2910. By Mr. HEIDINGER: Petition of Nannie Bramlet, of the Woman's Christian Temperance Union, of Eldorado, Ill., supporting Senate bill 860; to the Committee on Military Affairs.

2911. Also, petition of George Strange and 20 other residents of Flora, Ill., urging the early passage of Senate bill 860 and such other legislation as may be necessary restricting the sale of liquor and controlling vice conditions for the protection of the men in the service; to the Committee on Military Affairs.

2912. Also, petition of H. L. Brockett and 63 others, of Norris City and Enfield, Ill., urging the adoption of Senate bill 860 as a contribution to our national defense program; to the Committee on Military Affairs.

2913. Also, petition of Betty Payne and sundry other citizens of Eldorado, Ill., supporting Senate bill 860 as a part of the national defense program; to the Committee on Military Affairs.

2914. Also, petition of Mr. and Mrs. D. W. Hopkins, of Metropolis, Ill., urging the adoption of Senate bill 860 and other legislation restricting the sale of liquor and control of vice conditions for the protection of our men in the service; to the Committee on Military Affairs.

2915. Also, petition of J. A. Musgrave and 71 others, residents of the community of Harrisburg, Ill., urging the adoption of Senate bill 860, and such other legislation as may be necessary to protect the men in the service against the influence of vice and intoxicating liquors; to the Committee on Military Affairs.

2916. Also, petition of Rev. C. L. Doty, pastor of the First Christian Church of Flora, Ill., and 65 members of said church, urging the enactment of Senate bill 860, or legislation similar thereto, in order to safeguard the health and morals of our military men; to the Committee on Military Affairs.

2917. By Mr. HOUSTON: Petition signed by 226 residents of McPherson County, Kans., urging that there be no exemption to anyone using religious beliefs as an excuse for exemption from active combat duty in time of war, and requesting repeal of paragraph (g), section 5, Public, No. 783, Seventy-sixth Congress, third session; to the Committee on Military Affairs.

2918. By Mr. JONES: Petition of Dora A. States and 117 citizens of Spencerville, Allen County, Ohio, supporting the enactment of Senate bill 860; to the Committee on Military Affairs.

2919. By Mr. KRAMER: Petition of the office of the Board of Supervisors of the County of Los Angeles, State of California, requesting that the Work Projects Administration give favorable consideration to transferring or allotting an additional quota of 500 to Work Projects Administration in southern California; and further resolving that future reductions in Work Projects Administration quota in southern California be deferred; to the Committee on Appropriations.

2920. By Mr. LeCOMPTE: Petition of H. P. Jacobs and other citizens of Grinnell, Iowa, prohibiting the sale or gift of intoxicating liquors, including beer, to soldiers and sailors in uniform; to bring about the discontinuance of the sale of beer in Government commissaries; to create dry zones around military and navy establishments; to set up dry zones around industrial establishments in which airplanes, ships, tanks, arms, and equipment must be produced with the utmost precision and speed for the support of the armed forces; to the Committee on Military Affairs.

2921. By Mr. McGREGOR: Petition of Mrs. Walter McDevitt, and others, of Mount Vernon, Ohio, and vicinity, urging the passage of Senate bill 860 as a protection to the men of the United States Army and Navy against the insidious influences of vice and intoxicating liquors; to the Committee on Military Affairs.

2922. By Mr. MARTIN of Iowa: Petition of Mr. A. M. Gordon and other citizens of Ainsworth, Iowa, urging the passage of Senate bill 860, to provide for the suppression of vice in vicinity of military camps and naval establishments; to the Committee on Military Affairs.

2923. Also, petition of Mr. F. B. Hebron and other citizens of North English, Iowa, urging the passage of Senate bill 860, providing for the suppression of vice in the vicinity of military camps and naval establishments; to the Committee on Military Affairs.

2924. Also, petition of Inez Cross and other citizens of Muscatine, Iowa, urging the passage of House bill 4000 or Senate bill 860, providing for the suppression of vice in the vicinity of military camps and naval establishments; to the Committee on Military Affairs.

2925. By Mr. MOTT: Petition signed by Rev. Paul P. Petticord and other members and friends of the First Evangelical Church of Salem, Oreg., urging the President of the United States to exercise his full powers in this time of national emergency, and follow the precedent established in Hawaii, where the manufacture and sale of alcoholic beverages has been discontinued for the duration of the war; to the Committee on Military Affairs.

2926. By Mr. RICH: Petition of sundry citizens of Jersey Shore, Pa., supporting Senate bill 860; to the Committee on Military Affairs.

2927. By Mr. ROLPH: Resolution of Bottlers Local Union, No. 293, of San Francisco, Calif., supporting House bill 6486, a bill to increase the salaries of certain postal employees; to the Committee on the Post Office and Post Roads.

2928. By Mr. TENEROWICZ: Resolutions of the Michigan Federation of Labor, urging Congress to enact bills curbing excessive profits on war production; also the passage of the war displacement bill; and requesting favorable action on Senate bill 594; to the Committee on Military Affairs.

2929. By Mr. WHEAT: Petition of sundry citizens of Decatur, Ill., urging the passage and enforcement of the Sheppard bill, S. 860, at an early date; to the Committee on Military Affairs.

2930. Also, petition of sundry citizens of Oconee, Ill., urging the passage of the Sheppard-Johnson bill, S. 860, for the protection and well-being of men in military camps; to the Committee on Military Affairs.

2931. Also, petition of sundry citizens of Tower Hill, Ill., urging the passage of the Sheppard-Johnson bill, S. 860, for the protection and well-being of men in military camps; to the Committee on Military Affairs.

2932. Also, petition of 12 signers from Sidney, Ill., requesting the elimination of prostitution and the use of beer and liquor in and near military camps; to the Committee on Military Affairs.

2933. Also, petition of the members of the Presbyterian Church of Clinton, Ill., requesting the elimination of prostitution and the sale and use of beer and liquor in and near military camps; to the Committee on Military Affairs.

2934. Also, petition of sundry citizens of Decatur, Ill., protesting against the taxation recommendations relative to life insurance; to the Committee on Ways and Means.

2935. By the SPEAKER: Petition of the Dallas Chamber of Commerce, Dallas, Tex., petitioning consideration of their resolution with reference to House bill 6999; to the Committee on Rivers and Harbors.

2936. Also, petition of A. F. G. E. Lodge, No. 681, B. A. I. employees, Fort Worth, Tex., petitioning consideration of their resolution with reference to the plight of Federal employees under the ever increasing cost of living and the difficulties in maintaining a standard of living; to the Committee on the Civil Service.

2937. Also, petition of the Propeller Club of the United States, port of New York, petitioning consideration of their resolution with reference to legislation concerning the New York Merchant Marine Academy; to the Committee on the Merchant Marine and Fisheries.

SENATE

TUESDAY, MAY 26, 1942

The Reverend Ulysses G. B. Pierce, D. D., minister, All Souls Church, Washington, D. C., offered the following prayer:

Our Heavenly Father, in whose presence we now stand, we come before Thee as they who would do Thy will, as they who would fulfill the behests of this free country. Defend us, we pray Thee, by Thy might; uphold us by Thy power, and by Thy spirit so direct all our efforts and all our labors that, by Thy grace, our days and the days of our children may be even as the days of heaven upon earth. And Thine shall be the glory and the honor, the dominion and the power, now and forevermore. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, May 25, 1942, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6599) making appropriations for the Department of State, the Department of Justice, the Department of Commerce, and the Federal Judiciary, for the fiscal year ending June 30, 1943, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. KERR, Mr. HARE, Mr. HOUSTON, Mr. BEAM, Mr. CARTER, Mr. STEFAN, and Mr. JONES were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 6297. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to Dr. Wesley K. Harris;

H. R. 6961. An act to incorporate the United Philippine War Veterans as a body corporate of the District of Columbia;

H. R. 6986. An act to amend the act entitled "An act to change the name of Conduit Road in the District of Columbia," approved March 4, 1942;

H. R. 7097. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (47 Stat. 322), as amended by the act approved June 20, 1939 (53 Stat. 849); and

H. J. Res. 315. Joint resolution to authorize the Secretary of Agriculture to provide

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Federal meat inspection during the present war emergency in respect of meat-packing establishments engaged in intrastate commerce only, in order to facilitate the purchase of meat and meat food products by Federal agencies, and for other purposes.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 2202) to restore Paul A. Larned, a major, United States Army, retired, to the active list of the Regular Army, and it was signed by the Vice President.

TRIBUTE TO THE MEMORY OF THE LATE SENATOR ALVA B. ADAMS

Mr. JOHNSON of Colorado. Mr. President, yesterday the Senate conducted memorial services for our departed colleagues, the late Senators Harrison, Adams, Houston, and Lumpkin. A little while ago the Vice President handed me a telegram which he received yesterday from the Governor of Colorado dealing with the memorial services held in memory of the late Senator Adams, of Colorado. I ask unanimous consent that the telegram may be printed in the RECORD at this point.

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

DENVER, COLO., *May 25, 1942.*

Hon. HENRY WALLACE,
President, United States Senate:

Colorado joins the Senate in paying tribute to the memory of the late Alva B. Adams as the first citizen of Colorado and one of the outstanding men to represent this State in your great body. Although he came from one of the smaller States of the Union, we feel that he was recognized as one of the big men in the Senate. He was to us a great man and a real friend. Colorado mourns his passing but feels a measure of comfort in the knowledge that it was honored by such an illustrious son.

RALPH L. CARR,
Governor of Colorado.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Aiken	Gillette	O'Mahoney
Andrews	Green	Pepper
Austin	Gurney	Radcliffe
Ball	Hatch	Reynolds
Bankhead	Hayden	Rosier
Barbour	Herring	Schwartz
Barkley	Hill	Shipstead
Bilbo	Holman	Smathers
Bone	Hughes	Smith
Brown	Johnson, Calif.	Spencer
Bulow	Johnson, Colo.	Taft
Burton	La Follette	Thomas, Okla.
Byrd	Lenger	Truman
Capper	Lee	Tunnell
Caraway	Lucas	Tydings
Chavez	McCarran	Vandenberg
Clark, Idaho	McFarland	Van Nuys
Clark, Mo.	McNary	Wagner
Connally	Maloney	Walsh
Danaher	Maybank	Wheeler
Davis	Millikin	White
Doxey	Murdock	Wiley
Ellender	Norris	Willis
George	Nye	
Gerry	O'Daniel	

Mr. HILL. I announce that the Senator from California [Mr. DOWNEY] is detained on official business in his State.

The Senator from West Virginia [Mr. KILGORE] and the Senator from New York [Mr. MEAD] are members of the Committee to Investigate National Defense, and are therefore detained on official business.

The Senator from North Carolina [Mr. BAILEY], the Senator from Nevada [Mr. BUNKER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senators from Tennessee [Mr. MCKELLAR and Mr. STEWART], the Senator from Montana [Mr. MURRAY], the Senator from Georgia [Mr. RUSSELL], the Senator from Utah [Mr. THOMAS], and the Senator from Washington [Mr. WALLGREN] are necessarily absent.

The Senator from Louisiana [Mr. OVERTON] is absent because of illness.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent as a result of an injury and illness.

The Senator from Maine [Mr. BREWSTER], the Senator from Illinois [Mr. BROOKS], the Senator from Nebraska [Mr. BUTLER], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Idaho [Mr. THOMAS] are necessarily absent.

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2508. By way of explanation, I may say this is a bill to amend the Federal Farm Loan Act——

The VICE PRESIDENT. The motion is not in order at this time. Is there objection to entertaining the motion of the Senator from Alabama?

Mr. BARKLEY. I suppose the motion is not in order, because we have a morning hour.

The VICE PRESIDENT. The Senator is correct.

