not succeed, just as most of the States of the United States could not become economically self-sufficient or prosperous apart from the other States. We could exist, but we could not have a high standard of living if each of our 48 States were a separate, independent economic unit, with a separate currency, tariff barriers, and discriminations in favor of some and against others. Mr. Hoffman's men have done their best to get the countries to break down the barriers within Europe and increase trade so that there would be greater total economic activity.

Again, the missions are helping them increase their productive capacity, in many cases, brilliantly. For example, introduction of hybrid corn into Italy produced an increase in production by almost half in 1 year. It is the know-how America is making available to the countries which, as much as anything else, has increased not just their production, but their productivity.

Again, the ECA missions had to review the budgets of these countries, and their fiscal systems; had to help them get more money from their own people, reduce the inflationary pressures, stabilize their currency, and so forth.

I go over these things merely to indicate how complicated and difficult a problem it was and is. There never was anything like it in history. When we look back upon it after 13½ months, it is hardly short of a miracle how much recovery has already taken place, and even more important, how firm a foundation is being established from which a greater and more permanent recovery can take place in the future.

Today the nations of western Europe are about where our Thirteen Colonies were when Ben Franklin told them they simply had to learn to hang together better than they had in the past, or they would hang separately. The choice of the western European countries now is not between getting together or not getting together. They will either move

rapidly into some sort of closer economic unification and political federation or they will be taken over one by one and forced into even closer union, under compulsion, as the countries of eastern Europe have been. They will either get together voluntarily and remain free, or they will be gotten together involuntarily and become slaves.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. TABER. Mr. Chairman, I yield five additional minutes to the gentleman.

Mr. JUDD. Thank you. That is the single biggest problem the ECA has for the coming year, to push ahead with vigor in getting the recipient countries to develop their own resources fully and at the same time increase the economic activity of the whole area so that the whole may become stronger and out of that the individual parts become stronger.

The third condition which we said a year ago must be met to give ERP a 50–50 chance of success, in addition to inducing and assisting them to make, both individually and collectively, a more determined and effective attack on their problems; and setting up an administrative agency, which would be able to handle the program with utmost efficiency and flexibility, was that we in the United States be willing to put in enough to win. I felt then and still feel, that for us to put in even 10 percent less than enough to win might jeopardize the success of the whole plan. In order to provide a cushion which they might need in the case of unforeseen difficulties, such as crop failure, I would rather err on the side of appropriating a little bit more than they expected to get or than we expected them to need, than to err on the side of giving a little less and perhaps cramping it so that they could not work with flexibility and confidence and assurance. I want to congratulate the Appropriations Committee for once more providing funds that ought to be adequate. I think the amount in the bill will be all that they will have to have for the full 15 months. I think they can do the job on that, and I think they ought to do it on that. But I do not want to foreclose the possibility that they might have to have more in a shorter period of time. The compromise which has been worked out provides the needed cushion by allowing TCA to use the amount in one and a half months' less time if that should become necessary. If a doctor has a patient with pneumonia, it is not good sense to say, "Well, I will give you 1,000,000 units of penicillin, but if you are not well then, I will not give you any more."

There is no use in giving any penicillin at all unless he is prepared to give whatever is necessary to produce recovery. I am convinced that if we are prepared to spend more, if needed, it will actually cost us less. If we try to hold it down to less than needed and hamper the program's operation accordingly, it is likely in the long run to cost us more—or else end in failure.

The fourth condition which I felt a year ago, when we adopted this program, it is necessary to fulfill if it is to succeed, is that we regard it not as an end, but as a step in the process of working toward a perfected world organization, preferably by strengthening and improving the structure of the United Nations, so that it can take over this sort of job and protect free peoples from aggression whenever and wherever it develops. We have to do it in this immediate emergency because there is no other country in a position to help other countries resist Soviet pressure. The UN is not yet strong enough. But we cannot carry such a load indefinitely. We do not have the strength nor the resources nor the wisdom. Therefore, we must look upon this program as a temporary stop-gap, a stepping-stone, to that larger goal. We must push ahead vigorously toward a strengthened United Nations which will be able to assume the burden of resisting aggression from whatever source. We need a world organization which, under law and defined limitations, may step in to help nations in emergencies just as this representative Congress helps States in the event of domestic emergencies or communities which meet with some disaster.

A year ago the program was presented in terms of economic assistance. There were some who thought we must consider it in terms of military assistance also. I said here in March of last year:

> Mr. Chairman, no one, I think, can rightly justify this bill on a basis of just humanitarianism or charity. The committee has heard me say on other occasions beginning in early 1947 that such measures as this could be justified in this present world situation and in the present straitened state of America's finances and supplies only if they are essential from the standpoint of the security of the Nation. This is primarily a national defense bill.
>
> We had hoped it would be an alternative to a military policy. Six months ago it perhaps could have been. But world events and Communist aggression have advanced so rapidly that now it probably is more in support of a military policy than an alternative to one.

That brings me to the North Atlantic Pact. It is a mutual defense program in support of this economic program. It is based on the recognition that the European nations have gone about as far and as fast as they can without greater freedom from fear. As long as they know that the Russian bear can come across their borders at any time, and therefore fear that it may, they are not going to bring their savings and reserves of money or supplies out of hiding; they are not going to bring back the capital they have sent abroad and put it into productive enterprises; they are not going to enlarge their plants, make more jobs, expand their responsibilities. Unless they can see their way ahead 3, 5, even 10 years, with reasonable confidence, naturally they will be very wary and careful and will not utilize fully the resources which are available to them. Yet they must do all these things if Europe is to recover.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. GARY. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. JUDD. I thank the gentleman. Therefore, something like the Atlantic Pact is necessary to give them a sense of security, a sense of certainty that if the bear should move against them after our own forces have been returned from Europe, they will not be left helpless against its aggression, just as they know now that an attack by the Soviet Union or anybody else on our garrison in Berlin or any of our other forces over there would bring prompt and positive action by the United States. Their only hope of achieving military security, just as their only hope of achieving economic recovery, is by making a most vigorous collective attack upon the problem—with our active support and assistance. The economic and defense programs are both necessary if either is to succeed. Eleven countries in the North Atlantic area have gone into the pact together with the United States. This is fine as far as it goes, but if we were to stop there, the effect might well be to draw a kind of circle around us 12 as having "a common heritage and civilization" and giving other countries the feeling that we regard them as less civilized, or less important and drive the rest of the world away from us while drawing the chosen few closer. We must not by default regarding the United Nations, or undue emphasis on the Atlantic Pact give the impression that we are setting up an exclusive club and that other peoples are not quite worthy to associate with us, so they are to be left on the outside. Who is the eager and powerful leader of those on the outside? The Soviet Union. Unless we move ahead from this limited compact to a larger open-end compact in which all nations which so desire can join in an attempt to get security for all through mutual protection and economic cooperation, those nations that are not included are likely to fall under the control and guidance of the Soviet Union. It is possible that unless things are most skillfully handled we may drive more into Russia's arms than we save from them and thus wind up with less security rather than more. So I feel even more strongly than a year ago that it is necessary to go beyond ERP and the Atlantic Pact if they are to have a 50–50 chance of success. We must exercise strong, positive leadership to the utmost of our ability in an urgent effort to get this whole program expanded to a larger concept of world organization, including the regional organizations, operating under law to maintain peace and prevent aggression.

That brings me to the last criterion that I believe we must meet if we are to succeed in Europe, namely, that Asia too, must be kept free, that is, out of Communist control. We endanger the security and economic recovery of Europe if we do not give more attention and more successful attention than we have given heretofore to events in the Far East and the forces struggling for dominance there. It does not do any good to patch up the hole in the front end of the boat unless we also manage to get plugged the hole in the rear end of the boat. A Communist flood pouring through either will sink us. I must postpone discussion of the vast and even more complicated problem of how to keep China and thereby Asia free until another

occasion. We cannot, however, ignore its crucial importance.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. GARY. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, I want to pay tribute to the Chairman of my committee and to the other committee members. I enjoyed my work on the committee very much, a fact which is attributable in great measure to the people who sat on the committee. The gentleman from Virginia [Mr. GARY] the chairman, did an excellent job. He handled the hearings with great ability and intelligence, and made certain that every matter of consequence had thorough consideration.

It was a great pleasure to sit with the gentleman from New York, Judge McGRATH, on the majority side. His long experience on the bench served us well in his patience, his analysis and his wisdom.

I enjoyed very much working with the gentleman on the minority side, the gentleman from New York [Mr. TABER] and the gentleman from Massachusetts [Mr. WIGGLESWORTH]. It was a real experience to watch them in action, to follow the thoroughness with which they work.

New Members of Congress frequently are subject to feelings of frustration. It takes time to acquire the somewhat hardened fatalistic attitude, which marks the experienced Member, and until one has been through the mill a number of times, he takes keenly what he considers to be a miscarriage of the legislative process.

I must confess to that feeling of frustration now when we are considering the ECA appropriations bill.

For nearly 4 weeks the subcommittee of the House Appropriations Committee held hearings on the Marshall plan. We studied, examined, and critically scrutinized every aspect of the European recovery program. We realized every expenditure of the Government must be carefully weighed and every nonessential expenditure eliminated.

We considered the effect of price reductions on the program and reduced the estimate by a figure which we believed represented an accurate estimate of the effect of lower prices on the cost of the program during the coming year. We investigated thoroughly ECA's estimates of commodities needed from dollar areas by the participating countries and the thoroughness of the screening methods employed by ECA in arriving at them. On the basis of this comprehensive review of the program, the subcommittee brought in a figure for the fiscal year of 1950 which was lower by $272,700,000 than that authorized by the Bureau of the Budget. We felt that this was the absolute maximum amount by which the appropriation could be reduced without seriously delaying the recovery program and without a costly setback to the recovery which has already been achieved to date.

And yet, in spite of our thorough hearings, in spite of the hours, the days, the weeks we put in, painstakingly listening to the many witnesses who appeared before us, checking the enormous amount of financial data submitted—all this effort is brushed aside in the name of economy. A blanket, across-the-board meat-axe cut of 15 percent is approved. Why appoint a subcommittee? Why hold hearings? Why go to the vast expense of recalling witneses from all parts of the globe, when such arbitrary procedure is to become the action of this Congress? I am fully cognizant of the arguments advanced, that we are in a declining economy and that we must retrench.

I, too, am in favor of the economical operation of our governmental program, but I certainly am not in favor of retrenchment where it may very well do irreparable harm to our domestic economy and jeopardize our position in responsible world leadership.

Last month we heard the Foreign Affairs Committee describe on this floor the significant achievements by ECA in starting western Europe on the road back to economic recovery. Those speeches described the new investments, the building of new plants, the expansion and modernization of old plants, the mechanization of farms, the housing programs and many other projects of economic activity and expansion which have been instituted during the past 12 months under the stimulus of the European recovery program. Perhaps the members of the Foreign Affairs Committee spoke too eloquently or perhaps they overemphasized the first year's achievements and did not sufficiently explain to the House the relationship of the achievements already made to the ultimate objectives of the recovery program. For this cut would do much to gut the program before European recovery is achieved.

The coming year is the most crucial year in the entire effort. We undertook this program originally, not entirely out of altruism, but because we realized that the presence of a healthy economy in Europe was absolutely indispensable to the continuation of a healthy economy in the United States—that if world recession of trade with its resultant political repercussions was to be avoided, the people of the United States must reestablish the basis for a sound, normal trade between Europe and the Western Hemisphere. I submit that this program was not designed primarly for the benefit of the Europeans, but was designed as much to advance the self-interest of the people of the United States. And when we cut into this program so seriously as to threaten its ultimate success, we are tampering with the economic and military security of the people of the United States.

Mr. Chairman, it is true that during the past year by virtue of the tremendous assistance rendered by the United States some production levels in western Europe have come up to and even exceeded production levels of 1938. Yet the living standards of the peoples of most of the participating countries still lag far below the prewar living standards. Some of the countries most seriously devastated by the war still find themselves on little more than a subsistence level. In several of the more fortunate parts of Europe which were relatively untouched by the war, the living standards are closer to those of prewar. However, any talk of prewar production levels is entirely misleading. The increased population in Europe during the past 10 years, the devastation wrought in factories and homes and the consequent need of replacements, the widespread obsolescence of plants, tools, equipment and machinery which has accumulated during and since the war, and the loss of important overseas earnings makes necessary that the production levels of Europe must far exceed those of 1938 before it can be accurately said that economic recovery has been achieved.

I had assumed that there would be no need to discuss the merits of the ECA program. I had assumed that this Congress had already approved that program by its passage of the authorization bill. However, this curtailment in the funds is necessary to give realistic implementation to the operation of the program makes me wonder whether we are not in fact reversing that approval.

Our conception of economic recovery must envision a western Europe which is able to stand on its own feet, capable of producing and importing the commodities necessary to maintain itself. It is essential for these countries to be able to import the commodities produced in the United States which they need to maintain their economies and to be able to pay for those imports with dollars which they earn by selling goods and services to the Western Hemisphere. We intend to reestablish in western Europe a normal market for American commodities, a market which but for Marshall plan dollars would be almost entirely extinguished today because of the lack of dollars in Europe and the inability of the ERP countries to earn dollars which they can spend in the United States. Members of this House are receiving letters from constituents asking why they are unable to export to Europe goods which they normally exported before the war. Many of these producers and exporters ask why they cannot receive export subsidies from ECA to enable them to ship their exportable surpluses abroad. The plain fact is that there are not enough dollars available. Only if ECA dollars are efficiently used to promote recovery in Europe as quickly as possible can these normal export markets for United States producers be reestablished.

Early in this session we passed a program to promote reciprocal trade. With whom is it proposed that we shall trade? The products of this country must be paid for in dollars. Our people will not take pounds, or franks, or marks, or lire, or guilders. They want to be paid in dollars and will continue to demand payment in dollars until confidence is restored in the validity of foreign currencies. That is the aim of ECA—to put the European nations in a position so that ultimately they can trade with us—that they can earn enough dollars so that they may buy our products.

Now, what are we doing? Just as we are getting a recovery momentum

started, getting new plants and factories under way, getting a flow of new machinery into the pipeline to Europe, rebuilding the confidence of European business men and workers in their economic and political systems so that this great recovery effort could go forward, some economy-minded Members of this body decide to slash this program to the bone. There is a point beyond which this aid is of no use. It is the old story of too little, too late, throwing a 10-foot rope to the man 15 feet offshore. If we do not believe in this program, let us kill it entirely and do it quickly. Let us not strangle it slowly because that is more painful and will be much more expensive to all of us.

A substantial portion of this reduction will come out of the standard of living of the peoples of the participating countries. The peoples of Europe, who are genuinely seeking to build their productive facilities will tighten their belts; they will economize first on consumer items such as cereals, tobacco, fats and oils, and cotton for clothing before they will sacrifice recovery items such as machinery and tools and raw materials. This means that we will be pushing the living standard down after we have worked hard to raise it. This means that we are willing to risk destroying the increase in morale on the part of the people of western Europe which we have been carefully building over the past year.

I often hear the statement that the United States is facing a period of mounting surpluses. Yet we are at one stroke cutting into an appropriation which in the short run would help move American commodities to Europe and in the long run is designed to rebuild our permanent export markets. It seems to me that this is an illogical and unrealistic kind of economy.

About 5 weeks ago we voted almost $16,000,000,000 for a military budget. Where was the economy drive then? And yet, in this program, which to my mind is even more important to our national security, because it builds democracy, which is essential to our position in a friendly world, we retrench.

Let me read you a portion of the speech made by one of our truly great statesmen, Sumner Welles, which he delivered before the Rochester Institute of International Affairs on December 11, 1948:

> The overshadowing issue is whether an American foreign policy, which is formulated primarily from the military and strategic viewpoint, which regards force or the threat of force as its sole effective instruments, which envisages little more than the need to check Russia, can prevail in a contest with a force which is so eminently dynamic as the force of Soviet communism, backed as it is by the manpower and the resources of the vast Russian Empire. We have every reason to fear that even though actual war may be averted, the United States will be engaged in a losing fight, unless American foreign policy becomes the instrument of a democracy which is quite as dynamic as communism, unless that policy offers the peoples of the earth the positive assurance that the United States seeks collective security rather than national aggrandizement.

We have successfully won the peoples of Europe because we have given them the opportunity for security, peace of mind, and hope for the future. We have helped remove the threat of hunger, unemployment, and mass starvation, and in so doing have eliminated the master propaganda weapon. We have so revitalized the will of these peoples to maintain democratc governments that a series of political and diplomatic defeats have been administered to the Russians in the cold war.

A few days ago the Secretary of State left for Paris. When he left, the United States was in the most advantageous political position with Russia that we have been in since the end of the war. That was true then, but I seriously doubt if it is true today. I suspect that our action has done more to embarrass the Secretary of State, to unsettle the minds of our European allies, and to encourage the Russians than any single incident of the past months. A week ago the nations of western Europe felt that their hopes for economic recovery were secure and certain. Today they cannot have that same feeling with any certainty. A week ago they felt their economic and military alliance with the United States was a bulwark upon which their positions in Europe rested. Today they must be seriously shaken.

It seems to me that those who have blindly gone overboard in the name of economy have forgotten that we still have commitments to the people of this Nation and of the world in which we live. While some reappraisal may be necessary with time and change, we cannot renege on our obligation to those who depend upon us.

Economy must be tempered by reality. Of much greater significance than the dollars involved in this bill is principle—the principle that American policy cannot succeed until it convinces the people of the world that America is dependable.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 7 minutes to the gentleman from Ohio [Mr. VORYS.].

THE ECA GUARANTY PROVISION

Mr. VORYS. Mr. Chairman, I want to congratulate the committee on the statesmanlike job they have done in reducing the original estimate and the budget estimate to a size that bids fair to fit our budget, and on the amendment, which is apparently agreed to, which provides enough flexibility so that this program can proceed. I hope this second year will show the amazing success that has resulted in the first year under the splendid administration of Paul Hoffman and his associates.

I want to talk about a little item of $150,000,000 which apparently was not considered very much by the Committee on Appropriations and is not being considered very much by ECA. It has to do with the guaranty provision in the ECA law. We provided a guaranty last year but it turned out not to be very useful because it merely provided for converting the principal amount of any investment back into dollars provided the amount is earned or paid in foreign currency. This year in the bill which you passed we broadened that guaranty so that anyone who makes an investment which is approved for guaranty can convert from foreign currencies into dollars not only what he paid in the original investment but any earnings or income produced in the foreign currency. The amount earmarked for guaranties is $150,000,000. It does not amount quite to that because they have already used $4,239,014 from it, but still over $145,000,000 is available as guaranties, particularly for capital equipment.

In the tables furnished in the hearings is an item of $816,500,000 for "Capital equipment," with no further explanation or break-down in the tables that I have been able to find with the assistance of the members of the Committee on Appropriations and their staff; $816,000,000 is a lot of money. That is a lot of capital equipment, but capital equipment is not like wheat or coal or something like that, that when you say it once you have described all of it. There are all kinds of capital equipment involved but not described. I find no reduction made in the estimated prices of all this capital equipment. What I hope to find out is that some of these cuts in appropriations have been made up by using this guaranty which is provided in the basic law. I say this for one, that if along next spring we are told that all of this appropriation has to be spent by May 15, and I find that none of this capital equipment is being furnished through guaranties, then I am going to be most reluctant to appropriate more give-away or grant money, when I find that the payback money, the guaranty money, is not being used.

It is my hope that these appropriations will be tight enough, a close enough fit, that ECA and the people in these countries will seek out this method of obtaining $145,000,000 more of capital equipment from this country.

When the authorization bill came to Congress it provided for $150,000,000 of contract authorizations to go beyond fiscal 1950. We struck that out in our committee but we put into the guaranty language a provision that "includes the furnishing of capital goods items and related services for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950. So that the forward contracting authority that ECA asked for is in the law, but it does not require the appropriation of dollars.

If the guaranty is used, and we have to pay because foreign currencies cannot be converted, we get back, instead of merely a veto on counterpart funds that some other country holds, payment in full in the currency of another country. It is my hope that private enterprise in this country, the ECA administration, and these other countries, will use this method of getting $145,000,000 worth of capital equipment over there plowed into the recovery and development of Europe. If they do not, and then come around and say that they need more money next spring, somebody is going to ask them

questions, and somebody's face is going to be red. I find nothing in the hearings of the Committee on Appropriations about the guaranty. Of course, it does not require any appropriation, but it is strange to me that the ECA did not call the attention of the Committee on Appropriations to the fact that here was $145,000,000 available for the purposes of European recovery. I hope the Members of Congress will study this matter because that may be the only way recovery is going to work in the long run. In 1952, when the program of grant money stops, it may be necessary to provide, through guaranties, or loans, some sort of credit facilities so as to bridge the gap while there is still a temporary dollar shortage. In the future, under the President's point 4, we are going to have to provide some method similar to this guaranty so that when we furnish goods abroad but get paid back for those goods. We had better start pioneering this year. I want to see examples of how the ECA guaranty worked, instead of excuses as to why it was not used.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, this bill calls for the expenditure of $5,542,470,000. There are about 30 or 40 Members here on the floor right now considering this very important bill. If you give $1,000,000,000 away it costs every man, woman, and child in America $7. Here you are giving $5,500,000,000 away, which means $38.50 for every man, woman, and child in America. If every Member of Congress went back to his district and told every man, woman, and child he met that their assessment for this relief under ECA this year was going to be $38.50, I wonder, if you tried to take up a collection, and you passed the hat around, how many people in your district do you think would put $38.50 in the hat? You would find that there would be mighty few. But, what is happening? You are the elected representatives. With all the propaganda going around to try to get you to vote to give these billions and billions of dollars away, you say to your taxpayers you have to pay the bill. You are talking about more taxes to run this Government. I tell you right now that I do not want my taxpayers to come down here to me and say, "You Members voted these taxes and you are strapping me to death. I do not want these taxes on everything that I have to buy." Nevertheless, the Members of Congress are voting for these great expenditures, and evidently they want things to be this way. People are hollering for less taxes. Give them less spending if you do not give them less taxes.

Mr. Chairman, what are we doing with this money? Is it being spent wisely, economically, and soundly? I say "No." I am going to show you a few things that are being done under ECA which I think are just downright ridiculous—just downright ridiculous. Let us see here—you are bringing 23 men from Korea, 23 men to travel all over the United States for 9 weeks to tell the people in the cities how much they appreciate what Uncle Sam is doing for them through ECA. That is going to cost you a couple of thousand dollars apiece, or even $3,000 apiece to bring each one of those fellows over here to go around telling Uncle Sam what good people we are. You pay the bill. You are going to spend a hundred thousand dollars to do that. Why do you not get them to write a letter here and tell us that they appreciate the money we are giving them, so that we can put those letters in the newspapers—or bring the letters down here and I will put them in the CONGRESSIONAL RECORD. That would cost little. That ought to be just as good. But no, you want to tax my people $100,000 to bring that crowd over here and have them have a good time running around telling how Uncle Sam is treating them so nice. You are not only doing that for the people of Korea, but you have a lot of these missions. Let us look at a few of them. You have a group of six Norwegian technicians to visit the United States to study American methods of mining, paper making, and steel making.

That makes nine groups coming here under the Marshall plan to travel all over the United States to learn something about what we are doing. We could teach them by giving them something to work at, by letting them do something to help themselves, by telling them and showing them how we do things. We could assist them in many ways without having to have them come over here at our expense.

You have sent seven missions of union members from the United States to deal with trade-unions in European countries to try to tell them how to run their unions. Good Moses and Aaron! What is the matter with you? Do you not think they know that much?

You have brought over a lot of foundry workers from the United Kingdom under ECA funds to teach them foundry methods. Why not send one teacher and some books over there?

You are sending ECA missions to Belgium and other countries to work out their labor problems.

I do not believe in all that. I think it is money ill spent. You have in here $1,800,000 for the Italian counterpart fund.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman from Pennsylvania five additional minutes.

Mr. RICH. Italy was one of the countries who started to fight France before we got into the war—our enemies at that time—they went over there and raised Ned, yet now we are going to help the Italians rebuild their villages, their roads, and their aqueducts, and we are spending $21,600,000 in Italy for those purposes. It is nice that you can do it, but gracious goodness, your taxpayers cannot afford it, and you have not given your own people a thought on things they want. Remember, the countries you are helping do not have a total indebtedness of $90,000,000,000, but in America we have a debt of $250,000,000,000. Some day, when our country goes broke and these other countries are around doing business, do you think they are going to do anything to help America? Why, you are called Uncle Shylock over there now. [Applause in the gallery.]

I am glad you girls came. I have got more friends, Mr. Chairman, in the gallery than I have downstairs here, and I have got more friends back home than I have got down here. Lord bless you. I love every one of you. Some of you I try to take out and beat on the golf course. But to get back to the bill, I tell you right here and now that you have got to get serious about this thing of squandering. This just cannot go on. We should realize our domestic situation. When you stop to think of all the money that is being spent for propaganda in the United States to get us to spend money to help somebody else, it just does not make sense; and I say that the Congress of the United States is the easiest bunch of fellows I ever saw roped in in all my life.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to my colleague from Iowa.

Mr. GROSS. On page 3 there is a provision which states that an amount not to exceed $500,000 shall be available for expenditures of a confidential character other than entertainment, which we ask no accounting for. What is that for?

Mr. RICH. I do not know, and I do not believe there is a Member present who knows what it is for, and yet we are going to include it in this bill.

Mr. GROSS. Does the gentleman realize that there is also an item of $30,000 for entertainment in this bill?

Mr. RICH. $30,000! I am willing to bet that is not the tenth of it.

Mr. GROSS. That is what it states here.

Mr. RICH. I do not mean to say that the gentleman from Iowa does not know what he is talking about, for the gentleman certainly does. He is a good sound legislator.

Mr. Chairman, I hope we get a roll call on this bill and that we will get 220 Members at least to vote against it; then we will send it back to the committee, and we ought to send it back to the Committee on Appropriations. You know that committee is not looking after Uncle Sam, they are not interested in our domestic affairs, the whole committee. I do not like the committee—I like the individuals personally—because they are giving us away, and I do not like the foreign affairs plan or program one bit; it just does not suit me at all.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. RICH. I yield.