Mr. BARKLEY. It will take only a few moments to dispose of matters in the morning hour. I dare say the Senator from Alabama would not mind waiting until the routine morning business is concluded.

Mr. BANKHEAD. That is satisfactory. I thought this would be a suitable time to make the motion.

Mr. MCNARY. Will not the Senator permit us to conclude the routine morning business?

Mr. BANKHEAD. Certainly.

The VICE PRESIDENT. The presentation of petitions and memorials is in order.

Mr. BARKLEY. I should like to state for the benefit of Senators, that following the disposition of the bill in charge of the Senator from Michigan [Mr. BROWN], which will follow the disposition of the bill in charge of the Senator from Alabama [Mr. BANKHEAD], neither of which we expect to take much time, I shall ask that the calendar be called for the consideration of measures to which there is no objection, beginning where we concluded at the time of the last call of the calendar.

PETITIONS AND MEMORIALS

Petitions, etc., were presented and referred as indicated:

By Mr. MCNARY:

A petition of sundry citizens of Estacada, Oreg., praying for the enactment of the so-called Sheppard bill (S. 860) to provide for the common defense in relation to the sale of alcoholic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments; ordered to lie on the table.

By Mr. BANKHEAD:

A petition of sundry citizens of Birmingham, Ala., praying for the enactment of the bill (S. 860) to provide for the common defense in relation to the sale of alcoholic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments; ordered to lie on the table.

By Mr. CAPPER:

Petitions, numerously signed, of sundry citizens of Pretty Prairie and Smith Center, Kans., praying for the enactment of the bill (S. 860) to provide for the common defense in relation to the sale of alcoholic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments; ordered to lie on the table.

PROHIBITION OF LIQUOR SALES AND SUPPRESSION OF VICE AROUND MILITARY CAMPS—PETITIONS

Mr. DAVIS. Mr. President, I present for appropriate reference a letter from Mrs. Gertrude C. Baldwin, of 218 West Miner Street, West Chester, Pa., enclosing a petition signed by 150 citizens of Chester County, Pa., praying for the enactment of Senate bill 860, which is now pending on the calendar.

The VICE PRESIDENT. The letter and petition presented by the Senator from Pennsylvania will be received and lie on the table.

Mr. BONE. Mr. President, I send to the desk for appropriate reference a petition signed by citizens of Spokane, in the State of Washington, praying for the enactment of Senate bill 860, the so-called Sheppard bill, which has to do with restricting the sale of liquor to our armed forces.

The VICE PRESIDENT. The petition presented by the Senator from Washington will lie on the table.

THE 40-HOUR WEEK—PETITION

Mr. BONE. I also send to the desk petitions signed by a large number of citizens of the State of Washington praying that Congress do not enact legislation concerning the 40-hour-week law. The petitions are signed by members of organized labor.

I ask that the preamble or the fore part of one petition, which appears in print, be printed in the RECORD, and that the petitions be referred to the Committee on Education and Labor.

There being no objection, the petitions were referred to the Committee on Education and Labor and the body of one of the petitions, without the signatures attached, was ordered to be printed in the RECORD, as follows:

To the Members of the United States Congress:

We who build ships feel that the workers of this country are as patriotic as any group of

citizens in the United States. We have relinquished double time for overtime and Saturday work. We have foregone practically every union regulation protecting our trade. We have agreed to work for straight time on Saturdays and Sundays, when not a sixth or seventh consecutive working day. In many instances we have accepted a lower hourly wage scale. We have worked under unsafe and unhealthful conditions because of a shortage of protective devices.

During 20 lean years men were not attracted to this industry. Now older men must spend most of their time teaching instead of producing. Despite this handicap and despite red tape, production records have been made. In view of all these facts, we believe that the Members of Congress should be seeking to protect us against the depression which is bound to come when the shipbuilding boom is over, instead of trying to abolish a basic 40-hour week.

We respectfully call to your attention the fact that the Jap attack on Pearl Harbor united this country; labor baiting can divide it.

Once the workers of the United States begin to suspect that Members of Congress are using the war as a subterfuge for destroying the American standard of living, the wholehearted cooperation that is needed to win this war will vanish.

For all these reasons, we petition all members of your honorable body who truly love their country and sincerely want to win this war and preserve the American standard of living, to oppose all measures designed to spread disunity. We specifically refer to the bills recently introduced by Congressman SMITH of Virginia, Congressman BOREN, and Congressman WICKERSHAM of Oklahoma.

REPORTS OF A COMMITTEE

Mr. HATCH submitted the following reports of the Committee on Public Lands and Surveys:

S. 1034. A bill relating to the sale of public lands granted to or vested in the State of Idaho by the act of July 3, 1890; without amendment (Rept. No. 1397);

S. 1788. A bill to provide for the leasing of certain lands of the United States in the State of North Dakota for the development of oil, gas, and other minerals; with amendments (Rept. No. 1398);

S. 2362. A bill relating to the jurisdiction over certain lands in the Isle Royale National Park; without amendment (Rept. No. 1399);

H. R. 69. A bill to authorize the adjustment of land-ownership lines within the General Grant grove section of the Kings Canyon National Park, Calif., in order to protect equities established by possession arising in conformity with a certain survey, and for other purposes; without amendment (Rept. No. 1400);

H. R. 1595. A bill to authorize the addition of certain lands to the Plumas National Forest, Calif.; without amendment (Rept. No. 1401);

H. R. 2307. A bill validating a certain conveyance, heretofore made by the Southern Pacific Railroad Co., a corporation, and its lessee, Southern Pacific Co., a corporation, involving certain portions of right-of-way in the town of Indio, in the county of Riverside, State of California, acquired under section 23 of the act of March 3, 1871 (16 Stat. 573); without amendment (Rept. No. 1402);

H. R. 2685. A bill to authorize the disposition of recreational demonstration projects, and for other purposes; without amendment (Rept. No. 1403);

H. R. 3937. A bill to change the designation of the Fort Marion National Monument, in the State of Florida, and for other purposes; without amendment (Rept. No. 1404);

H. R. 4205. A bill to add to the Cleveland National Forest, Calif., certain contiguous lands of the United States which can be most effectively and economically protected and administered as parts of said national forest; without amendment (Rept. No. 1405);

H. R. 4213. A bill for the relief of persons in connection with the extraction of gold-bearing ore from the Ruck-a-Chucky dam site; without amendment (Rept. No. 1406);

H. R. 4676. A bill to accept the cession by the Commonwealth of Kentucky of exclusive jurisdiction over the lands embraced within the Mammoth Cave National Park; to authorize the acquisition of additional lands for the park in accordance with the act of May 25, 1926 (44 Stat. 635); to authorize the acceptance of donations of land for the development of a proper entrance road to the park; and for other purposes; without amendment (Rept. No. 1407); and

H. R. 5287. A bill relating to the transfer to the Secretary of War of certain lands owned by the United States; without amendment (Rept. No. 1408).

REPORT OF BOARD OF VISITORS TO THE COAST GUARD ACADEMY

Mr. WALSH. Mr. President, the Board of Visitors to the Coast Guard Academy, heretofore appointed pursuant to law, has performed its duty in visiting the academy, and has prepared a report, which I herewith submit to the Senate.

The VICE PRESIDENT. The report will lie on the table.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. HAYDEN, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

By Mr. WALSH, from the Committee on Naval Affairs:

Rear Admiral Walter B. Woodson to be Judge Advocate General of the Navy, with the rank of rear admiral, for a term of 4 years, from June 20, 1942;

Capt. Charles A. Lockwood, Jr., to be a rear admiral in the Navy for temporary service, to rank from the 16th day of May 1942; and

Capt. Marc A. Mitscher to be a rear admiral in the Navy, for temporary service, to rank from December 4, 1941.

BILL INTRODUCED

Mr. REYNOLDS introduced a bill (S. 2555) to authorize the use of certificates by officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, in connection with pay and allowance accounts of military and civilian personnel under the jurisdiction of the War and Navy Departments, which was read twice by its title and referred to the Committee on Military Affairs.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

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

H. R. 6297. An act to provide for the issuance of a license to practice chiropractic in the District of Columbia to Dr. Wesley K. Harris;

H. R. 6961. An act to incorporate the United Philippine War Veterans as a body corporate of the District of Columbia; and

H. R. 6986. An act to amend the act entitled "An act to change the name of Conduit Road in the District of Columbia," approved March 4, 1942; to the Committee on the District of Columbia.

H. J. Res. 315. Joint resolution to authorize the Secretary of Agriculture to provide Federal meat inspection during the present war emergency in respect of meat-packing establishments engaged in intrastate commerce only, in order to facilitate the purchase of meat and meat food products by Federal agencies, and for other purposes; to the Committee on Agriculture and Forestry.

EXTENSION OF POWERS OF RECONSTRUCTION FINANCE CORPORATION—AMENDMENTS

Mr. BROWN and Mr. BANKHEAD each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 7008) to authorize the Reconstruction Finance Corporation to issue notes, bonds, and debentures in the sum of $5,000,000,000 in excess of existing authority, which were ordered to lie on the table and to be printed.

PALESTINE COMMITTEE DINNER, MESSAGE FROM THE PRESIDENT AND ADDRESSES BY SENATOR McNARY AND SENATOR WAGNER

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a message from the President to the second annual dinner meeting of the American Palestine Committee, in Washington, D. C., March 25, 1942, and addresses delivered by Senator McNARY and Senator WAGNER, which appear in the Appendix.]

LIBERTY UNDER GOD—ADDRESS BY SENATOR KILGORE

[Mr. ROSIER asked and obtained leave to have printed in the RECORD an address entitled "Liberty Under God," delivered by Senator KILGORE at the commencement exercises at St. Marys High School, St. Marys, W. Va., May 22, 1942, which appears in the Appendix.]

THE CHALLENGE BEFORE US—ADDRESS BY ASSISTANT SECRETARY OF WAR McCLOY

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD an address delivered by Assistant Secretary of War John J. McCloy, at Amherst College, Amherst, Mass., May 16, 1942, on the subject The Challenge Before Us, which appears in the Appendix.]

HOLY COMMUNION BREAKFAST OF ST. GEORGE ASSOCIATION—ADDRESS BY HON. JAMES A. FARLEY

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an address delivered by Hon. James A. Farley at the Fourth Annual Holy Communion Breakfast of the St. George Association, United States Post Office, New York City, May 24, 1942, which appears in the Appendix.]

PRODUCTION OF RUBBER ON MIDWESTERN FARMS—ADDRESS BY DR. LEO M. CHRISTENSEN

[Mr. NORRIS asked and obtained leave to have printed in the RECORD an address by Dr. Leo M. Christensen, of the University of Nebraska chemurgy project, of Lincoln, Nebr., on the subject We'll Ride on Rubber From Midwestern Farms, which appears in the Appendix.]

PRODUCTION OF RUBBER

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD an excerpt from the Window Seat, published by W. D. Jamieson, concerning the production of rubber, which appears in the Appendix.]

MASTERS OF BIGOTRY—ADDRESS BY RAYMOND H. GEIST

[Mr. BARBOUR asked and obtained leave to have printed in the RECORD an address entitled "Masters of Bigotry," delivered by Raymond H. Geist, Chief of the Division of Commercial Affairs, Department of State, before the National Conference of Christians and

Jews, at a luncheon at the Washington Hotel, Washington, D. C., Friday, May 22, 1942, which will appear hereafter in the Appendix.]

PROPOSED TRADE AGREEMENT WITH MEXICO — STATEMENT BY FRED BRENCKMAN

[Mr. CAPPER asked and obtained leave to have printed in the RECORD a statement by Mr. Fred Brenckman, Washington representative of the National Grange, before the Committee on Reciprocity Information, concerning the proposed trade agreement with Mexico, which appears in the Appendix.]