Mr. GROSS. Does the gentleman think we should spend $30,000 to give away the taxpayers' money, to pour it down assorted drains in foreign countries?

Mr. RICH. No; I do not think so. This makes $92,000,000,000 that the

American people have given away. A lot of men come in here and say that we are giving all this away to keep from having another war. You never kept out of war by talking about war all the time. Whenever a man wants to get into a fight he can get into a fight without any trouble. If I wanted to get into a fight I could do so without any trouble at all, and if I saw a man walking down the street with a chip on his shoulder I would probably knock the chip off his shoulder to see what the fellow would do. That's the way you get in trouble. We are spending $15,000,000,000 a year here for defense. We talk about some of these nations of the earth, getting in war, we give Russia $12,500,000,000 in lend-lease; they get all that equipment over there, and what happens to it? We find ourselves having to spend $15,000,000,000 a year to try to keep prepared to combat the $12,000,000,000 that we sent over there. That is serious; that is serious.

My time is about up, but, remember, when it comes to voting, if 219 or 220 Members vote against this bill we will be doing the whole country a great service. Now and future generations.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. GARY. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Michigan [Mr. SADOWSKI].

Mr. TABER. Mr. Chairman, I yield the gentleman 4 minutes.

(Mr. SADOWSKI asked and was given permission to revise and extend his remarks and include certain excerpts and tables.)

THE MARSHALL PLAN, TAXATION, AND WORLD TRADE

Mr. SADOWSKI. Mr. Chairman, the issue in the next campaign will be taxation. There is no way to dodge the issue. Our friend and colleague from Pennsylvania, ROBERT RICH, is absolutely right, and those who ignore the warning—and I do not care whether they are Democrats or Republicans—will have a tough time in the next election. You cannot go to the people of the United States with a $45,000,000,000 budget and a $45,000,000,000 tax bill, if you please, when the income of the American taxpayer will be back on the basis only slightly above that of prewar. During the war, when people's pockets were bulging with money made out of war profits and war wages, it was possible to meet this inflated tax bill. Now the simple truth is we just cannot meet it any longer. We must cut the budget at least seven to eight billion dollars. This can be done. It must be done. A 5-percent cut in appropriations right across the board, as has been proposed by some Members of the House and Senate, is a lot of silly nonsense. There are only two places where real cuts can be made, and that is on the appropriations for all foreign-aid programs and on the $16,000,000,000 military authorization.

When I heard that the Appropriations Committee had cut this ECA appropriation by 15 percent, I was considerably pleased. Then this morning I learned that a compromise had been reached whereby this money will be spent in 13½ months instead of 15 months, which action actually nullifies the 15-percent cut and the reported savings that were to be made.

Now, Mr. Chairman, we have received plenty of warning from the best economists in this Nation, and the Department of Commerce reports and the reports from the Labor Department definitely prove that we must cut our tax bill by $7,000,000,000 because the revenues will not be forthcoming. If you do not meet the issue now, you will have to face up with it in July 1950, next year, just before the elections.

Now, during the war we saddled our people with a lot of extra taxes, special taxes, on rail, bus and air transportation. We also placed taxes against luggage, furs, ladies' handbags, jewelry, cosmetics, and so forth. We promised the business people and the American consumers that these special taxes would be removed as soon as the war was over. This promise should be kept and can be kept. It must be kept because these special taxes against certain commodities and against certain people in business is unfair, discriminatory, and is tending to drive these people into bankruptcy. The consumers are withholding from buying these taxed items because they expect these taxes to be removed. Now, I say we can remove them and still cut the budget by $7,000,000,000 by making substantial cuts in free foreign aid programs and in the authorization for the military. It is imperative that at this time we abandon this policy of being Santa Claus to half the nations of the world and to the few American manipulators and financiers who have pushed this foreign-aid program for their own profits at the expense of the American taxpayers. We must immediately take steps to develop international world trade with all the nations of the world on a strictly business basis. According to all of the reports there is no question about it but that the Marshall-plan countries have had their economies restored to a prewar basis, that is what we were asked to do originally, and that has now been accomplished.

Mr. Chairman, while we have been giving many billions of dollars to aid business in Europe and Asia our own business is going to pot. We are sliding down hill fast. All reports show lower volume, lower profits, lower employment. Consumer spending is shrinking and inventories are piling up. People are afraid of losing their jobs, and employers are worried over sales, costs, inventories, and taxes. Thousands of small manufacturing plants are operating on a curtailed production basis and are begging for orders. The unemployment rolls have been increasing by leaps and bounds. Let me say to my colleagues from the South that the cotton warehouses are bulging with cotton and that the cotton mills are suffering from flooded markets. Under the Marshall plan we have permitted England to become our cotton broker, and those nations not under the Marshall plan have had to pay through the nose to obtain American cotton. In many instances they have paid 30 percent above the normal American market price. These exorbitant prices on American cotton have not accrued to the benefit of the American planter or the American cotton dealer. These profits have gone to England and to a couple of favored nations under the Marshall plan. The result has been that the eastern European countries starved out of the American cotton markets have looked for other sources of supply. They are now getting cotton from Egypt, India, parts of Asia and South America. I am afraid that our cotton markets in half of the world may be lost to us forever as a result of the disastrous policy we have followed.

Now, according to Business Week, the report on cotton shows that last month, April 1949, the American cotton mills used only 579,031 bales. This is the first time since 1940 that American cotton mills requirements fell below 600,000 bales per month. So, we have permitted the world to be divided up into two spheres of trade and commerce. One sphere dominated by Russia, the other dominated by England, and we, the United States, are the scapegoat. We have come out with nothing. Russia has made her bilateral trade agreements with all the countries of Europe and the world, including England. England has made her bilateral agreements with all the countries of Europe and the world, including Russia; but the United States is out in the cold in both of these spheres, and I am afraid that in another year or two we will be walking around with our hat in our hands begging for a little world trade and commerce. I say this because, and you will agree with me if you take the time out to study the situation and look at the reports on Germany and Japan, you will find that their industrial potential has been practically completely restored, and these two countries who were our greatest rivals for world trade before the war are back in the world market, and with much cheaper labor than ours, and with improved production methods adopted from us and installed by the big-hearted Americans, they will give such competition that we will have the time of our lives trying to reenter the world markets. Russia, China, and the countries of eastern Europe will no longer have to look to the United States and beg us for trade.

Now, Mr. Chairman, time is of the essence; I say that because we must expand our foreign trade now. We must do business with all the countries of the world. Only in this way can we stimulate a healthy condition at home and reduce our national debt and the tax burden upon our people. Our national debt is now $252,000,000,000. We owe twice as much as all the Marshall plan countries put together, and the tax burden of the American taxpayer is four times as great as it was before the war; and at this point, let me say that when our tax burden was only one-fourth as great as it is today, that is during the days of the Roosevelt New Deal, we were still able to build roads, viaducts, TVA

plants, flood- and drought-control projects, schools, hospitals, develop our forestry. We had money for building airports, slum-clearance projects, and we could assist generously the various States and cities throughout the country and give assistance to building up the wealth and natural resources of our Nation. Today, when the tax burden is four times as great upon the people of our country, we are told we have no money for old-age pensions, aid to education, for a public-health program, the St. Lawrence waterway, the Tennessee-Tombigbee inland waterway, and for the many other needed projects, and now we are telling our States and cities to cope with their own problems because we cannot afford to assist them. Yes, we will have a $45,000,000,000 budget if we carry on with our present policy, a policy which takes $25,000,000,000 out of this budget for foreign aid and military appropriations, and goes to fatten up the munition makers and the international profiteers. Of course, we are told that we will have a $13,000,000,000 export-trade program for this year; but let us take a look at this $13,000,000,000 export-trade program. Where is it going and who is paying for it? This program is based on spending for ECA, Greek-Turkish aid, military lend-lease, the Atlantic Pact, Philippine rehabilitation, and so forth. Figure it out for yourself—eight billion of this thirteen billion will come out of the pockets of the American taxpayers. We will have only about $5,000,000,000 of real trade—trade that is based on a business basis—the other $8,000,000,000 represents a trade that is a drain upon the American taxpayer. It is not trade at all, it is plain thievery.

Mr. Chairman, I say let us get back to business and cut out this international panhandling and military domination over our affairs. President Roosevelt had laid down a postwar program for peace and prosperity. The foundation for this is the United Nations, and two of the cornerstones of this program are the ITO, that is the International Trade Organization, and the World Bank. Roosevelt had told the Congress and the whole world, including Mr. Churchill, right after the second UNRRA appropriation, that there would be no more free dollars available, that the American economy could no longer stand the strain. Mr. Roosevelt had proposed the International Trade Organization and the World Bank as a means of financing world trade for the postwar period. The ITO was to provide multilateral agreements so as to give to all the nations an equal opportunity to trade in all the markets of the world for raw materials, supplies, and machinery. The bank was to finance this world trade. We have 38 percent of the stock in this bank; the bank was to issue bonds paying 2½ percent interest, and the bank was to charge 4½ percent interest for the loans that it made. This was sound business policy. We were assured of the return of our money; yes, not only the return of it, but 2½ percent interest upon the bonds that we bought. Now, would any Member of Congress oppose the purchase of ten or fifteen billion dollars worth of these interest-bearing bonds? I do not think so. Yes, the recovery of the world would have been assured, and there would be no necessity for bilateral trade agreements which are aimed at destroying the trade of the United States of America and putting us out of the world markets. Yes, by doing business through the World Bank we were assured the return of our money or the defaulting nations would lose faith and credit in the whole family of nations. Well, now of course, this program did not suit Mr. Churchill, who was looking for more free handouts for England. This proposal did not suit those Americans who had a billion dollar prewar investment in Germany and were seeking free United States Treasury dollars to triple or quadruple this kitty. Of course, this program did not suit the international cartelists, monopolists, and the big international banking houses, who worked hand in hand with the international cartelists—but then Franklin D. Roosevelt died. So Mr. Churchill came to Fulton, Mo., made his famous speech that left America shaking and quivering with fear. The special Colmer Committee went to Moscow and all over Congress the cry was raised to stop trade with half the nations of the world. The hysteria grew and mounted, and the free American dollars started to roll out again. Mr. Churchill won, England got her money, the German barons and the Japanese Zaibatsu will be handed back their war plants and industries, nicely restored with the latest American equipment and machinery, and the latest American production methods.

Look at the Life magazine of week before last, see the beautiful German Volkswagon automobiles rolling out of this plant that had not produced one automobile under Hitler.

Mr. Chairman, we have been generous to the extreme. Our generosity has been exploited. By striking fear in our hearts and telling us that the doling out of free American dollars was the only way to stop a foreign ideology, we have been duped out of more billions. I want to say here and now that if the people of America are not properly fed, clothed, and housed, that if we neglect our internal economy, that if we neglect our schools and hospitals, that if we neglect the aged, the sick and incapacitated, that if our internal economy becomes weak and bankrupt, then, and only then, will communism or socialism prevail and become superior to the American philosophy of free enterprise. Yes, Mr. Chairman, we have been generous with the countries of the world.

At this point I wish to include a table showing the extent of this generosity. These totals, of course, do not include the vast sums supplied by voluntary assistance drives in the United States, such as CARE, Red Cross, International Charities, emergency assistance campaigns for reconstruction and rehabilitation in particular countries, nor does it include the millions of free gift packages that have been sent overseas by our American citizens at their own expense.

Total distribution of United States loans, grants, and aids overseas, including unpaid balances on World War I loans (includes all Marshall plan estimates for fiscal 1950, but does not include any funds for rearmament under North Atlantic Pact)

1. Austria	$885,118,000
2. Armenia	39,942,000
3. Belgium and Luxemburg	1,744,000,000
4. British Empire	44,679,000,000
5. China	3,446,000,000
6. Czechoslovakia	17,348,000
7. Denmark	234,792,000
8. Egypt	59,700,000
9. Estonia	25,903,079
10. Ethiopia	16,447,000
11. France and possessions	3,371,000,000
12. Finland	24,600,056
13. Germany (Bizonia)	3,260,000,000
14. Greece	681,000,000
15. Hungary	64,000,000
16. Iceland	20,900,000
17. Israel	63,009,000
18. Italy	4,700,000,000
19. Iran	23,100,000
20. Iraq	7,805,000
21. Ireland	142,703,000
22. Japan	1,891,000,000
23. Korea	89,469,000
24. Latvia	10,713,000
25. Liberia	14,829,000
26. Lithuania	9,603,059
27. Netherlands and possessions	979,000,000
28. Norway	345,000,000
29. Philippine Islands	708,000,000
30. Poland	373,600,000
31. Portugal	11,647,000
32. Rumania	79,435,000
33. Russia	12,793,400,000
34. Saudi Arabia	46,200,000
35. Sweden	104,100,000
36. Trieste	35,200,000
37. Turkey	305,400,000
38. Yugoslavia	117,200,000
39. American Republics (13)	1,651,392,000

The United States News and World Report of May 13, 1949, devotes some space to an examination of the trends of American business. Among other things it says:

> Report goods output is back almost to the conversion low point of 1945. Cotton consumption is around the low set in 1947. Wool consumption is off. Output in most industries is either back or seen headed back to levels of 1946 when the boom began. Outlook is for a further dip. Machinery output over-all is at the lowest point since 1946. Machine tool output is down around 50 percent of current capacity.

Confronted with an unbearable tax burden, and with all business reports pointing to a depression—and I don't like to use that term—I believe that it is urgent and pressing that we reexamine our foreign-trade policy, which excludes from our markets two-thirds of the world's trade. We must reexamine our export-import licensing program.

Our policy has gone to such unreasonable extremes that the Post Office Department received an order prohibiting the shipment of more than $5 worth of streptomycin in free gift parcel post packages bound for tuberculosis victims in Allied countries. This was done in spite of the well-known fact that it takes $100 worth of streptomycin to cure or to arrest a case of tuberculosis. This policy has gone to such crazy extremes that it has become inhuman.

China, Asia, and the countries of eastern Europe comprise an enormous

market for the manufactured products of our country. Closing our doors on these customers is not only poor business, but contributes to the increased tension between the nations of the world. American industry was told that the Marshall plan would aid in the exporting of their products, but despite the promises of the Marshall planners our exports have been dropping. In 1947, before the Marshall plan, we did $15,000,000,000 worth of export business. In 1948, under the Marshall plan, it dropped to $12,500,000,000.

If we continue under this program there can only be an aggravation in the downturn of business.

The New York Times on March 24, 1949, voiced the opinion of the convention of the Export Managers' Club in New York. It stated that there is a growing awareness by men in the export field that, even with the Marshall plan, by 1952 European "imports from the United States may be cut as much as 40 percent, while competitive and revitalized European production may capture as much as half the United States markets in Latin America."

Then there are those who proclaim that the enormous expenditures for the military will provide the additional employment and take up the slack in our economic system. Well, of course, these billions are only a drain upon the taxpayers, and they do not create any social values, and do not create any capital investments in constructive business that would add to the wealth and progress of our Nation.

I think we are delinquent in our duties if we fail to look upon these developments with anything less than alarm. I believe it was a great mistake that simultaneously with the launching of the Churchillian Marshall Plan, we also introduced discriminatory trade measures against the eastern European nations which refused to participate in it. In effect, our licensing program constitutes a unilateral embargo upon these nations. We are even guilty of violating trade agreements which were signed before licensing was introduced, and which I believe are still binding documents.

I have repeatedly stated my opposition of our approach to the German problem. We have gone at breakneck speed in rebuilding Germany's potential in the world markets. After the First World War it took Germany 12 years to restore her pre-war potential. After the Second World War with the billions of dollars that we have dumped there, together with the billions of dollars of military supplies—yes, whole Army depots, that were left in Germany and no accounting has ever been given to the American taxpayers, Germany was restored in 4 years. Our whole policy affecting Germany is a repetition of the one followed immediately after the First World War. The only difference is that we have done it much faster and more efficiently.

The American taxpayer has spent $41,000,000,000 to defeat Germany. We have spent a total of $200,000,000,000 to win World War II. And now we are putting in billions every year to resurrect the huge industries of Germany and Japan to be our powerful contenders for world trade. By our policy of restricted export licensing we are giving to Germany another chance to dominate Europe economically, and thereby, politically. The same is being done for Japan in Asia. The nations devastated by the Reich are now confronted by that threat again. There is not even any effort being made any longer to conceal the fact that the Potsdam provisions limiting those industries which constitute a threat to peace are being openly ignored All the recent reports on Germany emphasize the fact that the decartelization program has been a farce and that denazification has been but a multiple-syllable word.

Is it not peculiar that the most ardent supporters of the policy of embargoes on trade with eastern European countries, countries by the way that never waged war against our country; yes, those people who insist that such a restrictive trade policy is imperative, are simultaneously the most enthusiastic supporters of rebuilding the might of Germany, twice the enemy of our country? It seems to me that this touching concern for the recovery of an enemy who is responsible for the deaths of a quarter of a million American lives and millions of European, and cost us over $200,000,000,000, does not jibe with the pledges that we made to our allies to rebuild them first.

Yes, we are rebuilding the country that brought our allies to the brink of complete disaster, and all under the specious and false excuse of rebuilding the European economy, and still worse, by our embargo on trade with the eastern European nations we are penalizing them for their sacrifices and rewarding Germany for its crimes.

So today we are pursuing the shortsighted policy of trying to hamper and limit the economic recovery of our eastern European allies, and in so doing we have also hampered the recovery of western Europe at a huge and unnecessary cost to the American taxpayer. It is this artificial division of European economy which for centuries has constituted a whole, that has made it necessary for us to throw in billions of taxpayers' dollars. This is the division that Churchill created. This division has placed Europe on the American dole. There can be no talk about peace and complete world recovery so long as trade barriers exist between our country and eastern Europe, and in turn, between western Europe and the east.

The continuation of such a policy can only mean that the American taxpayer and American industry and American labor is the loser. For instance, what does the embargo on goods to the Soviet Union mean in concrete terms today? The Wall Street Journal of April 15, 1949, points out that the Soviets are shifting their buying to other markets. It writes that the Soviets are getting machines and industrial equipment from the United Kingdom, Sweden, Denmark, Belgium, Switzerland, and Norway, while she continues to ship manganese, chrome, and vital strategic materials to the United States, but is forced to use the dollars thus obtained to buy what she needs in other markets. It is needless to call attention to the fact that with the exception of Switzerland, all the nations referred to are participants in the Marshall plan. Now, translated into cold facts, this simply means that our policy adds to paralyzing our industries, and of course also adds to the rise of unemployment in the United States. The same applies to Poland, which has established trade relations with 42 states and because of our restricted trade policies, Poland has extensively increased her volume of purchases from the Scandinavian countries, and this trade is particularly strong in goods like machinery, which industry in our country is suffering a marked downward trend in production.

Yes, while we have clamped down on the export of goods and machinery to Poland, Great Britain has recently entered into a bilateral agreement, a 5-year trade pact, for a billion dollars' worth of trade with Poland. Included in this agreement are such export items as copper, capital equipment, tires, dye stuffs, crude oil, and rubber. I find that the other eastern European countries have all entered into these bilateral agreements and to a lesser or greater degree are arranging for new trade outlets that leaves the United States out in the cold. The greatest danger in our policy of restricted export and import trade, and our licensing program, lies in the fact that when the dependency of these nations on American products has once been eliminated by forcing them to obtain these same products in other markets, we may emerge out of this situation without any customers in eastern Europe, and possibly in China and Asia.

I wish to bring this situation forcibly to the attention of the House. Do you know that so far this year our exports to the Soviet Union and the eastern European countries are running at what will be an annual rate of only $70,000,000? Stop and think what effect this policy will have on our domestic economy. This export trade represents the smallest fractional part of the business that could be obtained if our foreign trade were placed on a sound economic basis. This is a policy of deliberate bankruptcy for our business.

Who is it that has the right to sell out our world trade and commerce to England, Germany, and Japan?

I find that machine tools, precision equipment, trucks, excavators, electrical equipment, locomotives, and oil-drilling equipment still are on the frozen or forbidden list of exports to eastern European countries. These are the materials that eastern Europe needs most. Continuing the American embargo may be a deterrent to more rapid recovery for these countries, but certainly it can be no block to their recovery. They will obtain these materials elsewhere. An examination of the recovery rate of these European countries fails to bear out the hopes of the proponents of this theory. Our policy of embargo and restricted trade toward these countries is forcing them to be independent of us and not to rely on our productive industry, and all this augers ill for our future trade relations unless we revise our policy immediately. Everyone who has visited these eastern European countries is amazed at the rapid recovery and is astounded to learn that they were able

to accomplish this by their own hard labor without free Marshall-plan dollars. Now, it should be self-evident that while these countries are expanding economically and at an unprecedented rate there exists in these countries a tremendous potential market for United States products—a market that will pay for our goods on a business basis and not with taxpayers' dollars out of the United States Treasury. Those who are bleeding us with Marshall-plan dollars will say, "Oh, you can't approve of the particular forms of governments that exist at the moment," and, at the same time, these Marshall-plan panhandlers are grabbing the eastern European business for themselves.

I am a member of the House Committee on Interstate and Foreign Commerce. In our committee we have held extensive hearings bearing on our Nation's trade and commerce. I cannot sit idly by and not utter words of protest against a trade policy that will be disastrous to our Nation for years to come. In my investigation I find that the eastern European countries have embarked on an ambitious program of industrialization. They have launched a program for the expansion of their transportation facilities which were so limited before the war. Our plants could be busy for years producing the equipment that is necessary to meet the demands in the field of transportation alone. So also the program of electrification in these countries creates an insatiable market for our electrical products for many years to come. Their efforts to increase farm needs creates a huge market for farm equipment, and I am sorry to say that it is in these fields specifically that we are recording great drops in production and great increases in unemployment. It should be obvious to all of us that when we slam the door shut upon one section of the world which is such a fertile field for world trade, it can only lead to depression and unemployment at home.

Michael L. Hoffman, who is reporting and covering the meeting of the UN Economic Mission for Europe which is in session in Geneva, Switzerland, on May 11, wrote that even though the eastern European nations have charged that the Marshall plan has usurped many of the prerogatives of the ECE, that despite all this, they are eager to trade with us and western Europe. That these nations desire such trade has been shown repeatedly. Only recently we rebuffed efforts of Czechoslovakia to buy materials we have piled up in surplus.

That these eastern European nations will meet their obligations and that their credit and guaranties are good has been amply demonstrated. As for example, when the World Bank delegation went to Poland to investigate the situation they made an enthusiastic report, calling Poland an excellent risk and recommending the loan.

It is apparent, and there can be no doubt about it, that economically those nations are in a sound position to do business. The barriers placed against them are purely political. I should say they are shrewdly political and slanted in such a way as to deprive us of these markets.

In addition to the World Bank we also have the United States Export-Import Bank, which should be used and exercised to the fullest extent. To promote world peace, mutual understanding and cooperation, and to lessen the tensions that could lead to conflict, and to fulfill our obligations that we undertook when we signed the United Nations Charter, I believe that we should stop our present discriminatory trade policy.

I see no need for the further outpouring of billions of dollars under the Marshall plan and these other foreign-aid panhandling projects. It is time that all of the nations of the world get down to business on a business basis. I shall not vote to bleed the American taxpayer further. I shall vote to repeal all of the special excise taxes that I have hereinbefore mentioned. I shall vote to rebuild our own internal economy and give all possible assistance to our States and cities, to our institutions, and to our citizens. That is what the United States Treasury is for. It is not a grab bag for all of the people of the world, and if there is any doubt in the mind of any Congressman, just go home and ask your people, and I am afraid that there will be much explaining to do when the 1950 tax bill rolls around in the election year.

In conclusion, I believe that our present trade policy in relation to the eastern European nations is not a sound policy—first, it fails to coincide with the best interests of our Nation; secondly, it has not halted the rapid recovery of the states in eastern Europe—and neither are the trade restrictions helping the recovery of western Europe.

The embargo and the restrictions on export licensing clearly do not work. On the contrary, the embargoes have forced the eastern nations to seek other sources for their wants, and I repeat that this policy will hurt our world trade for years to come. The pouring out of billions of American taxpayers' dollars into western Europe and Asia has only had the effect of splitting and hampering world trade and world economy. At a period when our capacity to produce far exceeds our needs, and in a period when our production continues to drop and unemployment is increasing, and when at the same time we have an enormous potential market that is available to us, I feel that we are following a stupid and foolish policy. The nations of eastern Europe have the credit and security. They want trade with us and have made every effort to buy American products. They have established themselves as responsible in their trade relations with the rest of the world. Establishment of world trade relations will immediately rebound to the benefit of American business and American labor. And at the same time it will be the greatest contributing force to the easing of tensions and to the restoration of understanding and peace.

Again I say, it is imperative that the tax burden be reduced by at least seven or eight billion dollars; that these tax reductions can be made on the free foreign-aid programs and the military authorizations.

I am opposed to this Marshall-plan appropriation because I insist that we revert to the program laid down by President Franklin D. Roosevelt for the postwar period, that is, that all of the nations of the world, including the nations of western Europe, do business through the World Bank and the Export-Import Bank, and subscribe to the policy of the International Trade Organization multilateral trade agreements. We cannot afford to dish out any more taxpayers' dollars for nothing, and we must participate in the business of the world on a multilateral basis.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, I am deeply indebted to the gentleman from New York for this time. I thought I was to be given time on our side, but I told them frankly I was going to oppose the bill.

The title of this bill reads:

Making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes.

The thing that occurs to me about the "other purposes" is that it is an appropriation to service the national debts of the European countries. I have gone into that phase of the subject a little and I am surprised to find that very few people in the Congress have gone into the fact that this is a very ingenious, artful scheme to take money from the American taxpayers to finance the servicing charges on the national debts of these foreign countries.

I have checked a little bit into Holland and Belgium as to their national debts. I found that Holland has three classes of bonds. They have bonds payable in dollars, that are sold in America. They have bonds payable in pounds, that are sold in England. I got the list of their indebtedness on the American and British bonds, but was not able to get the amount and the condition of the bonds sold domestically in Holland, which are paid in francs or in guilders.