WHERE IS SHANGRI-LA?—POEM BY C. H. GAMBLE

[Mr. LUCAS asked and obtained leave to have printed in the RECORD a poem by C. H. Gamble, of the Peoria (Ill.) Star, entitled "Where Is Shangri-La?" which appears in the Appendix.]

THE ALASKA HIGHWAY

Mr. LANGER. Mr. President, last Thursday, May 21, I secured unanimous consent to submit a resolution providing for the appointment of a committee to be named from among the Members of the Senate to inquire into the location of the Alaska Highway on the so-called C or prairie route, and to determine whether this route would serve a better strategic purpose for the war than either of three other routes, namely, A, B, and D which had been under consideration.

I stated at length my reasons for submitting the resolution. I quoted as one of my principal authorities for the information which I embodied in that address, Mr. Donald MacDonald, who is no doubt the foremost engineering authority in Alaska on the Alaska Highway, and who was Alaskan member of the Alaskan International Highway Commission, 1938–42; reconnaissance engineer for Alaskan Pacific Yukon Highway Commission; chief draftsman and resident and location engineer on the Alaska Railroad, 1914–22; locating or exploratory engineer for the Alaska Road Commission, 1922 to date.

I stressed the fact in my address that Mr. MacDonald had foreseen for quite some time the strategic value of Alaska as an outpost for both offensive and defensive movements against the Japs. As proof of Mr. MacDonald's foresight, I quote the following from an article which he wrote for Liberty magazine, in its July 20, 1940, issue, entitled "Defenseless Alaska—the Ramparts We Don't Watch":

Up in Alaska, where I live, the military problems of the eastern part of the continent seem pretty remote. We assume that the requirements are known and are being taken care of. And I guess the East assumes the same thing about the Northwest, although that's a horse of another color entirely.

I've talked Pacific defenses to people from nearly every State east of the Rockies. Nearly all of them had the same answer: "Oh, there's no danger in the Pacific. It's a wide ocean—and, anyway, we have that big base in the Hawaiians. The Japanese can't get past that."

I don't know who taught those people to place all their reliance on Pearl Harbor, but I do know their blind faith is not shared in Alaska. I don't believe it is shared, either, by our Canadian neighbors, our potential brothers-in-arms, living in Pacific ports like Vancouver, Victoria, or Prince Rupert.

Up in Alaska, you see, we don't have any Pacific Ocean to separate us from the totalitarian powers of Asia. We're only 56 miles—a big Bertha cannon shot—from Soviet Russia; at one point only a little over 700 miles from Japan.

What the Pacific Ocean does separate us from is Pearl Harbor, which is some 3,000 miles away from the key ports on the Alaskan coast.

At this point I anticipate two questions. I know what they are, because I've had to answer them time and again: What does Alaska have to do with the defense of the rest of North America? And why should anybody want to take Alaska when it's only a sparsely settled snow-and-ice wilderness?

Well, the power that controls Alaska controls the North Pacific. Alaska is about the most important strategic place in the world. And who said that? Not just I, but the late Gen. William Mitchell, testifying more than 5 years ago before the House Military Affairs Committee. Mitchell, if you recall, was about the first important American soldier to recognize the importance of aviation in modern warfare. He was a prophet without honor in his own country, but he'd have the last laugh if he were around today.

This article states so succinctly and logically and briefly the importance of Alaska as a military outpost that I shall ask leave to have the entire article, consisting of approximately two magazine pages, printed in the RECORD. It is so illuminating that I believe every Member of this Congress will benefit by a careful reading of it.

Mr. President, at this point in the RECORD I ask to have printed the article which Mr. MacDonald wrote for Liberty magazine, which was published in its issue of July 20, 1940, entitled "Defenseless Alaska—The Ramparts We Don't Watch."

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

DEFENSELESS ALASKA—THE RAMPARTS WE DON'T WATCH—DANGER IN THE NORTH—AN EYE-OPENING LOOK AT A GRAVE BUT UNHEEDED PERIL, AND WHAT CAN BE DONE ABOUT IT

(By Donald MacDonald)

For better or for worse, the defensive frontiers of America have been extended. We are bound now by the pledged word of the White House, as well as by every dictate of common sense, to defend Canada against foreign aggression. This obligation is just as strong as the one we owe to our Latin-American neighbors. And, for the maintenance of our own national defense and our own national economy, it probably is the most vital foreign policy we have.

But could we successfully defend all of Canada against any possible combination of hostile powers?

On the east coast, we probably could. In eastern Canada and the northeastern part of the United States there are highly developed and completely integrated transportation systems. Troops and every type of heavy equipment could be rushed from Boston to Nova Scotia almost overnight. Divisions of reinforcements could be sent all the way from New York to the Gaspé Peninsula before an enemy could get a serious foothold.

But up in Alaska, where I live, the military problems of the eastern part of the continent seem pretty remote.

We assume that the requirements are known and are being taken care of. And I guess the East assumes the same thing about the Northwest, although that's a horse of another color entirely.

I've talked Pacific defenses to people from nearly every State east of the Rockies. Nearly all of them had the same answer, "Oh, there's no danger in the Pacific. It's a wide ocean—and, anyway, we have that big base in the Hawaiians. The Japanese can't get past that."

I don't know who taught those people to place all their reliance on Pearl Harbor, but I do know their blind faith is not shared in Alaska. I don't believe it is shared, either, by our Canadian neighbors, our potential brothers-in-arms, living in Pacific ports like Vancouver, Victoria, or Prince Rupert.

Up in Alaska, you see, we don't have any Pacific Ocean to separate us from the totalitarian powers of Asia. We're only 56 miles—a "Big Bertha" cannon shot—from Soviet Russia. At one point only a little over 700 miles from Japan.

What the Pacific Ocean does separate us from is Pearl Harbor, which is some 3,000 miles away from the key ports on the Alaskan coast.

At this point I anticipate two questions. I know what they are, because I've had to answer them time and again: What does Alaska have to do with the defense of the rest of North America? And why should anybody want to take Alaska when it's only a sparsely settled snow-and-ice wilderness?

Well, the power that controls Alaska controls the North Pacific. Alaska is about the most important strategic place in the world. And who said that? Not just I, but the late Gen. William Mitchell, testifying more than 5 years ago before the House Military Affairs Committee. Mitchell, if you recall, was about the first important American soldier to recognize the importance of aviation in modern warfare. He was a prophet without honor in his own country, but he'd have the last laugh if he were around today.

People in the East shudder when they think of the danger they would be in if a hostile foreign power established an air base on the tip of Nova Scotia, or even in Newfoundland. Yet neither is as close to New York or Washington as parts of Alaska are to Vancouver or Seattle. And to operate successfully out of Newfoundland or Nova Scotia, an enemy would have to cross the broad Atlantic and keep open a dangerously long line of communications. On the other hand, an enemy moving into Alaska from Russia would cross only 56 miles of water—and it would be the counterattacking American Navy that would have a long line of communications to protect.

If such an attack on Alaska were to come tomorrow, there could be no effective opposition immediately. The nearest Army garrison to the Bering Strait frontier is at Chilkoot barracks in southeastern Alaska, about 1,000 miles away. And that garrison numbers only about 300 men. There are a half dozen or so naval planes at Sitka, which also is about 1,000 miles from Bering Strait. The enemy could just walk in. The civilian population hardly could put up a fight, because Alaska has less than 80,000 inhabitants, scattered over an area a good deal bigger than Hitler's enlarged Reich.

Alaska's delegate in Congress, TONY DIMOND, has fought vigorously for years to remedy this situation. And now, finally, some Alaskan air bases have gotten past the blueprint stage and are being constructed.

But does that settle the problem? It does not. There's no real security in having outlying air bases unless we can keep them supplied. In fact, they could become downright liabilities if an enemy could isolate them and starve them out, because the enemy then could turn around and use the same bases against us.

All right, then. We have Alaska. It is the key to control of the North Pacific, and we're going to have airplane protection for the northern terminus of the Alaska Railroad at

Fairbanks. The ocean terminus of the Alaska Railroad is at Seward, and we're going to protect that with planes based on Kodiak Island. The planes at Kodiak also will protect the lower reaches of the Richardson Highway, which stretches from Fairbanks south to Valdez. Alaska's capital, Juneau, and the White Pass and Yukon Railway, which runs over the mountains into Canada's Yukon Territory, presumably will be protected by planes based at Sitka. So far, so good—as long as the United States Navy has undisputed control of the North Pacific.

But suppose—just suppose—that a large part of the United States Navy is engaged in the Atlantic and another large part of it is guarding the Panama Canal, or is over around the Philippines. And suppose that in among the wild, uninhabited fiords that give Alaska a coast line of 15,132 miles an enemy submarine fleet has established temporary bases. That wouldn't be impossible, because many of those fiords aren't visited by human beings for months or years at a time. And thousands of tons of supplies could easily be landed without detection and effectually hidden in the forests that come right down to the water's edge.

Suppose something like that happened. Could the United States keep a steady stream of supplies moving across from 1,000 to 1,500 miles of ocean? Mind you, that's two and a half to nearly four times the distance from Scotland to Norway.

The situation could be complicated further if enemy submarines first laid mines in the narrow Inside Passage, blockading every town on the Panhandle, including Juneau, the capital. And if you don't think that would be a comparatively simple matter, just consult the map.

Bear in mind that Alaska has no coastal guns of any description. Neither has she any arsenals, ammunition dumps, or antiaircraft. She's just 590,000 square miles of unguarded wealth and unused strategic advantage.

Well, what are we going to do about it?

We can't afford to let Alaska remain a naval liability, which is exactly what she will be as long as she has no overland connection with the States. There's no sense to that at all, when Alaska could be converted from a naval liability into a military asset for less than the cost of a single battleship.

A road connecting Alaska with the highway systems of Canada and the United States can be built for $25,000,000. That much I know beyond any shadow of doubt, because highway construction in the north happens to be my business. As locating engineer for the Alaska Road Commission, I have laid down probably as many miles of north country transportation as any man alive.

We can bring Alaska to North America and end its insular status by building 1,200 miles of road from a point north of Hazleton, British Columbia, to a point 183 miles inside Alaska, where the present Alaskan highway system ends.

The specifications on which the $25,000,000 estimate is based call for a hard gravel surface 28 feet wide. This gravel highway would be adequate for heavy military transport. Over it, troops and supplies could be rolled up into the Alaskan interior in jig time, behind the protecting wall formed by the great coastal mountain range. It could be used 52 weeks a year, because snowfall in that valley between the Coast Range and the Rockies is insignificant.

A thousand miles of the new road would lie in Canada. And the opening up of the country would enable Canada to establish flying fields along the route for commercial purposes in time of peace and for military use in event of war. Planes based along the highway would need only to hedge hop over the Coast Range to play havoc with any hostile fleet offshore.

I assume that the United States and Canada would be making common cause in war, because, just as we couldn't let a hostile power get a foothold in Canada, the Canadians couldn't afford to let one get a foothold in Alaska.

As a matter of fact, common sense appears to argue that if we build the highway there never will be any war in the west. Because, by putting a supply line into Alaska, we actually will be taking military control of the territory for the first time. And General Mitchell's dictum that he who controls Alaska controls the North Pacific would then apply. Once we get American armed forces up there, with an overland supply route to the rear, I don't think any foreign power is going to be so rash as to make a challenge. Meanwhile it's just a case of an ounce of prevention being worth millions of tons of cure.

Now, there may be some completely well-meaning persons who doubt the strategic value of Alaska. They probably are the same people who ask scoffingly why anyone should want to take the Territory when it is only "a sparsely settled snow-and-ice wilderness."

I guess that's the fault of the scenic-photograph people, who have circulated millions of pictures of the Columbia Glacier and of the peak of Mount McKinley, and almost none showing the Tanana wheatfields.