In this appropriation of $5,500,000,000 we do not donate anything to the people themselves in the Marshall plan countries, we simply donate the money to the governments, and the governments make the people bring in their cash and lay it on the line to get the material from America. If the hungry people of Holland or the hungry people of Belgium want bread, they ask for wheat, and our Government takes our money and goes out and buys the wheat, and keeps the farmers and the wheat growers here happy by buying the wheat and donating it to Holland. Holland requires the people that want the bread to bring in their money and lay it on the line, and it goes into the treasury of their government. Naturally, when the bond interest falls due, and the bonds themselves, these governments take the money they collected from their people and service and pay the principal of the national debt.

Over in the caucus room I asked Mr. Hoffman, the Administrator, this question. I said, "Mr. Hoffman, the chief objective of this ECA is to stabilize the national economy of these so-called Marshall-plan countries." He said, "Certainly." I said, "The most essential

thing and the most important thing to do to stabilize the economy of a country is to maintain the integrity of its national credit." He said, "Yes, sir." I said, "Now, I would like to know how much of the taxpayers' money that is disbursed by ECA is going to pay the service charge and the principal of the national debts of these Marshall-plan countries." Just then the gentleman in charge of the meeting jumped up and said, "Time is up. Mr. Hoffman has not time to answer. You can ask him privately but you must not ask him that question publicly."

I wonder how many of the men who represent the western mining States and the mining industry know that in this bill that I hold in my hand that we have under consideration 5 percent of the appropriation is set aside to purchase strategic materials. I wonder how many of the men from the Western States and the other mining States all over the United States know that that 5 percent in this bill will be $190,000,000 that will be set aside not only to purchase lead, zinc, and copper, but to finance mining development in the foreign countries. We cannot spend a cent of this money in Mexico, we cannot spent a cent of this money in Central America or South America or Canada—well, we can spend it in Canada, because that is one of the Marshall-plan countries, as part of the British Empire. But this money is going into these European countries to break down the price of our mineral resources here, the lead, copper, and zinc produced in this country. The price of these commodities is falling every day, and the stocks of our industrial companies are falling every day, and the income taxes that we are receiving from all of these industries are falling. I wonder where we are heading.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, the bill now before us to provide funds for the continuation of the recovery program in Europe, through the ECA, has my full support. The work already done and the results accomplished have been most gratifying.

The able administration of the ECA program by Paul Hoffman, its Administrator, has been of a character that shows what can be accomplished by utilizing the services of a man trained in business and with ample experience. While at all times he has shown a sympathetic interest in the welfare of European nations he has not permitted mere sentiment to override or set at naught the sound business principles that must be applied if the recovery program is to obtain sound, permanent, and worth-while results. His administration has been commendable and deserves high praise. He is entitled to all the support and encouragement that the Congress can give.

The funds we have already expended in the nations of western Europe have done much to provide stability to the governments receiving such aid, creating confidence in the peoples of those nations that with the help we give they can reestablish their national economy and eventually regain the power to support themselves and improve their standard of living. The accomplishment of these objectives will stem the tide of communism that threatened to engulf them. Already we can see the benefits that have accrued from the wise investment of our funds in their welfare. Past accomplishments give encouragement for future possibilities.

Frequently objection has been made to our contributions for recovery in Europe on the basis that we have worthwhile causes in our own country that call for relief. It is true there are many such causes that are rightfully entitled to relief. However, giving of aid to Europe does not and should not preclude relief to them. Furthermore, we must not overlook the fact that basically we are extending aid to Europe to establish economic conditions that will strengthen and stabilize the democratic governments of western Europe, and thereby prevent the spread of communism and the possibility of a third world war.

We naturally look forward to the day when these nations of Europe will no longer need our aid. The sooner that day arrives the better it will be for them as well as ourselves. We cannot, nor should we be expected to, continue a program of relief indefinitely. The purpose has been to give Europe merely a breathing spell during which it could rehabilitate and strengthen its tottering and unsteady national structures. This is being rapidly accomplished and gives promise of an ultimate and complete recovery. It is time, however, we began to tell the nations now receiving relief from us that ECA is not a permanent institution. They must realize that the time is coming when they must depend less upon us and more upon themselves and the investment of private capital.

My support of this bill is based upon the thought that our future security and the peace of the world is made more certain and sure by strengthening the democratic nations of Europe.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, we are now called on to put another $5,542,000,000 into the European recovery program. We ought to stop and see what we have done or accomplished by the previous billions we sunk in foreign countries. There are some facts that seem unanswerable:

First, we have not settled the Greek revolution, but have merely prolonged it. People fired with the spirit of freedom do not give up easily.

Second, we have by the aid we have given the Dutch, used our power against the Indonesian people struggling for freedom from Dutch economic slavery. We have alined ourselves against the plain people of these islands whose love of liberty is comparable to our own during the days of the American Revolution.

Our aid to China of $2,000,000,000 has had the effect of equipping one of the finest and best-equipped armies in the Far East, for all of our aid has gone directly to the Communists of China. While seeking to stop communism in that country, we have made it a smashing success.

Our aid to England has got nowhere, because that country is still unable to take care of itself. That country has too many ex-kings, kings, princes, and royal nabobs to ever get out of debt and be economically self-sustaining. Without the aid of Churchill in finagling this country into war, England would have been bankrupt and out of business as a nation. I always thought, from reading history, that we won the Revolution against England, but I guess the historians were wrong. England seems to be able yet to direct our affairs.

If Congress understood the fundamentals and actually wanted to stop the spread of communism in Europe, it would be a comparatively easy matter to take such action as will not directly aid in the spread of that "ism." Behind all the unrest in these countries is the determination of the people everywhere to acquire that which will enable them to live—namely, land. As long as the people in any country are hungry for land, and the present governments permit the maintenance of large estates used for pleasure, game preserves, and royal palaces, this unrest will go on. Any form of government which promises them land, no matter how autocratic it may be, will have the support of the common masses of people. You can see that in China at this hour. Bells are ringing, flags waving, as the people formerly under the Chiang government welcome the advancing well-equipped and well-managed army of the Communists. They are hailed as liberators. Liberators from what? Liberators of people from a corrupt government that has at all times ignored the suffering of the people of China.

I said once before on the floor of this House, and now repeat it, that I will vote against any appropriation for any foreign country until we take care of the people who are in distress in this country. We have many thousands of aged people here who are living on assistance that is not only pitiful, but a crime against the traditions of the United States. All officials of the Government want raises in pay. There is a bill now before Congress to increase the salaries of top Government employees from ten to fifteen thousand dollars annually, yet we have done nothing for the aged, the crippled, and the blind. Pensions to soldiers have been denied, but yesterday an attempt was made to boost the pay of retired Army officers, where the lower officers received a token and the top hats were to get it all. It did not work.

To decrease this appropriation for ECA by 15 percent is a gesture in the right direction. I will vote for it and if we amend it and reduce the amount by 15 percent, we will save $832,000,000, or almost twice what it will cost to allow the aged people of the United States double what they are getting now. We should save all of this five billion five hundred and forty-two million, and after the bill is amended to cut it down 15 percent, I will still vote to reject the whole thing. I hope I have made my position clear.

The CHAIRMAN. The time of the gentleman has expired; all time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1950, namely:

TITLE I

FUNDS APPROPRIATED TO THE PRESIDENT

Economic cooperation

For expenses necessary to enable the President to carry out the provisions of the Economic Cooperation Act of 1948, as amended by the act of April 19, 1949 (Public Law 47), for the period commencing April 3, 1949, through June 30, 1949, including expenses of attendance at meetings concerned with the purposes of this appropriation (not to exceed $6,000); hire of passenger motor vehicles; maintenance and operation and hire of aircraft; payment of damage claims pursuant to law (28 U. S. C. 2672); health service program as authorized by law (5 U. S. C. 150); rents in the District of Columbia; transportation of privately owned automobiles; entertainment (not to exceed $6,000); exchange of funds without regard to section 3651 of the Revised Statutes; and loss by exchange; $1,074,000,000, of which not to exceed $125,000 shall be available for expenditures of a confidential character (other than entertainment) under the direction of the Administrator or the Deputy Administrator, who shall make a certificate of the amount of each such expenditure which he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the amount therein specified: *Provided*, That not to exceed $4,400,000 in the aggregate shall be available from this appropriation and the appropriation under this head in the Foreign Aid Appropriation Act, 1949, for administrative expenses during the period April 3, 1949, through June 30, 1949.

For expenses necessary to enable the President to carry out the provisions of the Economic Cooperation Act of 1948, as amended by the act of April 19, 1949 (Public Law 47), for the fiscal year ending June 30, 1950, including expenses of attendance at meetings concerned with the purposes of this appropriation (not to exceed $30,000); purchase (not to exceed two) and hire of passenger motor vehicles; maintenance and operation and hire of aircraft; payment of damage claims pursuant to law (28 U. S. C. 2672); health service program as authorized by law (5 U. S. C. 150); rents in the District of Columbia; transportation of privately owned automobiles; entertainment (not to exceed $25,000); exchange of funds without regard to section 3651 of the Revised Statutes; and loss by exchange; $3,568,470,000, of which not to exceed $500,000 shall be available for expenditures of a confidential character (other than entertainment) under the direction of the Administrator or the Deputy Administrator, who shall make a certificate of the amount of each such expenditure which he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the amount therein specified: *Provided*, That this appropriation shall be consolidated and merged with appropriations under this head for prior periods, and such consolidated appropriation may be used during the fiscal year 1950 within limitations herein specified: *Provided further*, That not to exceed $16,500,000 for such consolidated appropriation shall be available for administrative expenses during the fiscal year 1950.

Mr. GARY. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GARY: On page 4, line 7, strike out the period and insert a colon, and the following: ": *'Provided further*, That the entire amount may be apportioned for obligation or may be obligated and expended, if the President after recommendation by the Administrator deems such action necessary to carry out the purposes of said act during the period ending May 15, 1950'."

Mr. GARY. Mr. Chairman, the amendment which I have offered is the exact language contained in the appropriation bill of last year, with the exception that the date has been changed from April 2, 1949, to May 15, 1950. As I explained in my opening statement, the purpose of this amendment is merely to provide that the expenditure of funds which have been appropriated for a 15-month period may be accelerated and the money spent in 13½ months if the President, after recommendation by the Administrator, deems such action necessary to carry out the purposes of the act.

It is not our purpose to ask for any increase in the funds of ECA and if the funds last for 15 months, I am certain that the Administrator will be delighted to stretch them out. The purpose of the amendment is merely to see that the Administration and this Government is not embarrassed by an absolute lack of funds at the end of the term. In this connection I read a letter which was written by the President of the United States to the chairman of the Committee on Appropriations. The letter is as follows:

THE WHITE HOUSE,
Washington, May 26, 1949.

Hon. CLARENCE CANNON,
Chairman, Committee on Appropriations, House of Representatives.

DEAR MR. CHAIRMAN: You are, of course, aware of my deep interest in the success of the work of the Economic Cooperation Administration and the success of our program for government and relief in occupied areas. I am firmly convinced that the maintenance of these operations on an adequate basis is not only necessary for the fulfillment of our international obligations and the success of our foreign policy, but also that the operation of this program on an adequate basis at this time will, in the long run, prove to be the most economical course for the United States.

The importance of the Economic Cooperation Administration is so well understood that I am confident that we can expect the Congress to continue to provide adequate funds for its work. I would like to stress the importance of providing equally adequate funds for government and relief in occupied areas.

The funds which would be provided for this purpose in the appropriation bill reported by the committee would be adequate to continue the maintenance of the minimum ration per individual but, for all practical purposes, would not permit the continuance of the program for economic rehabilitation in Japan and in the Ryukyus. The reduced funds would also seriously affect the program for economic rehabilitation in Germany which is carried on in conjunction with the work of the Economic Cooperation Administration. Only by continuance of this program could we expect the people in those areas eventually to become self-supporting. I feel that provision of an amount adequate to carry on the program of Government aid and relief in occupied areas at the level requested will, in the long run, reduce the over-all cost of accomplishing our occupation responsibilities.

I earnestly hope, therefore, that this amount will be made available.

Sincerely yours,

HARRY S. TRUMAN.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. THOMAS of Texas. Mr. Chairman, I intend to support this legislation on final passage, but I will not support any amendments which seek, directly or indirectly, to restore any part of the approximately $800,000,000 which my amendment in the full Appropriations Committee, cut from the budget estimates. I think European recovery money and effort are necessary, but not in the full amounts presented by the budget.

If I may, I should like, briefly, to summarize part of what has been done. The other part I am not advised on. I refer to an agreement that was made late yesterday afternoon by the leaders on both sides of the aisle. Why the agreement was made, or what brought it about, I am not advised.

By way of summary, let me state that the full Committee on Appropriations reduced the budget estimates for ECA for fiscal 1950, which were roughly $4,200,000,000, by 15 percent. The budget estimate carried $1,074,000,000 to be used the last 3 months of fiscal 1949. My amendment in the full committee did not reduce that item. In other words, the 15-percent cut did not apply to it.

The item for military government and relief in occupied countries for the fiscal year 1950 carried a budget estimate for $1,000,000,000. The full committee reduced that item by 15 percent also.

The original subcommittee bill carried a limitation of about 5 percent on the use of the $1,000,000,000 funds for government and relief in the occupied countries, for the purpose of administration. By amendment, the full committee reduced the 5-percent limitation to 3½ percent. I understand according to the terms of the agreement heretofore referred to, that the distinguished gentleman from Virginia [Mr. GARY] will offer an amendment to restore the full 5 percent.

The amendment that the gentleman from Virginia has already offered, does not seek to restore the 15-percent cut for ECA funds, but gives to the Administrator the right to spend all the funds, not in 15 months, but 13½ months. I also understand that the Administrator agrees to try to make the $5,000,000,000 last through the entire period of 15 months. If the funds do not last the entire 15 months, he has a right to come back to Congress and seek to recover the 15 percent that the full committee has cut from his funds. I am afraid that the Administrator will be back on time, looking for the 15-percent cut. However, I hope he does not. And I believe that by the use of good business judgment, of which he has an abundance,

and by the practice of a little economy that is so badly needed in our fiscal affairs now, he will be able to save the American taxpayers the $700,000,000 that was cut from this item.

I understand that another amendment will be offered dealing with the military government item on page 4 of the bill that will seek to restore $75,000,000 of the $150,000,000 that the full committee cut. And, in addition to that, will seek to restore the full 5-percent limitation placed upon the administrative use of these funds.

Frankly, Mr. Chairman, in my humble judgment, I know of no greater waste in our entire Government than in the administration of our military government in occupied countries. True, this type of government is about to be shifted to a civilian government, but the same employees in the occupied countries will do the administering. They draw good salaries. On top of the good pay, they get the foreign-service pay, which is 20 percent extra, and other perquisites.

We have a precedent to go by in the matter of administering foreign rehabilitation and relief in the way of limitation of administrative funds, and that is in the Philippine Islands. There we are spending $400,000,000 for this type of work. The Appropriations Committee has put a limitation of slightly less than 3 percent for administrative purposes, and the Philippine Commission is doing a good job. Surely 5 percent is too great a sum of money, particularly in view of the fact that hundreds of military people will be used in the administration of these funds, whose pay will not be deducted from these funds, but from the military appropriations.

So, Mr. Chairman, under the amendments that the subcommittee will offer, and which the House will pass—for I understand that the way has been well paved in the form of an agreement on both sides of the aisle—you will have a savings that you can put your fingers on of only $80,000,000, as a result of the 15 percent cut. Instead, it should have been approximately $800,000,000. But we are given the fond hope that an additional $700,000,000 will be saved. Let us hope that the $700,000,000 can be saved, because the taxpayers need a little help. I am sure that this cut will not affect the soundness and the efficiency of the entire ECA program. Bear in mind, please, that we will be called upon in 1951 and 1952 to make similar large appropriations for the same purpose.

Mr. MONRONEY. Mr. Chairman, I am strongly in favor of the amendment offered by Mr. GARY to prevent the proposed disastrous cut in ECA funds.

In offering this amendment the gentleman from Virginia [Mr. GARY] will undo some of the damage done to this great program. However, no one can deny that we narrowly averted a great tragedy to this useful program, that has done so much to help protect the vital sectors of Europe against the threat of Communist domination.

The deep cut in the funds would have impaired the hand of the State Department in the present Foreign Ministers Conference, and worse than that, would have shaken the faith of all those Europeans who have begun to see daylight in recovery as free men under the Marshall plan.

We are faced with a peculiar psychology in this debate on the bill. Many of those who claimed that the program last year was destined to fail, now oppose it on the basis that it has succeeded so well that adequate funds are no longer needed.

While it is true that under the able management of Mr. Paul Hoffman, the director, and his staff, that remarkable progress has been made—while it is true that the program is ahead of schedule and showing remarkable results—any cut now in the funds required would be fatal to the program.

The time to make it succeed is in this second year—the crucial year for Europe and its recovery. Europe now has hope and confidence in itself and in its ability to recover.

They have entered the program and cooperated wholeheartedly to make it work and now see results. To pull the rug out from under the program now by drastic cuts, would lose the valuable momentum that has been achieved. It would turn the program from a recovery program back into a relief program—and stretch out by several years the length of time required to achieve the goal of recovery.

Thus, it could prove false economy in the extreme. By trying to save three hundred or four hundred millions now might cost us billions or more later on as the program failed to meet its goal within the 4-year period.

From the end of the war until now, the United States has made available to western Europe more than $11,900,000,000. Most of that, before the ECA was relief, a continuing grant without hope of the recipients becoming self-sustaining. At long last we are on the track toward recovery of Europe—and not just relief. But to make any such slash in funds as was proposed by the full committee would certainly insure that recovery would be long delayed and our ultimate expense greatly increased.

This entire program, I feel, must be measured against the cost of the war which exceeded some $350,000,000,000. Likewise it must be measured against the continuing cost of our military appropriations which exceeds sixteen billions each year. If this plan succeeds, there is strong hope that we may get out from under this terrific armament cost at an earlier time, for it is strictly a movement in the direction of world peace and world recovery.

No one who has studied the hearings can doubt the great care, the careful screening, that goes into all ECA allocations. The objections in debate raised against the ECA missions is entirely unfounded. For it is the complete understanding of each country's economy, their import and export positions, their standard of living and other vital detail, that makes it possible to render the proper amount of recovery aid without the dangers of waste or extravagance.

This action also has a most beneficial effect on the recipient countries themselves, in showing them in clear and concise fashion their economic problems and what they can do to increase their production, to decrease their dollar demands, and to increase their exports to other countries.

Most Americans overlook the tremendous results that this vital aid brings. The aid is about 3 percent of their production, yet without this 3 percent, much of their own 97 percent of the production would be lost. It is our raw materials that makes possible the production that brings recovery. Thus, for a 3-cent investment, we greatly magnify it to make possible them producing 97 cents for themselves. Measure the effect of drastic cuts upon the program and see how much of this ratio of 33 to 1 you will cut out of their chance for recovery.

Contrary to charges raised here in the debate that Europe uses this aid to raise their living standards, figures show that most of the gains in production are plowed back into productive resources. About thirty billions this year went into new capital formation—for the tools to secure greater and better production later on.

The program will taper off to end at the expiration of 4 years. This year there will be a decline of 17 percent. Next year further decreases can be safely made under the program. But it must be an orderly decrease and not one which will wreck the good already achieved. To wreck it now with meat-ax methods without regard to the carefully screened needs would be to destroy the phenomenal success that has already been achieved.

Mr. RABAUT. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

TOO MUCH IS ENOUGH

Mr. RABAUT. Mr. Chairman, Victor Reuther, brother of Walter P. Reuther, president of United Auto Workers, CIO, was shot Tuesday night, May 24, through a window of his home under almost similar circumstances as the attack made upon his brother some time ago.

Victor Reuther in life is associated with the educational department of the United Auto Workers. This attempt upon the lives of these brothers, devoted to the great labor cause of the country, is so un-American and so repulsive to our ideals and customs that it cries strongly for vengeance.

My purpose in coming into the well of the House is to bring forcibly to the attention of the Congress the necessity for the use of the facilities of the FBI in this case; that no stone may be unturned in the discovery of those who lend themselves to the perpetration of these dastardly acts so repulsive to the American way of life. The whole country sympathizes with the Reuther family, and let us hope that the great right arm of Uncle Sam, the FBI, will uncover and expose the culprits as an example that such deeds shall not go unpunished. Too much is enough.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. GARY].

The amendment was agreed to.

Mr. TACKETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TACKETT: On page 3, line 16, after the first semicolon, strike out the words "entertainment (not to exceed $25,000)."

Mr. TACKETT. Mr. Chairman, no doubt it has been necessary, for our own protection, to assist in the rebuilding of war-torn foreign friendly democracies. While we have carried the burden of financing the last two World Wars and while many of our boys lost their lives in these great conflicts, it was upon the soils of these foreign countries that the battles were fought and where the women, children and aged were slaughtered—friendly democracies paying the necessary penalties to keep the actual conflict confined to those areas and save much suffering from our families.

No doubt most of us realize that during World War II while this country was participating on the side of Russia that we could be in no better position than perhaps on the side of the lesser of two evils, because all of us well knew that both Germany and Russia were seeking the same goal. Russia has since behaved as per our suspicions. Now, with Russia emerging from World War II the strongest government in Europe, with a continued desire to impose her despicable communism upon all the world, leaves us in a position whereby we must prepare her neighboring democracies with power to forestall destruction and thereby preclude conflict upon our own soil. I could stand for myself to be denied the necessities of life, but I am quite sure that I would commit wrongs to prevent my wife and children from being without the necessities. These weak foreign democracies want to remain a free people, but when their wives and children are starving, would join communism or any other type of ism in the hope of finding food and clothing.

For these reasons, and these alone, I can concur in the principles of the Marshall plan only to an amount of assistance absolutely necessary to bring about the desired results. I sanction the policies of the European recovery program only to that extent necessary for our own protection, taking foreign-trade possibilities into consideration.

As you well know, I was not a Member of Congress when the European spending program was launched and cannot be held responsible for such action; however, I do in no wise criticize the policies, but contend that the entire program can stand scrutiny, closer supervision, and narrowed coverage to insure the maximum benefit to those entitled, and preclude same from reaching unfriendly powers. I am at a loss to know why we should in such a flagrant manner send funds to Italy and other such subversive nations where we could, by the exercise of ordinary precaution, anticipate the Communists and those unfriendly to our form of government are waiting at the depot to receive our assistance with which to further their cause. We should not spend 1 penny in the European recovery program that has a chance of drifting into the hands of our enemy.

Regardless of the importance of the European recovery program, or any other such assistance to foreign people, we should first take care of our own people even should we not have left 1 penny for worthy foreign aid. No person in the United States should be denied the comforts of every necessity whether disabled physically, mentally, or by age.

During my campaign when several of my opponents were shouting criticism of the entire European recovery program, in every one of my more than 200 speeches I uttered in substance the very statements I am making today on the floor of this House.

You may be assured that it has never been my intention to come here and give the funds of our taxpayers to socialistc England. Individual initiative, free enterprise, and open competition have been destroyed in England to the extent that were it not for the United States of America, the great spending program being conducted in that country would end and a lot of the people would face starvation. I cannot believe that we are to deny assistance to our own needy people in favor of helping a socialistic state advocating the very principles of communism.

If you gentlemen will go out into some of the rural communities within this country, you will find plenty of people on this American soil who do not have necessary food, clothing, and shelter; yet, the majority of this House is freely spending billions of dollars in the socialistic country of England and at the same time pulling every known political maneuver to deny worthy assistance to the underprivileged, crippled, and aged in our midst.

The amendment upon which I am now speaking merely seeks to strike out $25,000 of entertainment moneys from the provisions of this bill. There are provisoions calling for many more dollars for entertainment purposes. Of course, the amount that I seek to strike is not one-tenth of the funds that can be and will be used for entertainment purposes. Are our taxpayers supposed to pay for the entertainment of foreign people in the efforts of this Government to get those foreigners to take American assistance? Do you mean to say that we have got to entertain the foreign countries in order to get them into the necessary good humor to accept from us more than five and one-half billion dollars under the provisions of this bill? I would think that the foreign donees would be entertaining the American donors for these fabulous gifts that mean so little to the common people of Europe.

Oh, yes, I have something to say to a few of these good newspapermen here in the gallery who can find so little criticism for the European recovery program. Every time there is a water, flood-control, irrigation, electric-power, or navigation project proposed in this Congress to help the people of this Nation those same few newspapermen go about picking out Members of Congress in whose districts the projects are to be located and infer that those respective Members are crooks for wanting the public projects that could so benefit the entire Nation. I presume that such writers had rather the money would be lavishly thrown overseas than allowed to benefit the American people. Such newspaper tactics are just a mode of cheap political pressure in an effort to browbeat the membership of this House. I might say further that none other than a person with criminal inclinations who could not be trusted any farther than you could throw a bull by the tail would infer crookedness at the hands of another without proof thereof. Big business sells a lot of the commodities for ECA purposes. I am wondering if such newspapers are attempting to help big business sell ECA commodities.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. TACKETT. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TACKETT. The other day I was listening to a radio broadcast from Sicily. The commentator was standing on the sidewalk asking the various passers-by what they thought about the Marshall plan. Only 2 out of 40 questioned knew what he was talking about. These two were man and wife. The husband said that he was a Communist; for Russia; and could do without the American Marshall plan assistance. The wife said that she was for the Marshall plan; appreciated the American assistance; and wanted to thank the good people of the United States. The husband countered that his wife was all wrong—that even though they were receiving assistance from America that the Russians would eventually have to take care of them; and that the Russian form of government was more dependable.

The common people of Europe do not know one single, solitary thing about the Marshall plan and they care nothing about it. They have no reason to know from whence the assistance is coming; actually very little direct assistance is made to the people through ECA. We slough off the money to the European governments in power and they either sell the property to the people or take direct credit for any hand-outs. We are just being a bunch of suckers, and we all know it.