People see pictures of Eskimos all bundled up in caribou-skin parkas, but they don't often get a look at swimming-hole scenes, with kids splashing in the Yukon under a blazing sun. That would spoil people's illusions about Alaska; and yet I've seen the mercury touch 97 in the shade in my own back garden at Fairbanks.

The United States does with Alaska a trade of $125,000,000 a year. That's more business than we do with China, where we consider it so vital to maintain the "open door." It's also more business than we do with Australia or the Argentine or Sweden or Soviet Russia or Spain or Colombia or British India.

Alaska's annual production of new wealth is $100,000,000, which means an average production of more than $1,250 a year for each man, woman, and child, including Indians and Eskimos. Only 20,000 of the inhabitants actually figure in wealth production. That means each worker turns up $5,000 in new wealth every year.

On a per capita basis, Alaska is the world's richest market. Potentially it is a huge outlet for surplus American capital and surplus American labor.

However, I'd like to stress that word "potentially." The development of Alaska's great natural wealth waits for extension of transportation.

Here is an illustration of what roads can mean in opening up the North. Alaska, which pushed forward a 2,000-mile highway-construction program in the past 20 years, has had a spectacular parallel expansion in production, exports, and imports. Canadian Yukon Territory, with almost identical natural resources but no highway program, has had a static economy.

A glance back into early American history shows how vital roads are to the development of new country. From 1634 until about 1830, Illinois and northern Indiana were wild areas inhabited only by Indians and fur traders. Around 1830 three crude wagon roads were cleared through the swamps and forests. As soon as this was done, hardy pioneers set out with all their worldly possessions piled on oxcarts. Within 10 years, practically all sections of Indiana and Illinois had been settled.

It is notable, I think, that the migration didn't take place until the roads were in, even though water transportation had been available all along. People like to migrate with their own independent transportation. The knowledge that the means exist to turn back seems to give people courage to push ahead.

It is logical to assume that when there is a road to connect northern British Columbia, Yukon Territory, and Alaska with the rest of America, modern pioneers will use it, and also will use the airports that will flank it. The North is transportation-conscious.

In Fairbanks, for example, despite limited distances to travel, there is one automobile for each three people, and one airplane for each hundred. Alaskans are like that. They make money and they spend it. If only there were a few million more of them, they'd be the answer to American industry's prayer.

To make a long story short, Alaska and the Canadian Northwest are well worth insuring against all possible enemies, and worth developing in the meantime with all our energy.

President Roosevelt said recently that Americans should acquaint themselves with the history and nature of Greenland, because it appears to be more a part of North America than of Europe.

I say Americans should acquaint themselves with the history and nature of Alaska, because it is a part of North America—and a mighty important part, ready to fulfill its rich and adventurous destiny when it gets the transportation.

Mr. LANGER. Mr. President, I also have before me a very illuminating front-page article in the Alaska Weekly, dated April 10, 1942, captioned:

Reveal pressure forced United States to adopt Inland Road route.

The subhead is:

Highway work started 2 months before announcement. United States fliers pioneering Army skyway to Alaska jailed in plan to insure Canadian profits.

I shall read the first paragraph of this article:

Inside story of a gigantic "squeeze play," whereby the United States was pressured into financing, building, and maintaining for the duration a network of roads linking Canadian airports, under the label of an "Alaska Highway," for the post-war private profits of Canadian air lines came to light this week.

Mr. President, I ask that the entire article be printed in the RECORD at this point as part of my remarks.

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

REVEAL PRESSURE FORCED UNITED STATES TO ADOPT INLAND-ROAD ROUTE—HIGHWAY WORK STARTED 2 MONTHS BEFORE ANNOUNCEMENT; UNITED STATES FLYERS PIONEERING ARMY SKYWAY TO ALASKA JAILED IN PLAN TO INSURE CANADIAN PROFITS

Inside story of a gigantic "squeeze play" whereby the United States was pressured into financing, building, and maintaining for the duration a network of roads linking Canadian airports under the label of an Alaskan Highway for the post-war private profit of Canadian air lines came to light this week.

More than a year before Pearl Harbor, Northwest Airlines, Inc., of St. Paul, Minn., envisioning the need of a direct air route to Alaska and, eventually, a world route to Asia, made application to the Civil Aeronautics Board in Washington.

Route of their proposed air line from the Twin Cities to Fairbanks is the exact route of what is now called the Alaska Highway.

Immediately, efforts got under way to consolidate Canadian air lines under ownership of the politically powerful Canadian Pacific Railway.

While the application of Northwest Airlines was being kicked around in Washington, the Canadian Government, at the expense of millions of dollars, constructed and improved landing fields along the route proposed by Northwest Airlines.

CANADIANS STALL

Fields were improved and constructed at Fort Nelson, Fort St. John, Grand Prairie, Smithers, Watson Lake, and Whitehorse.

Meanwhile, despite recommendations of joint Canadian-American highway commissions, the Canadian Government continued to stall its decision about the Alaska Highway.

After Pearl Harbor, the United States Army accepted the offer of Northwest Airlines to pioneer as a military route the same course they had originally planned as a commercial skyway.

BLAME AMERICAN

Despite urgent requests of the United States Army, Northwest Airlines could not receive permission to pioneer the route, even for strictly military purposes.

Man responsible for countless delays is C. D. Howe, Canadian Minister of Munitions and Supply and Acting Minister of Transport. Howe, born in Waltham, Mass., educated at Massachusetts Institute of Technology, stands with Premier Mackenzie King as the two strong men of Canada.

This native American, who migrated to Canada and amassed a fortune in grain elevators and pulp mills, steadfastly refused to permit an American commercial air line to have access to a foot of Canadian territory.

Weeks passed—weeks vital to the defense of Alaska. Yet not until the United States had actually put military men and equipment on Canadian soil, not until actual construction of the so-called Alaska Highway had begun, would the Canadian Government permit establishment of an American military air route.

PRESSURE PLAY

Two months before public announcement of the route chosen for the Alaska Highway, 175 10-wheel military trucks, filled with Army engineers and equipment, crossed the Peace River ice.

Meantime, the United States Army, frothing at unnecessary delay, ordered a Northwest Airlines plane to cross the Canadian border and begin establishment of radio equipment and other ground facilities.

On February 28 a Northwest plane, loaded with some 15 technicians, landed at Edmonton, Alberta, and began setting up radio facilities. Occurred then the utmost in pressure.

Canadian authorities inquired of the American technicians, "What installations are you making, and on whose authority?"

Technicians replied, "Radio facilities for the United States Army."

"You'll have to use our facilities."

"Your facilities are inadequate," the Americans pointed out.

"Then we'll impound you until they are adequate," was the reply.

JAIL AMERICANS

Promptly, then, all of the Northwest technicians and pilots were thrown into jail and there they remained for 48 hours.

On March 2 word of their plight reached Senator SCOTT LUCAS, of Illinois, who telephoned Under Secretary of War Robert Patterson:

"If the Army doesn't act on this immediately," LUCAS fumed, "I'm going to start a Senate investigation within 24 hours. It's time we knew whether the Canadians are with us or not."

Next morning Senator LUCAS got word from White House Secretary Marvin McIntyre to "hold your horses."

Meanwhile Canadian authorities had forced the Northwest plane to fly back to the United States. In a matter of hours after "word from the White House" the same plane returned to Canada and began setting up ground facilities.

The facilities, however, are not the property of Northwest Airlines. They are United States facilities given to Canada on a lend-lease arrangement.

FOR CANADIAN PROFIT

Northwest Airlines, now ferrying military personnel and planes, is operating without any other authority than "word from the White House." They are doing the job for the Army on a cost-plus basis—pioneering a route to which they will have no post-war rights.

Thus, Canada, at United States expense, gets a road linking airports along the shortest route to the Orient—over Alaska.

In an effort to salvage something from the deal, Northwest Airlines this week had filed papers in Juneau for authorization to do business in Alaska, with a capitalization of $900,000.

They expect to be able to operate between Fairbanks and Whitehorse, taking passengers from Canadian planes flying the route Northwest pioneered and using facilities the American firm installed.

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM—RUBBER (PT. 7 OF REPT. NO. 480)

Mr. TRUMAN. On behalf of the Senator from Iowa [Mr. HERRING], from the Special Committee Investigating the National Defense Program, pursuant to Senate Resolution 71, Seventy-seventh Congress, I ask unanimous consent to submit a report with respect to rubber. It will take me but a few moments to do so. I shall try to get through as expeditiously as possible. I should like to call attention to some sections of the report, a copy of which is now on the desk of every Senator. It covers five different subjects, and it is not complete. There will be further hearings, and another report will be submitted at a later date on the same subject. This committee report covers five major subjects:

First. The present supply, prospects of future increments of the present supply, and prospective needs—needs to be considered in the light of rationing restrictions.

Second. Analysis of the stock pile existing as of the beginning of 1942 and the reasons why this accumulation is not greater.

Third. The prospects of obtaining new rubber from sources other than the Far East, including, (a) synthetic rubber, (b) domestic natural rubber and guayule, (c) rubber from South America, Central America, and Africa, and particularly the prospects with respect to each of the above for the next 3 years.

Fourth. An analysis of the current rubber program from the standpoint of ascertaining its practicality and the ways in which the committee may make suggestions and take other action to facilitate matters.

Fifth. Conservation and full accumulation of available rubber. This includes the questions of rationing, reclaiming of scrap, the rationalization of transport, and kindred subjects.

The purpose of the committee has been primarily fact-finding, and not fault-finding. I wish to say that there has been a subcommittee which has done a tremendous amount of work on this subject. The chairman of the subcommittee the Senator from Iowa [Mr. HERRING], is not able to be here today, and he requested me to make this report for him, which I am doing.

I should like to call the attention of the Senate to certain sections of the report which I think it will find extremely interesting on the subject. We have exercised more foresight than our Allies did in the way of a stock pile, or at least we had appropriated funds to do something about a very serious problem. The British stock pile is estimated to be considerably smaller than ours, and, indeed, we must henceforth consider ourselves the chief rubber source for the United Nations. Our stock pile must be used for all our Allies.

One of the reasons why that situation was brought about is the fact that there was a rubber committee controlled by the British and the Dutch, and this rubber committee controlled 97 percent of the rubber production of the whole world. That rubber production was in Malaya, Sumatra, Java, and Ceylon, and it was a most difficult matter for the Reconstruction Finance Corporation to negotiate the purchase of a stock pile for this country for the simple reason that it was feared that an accumulation of a large stock pile of rubber in the United States would tend to break the price. That price had been fixed by the British back in the 1920's, and the Dutch were not taken into consideration at that time. As the result of that situation, in 1932 rubber reached an all-time low in price in this country. Finally, however, a belated agreement was made in 1940 by the International Rubber Regulation Committee to raise the production of crude rubber in the Far East to 100 percent, and to allow us to make purchases for a stock pile.

The Government's price for this stock pile was from 18 to 20 cents a pound for first-grade rubber, and yielded a substantial profit to the producers. We were informed that rubber could be produced for about 11 cents a pound, and that there were sections of Sumatra and Ceylon where it could be produced for as low as 3 or 4 cents a pound.

Mr. Jones made this statement to the committee at a hearing at which he appeared:

> We were continually after them—

That is, after the International Control Committee in the effort to purchase rubber.

> We did not complain about the price because it appeared to us that if we were going to get the rubber, we had better give them a price that would stimulate them and encourage them to get it out, because they were not governmental—they were private people, and they are no different from people in this country. They all want to make a profit.

That was the statement which Mr. Jones made to our committee.

During the year 1941 a total of 1,008,000 tons of rubber was imported, in contrast with 486,000 tons in 1939, but the Office of Production Management permitted consumption for 1941 to reach a

new high of 766,000 tons despite the restrictions placed on automobile production during the second half of that year. If that restriction had not been placed in the second half of 1941, the consumption of rubber would have exceeded 1,200,000 tons.

There were three principal causes behind the partial failure of the stockpile program, although under the conditions as they were I think a very remarkable job was finally done. The first was the quota restrictions of the International Rubber Regulations Committee. That was the committee made up of the English and the Dutch, who control the production of practically all the rubber in the world. The committee believes that Mr. Jones handled the situation expeditiously and ably.

Secondly, there was a failure to take full advantage of shipping facilities. As fully explained in this report, which I hope all Senators will read, nonstrategic cargoes were carried where strategic ones might have been shipped; ships were routed the long way around the world to the eastern coast of the United States; Dutch rubber had to await shipment in Dutch bottoms. Some, but not all, of the abuses were corrected by the Maritime Commission.

The final, and most important reason, was the fact that industrial consumption was permitted to absorb most of the rubber brought into the country, in quantities far exceeding consumption known up to that time. This occurred during a period when all the Government agencies involved and the rubber industries were fully aware of the threat to the supplies in the Far East and were attempting to devise means to safeguard themselves against it. This loss of vital stocks might have been prevented had there been a centralized authority to deal with the situation, or if the Office of Production Management had curtailed automobile production. But at the very period when it became clear that some action was necessary to conserve rubber the companies indulged in an orgy of consumption, laying in stocks of finished goods at a rate which reached in June of 1941 a new high of over a million tons per annum. The stock pile situation is as good as it possibly can be under the circumstances.

I shall now pass from the stock-pile situation and discuss briefly the conservation of rubber. During the middle of 1941, both the Army and Navy issued directives calling generally for conservation in their requirements. However, until December 7, 1941, neither the Army nor the Navy took any drastic action in this respect, although both studied the subject during 1941, and issued general instructions about the necessity of conservation. Since Pearl Harbor there have been numerous specific instances in which the reduction of rubber has been accomplished in military requirements. An important example is the order to eliminate rubber from tank tracks, which alone will save a very substantial quantity of rubber. Important savings have also been made by changing tire specifications, and eliminating certain entirely unessential uses for mats, foot tubs, and so forth. To a certain extent the use of rubber in various other articles has been reduced or eliminated, but military and lend-lease requirements for 1943 alone have been estimated at a figure approaching our entire annual consumption for civilian use prior to the present war.

As the situation looks today, military requirements are our chief concern, at least with respect to new rubber. It is almost unanimously agreed that there will be no new rubber at all for nonessential civilian use and very little even for essential civilian uses. The civilian problem, therefore, is one of conserving whatever rubber is now available. The military, however, have to date apparently been content to require the elimination of rubber for civilian use and have acted on the assumption that what rubber they need will be available.

Specifications have been altered to reduce rubber requirements, but no over-all far-reaching program drastically reducing the amount of rubber has been put into effect.

On the contrary, despite the reduction of specifications, over-all requirements continue to rise. Although this is a perfectly logical result in view of the ever-increasing size of our armed forces, the necessities of our rubber supply situation will not yield to mere logic.

The best information available in this country is that the German Army was built and has been rolling on less than 200,000 tons of rubber a year. The English have not used any quantities of rubber comparable to those our Army is now seeking. There is no question but that we should supply the men in our fighting line with the very best equipment available. The only issue is whether by failure to face now the fact that rubber may not be available at all in anything like the quantity demanded if the synthetic rubber is not obtained on schedule, the Army and Navy may find themselves without rubber at some future time. It may be that many military specifications are too high in view of the concededly short life of military equipment when it is engaged in battle. The armed forces should exercise the same degree of care that is recommended to civilians to assure conservation of rubber. They should cut out all nonessential use of vehicles and should restrict their speed except where necessary for strictly military purposes. The Army has assured the committee that it will see that this is done. Certainly there must be some approach to the problem which would enable us to equip our armies with a quantity of rubber comparable to the amount with which the Germans have built the most effective mobile force known to date.

The hard facts facing the Office of Defense Transportation must be taken into consideration. Private automobiles run about nine times more passenger-miles a year than do busses and railroads combined.

Mr. Eastman testified before our committee that in the last year for which statistics were available—I think it was either 1940 or 1941—the railroads had 25,000,000,000 passenger-miles, the busses 15,000,000,000, while the passenger-miles traveled by private automobiles were estimated at about 200,000,000,000. So it can be seen that the shortage of rubber will have a serious effect on the transportation problem unless it is handled with the utmost of common sense.

Travel rationing will not meet the situation, although it ought to be tried. Even if the railroads had all the equipment they could possibly obtain at this time it would not be possible for them to haul the passengers necessary to be hauled back and forth to defense plants and works of that sort. It is not practical to use the railroads for such travel. We must find some way to get people back and forth to work. That is one of the great problems now staring us in the face in connection with the rubber situation.

Recently there has been considerable discussion of gasoline rationing. I should like to discuss that subject for a moment.

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

Mr. TRUMAN. I yield.

Mr. HATCH. Does the Senator mean Nation-wide rationing of gasoline?

Mr. TRUMAN. Yes.

Mr. HATCH. I am waiting to obtain the floor. I wish to make some remarks on that subject.

Mr. TRUMAN. I think they ought to be made.

The public has been distracted from this vital program as a result of interest centered on gasoline rationing. Because of the public controversy as to whether drivers would get little or much gasoline, attention has been diverted from the inescapable fact that even if drivers could have all the gasoline their motors could burn, they would still have to reduce driving to a bare minimum in order to conserve rubber. The rubber situation is such that dispute about gasoline should be all but academic. Driving must be curtailed on the basis of the present rubber outlook. Therefore national gasoline rationing on a sensible basis must be given serious consideration.

Among the measures which the committee now understands are being considered for the curtailment of rubber consumption by motorists are:

First. A Federal speed law regulating maximum speed at 40 miles per hour. The President has requested the States to enact 40-mile-an-hour speed laws, but most of these laws could not be enacted until some time next year, and this would be too late.

Second. A law prohibiting the purchase or holding of any tires over five per car.

Third. Over-all gasoline rationing to minimize nonessential driving.

Fourth. Organization of compulsory pick-up systems to obtain maximum utilization of privately owned vehicles.

Fifth. Power to requisition any transportation vehicle, including private automobiles, where it appears that such vehicle is necessary for the purpose of transporting either goods or passengers essential to the war program.

Requisitioning of tires is not a present necessity, although such a measure may become essential before long if shortages develop in specific areas where defense workers must drive comparatively long distances.

However, in considering the question of requisitioning, as well as the question of rationing, we should be sensible. There is no virtue in sacrifice for sacrifice's sake. Automobile tires wear out almost as fast when held in reserve as spare tires. Almost as much rubber will be saved by permitting sensibly restricted necessary driving as by indiscriminately forcing the automobiles off the roads. The latter course would not only be wasteful but it would jeopardize maximum production for the war effort. The problem is one of intelligent restrictions on the part of public officials and care in driving and maintenance on the part of motorists.

Gasoline rationing throughout the country may become necessary, but at best it can be considered only a temporary stop-gap program, adopted for lack of a better and more sensible program.

I say this because it is common knowledge that inflated tires on a car sitting in a garage wear out almost as quickly as if they were driven at sensible speeds for reasonable distances.

If we are really to save the tires on our pleasure cars for use by civilians in essential defense industries, we shall have to provide a means of acquiring the necessary tires, treating them for utmost preservation, and storing them. We do not have such a plan at this time. Even new automobiles continue to be stored on their tires, many of them in vacant lots; and until machinery is worked out for that program any attempt to collect tires would result in huge piles of them over the Nation, on the order of the pots-and-pans collections.

Even the suggestion of collecting tires has some bad effect, in that it leads the people to believe that if they do not use their tires they will be taken from them anyway.

Requisition of tires should be made if necessary, but only after it is clear that voluntary acquisition is impossible. I do not believe that that is clear at this time. Tires might be acquired by voluntary purchase of automobiles in a sensible, well-rounded program whereby the automobiles would be junked to recover valuable strategic materials, and the tires would be carefully preserved for later use in essential industry.

Where gasoline is plentiful I believe that it is much more important rigidly to enforce speed laws and to require regular inspection of cars so as to prevent underinflation of tires and to assure that repairs are given to tires when necessary, and that they are not run to a point where they cannot be retreaded. There is no virtue in sacrifice for sacrifice's sake.

Let me say again that there is no sense in rationing gasoline simply for the purpose of causing somebody to understand that he must make sacrifices for the war. The rubber situation is absolutely vital to the defense program. I think everyone in the United States wants first to win the war. That is the primary object which all have in view. I think if the rubber situation is thoroughly and completely understood, and the facts as they now exist are repeatedly brought home to the people, they will be perfectly willing to meet the situation on a commonsense basis. I cannot see any sense in gasoline rationing where gasoline is now being virtually thrown away because there is no place to store it.

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

Mr. TRUMAN. I yield.

Mr. HATCH. Does the Senator see any sense in gasoline rationing in a State which has more production than can possibly be used, where production is curtailed, and refineries are shut down?

Mr. TRUMAN. No; there is no sense in that. The transportation situation has caused that condition to exist.

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

Mr. TRUMAN. I yield.

Mr. AIKEN. I have heard a great deal about gasoline being destroyed. I wonder if the Senator can tell me where gasoline is being destroyed today?

Mr. TRUMAN. No; I cannot. However, I know that there are three large refineries at Kansas City, Mo., and that their storage capacity is full and running over. They have stopped making gasoline.

Mr. AIKEN. I have understood that there may be places in the rationing area in the Northeast where gasoline was being disposed of for practically nothing a day or two before the order went into effect, because the owners had no place to put it and could no longer afford to pay demurrage on the cars.

Mr. TRUMAN. I do not know anything about that. I do not think anyone would destroy it. I think some was practically given away.

There are other sources of supply for rubber which need to be considered and surveyed. We have gone into some of them to a certain extent. One of them is guayule.

However, guayule rubber is in the far-distant future. The best information we can get is that there is no possibility of having any substantial amount of rubber from guayule for at least 2 or 3 years. I was informed by a man who knows the situation in Mexico that it is proposed to create about 7,000 tons of guayule rubber in Mexico; that plants are to be erected to take care of it for their own domestic consumption, and that in the long run there will be only about 2,000 tons available from that source for export to this country.

A similar situation exists in South America. South America never produced any great quantity of rubber. The amount now being produced in South America is being substantially used at home, and we can depend on very little rubber from South America.

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

Mr. TRUMAN. I yield.

Mr. HILL. A man named Simpson, from New York, as I recall, appeared before the Senator's committee, and also issued several statements to the press.

Mr. TRUMAN. He did not appear before our committee.

Mr. HILL. Did the committee investigate the claims which he made? He claimed that all the rubber we might need is available to us in South America.

Mr. TRUMAN. The statement he made was that there was probably enough rubber in South America to meet our needs. That may be true; but that rubber is still in the jungle, and it is not accessible. In times past rubber from the South American jungle cost as much as $3 a pound. Our principal source of supply will be synthetic and scrap rubber. They are the two most important sources from which we shall obtain the rubber we shall need.

Mr. HILL. Even if we were prepared to pay $3 a pound for natural rubber obtained from the South American jungles, we could not get it. Is that correct?

Mr. TRUMAN. Yes; even at that price we could not get it, for it could not be brought out from the jungles.

Mr. HILL. That is because of pestilence and disease and the high death rate among those working in the jungles, is it not?

Mr. TRUMAN. That is true.