Mr. GARY. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 2 minutes, the 2 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. GARY. Mr. Chairman, the gentleman states very frankly that he is opposed to the ECA. He has found out that he cannot defeat the program on the floor of this House because Congress is committed to it. So he tries to accomplish by indirection what he knows cannot be accomplished directly. Certainly, there is no businessman on the floor of

this House or anywhere else who does not know that in negotiations of the kind that the ECA must conduct there are times when people must get together at lunches, dinners, and other functions. We are spending in Europe approximately $5,000,000,000 a year. In this bill there is $25,000 for entertainment for the entire ECA program. I do not believe that anybody on the floor of the House will think that is an exorbitant expenditure.

I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. TACKETT].

The amendment was rejected.

The Clerk read as follows:

Assistance to Greece and Turkey

For an additional amount for "Assistance to Greece and Turkey," as authorized by the act of May 22, 1947 (61 Stat. 103), as amended and supplemented, to be available immediately, $50,000,000, which, together with the amounts heretofore appropriated under this head, shall remain available until June 30, 1950; and the existing limitation under this head in the Foreign Aid Appropriation Act, 1949, on the amount available for administrative expenses, shall continue in effect; and the existing limitation under said head on the amount available for such expenses in the District of Columbia is increased from "$400,000" to "$425,000": *Provided*, That said limitations shall apply only to the administrative expenses of the Department of State.

NATIONAL MILITARY ESTABLISHMENT

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

Government and relief in occupied areas

For expenses, not otherwise provided for, necessary to meet the responsibilities and obligations of the United States in connection with the government or occupation of certain foreign areas, including personal services in the District of Columbia and elsewhere and, subject to such authorizations and limitations as may be prescribed by the head of the department or agency concerned, tuition, personal allowances (not to exceed $10 per day), travel expenses (not to exceed those authorized for like United States military or civilian personnel), and fees incident to instruction in the United States or elsewhere of such persons as may be required to carry out the provisions of this appropriation; travel expenses and transportation; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), at rates not in excess of $50 per diem for individuals; health service program as authorized by law (5 U. S. C. 150); payment of claims pursuant to law (28 U. S. C. 2672); translation rights, photographic work, educational exhibits, and dissemination of information, including preview and review expenses incident thereto; expenses incident to the operation of schools for American children; printing and binding; purchase and hire of passenger motor vehicles and aircraft; repair and maintenance of buildings, utilities, facilities, and appurtenances; contingencies for the United States commanders, commissioners, or other administrators of foreign areas, to be expended in their respective discretions (not exceeding amounts authorized or approved by the head of the department or agency concerned); such minimum supplies for the civilian populations of such areas as may be essential to prevent starvation, disease, or unrest, prejudicial to the objectives sought to be accomplished; and such supplies, commodities, and equipment as may be essential to carry out the purposes of this appropriation; $850,000,000, of which not to exceed $29,750,000 shall be available for administrative expenses: *Provided*, That the general provisions of the appropriation act for the fiscal year 1950 for the military functions of the Department of the Army shall apply to expenditures made by that Department from this appropriation: *Provided further*, That expenditures from this appropriation may be made outside continental United States, when necessary to carry out its purposes, without regard to sections 355, 1136, 3648, and 3734, Revised Statutes, as amended, civil-service or classification laws or provisions of law prohibiting payment of any person not a citizen of the United States: *Provided further*, That expenditures from this appropriation may be made, when necessary to carry out its purposes, without regard to section 3709, Revised Statutes, as amended, and the Armed Services Procurement Act of 1947 (Public Law 413, 80th Cong.): *Provided further*, That expenditures may be made hereunder for the purposes of economic rehabilitation in the occupied areas in such manner as to be consistent with the general objectives of the Economic Cooperation Act of 1948, as amended: *Provided further*, That funds appropriated hereunder and unexpended at the time of the termination of occupation by the United States, of any area for which such funds are made available, may be expended by the President for the procurement of such commodities and technical services, and commodities procured from funds herein or heretofore appropriated for government and relief in occupied areas and not delivered to such an area prior to the time of the termination of occupation, may be utilized by the President, as may be necessary to assist in the maintenance of the political and economic stability of such areas: *Provided further*, That before any such assistance is made available, an agreement shall be entered into between the United States and the recognized government or authority with respect to such area containing such undertakings by such government or authority as the President may determine to be necessary in order to assure the efficient use of such assistance in furtherance of such purposes: *Provided further*, That such agreement shall, when applicable, include requirements and undertakings corresponding to the requirements and undertakings specified in sections 5, 6, and 7 of the Foreign Aid Act of 1947 (Public Law 389, approved December 17, 1947): *Provided further*, That service of an individual rendered under this appropriation as an expert, consultant, adviser, or technician shall not be considered as service or employment bringing such individual within the provisions of section 281 or 283 of title 18, United States Code, of section 190, Revised Statutes (5 U. S. C. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of service, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States: *Provided further*, That funds appropriated hereunder may be used, insofar as practicable, and under such rules and regulations as may be prescribed by the head of the department or agency concerned, to pay ocean transportation charges from United States ports, including territories' ports, to ports in Japan and the Ryukyus for the movement of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid or of relief packages consigned to individuals residing in such countries: *Provided further*, That under the rules and regulations to be prescribed, the head of the department or agency concerned shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to Japan or the Ryukyus regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals: *Provided further*, That the President may transfer to any other department or agency any function or functions provided for under this appropriation, and there shall be transferred to any such department or agency such unobligated balances of this appropriation and, without reimbursement and without regard to the appropriation from which procured, such property as the Director of the Bureau of the Budget shall determine to relate primarily to any function or functions so transferred; and any funds so transferred may be expended either under the authority contained herein or under the authority governing the activities of the department or agency concerned.

Mr. GARY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARY: On page 6, line 16, strike out "$850,000,000" and insert in lieu thereof "$925,000,000"; and in the same line strike out "$29,750,000" and insert in lieu thereof "$45,000,000."

Mr. GARY. Mr. Chairman, this amendment merely restores $75,000,000, or one-half the amount the committee cut from GARIOA, which is Government and Relief In Occupied Areas, meaning Germany, Japan, and the Ryukyus, and EROA, which is the ecomonic rehabilitation program in the occupied areas of Japan and the Ryukyus.

They spent last year in this fund $1,300,000,000. The budget this year requested $1,000,000,000. The subcommittee recommended $950,000,000. It cut off $50,000,000. The full committee cut off $150,000,000. This amendment restores $75,000,000, making the appropriation for this item $925,000,000. In addition, there was a reduction in the administrative expenses, which is not an additional appropriation but which comes out of the $925,000,000.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from New York.

Mr. TABER. The original estimate was $50,000,000 for expenses.

Mr. GARY. The original estimate for expenses was $50,000,000. This amendment would cut it to $45,000,000.

As I stated in my opening statement, the question of ECA is one of choice for this country. GARIOA is a legal obligation. This is an obligation we have assumed, one that we must meet, and I feel that this is the smallest amount with which it can be met during the next year.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Pennsylvania.

Mr. RICH. As I understand the amendment, the gentleman is increasing the amount available for administrative expenses from $29,750,000 to $45,000,000?

Mr. GARY. Increasing the amount recommended by the committee. The amount requested in the Budget was $50,000,000. The subcommittee recommended that it be reduced to $45,200,000. We are going now to $45,000,000 even. We are cutting $200,000 below the recommendation of the subcommittee.

Mr. RICH. We do not care anything about what somebody else did, we are interested in what we are doing to this bill.

The gentleman is increasing it $15,250,000, is that right?

Mr. GARY. Yes.

Mr. RICH. That is for the expenses of administration?

Mr. GARY. Yes.

Mr. RICH. The gentleman from Arkansas a while ago was talking about spending a lot of this money and the propaganda that was going on.

Mr. GARY. The gentleman from Pennsylvania I am sure will be delighted to know that we are changing that administration from a military administration to a civilian administration. General Clay is to be succeeded as governor in Germany by Mr. McCloy, who is to be the high commissioner. I know the gentleman from Pennsylvania does not want to endanger the success of this new civilian administration. Let us go on with this now and then maybe we can cut it next year.

Mr. RICH. The trouble is that whether it is civilian or whether it is military it costs too much money.

Mr. GARY. Do not let us embarrass them. Do not let us take any chances.

Mr. RICH. Then let us leave it at $29,000,000.

Mr. GARY. That would embarrass them tremendously.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. JUDD. Is it not significant that we provide $16,500,000 for the administration of $3,500,000,000 under ECA, but $45,000,000, or three times as much, for the administration of less than a billion under GARIOA?

Mr. GARY. This takes care of the administration not only of GARIOA, but of the entire United States administration in Germany, Japan, and the Ryukyus.

Mr. JUDD. My point is this. Part of the reason why Paul Hoffman and the ECA administration can handle four times as much for a third as much administrative expense is because of the counterpart funds, is it not, which somebody was criticizing a little while ago? Local expenses of administration in England and France can be handled in their own currency, whereas in the GARIOA countries, we have to furnish dollars for such expenses.

Mr. GARY. In addition, in the other countries, we are trying to get them to promote their own recovery programs and they are paying a part of the expenses, whereas in Germany we are in command and we have to administer the whole program.

Mr. JUDD. You understand, I am sure, that I do not object to the higher figure for GARIOA. I think it is necessary. I merely want to pay tribute to the wisdom of the counterpart funds system which enables ECA to administer its enormous program, for an exceeding small percentage, less than one-half of 1 percent as against about 5 percent for GARIOA.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. RICH. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. GARY. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 10 minutes.

Mr. TACKETT. Mr. Chairman, I object.

Mr. GARY. Mr. Chairman, I move that debate on this amendment and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. RICH. Mr. Chairman, now we are going to have 15 minutes to raise this $15,250,000—that is $1,000,000 a minute. If there is anybody who is going a-whooping, we are, but we do not know where we are going. I agree with the gentleman from Arkansas. I want to tell you that if there is anybody I want to help, if there are any people I would like to try to accommodate, it is anyone who is starving. I would go the limit on that, but this is not a starving bill—only for the Americans. The Americans are the only ones who are going to starve on this legislation, because we are not going to be able to raise that million dollars a minute that we are spending here as we talk about it. The trouble with us is every time we do anything it costs us about 10 times more than it ought to cost to administer it. The trouble with this legislation is that we are bringing a lot of people here in this country from these foreign countries to tell us just how good we are for giving them this money.

As the gentleman from Arkansas said awhile ago, if you knew about what the money was spent for, that we are giving to these fellows, to get us to believe that we are doing a good thing, we just would not do it. That is the sad part about this legislation. For the last 5 or 6 years we have been trying to keep, as he said, a socialistic government going in Great Britain. I would not give a nickel to keep a Socialist government going in America. I am against it in every way. Yet you will spend a billion dollars to keep Britain going and let Great Britain reduce her taxes over there so that you can tax our people more money to help the British Socialist Government remain in power. I think it is a travesty on American intelligence that the Members of Congress should vote for anything like that. Brother from Arkansas, stand up. Let us stand up here and fight until the cows come home and try to stop this thing. It is about time that we tried to get more Members here to fight this kind of legislation. I know you have to have good administration, but our administration here in America is just costing the taxpayers of America too much. You have got too much red tape. You have too much organization. You have too many people on the pay roll. You have too many people who want jobs. You have too many commissions that you want to send over to Europe and other parts of the world to review foreign affairs and the things that are going on in those countries. You are asking too many of those people to come over here and run around to tell the Americans what good fellows we are for being such saps to give them so much money. It is about time we stopped.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. ROONEY. Does the gentleman feel that it is more important to spend millions of dollars of the taxpayers' money for an historical site in Philadelphia, for which the gentleman from Pennsylvania recently voted, or to spend some money to stem the tide of communism in Europe?

Mr. RICH. Oh, my soul. You are so far behind the times that you ought to wake up. Your forefathers were the fellows who gave you your independence. Your forefathers were the ones who wrote this Constitution. They are the ones who gave us this free government and you are only trying to wreck it. You ought to be ashamed of yourself.

Mr. ROONEY. I will not quarrel with or answer my friend. He is really a fine gentleman. It is too bad he cannot answer my question.

Mr. CRAWFORD. Mr. Chairman, I fully realize that this proposition is all cut and dried. Everybody is ready to vote, and what I say is not going to change anybody's mind, but I am impelled to join my friend from Pennsylvania on this issue, much as I disagreed with him the other day, and oppose this amendment.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. CASE of South Dakota. I think attention should be called to the fact that GARIOA is not merely a relief program but it is a governmental administrative program which embraces the administration of a government of occupation, and that necessarily calls for much greater administration than a relief program which is worked out with the country involved. There is also involved here an educational program, and administration of the educational program has to come out of this fund. So there are sound reasons for the administrative costs of GARIOA greatly exceeding on a percentage basis those of ECA itself. This particular item deals with government and relief in occupied countries.

Mr. CRAWFORD. One thing I wish to get straightened out in my own mind is the amount recommended in this military government item: Is the gentleman from New York going to stand by the committee recommendation or by the amendment?

Mr. TABER. The committee recommended $850,000,000 in one place, and $29,750,000 in another on this particular item. That, of course, was the action of the committee. The amendment has been offered here. As a matter of fact, this particular set-up with the obligation that is on this country to take care of relief in occupied territory is an entirely different subject than the ECA, and we have got to meet our responsibility there. The figure for relief in Germany has been cut already below the authorization of the $80,000,000 since the authorization bill was passed in conection with the ECA appropriation.

Mr. CRAWFORD. May I ask this question: Does the Committee on Appropriations recommend on page 6, line 16, $850,000,000 or $925,000,000?

Mr. TABER. The committee voted to recommend $850,000,000; and they further voted to recommend $29,750,000 for the other figure.

Mr. CRAWFORD. So far as the gentleman from New York knows, is the committee standing by this $850,000,000 or does the committee now stand for the $975,000,000?

Mr. TABER. The chairman of the subcommittee in charge of the bill has offered this amendment. It is in the nature of a compromise; and, frankly, I shall not oppose it.

Mr. CRAWFORD. I thank the gentleman for his remarks. I feel this is an awfully loose manner in which to handle the funds provided by the taxpayers of this country; and here is one of the basic reasons why I will not support this bill. I expect to vote against the bill, because I think this whole program is in a runaway frame of mind; I do not think the Congress has ever had control of this program; I do not think it has ever been administered in a reasonable, efficient manner; and I think we are disrespectful of the taxpayers of the United States in so loosely handing out funds for these international projects.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The Chair recognizes the gentleman from Arkansas [Mr. TACKETT].

Mr. TACKETT. Mr. Chairman, I have not made a habit of using much of the time of this House in debate on bills, and my record to date will certainly not label me as a reactionary. But, gentlemen, I can not understand how this committee can have the guts, gall, and audacity to ask for an additional $15,000,000 to administer the giving away of funds in Japan and Germany. The bill calls for $30,000,000, and you are asking this House for a total of $45,000,000 to supervise the spending of billions of dollars for direct relief to the people of these defeated countries, who waged war against us. Of course, the Civil War is over, and perhaps shouldn't be mentioned, but it is hard for me to ignore the fact that you did not give us in the South $45,000,000 to supervise the spending of billions for the people of the South at the expiration of the Civil War. We were conquered and treated as conquered people. All you gave us were carpetbag judges and allowed us to starve.

Just last night, as quoted in this morning's newspaper, the President of the United States said in a speech that this country had made history by assisting defeated foreign enemies taken over by us, and at the same time allowing our people to do without the necessities of life.

This compromise that has been entered into by and between the Democratic and Republican leadership is quite amusing. Let projects be offered by either administration for the benefit of this Nation, and there is never a compromise, but a bitter fight to the last ditch in an effort to preclude our people from receiving helpful assistance that we may send it overseas to ungrateful, socialistic countries.

Mr. GARY. Will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from Virginia.

Mr. GARY. I am wondering if the gentleman thinks that Virginia is north of the Mason and Dixon's line?

Mr. TACKETT. I know where the gentleman is from. I know all about that, but what I am talking about is how foolish the gentleman is acting today. One would not know that the gentleman was from Virginia by the way he is willing to throw the taxpayers' money around. I shall support no part of any such legislation.

Mr. GARY. I am proud of the fact that I am from Virginia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. GARY].

Mr. KEATING. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEATING. Mr. Chairman, may I demand a division, or a separate vote on the change of the figure of $850,000,000 and in the change of the figure of $29,750,000?

The CHAIRMAN. That would be subject to demand for a division.

Mr. GARY. Mr. Chairman, I raise a point of order that, the vote having been taken, it is too late for the gentleman to request a division of the question.

The CHAIRMAN. The vote had not been determined. We were about to take the vote. Does the gentleman from New York [Mr. KEATING] request a division?

Mr. KEATING. Mr. Chairman, I demand a division of the question.

The CHAIRMAN. The vote is on the first portion of the amendment which authorizes an increase from $850,000,000 to $925,000,000.

The question was taken; and on a division (demanded by Mr. TACKETT) there were—ayes 120, noes 39.

So the first part of the amendment was agreed to.

The CHAIRMAN. The question is on the second portion of the amendment, which provides for an increase in funds from $25,750,000 to $45,000,000.

The second part of the amendment was agreed to.

The Clerk read as follows:

TITLE II—GENERAL PROVISIONS

SEC. 201. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided,* That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further,* That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both: *Provided further,* That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 202. This act may be cited as the "Foreign Aid Appropriation Act, 1950."

Mr. GARY. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOLEY, 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. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. GARY. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The 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.

Mr. RICH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. RICH. Indeed I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RICH moves that the bill be recommitted to the Committee on Appropriations.

Mr. GARY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the "noes" had it.

Mr. RICH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. BURDICK, Mr. O'HARA of Minnesota, and Mr. MARCANTONIO demanded the yeas and nays.

The yeas and nays were refused.

Mr. RICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and forty-four Members are present; a quorum.

The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 193, noes 27.

So the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. GARY. Mr. Speaker, I ask unanimous consent that all Members have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PROGRAM FOR NEXT WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, in order that I may inquire of the majority leader the program for the coming week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, we will meet tomorrow and then adjourn until Tuesday.

Mr. MARTIN of Massachusetts. I understand there will be no controversial business tomorrow.

Mr. McCORMACK. There will be no business tomorrow.

In just a moment I expect to ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Tuesday next.

As to the program for next week, there will be nothing on Monday because the House will not be in session.

On Tuesday we will take up House Resolution 215, providing for investigations to be made by the Committee on Merchant Marine and Fisheries. That will take not more than an hour. Following that will come the bill H. R. 834, to amend the Contract Settlement Act of 1944.

Mr. MARTIN of Massachusetts. Will the gentleman explain what that bill does?

Mr. McCORMACK. This bill came from the Committee on the Judiciary. The purpose of the bill is to compensate persons who without fault or negligence suffered loss in attempting to supply certain strategic or critical minerals or metals for the war effort.

Mr. MARTIN of Massachusetts. That has a unanimous committee report?

Mr. McCORMACK. I understand it has a unanimous report.

I might say that on Tuesday, if it appears that a roll call is to be had on action on any measure, if it is agreeable with the gentleman from Massachusetts I shall ask unanimous consent that such roll call be taken on Wednesday.

Mr. MARTIN of Massachusetts. That is agreeable to me.

Mr. McCORMACK. On Wednesday the bill relating to veterans' pensions will come up for consideration.

On Thursday and Friday there will be the bill H. R. 4569, the displaced-persons bill.

Any further program for the remainder of next week will be announced later. Conference reports, of course, may be brought up at any time, but not on Tuesday, for on that day nothing will be taken up of a controversial nature. I make this announcement with reference to Tuesday so that Members may govern themselves accordingly.

Mr. MARTIN of Massachusetts. I thank the gentleman.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate agrees to 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. 3704) entitled "An act to provide additional revenue for the District of Columbia."

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 900) entitled "An act to amend the Commodity Credit Corporation Charter Act, and for other purposes."

The message also announced that the Senate further disagrees to the amendment of the House to the above-entitled bill and asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. ELLENDER, Mr. ANDERSON, Mr. AIKEN, and Mr. YOUNG to be the conferees on the part of the Senate.

CVA

Mr. ELLSWORTH. 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 Oregon?

There was no objection.

Mr. ELLSWORTH. Mr. Speaker, Americans seem to have about two ways of trying to accomplish things in a governmental way. One is embodied in the well-worn slogan, "There ought to be a law." The other reached perhaps its highest point during the depression when the piling of executive agency upon agency created only slightly less confusion than the agencies themselves were expected to resolve.

It seems to me that we are too prone to do these things: First, to expect the mechanics of government to take over when our own moral accomplishments lag behind our responsibilities; and, second, to forget that where Government pays or subsidizes, it will also control.

Two wise men speak from the past words directly applicable to the subject under consideration. It was Jefferson who said, "That government is best which governs least." There is a compact statement which, considered one way, throws the responsibility for good government upon the shoulders of the people, because, stated otherwise, Jefferson might have said, "Governmental controls should not be instituted except under clear and inescapable necessity."

Lincoln wrote:

> In all that the people can individually do as well for themselves, government ought not to interfere.

I conceive that neither of these great men could have contemplated the imposition of such a super state as is envisioned in the Columbia Basin Administration with any high degree of equanimity. There were democrats—with a small "d"—men who still cherished and strove to preserve the freedom and dignity of individual men, and who knew the full meaning of political responsibility at the grass roots in building a powerful democratic force in a great and developing country.

Incidentally, it is interesting to note that, in the several bills already introduced for the creation of a CVA, the "A" is for "Administration," not for "Authority" as in TVA. This is a delightfully naive sugar coating to conceal the bitter content of the pill it is now proposed to administer to the free people of the Pacific Northwest. They might swallow the beautiful connotations of "Administration," ah, yes. That brings visions of efficiency and brilliant executives, smooth-running governmental machinery, and the elimination of those old bogeys of Government "waste, overlapping, and duplication." "Authority," though, brings up visions of the rod that chastises, policy power, controls, regulations. It is a bad word. But careful study of the bills themselves discloses little of the softening implied by the shift in title. The velvet glove still covers a hand of steel and the authority resides in the bills to take over and run the natural resources of the Northwest.

The powers and responsibilities of the Administration as defined in section 2 (a) of S. 1645—MAGNUSON et al.—say:

> It is hereby declared to be the policy of the United States that the relevant powers and activities of the Federal Government in the Columbia Valley region shall be so organized, directed, and administered as to

assist to the greatest possible extent in achieving the full and unified conservation, development, and use of the water, land, forest, mineral, fish and wildlife, and other natural resources of the region, for the purpose of fostering and protecting commerce among the several States, strengthening the national defense, developing the lands, and preserving the property of the United States, and promoting the general welfare.

I find little excluded. It includes all the things on the earth and beneath the surface thereof, the things that swim in the waters and fly in the air, and by inference, the things that crawl upon the surface of the earth. Presumably these latter might still be permitted to cast a ballot.

Now in section 5, we find the heading "State and local participation." Sounds nice, but listen to the language:

The Administration shall seek the advice, assistance, and participation of the people of the region and their State and local governments and organization, public and private, to the fullest practicable extent, in the formulation and execution of programs designed to carry out the purposes of this act.

The rest of the section tells about advisory boards and councils who may submit reports and opinions, but I am unable to find any language that requires the directors of the Administration to do any more than receive and register opinions of such advisory boards and councils.

Some read into these bills limited powers, but let me quote section 6 (b):

Subject to the policies, conditions, and limitations stated in this act, the Administration is authorized and directed to construct, operate, and maintain projects (including stand-by facilities), and to carry out activities, necessary for the promotion of navigation (except for channel and harbor improvement work in tidal waters tributary to the Pacific Ocean); for the control and prevention of floods; for the conservation and reclamation of lands and land resources; for the development and conservation of forest, mineral, and fish and wildlife resources; for the generation, transmission, and disposition of electric energy; for the execution of such other responsibilities as are vested in the administration by or pursuant to this act; and, in connection with any of the foregoing, for the development and conservation of recreational resources and for the promotion of sanitation and pollution control: *Provided*, That in the location, design, and construction of any dam or other facility, or any series of dams or facilities, the administration shall endeavor to foster, protect, and facilitate the access of all anadromous fish to and from their spawning areas throughout the region.

That is indeed an interesting section. While no specific mention is made of retail trade, one may assume that if it became necessary to run grocery stores it would be done under the general-welfare clause. Note carefully the "provided", which is lip service to the fishermen and completely without significance. The best authorities are agreed that another high dam on the Columbia means the end of commercial salmon fishing. I am certain that power and irrigation dams on the Rogue and the Umpqua will ruin those incomparable streams for the sport fishing that now constitutes one of the most important resources of Oregon. But note—not one word that says the people of the Umpqua or Rogue or Columbia can do any more than register an opinion. The CVA is constrained only to endeavor to foster, whatever that means, and facilitate the access, and so forth. I submit that these are weasel words. CVA could and would do as it pleased regardless of the fish.

Section 6 (c) is a beauty:

To the extent found necessary or appropriate in carrying out the foregoing subsection, or other provisions of law, but subject to the conditions and limitations herein stated, the Administration is authorized and shall have the power (1) to acquire real and personal property, including any interest therein, by purchase, lease, condemnation, exchange, transfer, donation, or otherwise, and to sell, lease, exchange or otherwise dispose thereof, including donations incident to experimentation, demonstrations, or other similar uses (without regard to section 3709 of the Revised Statutes, as amended); and to obtain services by contract, donation, or otherwise: *Provided, however*, That the Administration shall have no power to condemn any water right except as it may be appurtenant to land acquired incident to the construction of dams, reservoirs, or other projects or facilities.

Here is eminent domain with a vengeance.

Notice also 6 (c) (3):

To conduct economic, scientific, and technologic investigations and studies, to establish, maintain, and operate research facilities, and to undertake experiments and practical demonstrations.

Note especially the phrase "and practical demonstrations." Does anybody know where demonstration leaves off and Government ownership and operation begins?

Tucked away in (c) (5) is this language:

Subject to provisions of law specifically applicable to Government corporations, to determine the necessity for and the character and amount of its expenditures and the manner in which they shall be incurred, allowed, and paid—

I frankly confess I do not know exactly what this means, but I think it means that the Administration will run its own show, with complete financial independence of the Congress and the Bureau of the Budget. There is a small show of budgetary responsibility in section 7 (e), but this appears to me to be nullified by section 12 (e) which provides for advances from the Treasury to meet costs of revenue-producing projects.