One of the most important sources of supply to be considered is scrap rubber. Thousands upon thousands of rubber tires have been thrown away, and hundreds of thousands of rubber tires on automobiles are just on the point of becoming worn out. Such tires should be conserved and saved, and the tires which are now on cars which are being used in essential services should be inspected and should be recapped at the earliest possible date, if we are really going to conserve rubber, and it must be conserved if we are to meet this situation.

Our best chance to obtain rubber lies in the production of synthetic rubber. I desire to say only a word or two about synthetic rubber. I shall not take the time to read the portion of the report dealing with synthetic rubber, for it goes very thoroughly into the whole synthetic rubber situation, but I sincerely hope that every Member of the Senate will read the paragraphs of the report dealing with synthetic rubber.

Germany and Russia have developed a synthetic rubber program to some extent. We were informed from a source which we consider reliable that at the beginning of the war Germany had been able to make as much as 70,000 tons of synthetic rubber in 1 year, and that Russia had made as much as 50,000 tons of synthetic rubber.

The synthetic rubber situation in this country had been complicated to a very serious extent by the patent situation, which was brought about by a deal in patents between the Standard Oil Co. of New Jersey and the I. G. Farben Industrie, a company which controls all the industries of Germany.

The Goodrich Rubber Co. had created a synthetic rubber on their own account, which they call Ameripol. They have tried it on several thousand tires in conjunction with a mixture of natural rubber, and they claim it is of excellent quality and has been giving good service.

The du Pont Co. has worked out a synthetic rubber called Neoprene, I believe, which was used for mats, rugs, hose, and things of that sort, and which has been found to be very efficient for such purposes but extremely costly to make.

The Standard Oil Co., in its dealings with the German company, had obtained the right to the use of the German patents which control the fabrica-

tion of synthetic rubber. Synthetic rubber can be most economically made from oil products. It is also possible to make synthetic rubber from alcohol produced from grain; but the most economical program as yet presented to the committee has been the program to make it out of butadiene, which is a product of oil. I do not know anything about it, because I am not a chemist or a scientist, but I am told that butadiene and high-octane gasoline are products which come off the oil-cracking process at about the same place, and that both of them can be economically made at the same plant. I do not know whether that is true, but we have been so informed.

The Standard Oil Co. has a patent on a butyl rubber which has not been turned into the patent pool, and which we believe is the most promising opportunity which we have to make rubber in sufficient quantity so that the whole country may receive some benefit from it. Butyl rubber, so I am informed, can be made on a basis which in the long run will enable it to compete with natural rubber at the prices which we have had to pay for it in the Indies. A little later on I shall discuss to some extent the alcohol-rubber program as outlined by the able and distinguished Senator from Iowa [Mr. GILLETTE], who is the head of a subcommittee which has been considering that subject, I think, to some extent. We did not go into that matter as fully as we would have done, because the Senator from Iowa is working on it.

I am trying to complete my report on these matters as rapidly as I can. I wish I had time to read to the Senate the section of the report dealing with the synthetic rubber program of the Standard Oil Co. of New Jersey and its dealings with the I. G. Farben Co. in Germany, as that subject has been gone into very completely.

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

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

Mr. TRUMAN. I yield.

Mr. HILL. Is the report too lengthy to be printed in the CONGRESSIONAL RECORD immediately following the remarks of the Senator from Missouri?

Mr. TRUMAN. No; it is not.

Mr. HILL. I hope the Senator will ask to have it printed in the RECORD immediately following the conclusion of his remarks.

Mr. TRUMAN. I shall do so at once. Mr. President, I ask unanimous consent that the last section of the report, on the subject Synthetic Rubber, be printed in the RECORD at this point in my remarks. This is where it belongs. It begins on page 27 and ends at the center of page 42.

The PRESIDING OFFICER. Is there objection?

There being no objection, the portion of the report referred to was ordered to be printed in the RECORD, as follows:

SYNTHETIC RUBBER—PRIVATELY SPONSORED DEVELOPMENT

On October 8, 1939, the Army and Navy Munitions Board plan for rubber included a recommendation for the development and use of rubber substitutes. As early as 1931 studies were made for the Navy on synthetic rubber at the Mare Island Navy Yard. During 1939 the Munitions Board had a series of meetings with synthetic rubber producers concerning the development of the industry in the United States. Although the Board had no appropriation to finance such development, it agreed to recommend Government financing of synthetic rubber under emergency conditions.

That Government financing would be needed for any large-scale development was clearly evident from the course synthetic rubber production had taken in this country.

The rubber shortage in the first World War started experiments in laboratories all over the world. Germany developed an inferior product called methyl rubber, but abandoned it in the 1920's when early forms of buna rubber were discovered. The first large-scale German commercial plant for buna rubber was completed in 1939, and one other plant was being built when the war commenced in the fall of 1939. These developments were achieved by means of a Government subsidy, which took the form of a tax on all imports of crude rubber. Germany's normal, annual peacetime rubber consumption was in the neighborhood of 75,000 tons, and the development of the buna-s synthetic was for general use.

From the little information available, Russian production of synthetic rubber is estimated at approximately 50,000 tons. This rubber seems to be of the buna type for general use in tires and tubes, and it is made from agricultural alcohol. It is believed that a similar type of synthetic development was planned in Poland.

In the United States synthetic rubber was developed for certain special purposes for which the new product was superior to crude. As long as crude rubber was readily obtainable from Far Eastern sources there was no commercial market in this country for general purpose synthetics. The market for specialty rubbers, especially of the oil resistant type, grew from about 2,500 tons in 1939 to 4,500 tons in 1940 and to 9,000 tons in 1941. At the end of 1941 production capacity had expanded to almost 20,000 tons. The new uses to which these rubbers were put included self-sealing gasoline tanks, hose, tubes, insulation, and gas masks.

Neoprene, developed by the du Pont Co., is one of the outstanding specialty rubbers; Thiokol, of the Dow Chemical Co.; Koroseal, of Goodrich; and Vistanex, of Standard Oil, are others. The only general-purpose tire rubber which had been brought into small commercial production by 1940 was Ameripol, another Goodrich product. In the summer of 1940 Goodrich placed Ameripol tires on the market at a 30-percent price mark-up over crude-rubber tires, and recent reports on the performance of these tires seem to indicate that Ameripol was equal, or possibly superior, in durability and service to the crude-rubber product.

Experimental work was being undertaken on a small scale by the various companies, but no one company felt justified in going into large-scale commercial production on any general-purpose synthetic rubber. There is substantial evidence that the Standard Oil Co. of New Jersey (hereinafter referred to as Standard) believed that a general-purpose rubber it had developed, butyl rubber, might eventually be suitable for large-scale production, since the production cost compared favorably with the price of crude from the Far East. However, Standard has not yet succeeded in attaining this objective. Standard continued its development work, and at no time stopped its efforts to improve the product, but did not make butyl rubber available for study by others until 1940.

There is considerable evidence that the development of buna-s type rubber, which is regarded as the best type of synthetic rubber in the United States, was seriously retarded as a result of the 1929 agreement between I. G. Farben and Standard and the action taken pursuant thereto. By their joint action I. G. Farben and Standard were able to discourage independent rubber companies from entering into the independent development and production of synthetic rubber, they preferring that whatever development of synthetic rubber took place in the United States be done under licenses from them.

This story is sufficiently important that the committee believes it should be discussed in this report in some detail.

At the outset it should be stated that there is no question of moral turpitude or of subjective unpatriotic motive on the part of Standard, or of any of its officials. On the other hand, the relationship created by the agreement between Standard and the I. G. Farben created a situation where Standard had to choose between fulfilling its obligation to I. G. Farben and what it might otherwise have regarded as its patriotic duty as an American business. As a result, Standard was repeatedly forced into situations which, taken individually and outside of the general pattern of this arrangement, can be construed only as most compromising.

In a complete judgment of the situation described in the succeeding pages, it should be borne in mind that it would be unfair to view the individual actions except as part of a general picture of big business playing the game according to the rules as the Standard construed them, viewing patents not only as an offensive weapon by which to better its own commercial position but also a defensive weapon to resist the efforts of other companies to better their relative position in industry. Unless a company in the position of Standard took careful and calculated action to arm itself with the strongest patent structure it could acquire, it would have been apt to find itself either paying an enormous tribute to other companies or being excluded entirely from various fields in which it was legitimately interested. To obtain such a patent structure Standard paid a heavy price which, as in the case of other companies creating such patent structures, has had to be borne by the entire Nation. The committee believes that if the Senate Patents Committee can find a legislative solution by which the discoveries of American inventive genius can be made available on fair terms to all who desire to exploit them, that companies like Standard will in the long run find it just as advantageous to compete freely and openly on this basis as to create a patent structure which is an offensive and defensive weapon of industrial warfare.

Testifying before the committee on March 26 and 27, 1942, Assistant Attorney General Thurman Arnold presented documentary evidence which the Antitrust Division of the Department of Justice had collected for its case against Standard, which culminated in the filing of an information against Standard, and in a consent decree entered on March 25, 1942. In three subsequent hearings, on March 31, April 1, and April 2, the committee reviewed this evidence with Mr. W. S. Farish, president of Standard, and Mr. Frank A. Howard, vice president of Standard, and president of Standard Oil Development Co. At these hearings Standard was given and availed itself of the opportunity to present its side of the picture in full. Another hearing was devoted to testimony by officials of the Departments of State, Commerce, and the Treasury, on points brought up at previous hearings.

There was unfolded on those days one of the most dramatic stories ever heard by the committee. Through the testimony, a network of international relationships was revealed, which over the years have affected the most crucial sections of our national production.

In general, the agreements between American and German companies were made to

minimize competition between two giants, each of which was strong enough to deal the other heavy blows, by dividing the world into fields wherein each could maintain its position without getting into a conflict with the other. Each company would then be in such a position in its field that it could effectively retain the position which it had. Characteristic of the cartel pattern is the companies' claim that they entered into such agreements in order to avoid "ruinous" competition, while at the same time they stoutly broadcast their faith in "free enterprise" and "healthy competition."

After several years of alliance for technical cooperation between the two companies, culminated by many discussions over the division of business, a written agreement was entered into on November 9, 1929. By the agreement, I. G. Farben retained supremacy in the chemicals field all over the world, including the United States, and turned over to Standard its patent rights in the oil field, for use anywhere in the world except in Germany. The spheres of influence, oil and chemicals, were defined in terms of end products rather than of raw materials, because it would be possible to work with raw materials in either field to get an end product in the other field. The oil patent rights, mainly for synthetic gasoline, hydrogenation, and preliminary work on toluol, were to be held and administered by the Standard-I. G. Co., of which the stock was owned 80 percent by Standard Oil and 20 percent by I. G. Farben. Royalties accruing from these patents were to be divided 80 percent to Standard Oil and 20 percent to I. G. Farben. A few products which were considered to be border-line ones were in 1930 turned over to another company, Jasco. This company held, among other patents, those on synthetic rubber developments. The stock of the company was divided equally between the parties. Control over the buna types of synthetic rubber patents remained in the hands of I. G. Farben as their originator, under an agreement which provided that control over the development of any patent held by Jasco would be in the hands of its originator.

As shown in some of Standard's own memoranda, Standard's officials were aware that future developments in the oil field would produce important discoveries in the chemical field; but Standard believed that it was so advantageous to secure its position in the oil field, as currently defined, that it was willing to risk the possibility that I. G. Farben would stifle independent American research and exploitation of synthetic rubber and other chemicals by refusing to license and neglecting to develop synthetic rubber.