On April 19 when Senator MAGNUSON, with other Senators, submitted his bill for CVA—S. 1645—he also submitted a group of questions and answers purporting to be an analysis of the bill. An objective examination of this list of questions and answers indicates either that the supporters of the Columbia Valley Administration have not read, or do not understand, the purport of the bill itself, or that somebody is deliberately trying to misrepresent the content of the proposed act. To consider a few of the points discussed:

Question. Can the proposed CVA be compared with TVA?

Answer. The proposed CVA has the same goal as the TVA: The full and unifed conservation, development, and use of the natural resources of the respective regions. * * * The CVA proposal, however, is not as all-embracing as the TVA. The CVA bill is tailored specifically to suit the particular situation in the Columbia Valley, which differs in many respects from the Tennessee Valley.

I do not believe that this is an accurate portrayal of the content of the bill. As I have pointed out above, unless I grossly misunderstand the implications of the language of the bill, the powers granted are broad and all-embracing as far as control of the development of all the natural resources of the Columbia Valley is concerned. It is true that only specific mention of the absorption of the functions of the Corps of Engineers, Bonneville Power Administration, and the Bureau of Reclamation is made, but the authority to take over and operate all functions connected with natural resources development in the valley resides in the bill. It also resides in the TVA Act. I believe that it is a fair statement that a major part of any success that the Tennessee Valley Authority has had is ascribable to the fact that it has not used the broad grant of authority contained in its basic act of authorization. It has been wise in relying upon cooperation with the States, land grant colleges, and other Federal agencies, but, and this is important, it does not have to do so, for the authority resides in the act for it to proceed in a thoroughly autocratic manner, completely ignoring the cooperative facilities that it is now using. I believe that such a grant of authority to any agency is dangerous and completely subversive to traditional successful democratic principles of government. It is wise to avoid government by the whim or will of a triumvirate of men. It is wise to circumscribe and limit severely the authority of such a board of directors as it is proposed to create, and to do this in the beginning.

Certainly, it is true that the Columbia Valley differs greatly from the Tennessee Valley. The arguments that were advanced at the time of the enactment of the TVA Act were that the economy of the Tennessee Valley was at a very low ebb, its natural resources destroyed or undeveloped, the river untamed, all supposed to be the result of two centuries of unbridled exploitation. It must be recalled, also, that one of the most potent arguments advanced was the extremely low level of living of the inhabitants of the Tennessee Valley. These conditions certainly do not obtain in the Columbia Valley. The President, himself, in his special message to the Congress, recommending the creation of CVA, said:

The Pacific Northwest has been developing very rapidly in recent years. The population has jumped 37 percent since 1940. * * * Total income payments have increased 200 percent since before the war in those three States as compared to 150 percent for the country as a whole. The per capita income is among the highest in the Nation. * * * These are signs of the progressive energy of the people of the region and of the growth that can occur there.

In short, we are doing very well in the Pacific Northwest—better than the rest of the country, and without any valley administration.

Further, the President stated:

The Columbia Valley Administration Administration would have the advantages

of a sound foundation of basic planning already done and a large construction program already under way.

This does not appear to indict severely the progress that has been made under administrative conditions as they have existed.

The Secretary of the Treasury, John W. Snyder, in Portland, Oreg., talking about bonds, not valley administration, said:

Oregon led all the States of the Union in total income gain with a 206-percent increase. Every one of these six far-western States showed income gains since 1940 far in excess of the national average gain.

These statements do not indicate any crying need for a new agency with a vast grant of all-embracing power to do work which is, by the statements of leading men in the administration, already being done, and well done. The economy of the Northwest is a developing and pioneering economy.

A major distinction between the two valleys is that those lands from which floods originate—the high lands and the wild lands—in the Columbia Valley, are already all or nearly all in Federal ownership and under as good administration as can be had within the limits of congressional appropriations for that purpose. If they are not being managed to the highest degree of competence of the responsible agencies, the fault does not lie with the administrative system, it lies with the inability of Congress, or its unwillingness, to finance necessary capital investments in management facilities. I do not believe the creation of a CVA would help the administration of these critical watershed lands, nor would it probably hinder them. The latter is the more probable in view of the overwhelming importance that would be assumed by dam-building and irrigation developments in any administration founded, as this one would be, upon the concept that a major part of its income would be from such facilities. Forestry, range management, and watershed management would be worse submerged in such a set-up than they are now where they at least have independent status before the Bureau of the Budget and the Appropriations Committees and can really have their chance to achieve adequate financial status. I do not believe such would be the case under a CVA.

In the Tennessee Valley, Federal ownership of lands was confined to a few small areas in national forest ownership. These have been left practically undisturbed by the TVA, and wisely so. It is worthy of note, however, that under the authority of TVA there has been no work permitted by the Soil Conservation Service within the Tennessee Valley. I have been informed that progress along lines of soil conservation in the Tennessee Valley is no better and no worse than that in the rest of the country.

It is, indeed, a wide open question as to whether or not the progress that has been made under the TVA could not have been made just as well and with less friction by the investment of the huge sums of money that have been spent in the valley under the ordinary system of governmental procedure.

Question. What will be the specific functions of the CVA?

Answer. The Administration will be responsible for the preparation of unified programs for the conservation, development, and use of the natural resources of the Pacific Northwest. These programs will cover irrigation, flood control, electric power, commercial and sport fish and wildlife protection, recreation, mineral exploration and development, soil and forest and range conservation, pollution control, and related functions.

That sounds like a beautiful statement, "the preparation of unified programs." Where are all the points of disunity in present programs that cannot be remedied through the simple mechanisms proposed by the report of the Hoover Commission, if such exist, and I know of some? They are not difficult to adjust. To me there is something far more sinister involved in this planning function that is delegated to CVA under the bill. The Forest Service, Fish and Wildlife Service, the Park Service, Soil Conservation Service, and other agencies involved are parts of large national bureaus created to perform certain functions. They perform them in conformity with national policies. They are administratively responsible to their own bureau administrations and to their responsible departmental authorities. It is not good administration, and cannot be so conceived, to delegate to a separate, all-embracing administration, such as CVA, the authority for preparing plans and then delegate the responsibility for their execution to the list of agencies given above. Neither can the administration of natural resources in the Pacific Northwest be carried out apart from national programs. Lip service is given in the bill toward coordination with national programs, but the Administration, if it functions as normally most such organizations function, will accumulate rather than disburse authority. It has the power. I believe it will function that way. Remember that the proposed Administration may use the facilities of existing Federal agencies and, if ordered to by the President, must do so. So we would be dependent entirely upon political pulling and hauling between the Administration, the Chief Executive, and the responsible Federal agencies as to who would do what.

Question. Will the CVA take over lock, stock, and barrel all the resource functions of existing Federal agencies?

Answer. No.

Question. Will the functions of the United States Forest Service, the United States Soil Conservation Service, Bureau of Mines, National Park Service, Fish and Wildlife Service, and other Federal agencies be taken over by the CVA?

Answer. No.

The two answers given immediately above indicate only the immediate sugar-coated policy that is embodied in the bill but do not indicate the authorities that are granted to the Administration under the language of the bill. As I have already pointed out, the language is so all-embracing that if and when the Administration feels in political position to do so, it can, and I believe would, absorb all functions of all the agencies given above. The fact that the supporters of the proposed Administration at the moment do not think it expeditious to propose absorption of these functions can in nowise be interpreted as prohibiting their absorption when the time becomes convenient.

Question. Will the people of the region and their local agencies have a voice in the management of the CVA?

Answer. Yes, a large voice. The bill provides, in several places, for a strong degree of "home rule, CVA shall seek and rely upon the advice and assistance."

But it does not have to take any of the advice and it does not have to rely upon assistance. It can do as it pleases. I believe that such a grant of authority is bad. It is one thing to consult and ask advice and it is another thing to be required to conform to the will of the people of a region.

There is much more of this question-and-answer program, but I have given enough to indicate my belief that the propaganda being put out concerning the proposed CVA is deliberately misleading, and that misinformation as to the actual purport of the bill is being widely disseminated under the high-sounding allegation that nonexistent chaos is to be made orderly, that resources that are already being developed and managed are as if by some magic to be developed more rapidly, that by some magical process dams are going to be built faster and, I suppose, cheaper.

The functions it is proposed to delegate to the CVA are already functions of the Federal Government that are being well-handled, or at least as well-handled as I think they would be under any new grant of authority to such a highly centralized administration as it is proposed to create. Dams cost a certain amount of money; irrigation projects cost a certain amount of money. All the things that the authority is supposed to accomplish will cost money out of the Public Treasury. The major difference, as I see it, is that the returns to the Government from the operations under the Administration, instead of going to the Treasury and being reappropriated under the wise guidance of the Bureau of the Budget and congressional committees, will be sidetracked into the Administration fund and subject very much to the will of the Directors of the Administration. Presumably the powerful political organization that it is proposed to create would be able to present more plausible plans and proposals to the budget and the Congress in order to funnel more public funds to capital investments in the Columbia Valley. I do not believe this is at all a valid basis upon which to base such a proposal.

To me this whole proposal is a reversal of those concepts of liberty that have grown up in this country and have found their fullest fruition in the West. Our people understand their dependence upon the natural resources available to them. Under the wise guidance of the Federal agencies entrusted with the management of the wild lands and the watersheds magnificent progress is being

made toward putting them in good condition. I am highly optimistic about the future if we are let alone to work out our destiny in cooperation with the agencies with whom we have learned to work so well. The creation of any such autonomous authority as is vested in the Directors of the Administration seems to me to present grave dangers to that development of individual enterprise that has already done so much to increase the prosperity of the Northwest and create a standard of living admitted by the President to be among the highest in the country. We do not need any new centralized organization to assist us. We are doing very well without it. The dangers involved far outweigh any theoretical advantages that may be obtained. Remember that this is a new economy, not an old one such as was already bogged down in its own mud in the Tennessee Valley. We have no human wreckage, no wrecked agricultural economy. If controls are to be instituted on the use of land or forests, they should be instituted in conformity with national plans and never by the design or will of an authority responsible only to the Chief Executive. They should arise from the well-considered will of all the people, and I believe the mechanisms that it is proposed to create here are the negation of any such process.

In short, I see no need for a CVA. We are doing all right. I do see potential grave evils in the proposed set-up that far outweigh any potential benefits.

THE STRUGGLE FOR SOLVENCY IS THE PEOPLE'S FIGHT

Mr. CURTIS. 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 Nebraska?

There was no objection.

Mr. CURTIS. Mr. Speaker, the time has come when thoughtful citizens must decide some basic questions of government.

Do these citizens favor inauguration of more Federal programs? Do they favor our present economic system? Do they feel we can survive with enormous Federal budgets? Do they think the Federal Treasury is inexhaustible? Do they believe we can go on enlarging Government, increasing its services and handouts and, at the same time, reduce costs? Do they believe established Federal programs and activities should be reduced? Do they really care if our Government becomes bankrupt?

The recent alarm apparent in many parts of the country concerning the condition of the United States Treasury is wholesome. I hope, however, that this concern is not too late. The country must not become hysterical. We must not fail to clearly analyze the situation. The threat to our national solvency results from many governmental actions taken over a period of years. Our basic convictions as to the functions and purposes of government are involved.

True, it is proper and desirable to reduce all waste in our Federal Government; but if this were accomplished, we still would have a too costly Government—a Government so weighty that it is doubtful whether our free-enterprise system could survive. We must, therefore, reduce the size of Government; lessen the fields of governmental activity, and the people must give up some Government services and functions.

Considerable attention and some hope have sprung from efforts here in Washington to reduce this or that expenditure by 5 or 10 percent. Of course, these reductions ought to be made. Far more important, however, is a demand from the American taxpayers to halt expansion of our Federal Government. This demand should have been made at the close of World War II.

The Eightieth Congress did not reach all its objectives. It made an honest try. It halted the expansion of socialism. It effected many economies. It set up a system of law in the field of labor-management relations and it reduced the taxes for all. The effect on our economy was noticeable. Upon Mr. Truman's election a program of increased spending, repeal of the Labor-Management Relations Act, and increased taxes was announced. It hurt the country. Farm prices have steadily declined. Confidence has been shaken. Unemployment is on the increase.

The Roosevelt-Truman administration has carried on a systematic, vigorous, expensive and continuous campaign for a bigger and bigger Federal Government. Right now the greatest drive in our history is on in Washington to enlarge our Federal Government. Proposals to federally finance our schools, to build our homes, to pay our medical bills, to police our employment and to initiate countless other programs are being high-pressured in Congress.

These programs, if adopted, would continue for years. The path to true economy is not only to adopt a percentage reduction but also to refuse spending schemes in the first place. The Congress has passed too many of the administration's measures. I am disappointed in many of them. However, Congress has defeated many administration proposals. Had it not done so, I doubt whether our Government could have survived.

In this discussion I will omit any reference to the expense of the war. We cannot change that now. We cannot erase that debt. It must be paid. But a false philosophy of government, the wrong notion of governmental functions can be more dangerous to this Republic than the war debt. Even before the war ended, it was apparent that when hostilities did cease, our Federal Government would be overloaded with financial obligations even if no additional burdens were undertaken.

On the other hand, many long-established departments of our Government have functions so interwoven with our economy that their abolition is not feasible. Generous care of our veterans is a Federal obligation. Certain activities such as highways and the development of interstate streams have been policies and programs of our Federal Government for many years. Such activities were neglected during the war. Following hostilities, it was expected that these projects would call for great sums for construction and repair. In addition, a sound conservation program is necessary to prevent deterioration of our productive facilities.

However, realizing that our postwar economy would be weighted with established obligations for the Federal Government, I concluded that I would not cast my vote in Congress to add to the overburdened Federal Government and that my influence would not be used to put that Government into new fields of endeavor.

Consider the financial condition of most State governments. The aggregate debt for all 48 States totals some seventeen billions as compared with two hundred and fifty-two billions of national indebtedness. The majority of State governmental subdivisions are also in sound financial condition. If, then, there were to be expanded government in postwar years, that expansion should have been borne by divisions other than the Federal Government. For these reasons, at times I have voted against proposals that were desired by certain of the people I represent.

The important votes in Congress are usually votes on authorization bills. The vote on a measure which, if enacted, would call for annual appropriations to carry out a program year after year has a far greater effect on our economy than efforts to cut annual appropriations 5 or 10 percent. However, I would not minimize the importance of these percentage reductions.

Today, thoughtful citizens over the country are looking with hope to the efforts of the senior Senator from Virginia, the Honorable HARRY BYRD, in his drive toward economy. He should have the cooperation of everyone.

There has been condemnation of some of us who voted against such legislation as the British loan and the Marshall plan. My vote on these issues coincided with Senator BYRD'S. And certainly he is neither an isolationist nor a pacifist. Of course, I would not want to give aid and comfort to pro-Communists or to those who contend we have no worldwide responsibilities. But bankrupting our Government on which the free world depends would be the surest method of aiding Communist forces in the world. Because of the strain of giant spending programs on our fiscal structure, I determined to oppose such measures.

Attention should be focused on the effect of these tremendous foreign aid programs upon the United States' citizens. One of the most difficult problems is that expenditures of many billions by our Federal Government in foreign lands destroys all restraint on spending here at home. It is not unusual nor rare for a group in this country to demand Federal funds for this or that on the grounds that "we are spending billions abroad and we should meet demands at home as well." These groups usually get their money.

The full employment bill, Public Law 304 of the Seventy-ninth Congress, when originally introduced embodied the philosophy that the Federal Government would see to it that everybody had a job. There were those in the House and the Senate who, like myself, could not accept any such philosophy. We real-

ized that this commitment to the people could and, indeed, might bankrupt the Federal Government. Some, who should have opposed it to the end, supported the measure when it was altered and "watered down." I could not accept their views because the whole notion was bad.

It was this bill that placed on the shoulders of the taxpayers the President's Council of Economic Advisers and created the Joint Committee on the Economic Report. This legislation not only costs money from year to year, but is a vehicle for promoting huge expenditures, boondoggling and selling to the American people the idea that the Federal Treasury is inexhaustible. I do not regret my opposition to this measure.

The country needs hospitals. The State of Nebraska needs hospitals. The territory that I serve needs hospitals. The need cannot be disputed. Who should build these hospitals? Should local units of government—the State, private or fraternal organizations—or the Federal Government? The Seventy-ninth Congress by the passage of Public Law 725 placed the burden on Uncle Sam—the most overburdened fellow in the world. It was a new field of activity for the Federal Government and it is a new program that will go on for years. It was needed. Yes. People wanted it. Yes. But without regard to the Treasury of the United States they demanded these hospitals from the wrong division of our Government.

That same Seventy-ninth Congress in the passage of Public Law 377 decided that we ought to have more airports and that civil aviation should be given a boost. I agreed with both contentions. I could not agree, however, that it was the responsibility of the Federal Government to build airports for municipalities, and I voted against the program. I am an enthusiastic follower of civil aviation and many of my friends are the leaders in that movement. Passage of the bill would raise this question in the minds of many citizens: "If the Federal Government is to build a Federal airport in everyone else's town, why should they not build one in ours?"

Perhaps, in politics, many times we get the wrong idea of what the people believe. But I do not think that I lost the friendship and respect of my friends who were aviation enthusiasts and who wanted airports, when I voted against the program. Certainly, I would like to see their community get an airport, but I would also like to see the finest, the greatest and the best government in the world survive.

Speaking in the Seventy-ninth Congress of those who oppose Federal expansion, the gentleman from Missouri, Hon. CLARENCE CANNON, chairman of the Appropriations Committee, referred to 82 of us who voted against the Federal construction of municipal airports and declared:

> It is a notable list of notable men. They not only preach economy, but, extraordinary as it may seem they actually vote for economy. * * * That list of names ought to be printed in every newspaper in the country. * * * You will recognize a brother of the (economy) bloc when he gives the password. The password is the word "No," spoken clearly and distinctly when the Member's name is called on a vote to appropriate borrowed money for something we can get along without.

I do not think this country can face bankruptcy and, at the same time, continue as a first-rate Nation and a land of liberty and opportunity. For my children, I want first, the land of freedom and liberty.

One of my pet peeves as a Member of the Congress has been the school-lunch program. I have often spoken against it. I voted against the appropriations and when it was authorized by law, I voted against it. I have been accused by some of favoring starvation. Remarks have been hurled at me that I did not want little children well fed. My answer to that is that the children who have lived under the Constitution of the United States and under our economic system of private enterprise have been the best fed children in the entire world.

It was not uncommon in considering school-lunch legislation for a Member of Congress to receive letters and postal cards from little school children saying, "Dear Congressman: Please vote for the school-lunch program." I make no charge against the others, but as for myself, I could not subscribe to a program that would teach the school children of America to look to the Federal Government for something to eat. I could not be guilty of teaching little children to pray, "Our politicians who art in Washington, give us this day our daily bread." Statism and Christianity are wholly incompatible.

It was back in the Seventy-ninth Congress that the Truman administration insisted that there would be widespread unemployment by reason of the termination of war contracts and they asked the Federal Government to underwrite the States' unemployment program. The Federal Government was to raise unemployment compensation to $25 a week and continue it for 26 weeks. If, for instance, a certain State now pays $15 a week for 10 weeks, the Federal Government would add $10 for each of the 10 weeks and then pay the full amount of $25 for the remaining 16 weeks. Mr. Truman demanded its passage. The Ways and Means Committee by a vote of 14 to 10—4 Democrats joined us 10 Republicans—defeated the proposal. There is little doubt that its adoption would have brought about the ultimate federalization of our unemployment compensation systems and there is little doubt that these Federal payments added to State systems would have ever been discontinued. That committee action saved the taxpayers millions and possibly billions of dollars.

Now, it is not only proposed, but demanded that the Federal Government go into the direct building of houses. When will it end? Shall we build a house for everyone? Shall be cease to be a Nation of homeowners?

The drive is on to put the Federal Government in the business of educating our children. It is not a mere suggestion. These programs are demands on the part of the Truman administration. Political pressure, purges, and all the threats in the book will be used. Do the American people want the Federal Government enlarged? Do they want the Government in Washington to control the education of their children? To have Federal support of education without Federal control is comparable to swimming without getting wet.

The drive is also on to turn regulation of employment over to the Federal Government. It is under the guise of noble objectives called the fair employment practice act and civil-rights legislation. The fact is there are millions of people demanding that the policing of employment in every village and hamlet in the country be done by the Federal Government. These people are asking for more and bigger Federal Government. They are asking for more Government services, more Government regulations, more expenditures, and more taxes.

I am totally unimpressed by politicians and others who now are paying lip service to economy, who view with alarm the desperate financial plight in which we find ourselves, who never once opposed a measure that called for the expansion of our Federal Government, who are now insisting that the Federal Government build houses for citizens, educate their children, pay their doctor bills, supplement their wages when they do not work and take care of their wants.

This Nation was founded by hardy people who firmly believed that the citizens should support the Government and not the Government the citizens. That is the way the great State of Nebraska was built despite many adversities. The people who built my home county and my home city were people who accepted the idea that the citizen should support the Government.

A tremendous expansion of the Federal Government resulting in more offices, more bureaus, and more employees is threatened in the offer to citizens of security. There is no security in any unsound financial proposition. There can be no security sponsored by government if that government is on an uneconomical financial basis. Social security for our aged has been accepted by the American people. Some basic changes in that system are greatly needed. Many improvements are necessary. The Truman administration is, however, not only failing to better the program for our people who are now aged but they are attempting to commit our Government in many new fields of so-called security which would in a few years cost as much as $30,000,000,000 a year. I favor an adequate program for our aged. I am firmly convinced, however, that the Federal Government cannot take care of the individual and underwrite him against all hazards from the cradle to the grave. and remain solvent.

It has been truthfully said there has been much blundering going on in Washington. While many individuals in Government have been blundering, there has been strategically planted in too many places architects of destruction who have known what they are doing.

They have known that they are planting the seeds of destruction for this Government and they have skillfully misled the blunderers. The actions taken in the early years of the New Deal, which tampered with the validity of contracts and placed the country on a managed fiat currency, will yet lead to trouble if those actions are not reversed. If disaster comes to us, and I pray that it will not, many men of wealth will foresee it and will protect themselves. The real injury will come to the rank and file of everyday citizens of all ages and in all walks of life.

The struggle for solvency is the people's fight.

EXTENSION OF REMARKS

Mr. McGREGOR asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include copy of a letter.

Mr. MULTER asked and was given permission to extend his remarks in the RECORD in four instances and include extraneous matter.

Mr. BARING asked and was given permission to extend his remarks in the RECORD.

Mrs. WOODHOUSE asked and was given permission to extend her remarks in the RECORD and include a resolution from the General Assembly of the State of Connecticut.

SPECIAL ORDER GRANTED

Mr. BIEMILLER asked and was given permission to address the House for 15 minutes on tomorrow, following any special orders heretofore entered.

PERMISSION TO ADDRESS THE HOUSE

Mr. BIEMILLER. 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 Wisconsin?

There was no objection.

[Mr. BIEMILLER addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. JONES of North Carolina asked and was given permission to extend his remarks in the RECORD and include a statement made by him before the Committee on Post Office and Civil Service in reference to the proposed increase in postal rates on second-class mail.

Mr. CAVALCANTE asked and was given permission to extend his remarks in the RECORD and include an article by Arnett G. Lindsay.

Mr. BURNSIDE asked and was given permission to extend his remarks in the RECORD and include a letter to the editor of the Evening Star, which appeared Monday, May 23.

Mr. COOLEY asked and was given permission to extend his remarks in the RECORD and include a speech recently delivered at a conference in the city of Washington.

Mr. WHITTINGTON asked and was given permission to extend his remarks in the RECORD and include an address made by him before the National Rivers and Harbors Congress at its recent meeting in Washington.

Mr. HAND asked and was given permission to extend his own remarks in the Appendix of the RECORD.

VICTOR REUTHER

Mrs. DOUGLAS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from California?

There was no objection.

Mrs. DOUGLAS. Mr. Speaker, I, too, wish to speak about Victor Reuther and the dastardly attempt made on his life Tuesday night. Victor Reuther is the brother of Walter Reuther. Both of these men are looked up to as outstanding labor leaders in the country. A year ago Walter Reuther was shot in his home. Those responsible for this crime have not as yet been apprehended. Now the same identical pattern has been followed in an attempt on the life of his brother, Victor Reuther, who was shot through a window in his home Tuesday night just as Walter Reuther was shot a year ago.

I hope the Federal Government will at once investigate this matter in view of the fact that the Governor of the State of Michigan and the mayor of the city of Detroit and the city council have asked the Federal Government to intervene. The FBI should at once be sent to Detroit to investigate this crime before all clues are lost.

The SPEAKER. The time of the gentlewoman from California has expired.

Mr. BURKE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks and include a statement.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BURKE. Mr. Speaker, yesterday the Nation was shocked by a cowardly attempt to assassinate Victor G. Reuther, brother of Walter P. Reuther, the president of the UAW-CIO and, in his own right and on a record of intelligence and courage, an outstanding leader of American labor.

The attempt made on the life of Victor was similar in many respects to the attempt made on the life of his brother. A shotgun blast of heavy slugs was fired through the window of the home under cover of darkness.

Yesterday the Detroit Common Council adopted a resolution urging President Truman, Gov. G. Mennen Williams, of Michigan, and J. Edgar Hoover to order the Federal Bureau of Investigation and the Michigan State Police to join with the Detroit Police Department in solving this assassination attempt, which, in its characteristics, is so similar to the earlier attempt upon the life of Walter Reuther as to suggest a cold-blooded, implacable conspiracy. I insert in the RECORD an excerpt from the minutes of the Detroit Common Council meeting, signed by Thomas D. Leadbetter, city clerk, and also a telegram from Gov. G. Mennen Williams to President Truman:

> The Detroit Common Council, by resolution urges the President of the United States, Gov. G. Mennen Williams, of Michigan, and J. Edgar Hoover, to order the FBI and the Michigan State police, respectively, to join with the Detroit police department in making a thorough investigation of the brutal shooting of Victor Reuther on Tuesday night. Council President George Edwards suggested international motives might be behind the shooting.
>
> THOMAS D. LEADBETTER,
> *City Clerk.*

> The people of Michigan are profoundly shocked and angered by the brutal shooting of Victor G. Reuther under the same circumstances as surrounded the attempted assassination of his brother, Walter Reuther, president, UAW-CIO. There are indications that shooting may transcend local interest, and I have already ordered all police agencies in the State of Michigan to devote their best efforts to the case. I join with the Common Council and mayor of Detroit to urge you, Mr. President, to put all facilities of the Federal Bureau of Investigation and other appropriate Federal agencies on this case, that the perpetrators against decency and law may be swiftly caught and public order and confidence restored.
>
> G. MENNEN WILLIAMS,
> *Governor of Michigan.*

I quote the last sentence of the council's minutes:

> Council President George Edwards suggested international motives might be behind the shooting.