It should be noted that I. G. Farben took no such risk. In the oil field Standard's domination of the oil field was limited to exclude Germany in striking contrast to I. G.'s retention of its position in the chemical field within the United States. This failure of the mutual obligation to dovetail is perhaps the key to all of the difficulties which have resulted from the 1929 agreement. While Standard was not in a position to prevent the development in Germany of discoveries in the oil field, it permitted I. G. Farben to obtain a position in the chemical field in the United States whereby it could actually prevent development and exploitation by American companies. This was a heavy price to pay I. G. Farben for relinquishing its competitive position in the oil field. But Standard could reasonably anticipate that the price would be paid by American industry in general, and that any losses to Standard would be made up when I. G. Farben was willing to release its patents for exploitation in the United States.

The 1929 agreement provided for mutual exchanges of information and for full and loyal cooperation. In the event that any legal or governmental force should disturb or impair the relationship so consummated, it was agreed that "the parties should enter into new negotiations in the spirit of the present agreements and endeavor to adapt their relations to the changed conditions which have so arisen."

In September 1939, after the commencement of hostilities between England and Germany, the parties took steps to adapt their relationships to the war, even in the event that the United States should become a party to the conflict. At this time Mr. Howard met representatives of I. G. Farben at The Hague, and held a series of conversations which were embodied in a document known as The Hague memorandum. It was agreed that the rights in the United States and the French and British Empires to the synthetic rubber and some similar patents involved in their agreements should be turned over to Standard. Those rights in the rest of the world were to become the sole property of I. G. Farben. According to Mr. Farish, Standard received legal title to about 2,000 patents, in which it was jointly interested with I. G. Farben, most of these being the oil patents in which Standard already had an 80 percent net interest, and in consideration for this turned over to I. G. Farben, Standard's minority interests in the synthetic rubber and some similar chemical patents in the countries other than England, France, and the United States, and "a small sum of money."

The Standard officials testified positively that Standard had acquired title to these 2,000 patents without any strings attached. This statement as to title was not applicable to the financial arrangement between the parties. I. G. Farben still retained their 20-percent financial interest in the oil patents, and other strings were attached. The Hague memorandum stated:

"If it shall appear from * * * reports that the division of territory of exclusive ownership between the parties as herein effected have not been equitable in its financial results as judged by the agreement of September 30, 1930 (which was based on the 1929 agreement), then the parties shall correct the inequity in such manner as may seem most fair and advantageous at the time.

"Pursuant to the foregoing, I. G., the Standard Oil Development Co., and Jasco shall make or cause to be made any formal assignments or execute any further instruments necessary to put into effect the present readjustment and any required future readjustment of the rights and interests of the parties to the agreement of September 30, 1930."

With respect to this arrangement, Mr. Howard testified before the committee on April 2:

"The CHAIRMAN. Is there any equitable arrangement which has to be met after the war with regard to these 2,000 patents?

"Mr. HOWARD. The only arrangement which has to be met, Senator, is a simple matter of money payments. The I. G. could claim after the war, if the contracts were still running, an accounting, and say, 'You made so and so much money out of these patents in these three countries. We made so and so much in the other countries. Under the original contract which you traded us out of in 1939, we would be entitled to a greater sum than we got. That trade you made with us in 1939 wasn't fair and you have to pay us so and so much money.'

"That is the position that the I. G. were in, and it can't be helped. That claim cannot be made during the war, for obvious reasons, and if it were made, it would be subject to the control of the Alien Property Custodian. If made after the war, Senator, I don't know what the facts would be as to it. Of course, you realize, gentlemen, that under the consent decree which we have just accepted we have no right to do anything of that kind. The contract is set aside and all future observance of it is restrained.

"The CHAIRMAN. I just wanted to be sure that the Standard felt that that decree was really in force.

"Mr. HOWARD. We certainly do, Senator."

To the extent that this 1937 contract was a financial arrangement it appears to be at least incidentally a method whereby Standard assumed to act as an intermediary between I. G. Farben and the Alien Property Custodian if the United States should enter the war. Despite the agreement between the two companies that they would maintain the spirit of the agreement regardless of any governmental action which might be taken, it now appears that the Standard officials are willing to consider all agreements abrogated by the consent decree without any reservations whatsoever.

"Senator O'MAHONEY. Then we can say that this arrangement is not merely suspended during the war.

"Mr. HOWARD. We should be very glad to file a consent decree under which all relations with the I. G. under those contracts are brought to an end. I have forgotten the terms, but that is the substance of it. They are all terminated. Every obligation of either party to the other in the agreements in question has been terminated.

"The CHAIRMAN. That decree has already been made a part of the record.

"Senator O'MAHONEY. Then you do not feel yourself to be under any obligation by reason of the contract of 1929 or The Hague agreement of 1939, to make readjustments after the war?

"Mr. HOWARD. No, sir; we do not."

In this respect it should be pointed out that Standard has now placed itself in a position where after the war is over and more obvious patriotic motives disappear, it will have to choose between its word given to the I. G. Farben and its word given to the Government of the United States under what might be called the pressure of legal processes.

According to Mr. Farish, the transfer of patents was accomplished "to avoid confusing the German interests with our own." According to Mr. Howard, who conducted the negotiation, he succeeded in working out "complete plans for a modus vivendi which would operate through the term of the war whether or not the United States came in." Only the interposing of the antitrust prosecution diverted Standard from carrying out these plans.

As early as 1932 Standard operating under its agreement with I. G. Farben did not prevent and did not seek to prevent I. G. Farben from discouraging independent rubber companies from entering into the production of synthetic rubber. Between 1932 and 1934 four rubber companies and one chemical company attempted to negotiate for licenses to manufacture synthetic rubber.

The terms of the licenses offered, under supervision of I. G. Farben, were so onerous and so restrictive that the offer did not seem attractive to at least several of the companies. As early as 1935 Standard was aware that the German Government had entered into the picture and that I. G. Farben was withholding some information about buna developments from Jasco, giving as its excuse that the research work was being conducted at Government expense. However, the Standard officials testified, the Germans themselves were, up to 1936 or 1937, discouraged about their buna development and were interested in arranging a license from du Pont to make neoprene. The license was never taken out, and I. G. Farben continued its work on buna rubber and made rapid strides. When the war started, one large-scale commercial plant had just been completed in Germany and another was being built. I. G. Farben, when finally asked by Standard in 1939, refused "because of military expediency" to make available to Standard the designs and information for a commercial plant, and from Standard's memoranda it is clear that I. G. Farben was unable in 1938 for the same reasons to obtain the permission of the German Government to develop synthetic rubber in the United States.

Despite this difficult situation—and Standard was becoming restive about independent developments which had succeeded in bringing out "some very interesting-looking products"—Standard decided that there was absolutely nothing they could do, and that they must "loyally preserve the restrictions" put upon them.

In a memorandum of the executive committee of Standard's board of directors, written in 1938, it was stated:

"Mr. Howard deplored the fact that the German Government's restrictions on I. G.'s freedom of action have prevented our (Standard) making material progress in the American field, particularly as there is some indication that the American rubber companies are making independent progress."

Standard was faced with two difficulties—it desired to conform to its contract with I. G. Farben, and wait for permission to deal with the American companies on I. G.'s terms; and it was afraid that the American rubber companies might develop their own synthetic rubber business and free themselves from the domination of I. G. Farben and Standard. On April 20, 1938, Mr. Howard wrote:

"Until we have this permission however, there is absolutely nothing we can do, and we must be especially careful not to make any move whatever even on a purely informal, personal, or friendly basis, without the consent of our friends. We know some of the difficulties they have, both from business complication and interrelations with the rubber and chemical trades in the United States, and from a national standpoint in Germany, but we do not know the whole situation—and since under the agreement they have full control over the exploitation of this process, the only thing we can do is to continue to press for authority to act, but in the meantime loyally preserve the restrictions they have put on us."

On April 14, 1938, Mr. Howard wrote:

"Our primary objective in our talk with the Goodyear and Dow people was to convince them of our good faith and our willingness to cooperate with them in order to avoid having them proceed prematurely with an independent development which would make it impossible to bring them into any general plan later. * * *

"The thing that is really holding us up, however, is not the lack of a plan either from Goodyear or ourselves, but the inability of our partners—that is, the Germans—to obtain permission of their Government to proceed with the development in the United States."

Mr. Howard testified:

"Mr. HOWARD. * * * the I. G. reported to us in 1938 that without the consent of the Government they could not undertake the commercial development of synthetic rubber in the United States but that they hoped soon to obtain that consent.

* * * * *

"Mr. HOWARD. Yes, sir. Our friends, the I. G. at that time, were promising that they would obtain as quickly as possible the permission of their Government to proceed to the United States. That permission they obtained before the end of the year 1938, and at the end of that year their representative came here and interviewed the leading rubber companies and arranged with them to send samples of the material and an expert over to see whether they would become interested in undertaking a commercial development in the United States. * * *

"Mr. FULTON. When, if ever, did you impart the information as to the manufacture?

"Mr. HOWARD. As soon as we could issue the license under our patents here.

"Mr. FULTON. When was that?

"Mr. HOWARD. As soon as we acquired the patents, within 2 or 3 months after, at the end of '39 or the first months of 1940.

"Mr. FULTON. And in the first months of 1940 you imparted the information of the I. G. as to the commercial manufacture of rubber to what company?

"Mr. HOWARD. Such information as we had to Firestone Tire & Rubber Co., and that information——

"Mr. FULTON (interposing). I asked you whether you imparted the German commercial manufacturing experience.

"Mr. HOWARD. We did not have at that time the German commercial manufacturing experience. The war in Germany intervened before we were able to get the commercial designs from Germany. After the war they were unable to furnish any information whatever on German industrial processes.

* * * * *

"Senator O'MAHONEY. Then is it not a fact that you saw this advance of the rubber companies in the United States over which you had no control, and then you conveyed that knowledge to I. G. and said, 'Now, you have got to do this. You have got to give us this information or we will lose the field,' in effect?

"Mr. HOWARD. Senator, it was not a question of their giving us information. What we asked of the I. G. in 1938, and what they said they couldn't give us without the permission of the Government, was the beginning of actual plans for a commercial development of synthetic rubber in the United States.

"Senator O'MAHONEY. Whatever it was, you argued with them to give it to you, did you not?

"Mr. HOWARD. We were arguing with them to start their commercial development in the United States by some method, we didn't care what—to start it.

"Senator O'MAHONEY. And was it not your purpose primarily to make sure that Standard and I. G. would beat the rubber companies to it and gain control of the field? Now, understand, you and I. G. had the patents, and I can see that it would be a perfectly normal thing for you to do, to try to make those patents stand up. Isn't that what you were trying to do?

"Mr. HOWARD. Yes, sir; we certainly wished to do that, Senator."

After Standard received title to the patents—but not the desired technical commercial information—from I. G. Farben in 1939 it proceeded apparently on its own initiative to negotiate with rubber companies and to offer a license which would be highly restrictive and would discourage developments of rubber for use in automobile tires. It was designed as a stop-gap, necessary according to Mr. Howard, because Standard knew that if it did not grant some license the American rubber companies would disregard Standard's patent claims, and because Standard wanted to make provision for immediate production of specialty rubber.

The licenses offered in the early part of 1940 fixed a high royalty rate so as to make operation impracticable except for relatively high-cost specialty rubbers. It required the rubber companies to license back their improvements to Standard. It required the rubber companies to produce only for consumption in their own products and prohibited them from selling any of their rubber to others. It gave Standard an option to buy one-fourth of the licensees' capacity for distribution to the trade generally. Standard's memoranda state that: "the licenses offered may be considered as a stop-gap arrangement to permit the rubber companies to get into quick production of Perbunan for specialty use if they so desire. Beyond this, there has been no decision as to how the development will be advanced.

* * * * *

"Of the four companies to whom these proposals have been made, only Goodrich and Goodyear have been active in following them up. Discussions with these companies indicate that to the extent we meet their wishes for the liberalization of the licensing contracts we shall cut away the foundations upon which our own plans would have to rest. While we have told them that in general it is our hope to work out some joint project ultimately, we have assumed no commitment to do so and therefore at the present time they are looking at the license contract we are offering to them as though it were the only thing they would ever receive from us. One cannot blame them for being critical of many of its provisions under these conditions."