I also quote this sentence from Governor Williams' telegram:

> There are indications that shooting may transcend local interest, and I have already ordered all police agencies in the State of Michigan to devote their best efforts to the case.

Mr. Speaker, it is high time that this attempt to institute a reign of terror in the city of Detroit and against the Reuthers, who have made major contributions to the entire labor movement in the past 15 years, be exposed and broken, and that those responsible be brought to justice, tried, and given appropriate punishment.

It should be pointed out, it seems to me, that Detroit Council President George Edwards was not speaking idly when he suggested that there might be international motives back of the shooting. Victor G. Reuther is one of the four labor members of the Anglo-American Council on Productivity and is chairman of the labor group. That committee was appointed by Paul Hoffman, ECA Administrator. Its purpose was to work with ECA to give technological assistance in the great recovery effort now being made in the United Kingdom. He attended meetings in London and elsewhere in Britain designed to promote the success of the Marshall plan through ECA, meeting with labor and other groups to discuss the hard, practical questions of production under the many handicaps that face British industry, workers and employers alike.

Earlier, he was a member of a CIO delegation at a meeting of a trade union advisory committee consisting of labor

representatives from nations participating in the ERP program.

Both Walter and Victor Reuther know the score on both Fascist and Communist totalitarianism. They saw both in action while they were employed as workers in Germany and in Russia during a trip which they made around the world during the last depression.

No man has surpassed Walter Reuther in his fight against Communist totalitarianism in all its many fronts and disguises, within and without the great union of which he is the democratically elected president. No man has been more successful in that fight. And Victor G. Reuther, as has been true since the days when the great union which they helped to build was in its beginnings, has been his blood brother and his union brother, his loyal coworker and associate, working on the great UAW-CIO team to make secure genuine democracy within that union, to win some measure of industrial democracy in relations with management, and to strengthen and make more secure our political democracy.

Mr. Speaker, I ask President Truman that he instruct J. Edgar Hoover, director of the Federal Bureau of Investigation, to comply immediately with the request for assistance made by the Detroit Common Council and Gov. G. Mennen Williams, of Michigan. I believe that the outraged conscience of America demands concerted local, State, and Federal action to bring the perpetrators of these crimes, and the coconspirators behind them, if any there be, to speedy justice and punishment.

HON. PETE JARMAN

Mr. McCORMACK. 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 Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, one of the most valuable Members of the House I ever served with is our former colleague from Alabama, Pete Jarman. I was particularly pleased to note yesterday that the President nominated Pete Jarman for the responsible diplomatic post of Ambassador to Australia. Those of us who served with Pete Jarman know that he will render outstanding service. His many years of service on the Committee on Foreign Affairs equips him, and gives him the background to act as a valuable member of our diplomatic service and to ably perform the duties of his important post in Australia.

We of the House, without regard to party, are pleased with the nomination of Pete Jarman. We congratulate Pete and his good wife, who is such a close helpmate of his, and we particularly congratulate President Truman in his wisdom in making such an excellent suggestion.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. VORYS. I am delighted at the news the gentleman has given the House, and I want to join with the gentleman in everything he has said. We thought a great deal of Pete Jarman, on our committee. With his charming, courtly manners, and his fine mind he should make a good addition to our diplomatic staff; and we also congratulate the President upon his nomination.

Mr. FEIGHAN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. FEIGHAN. Mr. Speaker, like my distinguished colleagues, Mr. McCORMACK and Mr. VORYS, I should like to take this opportunity to voice my sentiments with reference to the President's nomination to the office of Ambassador to Australia of my esteemed friend—Pete Jarman. I am confident that the warmth of Pete Jarman's genial personality and the graciousness of his charming wife will endear them to the people of Australia. Pete Jarman has been an able student of foreign affairs for many years. His avid application to economic subjects and foreign affairs has fortified him with vast knowledge so necessary in the important task to which he has been nominated. This Nation and Australia are fortunate to have representing the United States a man of such sterling character, breadth of vision and understanding. With Pete Jarman as our Ambassador in Australia we may be assured that the bonds of friendship existing between these two great countries will continue and we may look forward to even more favorable, prosperous and cordial relations.

EXTENSION OF REMARKS

Mr. BURDICK asked and was given permission to extend his remarks in the RECORD and include a clipping from the Richmond Times-Dispatch on diseases in tobacco.

Mr. CANFIELD asked and was given permission to extend his remarks in the RECORD and include a letter and a resolution.

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the RECORD and include an article on Guam.

Mr. JENISON asked and was given permission to extend his remarks in the RECORD in two instances and in each to include extraneous matter.

Mr. O'KONSKI asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD and include certain newspaper material.

Mr. BYRNES of Wisconsin asked and was given permission to extend his remarks in the RECORD and include certain tables.

Mr. MERROW asked and was given permission to extend his remarks in the RECORD and include a resolution on China that he introduced at the beginning of this Congress.

Mr. JENSEN asked and was given permission to extend his remarks in the RECORD and include an editorial from the Atlantic News-Telegraph entitled "Up to You."

Mr. SMITH of Kansas asked and was given permission to extend his own remarks in the RECORD.

Mr. COLE of Kansas asked and was given permission to extend his remarks in the RECORD and include a radio address by former Senator Capper, of Kansas.

Mr. BOGGS of Delaware asked and was given permission to extend his remarks in the RECORD on the subject of aid to the blind.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and to include extraneous matter.

Mr. TAURIELLO asked and was given permission to extend his remarks in the RECORD and include certain comments made regarding the McKenzie report which criticizes certain functions of the Customs Service in the Treasury Department, notwithstanding the fact that it exceeds the limit fixed by the Joint Committee on Printing and is estimated by the Public Printer to cost $937.50.

VOTE AGAINST ECA BILL

Mr. WHITE of Idaho. 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 Idaho?

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, I desire the RECORD to show at this point that I voted against the ECA appropriation bill just passed.

CHAIRMAN OF THE ATOMIC ENERGY COMMISSION

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, the Atomic Energy Commission, being one of the most important and delicate organs of our Government, I think all Americans should be deeply gratified by the high-minded spirit of public service being shown under great stress by the Chairman of that Commission, who on two successive days now has done two things every American should admire and applaud in a Government servant: First, taken the burden of the mistake of one of his subordinates on his own shoulders in saying that it was his responsibility; and, second, inviting, because of the critical importance of the task of AEC, the most widespread inquiry into all his own actions as Chairman, and the operations of the Commission. I think it augurs very well for the result to the Nation that this investigation is to be undertaken by the Joint Congressional Committee on Atomic Energy, particularly charged with the responsibility for this Commission. This committee should—and I am sure will—proceed with justice, and, in view of the demonstrated talent for public service and fine public spirit shown by this great public servant, the Chairman of the AEC, and by his distinguished colleagues on the Commission, with care.

There is appended hereto the text of the plea for an investigation referred to above:

Hon. BRIEN MCMAHON,
Chairman, Joint Congressional Committee on Atomic Energy, Washington, D. C.

DEAR SENATOR MCMAHON: A full, complete and speedy report on the charges that the United States atomic energy program is virtually a failure is a matter urgently necessary; the investigation initiated by the McMahon committee and to be carried out by it is welcomed.

The charges by Senator HICKENLOOPER of incredible mismanagement, misplaced emphasis, and maladministration involve nothing less than the security of this Nation and the peace in the world.

If it is true that the atomic-energy program is in an almost bankrupt condition, then this Nation, far from being the custodian and trustee of a substantial stock pile of atomic weapons, and in a favorable production situation, is in a sadly weakened condition. If this were true it is difficult to imagine any single fact more disturbing to the peace of mind of the people of the country or to the security of the world's democracies.

The facts on this crucial test of our stewardship can be readily established.

That in an enterprise requiring the services of some 60,000 human beings there have been mistakes and errors goes without saying; this has been freely admitted. Working with the atom does not make human beings perfect and beyond error. For these errors and mistakes the Commission has and will continue to accept full responsibility. The failure to follow explicit Commission regulations in the matter of the uranium oxide at the Argonne laboratory in Chicago is such an instance. In the handling of many of thousands of tons of crucial materials, in various forms, the Commission and its contractor-employees have sought and will continue to seek to improve on methods of accountability, that will keep the element of human fallibility at a minimum; no system can eliminate the human factor entirely.

Among the hundreds of decisions of policy thus far made by the commission, and those that will be made in the future, there are many the soundness of which is and will be subject to differences of judgment among equally sensible men. Such a case is that concerning scholarships for nonsecret study, awarded by the National Research Council of the National Academy of Sciences as contractor for the Commission. The policy of the council and the Commission has in the last 10 days been changed to meet the objections, on public policy grounds, strongly expressed by Members of the Congress. But the difference was one of judgment on which equally patriotic and reasonable men could have and do entertain differing views. The export to scientists abroad, of isotopes, announced by the President in September 1947, is another instance. This was done upon the unanimous recommendation of distinguished advisers of the Commission. There are bound to be cases of underestimating of construction costs by contractors of the Commission in connection with urgently needed facilities of a wholly new kind. These are properly subject to criticism. But they were common experience during the war and today in industry generally.

The Joint Committee on Atomic Energy of the House and Senate was established by the McMahon Act to review and consider, among other things, differences of judgment on policy, and to receive and consider and appraise the rate of progress, or lack of progress in the substantial work of this project—one of the largest enterprises and most complex in history. Numerous reports, largely secret or top-secret, and frequent hearings, conferences, and staff liaison have made your committee essentially—and rightly so—a continuous congressional investigating committee.

The test of whether there has been and is incredible mismanagement and a grave situation in this country's atomic energy program can be made a quite specific test, or series of tests. The country, I suggest, is entitled to and will want to know the answers to such specific questions as the following, among others, and we welcome the decision of your committee to proceed to the making of such analysis of report.

(1) Has the Commission failed in its stewardship at a time of great tension in its obligation paramount to all others; i. e., the production and improvement of these complex scientific weapons? What is the state of our atomic weapons—the order of magnitude of the stockpile; the improvements made in the last 2½ years in new weapon design. What has been the progress in the last 2½ years of our stewardship? What is the progress today in still further improvements, and the quality of personnel and the morale of those engaged in this work?

(2) How about production of fissionable materials—the essential ingredients of atomic weapons? Is it on a secure basis? What situation did the project face concerning disruption of production and how successful were the steps taken to overcome them? We assert, and our reports to you have made clear, that production is now at the highest level in history, with the same facilities; that new facilities are approaching the production state.

(3) How has basic and applied research progressed since the Commission took responsibility—and where was it when the Commission took over?

(4) How about security?

What was the state of physical protection of plants when the Commission took over? Has this improved, and in what ways?

What about security of secret documents—what was the situation when the Commission began, and what is it today?

What about accountability for source and fissionable materials? What was the situation in 1947? What is it today?

(5) What about the investigation and clearance of personnel—what was the situation, and what is it today?

There are many other areas of inquiry that your committee will engage upon, in addition to those carried on by it continuously as a regular practice in the past.

But the chief question I believe is this: Is this country weak today in atomic weapons and materials, and in their production and improvements, as implied by the broad and grave charges leveled against the Commission?

It can be stated categorically that the record in this respect is a proud one. It is one to give great reassurance to the peoples of the world who as one of this hour rely upon the strength of the United States of America.

In order that the fears and misapprehensions on this score may be settled beyond peradventure and as promptly as it is possible. It is urged that the joint committee call before it immediately not only the Commission, its staff, its principal industrial and university contractors, but also other citizens of the highest renown and technical standing, including the distinguished members of the general advisory committee and other advisory groups for their testimony and appraisal. In this way the dangerous cloud of uneasiness resulting from these charges will be dispelled.

Sincerely yours,
DAVID E. LILIENTHAL,
Chairman, United States Atomic Energy Commission.

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. MULTER] is recognized for 10 minutes.

RISE OF ANTI-SEMITISM IN VARIOUS PARTS OF EUROPE

Mr. MULTER. Mr. Speaker, in recent months leaders of interfaith movements throughout the world have become increasingly concerned over the rise of anti-Semitism again in various parts of Europe and more particularly in Russia and its satelite states. The attempt is again being made to use Jews as the scapegoat of totalitarian dictatorships. History tells us that such attacks are always the forerunner of similar attacks upon all religious and freedom-loving peoples.

With the horrors of Buchenwald and Dachau still fresh in the minds of people everywhere, the Soviet Union seems to have adopted the Hitler-like policy of singling out Jews in a campaign of vituperation which would have put Herr Goebbels to shame.

The American Jewish Committee, that stanch patriotic national Jewish group, which has such leaders as former Governor Herbert Lehman, as honorory vice president, and former Supreme Court Justice Joseph M. Proskauer, as honorary president, has already termed the campaign against Soviet Jews both violent and official.

Complete documentation of the incredible Soviet campagn to smear the Jewish people of Russia, a campaign obviously directed by the Kremlin, is currently appearing in the New York World-Telegram in a series of articles by Frederick Woltman, the noted authority on communism and a Pulitzer prize winner.

I understand that my colleague from New York [Mr. DOLLINGER] intends to place the entire series of articles in the CONGRESSIONAL RECORD. I hope all our colleagues will read them with care.

On May 19 I wrote a letter to Mrs. Eleanor Roosevelt as a member of the United Nations Commission on Human Rights, which reads as follows:

DEAR MRS. ROOSEVELT: Your attention no doubt has been directed to the series of articles that have been appearing in the Scripps-Howard newspapers throughout the country and in the World-Telegram locally, indicating that the Soviet government has apparently opened up a drive against Jews living within the confines of its borders.

This matter, I am sure, could not have escaped the attention of one who has been so vigilant in the cause of human freedom. While you and your colleagues on the Human Rights Commission are striving so strenuously to raise the standards of human dignity, we are here confronted with what may easily spread into another Hitlerian conflagration. As you have said so often, totalitarianism whether under the name of fascism, nazism or communism is always a threat to all freedom-loving peoples. These renewed Soviet attacks upon a minority group is but one of the many bad things that such a philosophy of government breeds.

I respectfully suggest that you and your colleagues make inquiry as to the truth of the charges made in these articles and then attempt to devise ways and means of correcting this very grievous situation.

With kindest personal regards, I am
Sincerely yours,
ABRAHAM J. MULTER.

Further proof of the justification of the charges I have made will be found in articles which appeared in the New York press.

On May 19 the New York Herald Tribune carried a news item as follows:

RUSSIA ACCUSED OF ASEMITISM POLICY ON JEWS—LEAGUE'S STUDY DESCRIBES TREND AGAINST JUDAISM AS NONAGGRESSIVE TYPE

The American Jewish League Against Communism, Inc., made public yesterday a study of conditions of Jews in Russia in which the Soviet Government is accused of asemitism or a nonaggressive anti-Jewish attitude as contrasted with anti-Semitism which is aggressively anti-Jewish.

The study was prepared for the league, which has offices at 220 West Forty-second Street, by Gregor Aronson, a former member of the Moscow Soviet and now a member of the editorial staff of Novoye Russkoe Slovo, a Russian-language daily published in New York.

Mr. Aronson's conclusion is that Jews in Russia have been left completely defenseless against Soviet tyranny. "Their past has been stripped from them and their future is bleak," he said. He argued that Russia is trying to stamp out all manifestations of Judaism.

Describing the Soviet Government's attitude as asemitism, Mr. Aronson wrote:

"Asemitism differs from anti-Semitism in that it is not aggressive. It is not Jew hatred in the usual sense of the word. It is more complicated and completely psychological. It seems to be characterized by indifference to the Jews and any matter in which they, as Jews, are involved."

Mr. Aronson accused Russia of bringing asemitism into the open during the period of the Nazi-Soviet pact.

"During this period," he wrote, "the policy of ignoring the Jewish question in general and the Nazi plans for the destruction of the Jews in particular, became a conscious one."

The National Advisory Council of the American Jewish League Against Communism includes Benjamin Gitlow, former Communist official; Councilman Walter R. Hart, Democrat, of Brooklyn; Isaac Don Levine, writer and editor; Eugene Lyons, writer; Representative Abraham J. Multer, Democrat, of Brooklyn; Morrie Ryskind; and George E. Sokolsky, writer.

On May 22 Rodney Gilbert wrote in the New York Herald Tribune as follows:

FEATHERS FROM THE LEFT WING—COMMENT OF SOVIET ANTI-SEMITISM, SOCIALISM, AND SUNDRY MATTERS

(By Rodney Gilbert)

I have been meaning for a long time to remark that the leftist papers from which I quote much stormy rhetoric are not always gritting their teeth and hurling invectives. Many of them regale their readers with excellent cartoons, caricatures, light verse and quips. There is no space here for such material; but I shall make space for two sample quips on the same theme—Russian inventive genius. This one appeared in a recent number of the U. E. News, organ of the embattled left-wing electrical workers: "Did you see where a Russian claims to have invented movies that smell? Couldn't be. We've been seeing such for years." Then this is from the New Leader (social democratic): "Russia's extravagant claims of having pioneered all inventions do not go far enough. To be consistent she should claim credit for the original chaos at the dawn of creation." In its Ted Tinsley, the Daily Worker has a real grade A satirist, but to me its angry extravagances are always highly diverting. The Daily Worker has vied with other leftists in the invention of such descriptions of the unsubsidized daily papers as "the commercial press," "the dollar press" and "the kept press." But, being exceptionally angry about the publicity given to renegade Communists, a Daily Worker editorial of May 11 sought and found a new name for us. We are now the prostitute press.

That new independent socialist publication, the Monthly Review, which the Socialist Call hailed unfraternally a few weeks ago as another Communist front paper, is off the press. Having no knowledge whatever of the inspiration behind it, I cannot endorse the Call's description of it; but, in an introductory statement, the editors, Messrs. Leo Huberman and Paul M. Sweezy, frankly announce that their attitude toward Stalinism is by no means hostile. They define the objectives of socialism as they see them, and then say: "The possibility and workability of such a system of society are no longer open to doubt.

"Socialism became a reality with the introduction of the first 5-year plan in Soviet Russia in 1928. * * * We find completely unrealistic the view of those who call themselves Socialists, yet imagine that socialism can be built on an international scale by fighting it where it already exists."

SIX KINDS OF SOCIALISM

Now, besides the Communist Party, there are at least six groups in this country propagating what each thinks is socialism. Each finds most of the others at fault in some way—to put it mildly; but all agree informally on one thing, and that is that Stalinism is not socialism or communism of any kind, living or dead. I am sure that these editors are going to hear that from most if not all of these sects. If they could only be brought to say it in chorus, no one but the Kremlin's own fifth columnists would have the temerity to allege that socialism has been a reality in Russia since 1928. Elsewhere, in their introductory statement, these editors tell of the decline of socialism in America's esteem since the days of Eugene Debs, until now, "for the great majority of Americans socialism is little more than a dirty word." They are going to hear from many sources the obvious explanation of that. Because the various schools of socialism do not get together and denounce the Muscovite use of the word socialism, and because the American people have acquired a better understanding of the enslavement of the Russian people and other victim peoples, from year to year, socialism is to the majority a "dirty" Russian institution.

I have already given space several times to the leftist reaction to Soviet anti-Semitism. Now that this has boiled up out of the obscure publications of the cultists into "the prostitute press," the anger and alarm of the Communist Party is vociferously expressed. I have a little stack of clippings from the Daily Worker—editorials, special articles, and advertisements on the subject. An exhibition to show how the lot of the Jews in Poland has been improved has been hastily arranged. The pro-Stalinist Jewish Labor Congress has been thrown into action against the anti-Stalinist Jewish Labor Committee. The cartoonist Gropper has been called upon to wire back from Moscow to tell how Stalin esteems and honors Jewish cultural leaders. To our local fifth columnists this charge of anti-Semitism seems to be far more disturbing, indeed, than the international resentment of Cardinal Mindszenty's treatment. Why the Kremlin should risk the hostility of world Jewry at this point and the loss of Zionist esteem, gained through support of Israel in the United Nations, must be a baffling question to many observers. I think that the answer is to be found in an article written last November by one Valentin Toma on the brutal liquidation of the Greek Catholic or Uniate Church in Rumania, forced into "coordination" with the orthodox church after the latter had been geared to Stalinism. This is reproduced in the New International (junior Trotskyist) for March. Read this paragraph:

SOVIET ANTI-SEMITISM

"Stalin's puppet popular democracies, like all other totalitarian dictatorships, are driving hard toward the integration of every section of social life into their regimes. Nothing—absolutely nothing—is permitted to escape this drive. Sooner or later the ruling Stalinist party gets around to the "gleichschaltung" (as the Nazis used to call it) of the smallest youth organization, the most timid women's movement, the most insignificant sport association, the most distant reading circle, and finally, even the humblest parish. Willy-nilly, all of them are laced into the strait jacket." That was written to explain why the Uniate Church had to be extinguished. Old Bolshevism fought Russian Orthodoxy and propagated atheism, because the church in Russia was geared to czarism. During the war there was a resurgence of religious feeling in Russia which the Kremlin dared not try to suppress. Instead it found religious leaders who were ready to gear it to Stalinism and to declare blasphemously that "the voice of Stalin is the voice of God." So the Russian Orthodox Church, now as completely subservient to Stalinism as it once was to czarism, and as much an instrument of policy, is the one church to which all Christian organizations in the captive nations must be geared or perish. The Uniate Church looked to the Vatican and not to Uncle Joe, professed atheist, for intermediation with God. So, like the little Protestant bodies in Bulgaria, it just had to be extinguished.

REASONS BEHIND THE CAMPAIGN

But what has this to do with the Jews, and with the Kremlin's dissemination of ill will against them—as rootless cosmopolites—in Russia and among the victim peoples? It is simply that they have dared to turn their backs on the Kremlin and look at Israel with lively interest. The small fry, whose anxiety to get there suited the Kremlin while it worried the British, are now having a very evil influence upon the millions of others who would like to be anywhere but in the Red Elysium. Then, the interest of the intellectuals in Israel diverts their attention from that glorious light in the sky over the Kremlin to all kinds of world doings and stimulates a hunger for knowledge of them which would, in itself, be a menace to the security of the grand Red khanate. The little Jews who are setting everyone else such a rotten example by abandoning all they own to scramble up a gangplank onto anything outward bound, have got to be slapped down. Their bunds, their Mapams, their educational farm colonies, must be wiped out at once. And so it has been most vigorously done. And the warning to the highly placed Jewish intellectuals in Russia is: "Attention. Or else."

So I have used nothing out of a great mass of clippings on the lifting of the Berlin blockade, the show-down fight between the CIO and the Stalin-dominated unions, and the flight of Gerhart Eisler—whose rearrest in a British port is, of course, a disgrace to humanity in the Daily Worker. But since I found the New Republic's last special supplement on the Fair Deal, a bundle of twaddle, I must add here that that paper's most recent supplement (May 16) is a swell job. It is a report on a symposium. The question put to a number of real and alleged authorities was: "How strong is Soviet Russia?" The meek mumblings of fellow travelers, who usually yelp like coyotes, will be most depressing to the cognoscenti just off Union Square.

The only answer, and that is not official, that I have seen with reference to

these charges is that Soviet Russia and her satellite states are not attempting to throttle Judaism but are attempting to stamp out Zionism. Such an answer is merely an evasion of the charge.

Only yesterday our distinguished Secretary of State Dean Acheson pointed out in Paris, France, that Russia and its satellite states consistently refused to permit the outside world to know what goes on behind the iron curtain.

I join Secretary Acheson in challenging the Soviet authorities to permit the representatives of the United Nations to enter Soviet Russia in order to freely determine the true state of affairs.

Mr. DOLLINGER. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. DOLLINGER. Mr. Speaker, Soviet Russia has long pretended to the world that it was a model of racial equality, in its campaign for world dominance. It sought the support of the smaller powers and brought them into a federation controlled by the Kremlin on the strength of promises of equality.

It was, therefore, all the more startling to read a series of articles recently written for the New York World-Telegram by Frederick Woltman, a writer of integrity and ability—a former Pulitzer prize winner—wherein the true picture was pointed out. We find that Russia is waging a fierce campaign against leading Jewish intellectuals of Russia to purge them from the cultural life of the country. This incredible development in a nation where discrimination is supposed to be a state crime was definitely established recently from very authoritative sources.

It has been shown that Russian Jews are being persecuted, that the Kremlin is following Hitler's pattern and that the Russian Jews are the 1949 victims of Stalin's mounting cold war on the western democracies. The same old tricks are being used—a special vocabulary has emerged—the Jews being called rootless cosmopolitans, lowly cringers; the Soviet press now adds, in parentheses, the Jewish family names of artists, writers, and professional people, whose Russian-sounding names fail to disclose their Jewish ancestry.

Hitler, in his rise to power screamed out the accusations that the German Jews were under-cover allies of the Anglo-American warmongers, betrayers of German destiny—the very same attack which Russia is now using.

We are told that the Soviet Union has ruthlessly suppressed Zionism for the last 30 years. Many thousands have been exiled to Siberia. Hebrew, the religious language of the Jews is banned, and Judaism has virtually been obliterated in the Soviet Union. We see the pattern repeated—the persecution of the Jews being the first step in a program of world conquest.

I believe that this campaign in Russia against the Jews is one which should have the attention of this House and our Nation, and that we should take necessary steps to call these acts of the Kremlin to the attention of people the world over. Russia—the motherland of communism—which has profited greatly by her pretended belief in equality for all should be exposed. The spotlight should be focused directly upon her. In her cruel and ruthless purge of the Jews, she certainly does not practice what she preaches—and those to whom she would sell her ideology should know of her deceit.

Six million Jews have already perished because of similar tactics under Hitler. Likewise, many millions of others in minority groups have been annihilated in such programs of terror. Let us not keep silent until it is too late and more millions suffer a similar fate. It is possible for all human beings, regardless of their religion, color, creed, or nationality to live together as one. It is America's duty to lead the way. This House should focus the spotlight upon Russia and also request Eleanor Roosevelt, who heads the Commission on Human Rights in the United Nations, to lay the facts before that body for such action as would be appropriate and effective.

Under unanimous consent, I insert in the RECORD the articles referred to, written by Mr. Woltman, which deal with this vital question, and in which he so succinctly discusses the problem. In my opinion, the articles should be read by all people who are interested in equality for all.

MOSCOW HATE BARRAGE BLASTS JEWS—NAZI-LIKE ANTI-SEMITISM PERILS INTELLECTUALS, DENOUNCES ISRAEL

(By Frederick Woltman)

Nazilike attacks against Jews have become government policy in Soviet Russia.

The U. S. S. R., long held forth to the world as a model of racial equality, is waging a fierce campaign against leading Jewish intellectuals of Russia to purge them from the cultural life of the country.

Since January, the Soviet press and Communist Party apparatus have been pouring out tirades reminiscent of Hitler's unceasing and self-serving crusades against "the international Jew."

Such a barrage, loosed by the government and press of America, would be regarded here as the worst kind of anti-Semitism.

CAMPAIGN CALLED VIOLENT

Coupled with it, the Kremlin has launched a parallel onslaught on Zionism and on the leaders of Israel who, the Kremlin spokesmen charge, would sell out their own people "for the sake of the dollar."

This incredible development—in a nation where discrimination is supposed to be a state crime—was established in a survey by the World-Telegram, based chiefly on Jewish sources. One of them, the American Jewish Committee, terms the campaign against Soviet Jews both violent and official.

Thus far, only fragmentary reports have come through the world's tightest censorship from Moscow.

But they are sufficient to arouse grave concern among the leaders of American Jewry, who wonder if the Jews once again are to be made the scapegoats of a totalitarian regime.

Meanwhile, the American Communists are running true to form. On the issues of Zionism and the new State of Israel, they have faithfully echoed the Moscow line. Zionist leaders, inside Israel and out, according to the Freiheit, official Yiddish organ of the Communist Party, are trying to transform Israel into a bastion of Jewish reaction and a prop of Anglo-American imperialism.

CULTURAL FIELD HIT

Recently, greatly embarrassed, the party here has sought to explain away dispatches which reported Soviet denunciations of Jews.

The campaign against the Jewish intellectuals, the survey showed, encompasses the entire field. It includes the theater, literature, music, the cinema, poetry, philosophy, science, even the sports.

Their crime, as charged, is cosmopolitanism, an expression exhumed from the anti-Semitic writers of Czarist Russia. Because of their ties outside Russia, their kinship through a common language with the Jews in the rest of the world, Jewish writers, artists and scientists in the U. S. S. R. suddenly became cosmopolitans.

Master mind of the crusade was Alexander Fadayev, head of the Soviet writers' union and chief Russian delegate to the Waldorf-Astoria cultural conference here last March. Pravda, central organ of the Russian Communist Party, touched off the fuse on January 29. The entire Soviet press responded promptly with extraordinary venom.

TARGET BECOMES CLEAR

That their target was the Jews became clear almost at once—by resort to the concept of the wandering Jew.

Thus, today's internal enemies of the U. S. S. R. are not only cosmopolitans, they're the homeless cosmopolitans.

Love of Country; Hatred of Cosmopolitans was the title of an editorial in the Literary Gazette, authoritative organ of the Soviet writers' union on February 12. "It is our patriotic duty to eliminate these passportless vagrants, these stowaways, these people with no kin, no country," screamed the Gazette.

SPECIAL VOCABULARY

A special vocabulary emerged to fit the new crime. Its perpetrators, according to the Soviet press, are:

"Rootless cosmopolitans, lowly cringers, double-facers, shameless aesthetes, salesmen, hooligan-like, antipatriots, double-dealers with traitors' souls, no tribe—no fatherland—no country."

Also "Jewish bourgeois nationalists."

Part of the pattern is somehow to identify the Jewish intellectuals under fire with the western democracies which, in the Communists' dictionary, are synonymous with reactionary and imperialist.

"In whatever clothes it is arrayed," declared the Literary Gazette in March 2, "whatever its pseudonym, whether the guise be pan-Americanism, Catholicism, Zionism, or any other name, cosmopolitanism actively serves the interests of the imperial reaction."

CRIME DEFINED

Since neither pan-Americanism nor Catholicism carry much weight in the U. S. S. R., Zionism would appear to be the principal offender.

Konstantin Simonov, the Soviet writer, defined the crime as "the desire to undermine the national roots of national pride because people without roots are easier to push over and sell into slavery to American imperialism."

The Communist Daily Worker simply calls cosmopolitanism the cultural weapon of Wall Street imperialists.

How the drive against cosmopolitanism is further applied to Russian Jews will be developed in detail tomorrow.

MOSCOW ADOPTS CLASSIC TACTICS OF ANTI-SEMITES

(By Frederick Woltman)

The standard device of anti-Semites the world over—subtly reiterating the racial origin of their Jewish targets—has now become standard practice in Soviet Russia. For the past 3 months the official Soviet press has used it on a wholesale scale against leading Jewish intellectuals in the Kremlin's drive to purge all Russian cultural life of homeless cosmopolitans and people without tribe.

Their technique invariably is to add, in parentheses, the Jewish family names of artists, writers, and professional people whose Russian-sounding names fail to disclose their Jewish ancestry.

Thus, when Komsomolskaya Pravda, official organ of Communist youth, on March 6 attacked Jewish sports writers as passportless wanderers, it listed them as G. Yasny (Finkelstein), V. Victoroff (Zlochevsky), and A. Svetoff (Sheidlin).

OTHERS ADOPT TECHNIQUE

Pravda, Izvestia, the Bolshevik, Literary Gazette—foremost mouthpieces of the Stalin state—have adopted the same technique, according to a survey by the World-Telegram which disclosed an incredible frontal attack on Jews in the motherland of communism.

Designations like this appear regularly: J. Chatsazav (Meyerowitz), J. Stebun (Katzenelson), L. Zhadanov (Lipschitz), J. Martish (Finkelstein), and L. Sendof (Schmulson).

Emphasis on Jewish origin, rather than identification, is clearly the purpose. For whenever the Russian name appears more than once in the same diatribe, even if only a few lines apart, the Jewish name is invariably tagged on each time.

USED BY NAZIS

The same device of double naming was used by anti-Semitic Russian White Guardists after the Bolshevik revolution to imply Jewish control of the new Soviet state. Later, the Nazis employed it; and so did native Fascist groups in America.

It's unprecedented, both in the USSR and under the Czar.

In contrast, although many non-Jewish Bolshevik leaders took new names for security reasons, you'll never find a news story in the Soviet press about V. M. Molotov (Skriabin) or Josef Stalin (Djugashvili).

VOICE BROADCASTS STORY

So scandalous has the anti-Jewish drive become, the World-Telegram learned, that the State Department seized upon it for America's war of words with the Soviet propaganda machine.

To date, the State Department has taken no official cognizance of it for American consumption. But in the last few days of April, the Voice of America beamed the story overseas in Bulgarian, Czech, Russian, Hungarian, Polish, German, and English.

The series of broadcasts went unpublicized here. To the listeners behind the iron curtain, however, they bore the imprimatur of the United States Department of State.

"In recent months, the Soviet campaign against cosmopolitanism has assumed a certain racial bias which gives it an even greater significance," the broadcasts said. They told of the insertion of Jewish names.

OFFICIALLY INSPIRED

And they referred to recent Moscow dispatches as agreed that the campaign against Jewish critics is officially inspired and anti-Semitic in tone and * * * that the officially inspired campaign to intimidate Jewish writers in the U. S. S. R. casts a cynical light on Communists' pretensions that they are against all forms of racialism.

This is the first time that anti-Semitism has become official in the U. S. S. R. according to Gregor Aronson, a student of current Russian life, expelled former member of the Moscow Soviet and now a staff writer for the New York Russian daily, Noroye Russkoe Slovo.

Because they're so widespread, the attacks on Soviet Jews as cosmopolitans could only have been ordered by the Moscow Politboro, he writes, in a forthcoming documented pamphlet Soviet Russia and the Jews. Published by the American-Jewish League Against Communism, 200 W. 42d St., the study soon will be on sale there for 50 cents.

QUOTES PRAVDA

To show how deeply the anti-Jewish campaign has penetrated all facets of Russian culture, Mr. Aronson quotes the March 5 Pravda, official organ of the U. S. S. R. Communist Party:

"Homeless cosmopolites who know nothing of creative labor, of truth and honor, have crept into our editorial offices, scientific institutions and universities. They are people who feel no duty toward the nation, the state or the party.

"It is our urgent task, therefore, to smoke these bourgeois cosmopolites out of their holes because these individuals without a people or a country hinder the development of Soviet literature."

Out of one list of 50 homeless cosmopolites excoriated in the Soviet press during February and March, he writes only two or three were non-Jews.

That's the pattern of the U. S. S. R.'s astonishing crusade against its internal enemies of 1949, as the third article on the World-Telegram's survey will show further tomorrow.

RUSSIAN JEWS ARE VICTIMS OF KREMLIN'S COLD WAR

(By Frederick Woltman)

Russian Jews are the 1949 victims of Stalin's mounting cold war on the western democracies.

Hitler, in his rise to power, screamed out the accusation that German Jews were undercover allies of the "Anglo-American warmongers," betrayers of Germany's destiny.

Today, in true totalitarian kinship, the powers in the Kremlin plagiarize the Nazis. "Obsequiously looking to the west" and "groveling before the Anglo-American imperialists" are the standard, trumped-up charges of the Soviet propaganda organs against the Jewish intellectuals due to be stamped out of Soviet culture.

They've borrowed another Nazi weapon, the symbol of the hooked nose.

Krokodil, Moscow's satirical magazine, on March 10 ran two pages of cartoons lampooning "homeless cosmopolitans" accused of besmirching Soviet drama, music, poetry, and movies. The "cosmopolitans," as depicted, were particularly loathsome-looking. Several had worm-like bodies. One of the movie critics waved a banner: "Go to Hollywood."

All were drawn with hooked noses, grossly exaggerated.

"Pitiful and unpleasant," says the caption, "are the quiet skeptics, the abstract persons, the passportless vagabonds of the human race."

In a blast at the "cosmopolitan literary critics," the March 20 issue ran a full-page caricature of one, wearing a dagger in his belt and carrying an enormous poison pen. A name tag pasted on his suitcase read "Andre Zhid." This presumably referred to Andre Gide, the French writer who is unpublished and virtually unknown in Russia.

However, the Andre was shaded and the Zhid caught the eye. Zhid, a favorite expression in pogrom literature of Czarist Russia, is familiar to all Russians. The translation is the viciously slanderous word "kike."

"Stamp out completely the foes of the Soviet drama, theater, cinema and of the entire Soviet art—the anti-patriotic group of homeless cosmopolitans and their hangers-on," demanded the March 9 Literary Gazette, official mouthpiece of the Soviet writers union.

"We get no help from these critic-cosmopolitans in unmasking serious manifestations of Jewish bourgeois nationalism, in particular in the Almanach, Der Shtern, which we had to suppress. * * * It encouraged nationalistic trends, smug, small-town psychology. It went even so far as to assume that a Jew living abroad is equal to a Soviet Jew."

The American Jewish Committee, a leading national Jewish organization in the United States, declared recently in a report, "Jews Behind the Iron Curtain": "Since the closing of the Moscow Einikeit (in January, 1949) and the Shtern in the Ukraine, there are no Yiddish periodicals left, except possibly in Birobidjan." Birobidjan is the so-called autonomous Jewish Republic in the U. S. S. R.

ASSAILS JEWISH THEATER

N. J. Gusarov, head of the Byelorussian Communist Party, on February 17 excoriated the one Jewish theater in the White Russian Republic. It "puts on unpatriotic plays in which the patriarchal life of the Jewish petty bourgeoisie was idealized and life in bourgeois America praised. * * * Homeless cosmopolitans, combined with direct obsequiousness to things foreign, have found expression at the Jewish theater."

The theater was closed.

The February 20 issue of Culture and Life, organ of the Communist Party's propaganda department, lambasted "bourgeois cosmopolitan" music critics.

Their offenses: "Groveling before Anglo-American, decadent art" and "depicting a musical paradise in the American land."

Jewish sports writers were excoriated as "passportless wanderers" by Komsomolskaya Pravda, central organ of Communist youth. They were accused of writing that a Soviet wrestler was inspired by Jack London, rather than his love for the motherland, and claiming that football was brought into Russia by employees of the Indo-European Cable Co.

WRITERS SINGLED OUT

Literary Gazette singled out even Jewish writers as "rah-rah cosmopolitans," charging them and the Jewish State Theater in Moscow with "unpatriotic activities."

Because he credited Sir Alexander Fleming with the discovery of penicillin, the well-known Jewish scientist, S. Altschuler, was attacked by Komsomolskaya Pravda as a "homeless cosmopolitan." Everybody knows, said the paper, that the drug was discovered by Russians.

Because it allegedly fell under "American influences," the Soviet Academy of Architecture was completely reorganized last month. The chief offender was Moises Gintsburg. Soviet Art, published in Moscow, accused him of championing western European and American architecture.

"The hostile activities of bourgeois cosmopolitanism," warned Soviet Art, "will be unmasked to the end."

PROFESSOR A SCAPEGOAT

"Unmask the preachers of cosmopolitanism in philosophy," demanded Culture and Life on March 10. This time the scapegoat was the Jewish professor, M. Rosenthal. The offense: His philosophic views of Chernychevsky failed to give enough praise to the patriotism of the Russian philosopher.

"Deliberate neglect of patriotism can only be qualified as bourgeois cosmopolitanism," Culture and Life warned.

ZIONISM OUTLAWED IN RUSSIA

(By Frederick Woltman)

The Soviet Union has ruthlessly suppressed Zionism for the last 30 years.

Since the days of the Bolshevik Revolution, thousands have been exiled to Siberia, never to be heard from again. Hebrew, the religious language of the Jews as well as the tongue of a renascent Palestine, is banned. Jewish religious schools for children are outlawed.

Indeed, the U. S. S. R.'s success in wiping out Zionism is matched only by the extermination of all things Jewish by Hitler's Germany.

And today, the land of the hammer and sickle is the sole power on earth which makes the movement for a Jewish homeland illegal.

KNOWN TO LEADERS

While unknown to the general public, these facts are familiar to key leaders of Jewish groups in this country, such as the World Zionist Organization of America and the American Jewish Congress.

"Since the early twenties, I have never seen any record of Zionist activities in Russia," Carl Alpert, national education director of the World Zionist Organization, told the World-Telegram.

The last open meeting of Zionists took place in Moscow in April 1920. Its backers were arrested, imprisoned and denounced by the new regime as counter-revolutionaries and enemies of the people, charges akin to treason under Communist ideology.

This long-standing hostility to Jewish nationalism now has found a logical outlet. The current wave of intimidation and abuse which the Politburo recently turned on Russian Jews, as revealed by these articles in the World-Telegram.

CAN'T GO TO ISRAEL

Meanwhile, for outside consumption, the U. S. S. R. has been supporting Israel in the UN and the Kremlin and its agents throughout the world make political capital of it.

Yet, emigration of Russian Jews to Palestine was always strictly forbidden.

Finally, 3 weeks ago, the Soviet Union granted its first visa to Israel—to a one-legged war veteran who won the Order of Stalin. It took 2 years and the intercession of Israel's Minister to Moscow. Thousands of other Soviet Jews have not been so lucky.

When the Bolsheviks came to power, the Jews were the first to suffer, according to Gregor Aronson, a student of Soviet life whose 50-page documented pamphlet, Soviet Russia and the Jews, will soon be published by the American-Jewish League Against Communism, 220 West Forty-second Street.

SEMINARIES CLOSED

"With the Bolshevik revolution came the dictatorship of the Jewish Bolsheviks over Jewish communal life, through the 'Jewish Commissariat'," writes Mr. Aronson. "In a short time, it had liquidated the Jewish community organizations, forbidden Jewish religious schools and seminaries, communized or closed all Jewish societies.

"The commissariat then began a bitter struggle against Zionists, Jewish liberals and radicals, the Bund (Jewish trade-union Socialists), rabbis and all other religious officers. All but the official Communist publications were banned, of course."

In the 1930's, it became impossible to publish any books, even purely scientific works, in Yiddish, says Mr. Aronson.

With the 1934 purges, he relates, all Jews participating in Jewish communal life were removed from official posts and exiled or liquidated. The list was "very impressive," including the first Jewish Commissar, an old Bolshevik, Dimanstein, who for 20 years had been considered Stalin's eye in the Jewish group.

CAMPAIGNS SIMILAR

The 1934 purge furnished striking parallels to the current campaign in the official Soviet press and the Communist Party apparatus against homeless cosmopolitan intellectuals. Hundreds of Jewish historians, writers and artists, etc., were denounced as spies, diversionists, Fascists, Trotskyites and counter-revolutionists.

By 1940 Stalin had closed the local offices of the joint distribution committee, largest nongovernmental agency to aid distressed Jews outside America, and of ORT, oldest private Jewish organization devoted to vocational training.

Although JDC and ORT had performed valuable services in the reconstruction of Russian Jewish life after World War I, their responsible Russian representatives were arrested in 1939.

Palestine newspapers were barred from Russia, Rabbi Meyer Berlin, of Jerusalem, president of Mizrachi, religious wing of the World Zionist Organization, told this writer when he visited American in 1947.

BAN BIBLE FROM MAIL

Nor could Hebrew literature, including the Bible, be mailed direct to Soviet citizens. There were no Hebrew calendars in Russia.

The Warsaw papers of February 3, 1939, ran an extraordinary item. It reported the prosecution of a Pole who tried to smuggle Jewish prayer books, shawls, and other religious articles into the U. S. S. R.

How the Kremlin's historic crackdown on Zionism has been extended to the entire realm of Jewish life inside Russia will be told in tomorrow's story.

RUSSIA CRUSHING ALL JEWISH CULTURE

(By Frederick Woltman)

Judaism, in fact the entire communal life of Russia's 2,000,000 Jews, has virtually been strangled in the Soviet Union.

The Communist dictatorship, after obliterating Zionism in the early twenties, set a calculated and relentless course of stamping out all forms of Jewish life—cultural, social, educational, and religious—from one-sixth of the earth's surface.

In consequence of the persistent pressure of totalitarian conformism, U. S. S. R. Jews are now in an advanced stage of religious and cultural disintegration.

This conclusion appeared in the May Reporter, published by the American Jewish Committee, one of the foremost Jewish organizations in America. Among the leading Jewish laymen who serve as its officers are former Gov. Herbert H. Lehman, honorary vice president; and former Supreme Court Justice Joseph M. Proskauer, honorary president.

Thus the motherland of communism—held up to the world as the very model of racial equality, respecting the diverse nationalities within its own borders—has put Russia's Jews beyond the pale.

Probably no better authority could be found attesting to the virtual disappearance of Jewish life itself in the U. S. S. R. than B. Z. Goldberg, columnist on the Day, New York Jewish daily. Himself a Soviet sympathizer, Mr. Goldberg is sponsor of the School of Jewish Studies, designated as "an adjunct of the Communist Party" by the Department of Justice.

Returning after a 6 months' tour of the U. S. S. R., Mr. Goldberg, as far back as August 14, 1946, wrote in the Day:

"There are no Jewish districts in the cities and towns. There are no specifically Jewish occupations; there are no Jewish hospitals; no Jewish old folks' homes; no Jewish clubs; no Jewish parties; no Jewish philanthropies; no Jewish educational institutions."

QUARTER MILLION IN MOSCOW

Earlier, on March 23, 1946, Mr. Goldberg wrote:

"There are a quarter of a million Jews in Moscow, and perhaps more, but it is difficult to reach them.

"The Jews have no special social sphere, special charitable organizations, clubs, or those hundreds of other Jewish community societies which Jews of other countries have. * * * Jewish education has virtually disappeared."

There is "a total absence of any Jewish life in Russia," wrote Jacob Lestchinsky in the New Leader of March 8, 1947. He is an economist for the Institute of Jewish Affairs, World Jewish Congress, and staff writer on the New York Daily Forward, largest Jewish newspaper in the world.

The destruction of Jewish education in Russia, wrote Mr. Lestchinsky, "means that the whole future generation of Jews will have no idea of Judaism, Jewish history, Jewish life in Palestine and in other countries."

RELIGION OR ANATHEMA

The Jewish religion "has come under the same Soviet anathema as all other religions," according to the American Jewish Committee's May Reporter. The AJC's analysis was based on a series of studies by Dr. Nathan Reich, chairman of economics at Hunter College and former research head of the Joint Distribution Committee.

"In substance," declares the AJC, "all Yiddish cultural activities had to conform to the dominant Communist ideology. More recently, however, even this devitalized form of cultural expression has been reduced to the vanishing point."

NO MERE ACCIDENT

"The long-run pattern is disintegration of Jewish life," says the American Jewish Committee. It points out that Jewish "charity organizations are taken over, relief agencies are obstructed, Jewish writers pilloried, communal leaders persecuted."

"This policy is not accidental," continues the report, "Judaism has traditionally fought tyranny, oppression and authoritarianism.

"The voice of the prophets, continually raised in behalf of social justice and enlightenment, expresses the democratic ideal inherent in the Jewish faith. Its classic liberalism and devotion to freedom and human dignity challenge the totalitarian way of life.

"Soviet policy is utterly disastrous to communal Jewish life. Totalitarianism spells its doom."

The deadly effectiveness of the "long-run pattern" was described in the Daily Forward of March 23, 1948, by a Polish Zionist leader, Dr. Julius Margolin, who spent 5 years at hard labor in Soviet "corrective" camps between 1939 and 1946. Telling of the Russian Jewish families he met in these camps, Dr. Margolin wrote:

"I wept inwardly when I looked at the children of those who had once been the advance guard of the Jewish people.

"The children and grandchildren knew nothing about Palestine, did not know the Bible, had no idea of the culture or the names dear to every Jew—just as though they had come from another planet."

RUSSIA ISOLATES ITS JEWS FROM WORLD TO WIPE THEM OUT IN RED MELTING POT

(By Frederick Woltman)

The iron curtain has been clamped down on Russia's 2,000,000 Jews. By isolating them completely from their brethren throughout the world, the Soviet rulers aim, eventually, to force their total assimilation.

This is revealed graphically in the untold story of the Jewish Anti-Fascist Committee of Moscow and in the official Soviet press itself.

Five years ago, in a wartime bid for friendship, Josef Stalin sent two good-will ambassadors to the Jews of America.

They were present, in a 3-month tour, as outstanding Jewish artists of the Soviet Union—representatives of the new Jewish Anti-Fascist Committee, created by the Soviets to strengthen the bonds between the Jews of Russia and Jewish communities in other countries.

In a gesture of unity against the Nazi war machine, nearly 50,000 New Yorkers turned out to welcome them at the Polo Grounds.

As he rose to speak, the crowd cheered Itzik Feffer, poet of the U. S. S. R., loyal Bolshevik, wearer of the honor badge of the

Soviet Union. In turn it acclaimed Solomon Michoels, director of the Moscow Jewish State Theater.

SUDDENLY LIQUIDATED

Leaders of American Jewry—Rabbi Abba Hillel Silver, the late Dr. Stephen S. Wise, Dr. Nahum Goldman, president of the World Jewish Congress, and others—put their blessings on the demonstration.

After the country-wide tour, enthusiastically received, Messrs. Feffer and Michoels returned to Russia and settled down to the business of the committee.

Suddenly 4 months ago, without explanation, the masters in the Kremlin liquidated the Jewish anti-Fascist committee.

They suppressed its newspaper, Einigkeit, the last Jewish-language publication left in the U. S. S. R. (Under the Czar, Yiddish papers were published as far back as 1903.)

And they arrested Itzik Feffer, its editor and outstanding poet of the Soviet Union. Solomon Michoels, meanwhile, had died.

To world Jewry, this crack-down on the one official Jewish movement in the homeland of communism had ominous significance.

It served notice that the Politburo's drive against Jewish intellectuals in the U. S. S. R. has been turned against all things Jewish, that not even loyal groups will be tolerated any longer.

For, ironically, the Jewish anti-Fascist committee, as it turned out, served only as a propaganda vehicle for Russian communism.

STALIN'S LIE

Stalin, with his Feffer-Michoels good-will tour sold a bill of goods to the many prominent Americans who lent their names to it—the late Wendell Willkie, Eddie Cantor, Herbert H. Lehman, and Albert Einstein.

A few months before, the American people had been shocked to learn of the execution by Stalin of the two Polish Jewish labor leaders, Heinrich Erlich and Victor Alter. After its disclosure by the World-Telegram, Stalin hoped to make America, especially the Jewish people, forget his blunder; and to forget how he lied when he assured Wendell Willkie that no harm would come to them—months after they had already been shot.

Now, with the committee dissolved, the Soviet press is out to cut off all contacts of Russia's Jews with the outside world.

Because the editors of the glossary for the new standard Soviet encyclopedia gave too much space to Jewish literature, Literary Gazette, which lays down the law for Soviet writers, accused them of abhorrent cosmopolitanism—in effect, disloyalty to communism.

"The authors," fumed the Gazette, "flout the party spirit and Soviet patriotism. They take the whole of Jewish literature without distinction as to country or state system and play into the hands of the enemies of the fatherland.

"NATIONALIST PALAVER

"They drag out the cosmopolitan, bourgeois, nationalist palaver of a supposedly world-wide Jewish literature. On their list, Soviet writers stand side by side with hardened modern businessmen of America, Palestine, and other countries.

"Their views are nothing else than slavish servility to hostile bourgeois nationalism."

Because he wrote about the Jewish religion, Moscow Evening Paper, official organ of the Communist Party, excoriated a Jewish writer. The headline: Insolent Preachings of a Kinless Cosmopolitan.

"The publishing house, Soviet Writer," began the diatribe, "which, as all well know has been activated by persons who had no kith or kin, by antipatriots Levins and Danins and their ilk, published in 1948 a book by Alexander Isbakh (nom de plume of Isaak Bakhrakh). * * *

"What does the author of this worthless book preach?

"First of all an ardent glorification of the Judaic religion.

"SATURATED WITH CULT

"The whole book is saturated with the religious cult. The first story is called 'God.' Tenderly genuflexing, Izbakh describes the service in the synagogue * * * the smallest details of Judaic ritual * * *.

"Izbakh openly conducts propaganda for Zionism, tells in detail about the Zionist organization which 'enjoyed great influence among the Jews of our city, * * * about 'kind uncles' who shipped Jews to Palestine; and he even reproduces the text of the Zionist hymn."

"Alexander Izbakh," the piece concludes, "wrote a loathsome book. And he was helped in publishing it by the cosmopolitan already exposed, F. Levin, who has no kith or kin."

RUSSIANS LEFT JEWS TO MERCY OF NAZI HORDES—DOUBLE-CROSSING POLICY LED TO WHOLESALE SLAUGHTER

(By Frederick Woltman)

To appease Hitler, the rulers of the U. S. S. R. double-crossed the Jews of Russia.

The Soviet Government during the Hitler-Stalin friendship pact deliberately kept its people in ignorance of the German dictator's campaign to exterminate the Jews.

Mention of the wholesale terror and atrocities perpetrated by the Nazis against the Jews of Germany and the occupied areas was forbidden in the official Soviet press.

The effect of this hush-hush policy was disaster to many thousands of loyal Jewish Soviet citizens.

RETURNED TO PERISH

Unaware of the mortal danger that faced them when the German hordes invaded their land, they remained in their home towns and perished. There were even many cases of Polish Jews who returned to Nazi-occupied Poland in 1940 after having escaped from the German onslaught to Soviet territory. Their fate, too, was death.

In their official reports from Russian areas to Berlin, German occupation authorities themselves expressed amazement to find Jewish captives so blissfully unaware of the Nazi program of extermination.

Some of these original documents, taken by a United States Army paratrooper from the Ministries of Propaganda and Eastern Areas, are now in possession of the Yiddish Scientific Institute, 535 West One Hundred and Twenty-third Street. They confirm the Kremlin's conspiracy of silence about the worst race slaughter in history, according to Dr. Solomon M. Schwarz, who made a study of them.

SUFFERING PLAYED DOWN

Dr. Schwarz, an authority on current economic and social problems in Russia and a researcher for leading Jewish organizations, said today that the Russian people were never told Hitlerism signified the complete extermination of the Jews.

"The Jews of Russia themselves did not know they were his main target," he said.

"Moreover," said Dr. Schwartz, "although the Jews suffered more than the rest of the Russians put together, the Soviet Government has always played down the sufferings of the Jews in the war."

"Opportunism, not anti-Semitism, motivated the Russian rulers," he said.

AFRAID OF PROPAGANDA

"They were afraid of Hitler's propaganda that the Communists were fighting for the Jews," he said, "so, instead of combating it, they kept silent, with terrible consequences to the Jews of Russia."

"Stalin and his officials did not worry about the fate of the Jews," wrote Gregor Aronson, another authority on the U. S. S. R., in his forthcoming documented pamphlet, Soviet Russia and the Jews. "They simply forgot about this problem."

He gave one possible explanation: Fear that the true story of the Nazi atrocities might weaken the popularity of the Hitler-Stalin pact among the Russian people.

With the pact, he wrote, the Soviet press abruptly stopped publishing belligerent articles against nazism and fascism.

A NEW DIRECTION

"Instead there was a gradual attempt to educate Soviet public opinion in a new direction. Yesterday's foes had become today's friends. * * * It became apparent that the Soviet press was absolutely forbidden to tell the truth about nazism, about German bestiality in Poland and about anti-Semitism which the Nazis were fostering everywhere they went."

He disputes the "myth that Stalin saved millions of Jews" which "the Communist propaganda machine has been extremely successful in propagating."

The Jews of Poland, the Baltic states and Bessarabia were saved for only a short time after the Red army moved in.

"Here were the remains of capitalism, of the bourgeoisie," wrote Mr. Aronson. "Here were not only well-dressed people, but people who had the effrontery to be Zionists, to worship in synagogues, to be proud of being Bundists (Socialists). In short, here were people who were free and independent and, therefore, 'enemies of the people' in Soviet Russia."

SUSPECTS LISTED

Lists of suspect Jews were drawn up, according to the author of the pamphlet published by the American-Jewish League Against Communism. Tens of thousands of NKVD (secret police) agents were sent in for the task of reconstructing Polish and Lithuanian Jews.

While no official figures exist, the Polish Government-in-exile estimated 600,000 Polish Jews were deported to the Soviet Union and Siberia.

Mr. Aronson reminds his readers of the historic speech by V. M. Molotov, then chairman of the Council of People's Commissars, on October 31, 1939. Russia's present Deputy Premier then said:

"One may accept or reject the ideology of Hitlerism as well as any other ideological system; that is a matter of political opinion."

REDS BAR JEWS FROM DIPLOMATIC AND PARTY JOBS

(By Frederick Woltman)

A quiet but systematic exclusion of Jews from the foreign office, diplomatic corps and Communist Party of the Soviet Union has been under way in the USSR for 10 years.

Today, as a result, the names of Jewish diplomats and party leaders, once numerous and prominent on the rosters of these all-important agencies of the Communist motherland, have virtually disappeared.

It is a program of freezing Russia's loyal Jews out of many facets of the nation's life, despite the myth created by the Communist propaganda machine that the USSR is the one country in the world which grants complete racial equality.

PROPAGANDA ATTACKS UNITED STATES

As government policy, the Soviet pattern has no parallel in America, which Communist propaganda nevertheless holds up to scorn as a haven of anti-Semitism.

It represents practices which Jewish, as well as many other religious groups in this country, have been gradually eradicating from the American scene as the very essence of anti-Semitism.

Meanwhile, only this week this trend in the USSR brought an expression of alarm from the American Jewish Congress, one of this country's most influential Jewish organizations, of which the late Dr. Stephen S. Wise was the founder and guiding spirit.

In an editorial, "Anti-Semitism and the U. S. S. R.," the current issue of Congress Weekly, official AJC organ, refers to "persistent reports of the purging of Jews from high office" in the Soviet Union.

"DISTURBING REPORTS

"Jewish opinion in this country and overseas," says the AJC publication, "has been disturbed by reports of officially approved anti-Semitic practices in the Soviet Union."

Apart from their elimination from foreign service and party posts, Jews are barred from the principal military academies of Moscow, according to reliable sources; and Jewish candidates are restricted in the law and medical schools of Kiev and Moscow.

The official Soviet press in reporting Red Army activities no longer mentions Jewish generals, although no less than 100 served during the war, say students of Soviet publications.

COLLEGE QUOTA SYSTEM

A quota system for Jewish students has been set up in schools of higher learning, declared the Daily Forward of New York, largest Jewish newspaper in the world, on January 9.

The quota system was ordered in 1939 in a secret directive of the central committee of the Russian Communist Party, said the Forward, citing an unidentified diplomatic source from the USSR.

In the political field, there is only one Jewish member left on the ruling Politburo. He is Lazar M. Kaganovitch, whose sister is said to be the wife of Premier Stalin.

NO JEWISH CANDIDATES

Last February, Moscow Evening Paper, central organ of the Moscow party, ran a list of 370 candidates for Communist regional and city committees in Moscow. Not a single name was Jewish, according to a former Soviet official, now an American citizen. In the 1930's the percentage would have run between 5 and 20.

In the foreign office, Maxim Litvinov and Solomon A. Losovsky, both vice commissars and the two most prominent Jews in the service, have been put into the discard. Ivan M. Maisky, former ambassador to Britain, who is half-Jewish, was retired to a professor's job in 1946.

"There are no Jews left of importance in the foreign office or diplomatic service," Dr. Solomon M. Schwaz, of 4 West One Hundred and Fifth Street, told the World-Telegram. "Except for a few old-time Bolsheviks on the central committee, they have been eliminated from all important party offices."

DOES RUSSIAN RESEARCH

An authority on economic and social problems in the U. S. S. R., Dr. Schwarz does research on Russia today for leading Jewish organizations. In this connection, he follows many current Soviet publications, including four daily newspapers.

"The policy of exclusion started in the late thirties, even before the Hitler-Stalin pact," he stated, "although the latter had a tremendous influence on the psychology of the central group of Russian bureaucrats."

He attributed the policy not so much to anti-Semitism as to "the bureaucratization of the state apparatus, which became more and more exclusive, finally eliminating minority elements."

"Now, for the first time," he added, "the Soviet government, which fought anti-Semitism for political reasons in the twenties, is openly fostering it against Jewish intellectuals.

"So you have a new combination today: Bureaucratic exclusion of Jews from the party and state offices and an anti-Semitic campaign to eliminate them from the ideological life of Russia."

EXTENSION OF REMARKS AT THIS POINT IN THE RECORD

Mr. MULTER. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. HELLER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HELLER. Mr. Speaker, Mr. Frederick Woltman, a distinguished writer for the New York World Telegram, is to be congratulated on his revealing and informative articles on what is going on behind the iron curtain in Russia. In the danger period through which we are now passing, the warning to which we have been alerted by the former Pulitzer prize winner, Mr. Woltman, is one for which the civilized world should be grateful.

What is going on in Russia is not new. Hitler, it is to be remembered, decreed the extermination of the Jewish people as a prelude to his attack on all Christianity. The Nazi anti-Christ moved with the sure and unerring instinct of a somnambulist when, of all his potential adversaries, he first singled out the Jew for attack.

Attacking the Jew has always been a wedge—military, diplomatic or ideological—driven into the ranks of Hitler's opponents prior to piecemeal subjugation and annihilation. Stalin is simply taking a leaf out of Mr. Hitler's book in his crazy drive for world domination.

Russia, in attacking the liberty of the Jew, simply denies the principle of religious liberty and affirms the right of government to control in the domain of conscience. It follows its pattern of being godless. Thus out of the ashes of a Second World War waged for the liberation of mankind appears again the vicious head of a dictator, Stalin, whose government carries out a worse form of despotism than existed under Hitlerism.

Today it is the Jew who is the particular victim—by tomorrow, when the floodtide arrives and the waves break higher and higher upon the shores, they may engulf all peoples. Establish the right of government to persecute a race, and you concede the right of government to persecute all races and all religions. Fasten this doctrine once upon the world, and we shall again retract the path of history, when the world yielded to government by brute force—when monsters occupied thrones and places of power—you usher in the day when the light of learning shall again be extinguished and the wailing of women and children shall take the place of happy laughter and of joyous song.

Mr. Speaker, I am not discussing today the fate of the Jews alone. I am discussing the dangers to humanity. I ask you this—shall the twin stars of liberty and equality once more be obscured by clouds of prejudice and hate?

At the time when the Nazis came to power and singled out the Jews for their first attacks, the democracies stood aside, invoking the political doctrine that there must be no interference in or notice taken of the purely internal affairs of a foreign state. Moral considerations had to make way for the rules of the imperialist game of blood and guile when great nations like the Czechs and the Austrians were to be handed over to the sadists of the Reich. We distrusted reports about the inhuman treatment meted out to Jews in the murder camps of Dachau and Oranienburg. We shrugged our shoulders as if it were no concern of ours what Streicher and Himmler did to a few thousand German citizens of the Jewish faith.

We were yet to learn, at an immense cost in tears and blood, that humanity is one, even as God is One, and that the martyred Jews were merely the forerunners on the road of sorrows of Poles and Albanians, of Czechs and Norwegians—and of American mothers and fathers.

We were yet to learn that the anti-Semitic justification of the Hitlerite's attitude to the Jews was but a trick to lull the Christian nation to sleep, to divide the democracies, to obscure the issues at stake, to befuddle people's minds in order that they might fall victim the easier to the Nazi plans of world conquest.

Man is one all over the earth. Hurt to one brother is hurt to all.

EXTENSION OF REMARKS

Mr. McCORMACK (at the request of Mr. HUBER) was given permission to extend his remarks in the RECORD and include a newspaper article.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. EVINS, from May 25 to May 28, 1949, inclusive, on account of official business.

To Mr. LOVRE (at the request of Mr. CASE of South Dakota), for 10 days, on account of important business.

To Mr. HOEVEN (at the request of Mr. ARENDS), for 3 days, on account of important business.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1299. An act for the relief of Frank J. Patzke;

H. R. 3704. An act to provide additional revenue for the District of Columbia; and

H. R. 4151. An act to grant the consent of the United States to the Arkansas River compact.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 55. An act to include certain lands in the Carson National Forest, N. Mex., and for other purposes;

H. R. 580. An act for the relief of the Bank of Kodiak, Kodiak, Alaska;

H. R. 603. An act for the relief of Jeptha R. Macfarlane;

H. R. 636. An act for the relief of B. G. Jones;

H. R. 639. An act for the relief of Mark B. Craig and others;

H. R. 681. An act for the relief of the legal guardian of George Generazzo;

H. R. 688. An act for the relief of John P. Reilly;

H. R. 692. An act for the relief of Joseph Thompson;

H. R. 738. An act for the relief of the estate of Mrs. Minerva C. Davis;

H. R. 761. An act for the relief of Catherine S. Tremayne and A. I. Lang;

H. R. 967. An act for the relief of the city of El Paso, Tex.;

H. R. 1037. An act for the relief of Samuel Ensler and Louis Puccinelli;

H. R. 1076. An act for the relief of Jennie Olsen Anderson;

H. R. 1098. An act for the relief of the legal guardian of Andrew Ferdinand DeWitt III, a minor;

H. R. 1299. An act for the relief of Frank J. Patzke and others;

H. R. 1300. An act for the relief of Mrs. Hope Irene Buley;

H. R. 1471. An act for the relief of E. La Ree Smoot;

H. R. 1597. An act for the relief of Hal W. Cline;

H. R. 2089. An act for the relief of William Price;

H. R. 2261. An act for the relief of Eva C. Netzley Ridley, William G. Stuff, Lois Stuff, and Harry E. Ridley; and the estates of Clyde C. Netzley and Sarah C. Stuff;

H. R. 2268. An act for the relief of Forest L. Weatherly;

H. R. 2285. An act to amend title 17 of the United States Code entitled "Copyrights," with respect to relaxation of provisions governing copyright of foreign works;

H. R. 2566. An act granting the consent of the Congress to the States of Montana, North Dakota, and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River;

H. R. 2812. An act to direct the Secretary of the Interior to sell certain land at South Naknek to the Russion Orthodox Greek Catholic Church of North America;

H. R. 2906. An act to provide a 1 year's extension of time for the disposition of farm labor camps to public or semipublic agencies or nonprofit associations of farmers;

H. R. 3258. An act to add to the Abraham Lincoln National Historical Park, Ky., certain land acquired by the United States for that purpose;

H. R. 3396. An act to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin;

H. R. 3663. An act for the relief of Lawrence Reves;

H. R. 4151. An act to grant the consent of the United States to the Arkansas River compact; and

H. J. Res. 200. Joint resolution to authorize the National Capital Sesquicentennial Commission to proceed with plans for the celebration and commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia, and for other purposes.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 3 o'clock and 57 minutes p. m.) the House adjourned until tomorrow, Friday, April 27, 1949, 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:

650. A letter from the Chairman, Commission on Organization of the Executive Branch of the Government, transmitting the Nineteenth and Concluding Report of the Commission on Organization of the Executive Branch of the Government (H. Doc. No. 197); to the Committee on Expenditures in the Executive Departments and ordered to be printed, with illustrations.

651. A letter from the marshal, Supreme Court of the United States, transmitting a draft of a proposed bill entitled "A bill relating to the policing of the building and grounds of the Supreme Court of the United States"; to the Committee on the Judiciary.

652. A letter from the Administrator, Federal Security Agency, transmitting the Annual Report of the Federal Security Agency, for the fiscal year 1948; to the Committee on Ways and Means.

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. REDDEN: Committee on Public Lands. H. R. 4000. A bill to amend section 16 of the Hawaiian Organic Act relative to disqualification of legislators; with an amendment (Rept. No. 680). Referred to the House Calendar.

Mr. REDDEN: Committee on Public Lands. H. R. 2121. A bill to authorize the Secretary of the Interior to convey abandoned school properties in the Territory of Alaska to local school officials; with an amendment (Rept. No. 681). Referred to the Committee of the Whole House on the State of the Union.

Mr. REDDEN: Committee on Public Lands. H. R. 4586. A bill to authorize the government of the Virgin Islands or any municipality thereof to issue bonds and other obligations; with an amendment (Rept. No. 682). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. House Resolution 174. Resolution requesting the Secretary of State, the Secretary of Commerce, and the Tariff Commission to investigate the domestic fishing industry; with an amendment (Rept. No. 685). Referred to the House Calendar.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 2740. A bill to establish rearing ponds and a fish hatchery at or near Millen, Ga.; with an amendment (Rept. No. 686). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 3046. A bill to authorize the expansion of facilities at the Cape Vincent, N. Y., fish cultural station; with an amendment (Rept. No. 687). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 2501. A bill authorizing and directing the United States Fish and Wildlife Service of the Department of the Interior to undertake a continuing study of the shad, alosa sapidissima, of the Atlantic coast with respect to the biology, propagation, and abundance of such species to the end that such Service may recommend to the several States of the Atlantic coast through the Atlantic States Marine Fisheries Commission appropriate measures for arresting the decline of this valuable food fish and for increasing the abundance and promoting the wisest utilization thereof; with an amendment (Rept. No. 688). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. House Joint Resolution 202. Joint resolution to amend the act of August 8, 1946, relating to investigation and eradication of predatory sea lampreys of the Great Lakes, and for other purposes; without amendment (Rept. No. 689). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 961. A bill to establish rearing ponds and a fish hatchery; with an amendment (Rept. No. 690). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

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

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 579. A bill to permit the motor vessel *FLB-5005* to engage in the fisheries; without amendment (Rept. No. 683). Referred to the Committee of the Whole House.

Mr. THOMPSON: Committee on Merchant Marine and Fisheries. H. R. 3751. A bill to transfer a tower located on the Lower Souris National Wildlife Refuge to the International Peace Garden, Inc., North Dakota; without amendment (Rept. No. 684). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. BYRNE of New York:

H. R. 4861. A bill to provide for the appointment of additional circuit and district judges, and for other purposes; to the Committee on the Judiciary.

By Mr. KING:

H. R. 4862. A bill to amend title 18, United States Code, section 215, relating to acceptance or solicitation to obtain appointive public office; to the Committee on the Judiciary.

By Mr. MORGAN:

H. R. 4863. A bill to provide for a new Federal building in Carmichaels, Pa.; to the Committee on Public Works.

H. R. 4864. A bill to provide for a new Federal building in West Brownsville, Pa.; to the Committee on Public Works.

H. R. 4865. A bill to provide for a new Federal building in Washington, Pa.; to the Committee on Public Works.

H. R. 4866. A bill to provide for a new Federal building in Fredericktown, Pa.; to the Committee on Public Works.

H. R. 4867. A bill to provide for a new Federal building in Bentleyville, Pa.; to the Committee on Public Works.

By Mr. O'BRIEN of Michigan:

H. R. 4868. A bill to provide for direct Federal loans to meet the housing needs of moderate-income families, to provide liberalized credit to reduce the cost of housing for such families, and for other purposes; to the Committee on Banking and Currency.

By Mr. CHATHAM:

H. R. 4869. A bill to provide funds for cooperation with the public-school authorities of Person County, N. C., in the construction, extension, and improvement of public-school facilities; to the Committee on Public Lands.

By Mr. WALTER:

H. R. 4870. A bill to amend the Immigration Act of October 16, 1918, as amended; to the Committee on the Judiciary.

By Mr. AUCHINCLOSS:

H. R. 4871. A bill to authorize the Commissioners of the District of Columbia to enter into agreements with certain organizations to carry out the functions of the poundmaster of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. HAGEN:

H. R. 4872. A bill to equalize the rates of compensation payable for wartime and peacetime service-connected disabilities; to the Committee on Veterans' Affairs.

By Mr. HARVEY:

H. R. 4873. A bill to provide Federal aid to the States for the construction of public-school facilities; to the Committee on Education and Labor.

By Mr. MILLER of Nebraska:

H. R. 4874. A bill for the establishment of the Medical Care Investigation Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. CELLER:

H. R. 4875. A bill to amend title 28 of the United States Code relating to travel expense allowances for Government employee witnesses; to the Committee on the Judiciary.

By Mr. JACKSON of Washington:

H. R. 4876. A bill to extend and improve the old-age and survivors insurance system, to add protection against disability, and for other purposes; to the Committee on Ways and Means.

By Mr. MORRIS:

H. R. 4877. A bill to confer jurisdiction upon the United States District Court for the Western District of Oklahoma of proceedings to condemn certain real property owned by the United States in Comanche County, Okla.; to the Committee on Public Lands.

By Mrs. NORTON:

H. R. 4878. A bill to authorize certain Government printing, binding, and blank-book work elsewhere than at the Government Printing Office, if approved by the Joint Committee on Printing; to the Committee on House Administration.

By Mr. POTTER:

H. R. 4879. A bill to increase the retired pay of certain members of the former Lighthouse Service; to the Committee on Merchant Marine and Fisheries.

By Mr. SCUDDER:

H. R. 4880. A bill to amend the Agricultural Act of 1948 by adding thereto a new section to establish an average parity price for fats and oils and to aid in maintaining such parity price to producers; to the Committee on Agriculture.

By Mr. WOLVERTON:

H. R. 4881. A bill to provide that compensation of a Federal officer or employee shall be subject to State tax only in the State where he is domiciled, and for other purposes; to the Committee on Ways and Means.

By Mr. BOGGS of Delaware:

H. Con. Res. 63. Concurrent resolution to express the sense of the Congress with respect to the coordination and administration of Federal assistance and services to the blind; to the Committee on Expenditures in the Executive Departments.

By Mr. CANNON:

H. Res. 229. Resolution to amend rule XVII of the Rules of the House of Representatives; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BLATNIK:

H. R. 4882. A bill for the relief of Josip Nacinovic, Miro Nacinovic, and Josip Laconi; to the Committee on the Judiciary.

By Mr. FERNANDEZ:

H. R. 4883. A bill for the relief of Tony Marchionda; to the Committee on the Judiciary.

By Mr. McGUIRE (by request):

H. R. 4884. A bill for the relief of Giuseppe Pompeo; to the Committee on the Judiciary.

By Mr. NICHOLSON:

H. R. 4885. A bill for the relief of Francis C. Pollard; to the Committee on the Judiciary.

H. R. 4886. A bill for the relief of W. Irving Lincoln; to the Committee on the Judiciary.

By Mr. PETERSON:

H. R. 4887. A bill for the relief of L. Ferguson; to the Committee on the Judiciary.

By Mr. STIGLER:

H. R. 4888. A bill for the relief of the lawful heirs of Robert Brown, deceased, Cherokee Roll No. 32752; to the Committee on the Judiciary.

By Mr. THOMPSON:

H. R. 4889. A bill for the relief of Mrs. Jack J. O'Connell; to the Committee on the Judiciary.

By Mr. WHITE of Idaho:

H. R. 4890. A bill for the relief of Emory Arnett, Bonners Ferry, Idaho; to the Committee on the Judiciary.

By Mr. WOLVERTON:

H. R. 4891. A bill for the relief of Albert E. Scheflen; to the Committee on the Judiciary.

SENATE

FRIDAY, MAY 27, 1949

(Legislative day of Monday, May 23, 1949)

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

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

God of grace and glory, we bless Thee for the cleansing ministry of memory and for the rich heritage of noble deeds as our Nation, founded in Thy name, turns to its stirring past and to its warrior dead. Even as bugles are sounding to new struggles for liberty's cause, prepare our hearts and minds for the sacramental journey to quiet cities of the dead where, under their tents of green, sleep those whose lives were offered as freedom's shield. Save us from decorating tombs and at the same time desecrating the costly heritage which it takes graves to guarantee. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 26, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On May 25, 1949:

S. 716. An act authorizing the Secretary of the Interior to sell the land of George Peters under existing regulations.

On May 26, 1949:

S. 1704. An act to strengthen and improve the organization and administration of the Department of State, and for other purposes; and

S. J. Res. 61. Joint resolution requesting the President to issue a proclamation designating Memorial Day, 1949, as a day for a Nation-wide prayer for peace.

On May 27, 1949:

S. 326. An act to amend the War Claims Act of 1948; and

S. 1152. An act for the relief of certain officers and employees of the Office of United States High Commissioner to the Philippine Islands who suffered losses of personal property by reason of war conditions.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

S. 969. An act to transfer the Pomona station of the Agriculture Remount Service, Department of Agriculture, at Pomona, Calif.; and

H. R. 1057. An act for the relief of John Keith.

CALL OF THE ROLL

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Aiken	Humphrey	Reed
Anderson	Hunt	Robertson
Cain	Ives	Russell
Capehart	Johnson, Tex.	Saltonstall
Chavez	Johnston, S. C.	Schoeppel
Connally	Kefauver	Smith, Maine
Cordon	Kem	Sparkman
Donnell	Kerr	Stennis
Douglas	Kilgore	Taft
Downey	Knowland	Taylor
Eastland	Langer	Thomas, Okla.
Ellender	Lucas	Thomas, Utah
Ferguson	McCarthy	Thye
Flanders	McClellan	Tydings
Frear	McFarland	Vandenberg
Gurney	McKellar	Watkins
Hayden	McMahon	Wherry
Hendrickson	Magnuson	Wiley
Hickenlooper	Martin	Williams
Hill	Millikin	Withers
Holland	Neely	Young

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from North Carolina [Mr. HOEY] are absent on official business.

The Senator from Kentucky [Mr. CHAPMAN], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Louisiana [Mr. LONG], the Senator from Nevada [Mr. McCARRAN], the Senator from Maryland [Mr. O'CONOR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Florida [Mr. PEPPER] are detained on official business in meetings of committees of the Senate.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. MAYBANK] are absent by leave of the Senate.