In a letter to Goodrich Rubber Co., dated January 10, 1940, a representative of Standard wrote:

"The draft of agreement which I left with you was intended to permit you to manufacture synthetic rubber for specialty purposes and leave you free to participate in a common manufacturing company or not, as you may wish, when and if such a company can be organized. Quite frankly, it was our intention that the license would not be a suitable one under which to operate if the licensees expected to go beyond producing a relatively high cost specialty product."

Hence the type of license offered by the Standard in early 1940 did not differ substantially from the type of license offered under the supervision of I. G. Farben in 1932. Whatever the motives for offering it, the actual effect of this use of patents was completely in line with the whole cartel position. Plans for large-scale production of general purpose rubber by private industry actually were never worked out, and the patents were used by Standard to consolidate its own position.

The company's own patent lawyer summarized succinctly the effect of the licensing agreement:

"The agreement as it is now drafted will lead to the centering of all patent rights of licensees in the hands of licensor, with no outflow of those rights except to customers of licensor (and on two minor phases of patents to licensors' licensees).

"All manufacturing patent license of licensees will help to build up licensors' dominating position, but no licensee will get the benefit of any other licensees' manufacturing patent rights. In other words, this is not a cross-licensing agreement, but one in which patents are piled on patents in the hands of one centralizing company."

The motives of Standard in offering such a license were explained by officials of the company before the committee as a natural desire on the part of the company to retain a monopoly position in the specialty field, as all other companies which developed other types of rubber had done. They claimed that they were actually promoting a break in their own monopoly since they allowed the companies to manufacture rubber for their own use.

Standard officials explained at the hearings that development of buna-s rubber for general tire purposes was being delayed because Standard believed that it could be accomplished successfully only by joint efforts of the rubber companies as contrasted with a competitive effort. This was Standard's own view of the matter, it never explored the possibilities of development in any other way except through Government subsidy, nor did it ever go ahead with any proposal for joint development except to obtain the opinion of its own lawyers that the scheme proposed would be in violation of the antitrust laws. It at no time presented its plan to the Antitrust Division of the Department of Justice for approval which it might have done since it considered the plan to be an entirely necessary patriotic move, nor did it attempt to develop a plan which even its own lawyers

would consider lawful under the duly enacted laws of the United States.

Some companies refused to accept Standard's offer of a highly restrictive license and attempted to produce buna-s type rubber under their own patents. Standard late in 1940 offered these companies an unrestricted license after the National Defense Advisory Council had indicated that the Government would proceed with its own plan for synthetic rubber. Standard filed infringement suits against one of them during 1941 at the very time that the United States was attempting through the Defense Plant Corporation to get plants built and into operation under any patents available.

On Standard's side it should be pointed out that from the time that the Government began to take steps in sponsoring synthetic rubber developments, Standard actively participated in conferences, made numerous helpful suggestions, and generally cooperated to the extent that other companies cooperated. There was, however, one very great difference: Standard contended that its German patents were basic in the buna-type synthetic rubber field and that all producers should be licensed under it. That position cannot be ascribed to lack of patriotism, and was probably due to the mere performance by the officers and directors of what they conceived to be their duty to the stockholders, but it did hamper the Government program.

Throughout the negotiations that the Government conducted on synthetic rubber there was always in the background the outstanding fact that Standard demanded that all companies pay a royalty despite the fact that some companies which had their own patents contended that their processes were entirely independent of Standard's. The Rubber Reserve Co. eventually worked out an agreement with the rubber producing companies, whereby all the companies agreed to pay royalties to Standard, after the Rubber Reserve Co. had indicated that if they did not it would itself enter into an agreement with Standard. Even then the officials of at least one large and responsible company insisted to the committee that they had agreed to pay royalties only because they thought that if they did not the program would not get under way.

Summarizing Standard's activities with reference to buna-s rubber up to Pearl Harbor, it is quite clear that in effect the cartel arrangement with I. G. Farben plus the cartel philosophy which remained even after I. G. Farben stepped out of the picture, seriously impeded developments of buna-s rubber. On the other hand, Standard has not been backward in offering plans for large plants for raw materials and rubber to be built under Government auspices for it and others. Much of its advice in that respect was sound and should have been followed, with, however, proper safeguards to prevent it from unduly exploiting the need for rubber for its own benefit.

During this period when plans for the development of buna-s rubber in the United States were never adequately worked out, Standard developed a new rubber called butyl from vistanex, a specialty rubber with limited uses invented by I. G. Farben. Butyl had, even at the beginning, the most interesting possibilities of any variety in the United States. According to Standard's descriptions of the rubber, Standard knew as far back as 1937 that the raw materials could be supplied at only a fraction of the cost of the buna-s raw materials, and that the capitalization required to build butyl plants would be considerably less than for buna-s, because isobutylene, the major ingredient of butyl, is a normal refinery by-product present in large quantities which is usually allowed to become a part of gasoline. Butadiene, the major ingredient of buna, is a high cost specialty product. Moreover, Standard knew that butyl was very promising for inner tubes, since tests had shown it to be more impermeable to air than either natural or buna rubber; and further that an all synthetic tire (of rather poor quality) could be made from butyl. On the other hand butyl deteriorated under heat and had low resistance to abrasion. It was therefore not suitable for a heavy duty tire. Such difficulties could be overcome only by engaging or permitting others to engage in extended development work.

Although butyl rubber seemed to be promising, especially for large-scale production, Standard at first failed and later refused to issue licenses for the manufacture of butyl rubber, and until the hearings before the committee, did not provide samples to the rubber industry as a whole on which the industry might experiment so as to familiarize itself with the new techniques necessary to turn butyl into manufactured goods. This deprived Standard of the benefit of tests run by experienced rubber handlers. Although Standard itself had no facilities for trying out its product such as the major rubber companies offered, it built in 1940 a pilot plant with capacity sufficient only to supply small samples to two rubber companies, and a few favored specialty companies. This was done after the Army and Navy Munitions Board, whom Standard had sought to interest in use of the product, urgently requested it, and after Standard had indicated that it did not have enough butyl to distribute, despite the fact that it had accumulated several tons and that tests could be made with 500 to 1,000 pounds.

Early in 1939 Standard first approached the Army and Navy Munitions Board with samples and information about using but not manufacturing both buna and butyl rubber. The uses to which these rubbers might be put were discussed, and the Board showed particular interest in butyl. A representative of the Navy's Bureau of Construction and Repair after the outbreak of the war in 1939, visited Standard's laboratories; but when he showed interest in the manufacturing processes for butyl, an official of Standard made sure that the Navy's representative was steered away from anything which would reveal the manufacturing technique. Standard wanted to extend the marketing possibilities of its product, while retaining a complete monopoly on the manufacture of it.

Previous to this, Standard had furnished full information and samples to I. G. Farben. Indeed, according to the 1929 and 1930 agreements Standard was obligated to do so. Standard explained its furnishing information to I. G. Farben as a necessity under its agreements; minimizing the importance of such action by saying that butyl rubber required large quantities of isobutylene, which Germany did not possess. However, at the very time Standard was furnishing this information on butyl to I. G. Farben, I. G. Farben was giving only incomplete information on buna to Standard because of the objections of the German Government. During this period also, Standard refused to license an English company to produce butyl rubber. It explained this by saying that the particular company which had applied for the license was not acceptable to it. Standard also explained its failure to show the butyl processes to the United States Navy representative by saying that he was a civilian employee, who because of a personal professional interest was considered by Standard to be going beyond the scope of his duties, and that it was the first time that any such request had been made. Standard also pointed out that the patent applications filed by it in 1937-38 described the process. Of course, patent applications do not disclose operation developments or know-how. Thus, everything is sought to be explained, but the conclusion remains that whether or not Standard so wished, it put itself in the position of furnishing information to the German company, through which it would be available to the German Government, while withholding the same information from the United States. This was done after it had become apparent that this country might be in desperate straits for lack of natural rubber, and that the synthetic rubber program would be retarded by the withholding of patents or the maintenance of high royalty rates.

At the time that the committee commenced its investigation, neither the patents nor the information on butyl rubber had been included in the Government's pool of rubber patents and know-how formed last December, January, and February. Standard resisted, to the very end of the negotiations on the consent decree, the inclusion of a provision requiring that the right to manufacture under the butyl patents be made available to others during the war. Finally, such a provision was written into the decree, which was entered March 25, 1942, just prior to public hearings before the committee and subsequent to private hearings by the committee on the subject. The Government still has no check on whether Standard will furnish full technical information on butyl, since it has always maintained, and continues to maintain, that the privacy of its laboratories is inviolable. At present Standard is the only company with a butyl contract from the Government.

It is clear that the handling of butyl rubber by Standard from its inception up to the time of the consent decree was prompted by a desire to develop fully its controls over the product, as well as to develop production of the rubber itself. The control of samples and information was used for this purpose, as is seen by one of Standard's own memorandums:

"It has been decided that it is not wise for us to put out our samples before September 15. This is for the purpose of giving our company, in association with Firestone and United States Rubber, a further opportunity to protect ourselves patentwise.

"There is no doubt that when butyl rubber samples are released there will be a flood of patent applications by independent persons seeking to cover various methods of compounding and using butyl rubber. These patents are going to be a nuisance and a burden to us, and we would like to minimize this as far as possible."

As late as October 7, 1940, after participating for over 3 months in conferences with the National Defense Advisory Council for the purpose of organizing synthetic rubber production for national defense, Standard wrote the following:

"While the butyl rubber at its present stage of development has been accepted by qualified rubber manufacturers as satisfactory for most miscellaneous rubber requirements, and as probably superior to natural rubber or any other synthetic product for certain special and essential uses, such as the manufacture of gas masks and of electrical insulation, the development of its use in tire compounds is still in the experimental stage. It is our feeling that in view of the limited size of the present contemplated synthetic rubber manufacturing program, no projects should be included in it which have not demonstrated capacity to turn out rubber of fully established record of reliability and adaptability in the manufacture of tires."

At this time Standard, therefore, withdrew the offer it had made to produce 30,000 tons capacity of butyl rubber. It did, however, get other companies to substitute more than this tonnage of buna-s.

At this time Standard knew that butyl was exceptionally good for inner tubes and would make a tire that would certainly have been useful for light service and which offered the greatest possibilities for large-scale production in a limited time because of the

low cost and ready availability of the raw materials of which it is made.

In testimony before the committee, Standard claimed that it had kept the State Department "fully informed" of any transactions which might be of concern. In 1939, at the time of the Hague memorandum and transfer of the legal title of about 2,000 patents from I. G. Farben to Standard Oil, Standard Oil furnished the State Department a chart purporting to show the working relationship between Standard Oil and I. G. Farben. The chart showed Standard to be in control of the oil products, but entirely omitted any reference to I. G. Farben's dominance in the chemical field. On the contary, it falsely indicated that I. G. Farben had a minority and that Standard had a controlling interest in synthetic rubber. The true worth of the chart was demonstrated in subsequent cross-examination:

"Mr. FULTON. * * * Is that chart correct, particularly where it describes the interest of the I. G. Farben * * *.

"Mr. HOWARD. The chart is so complicated; I am sorry, I don't see what you are referring to.

"Mr. FULTON. Are you having difficulty understanding it? Would the State Department understand it?

"Mr. HOWARD. Well, it took about 2 hours to review it with them.

* * * * *

"Mr. FULTON. Where was the part that the Germans retained for themselves referred to under I. G. Farben? I am particularly talking of synthetic rubber and chemicals.

"Mr. HOWARD. That wasn't in Standard-I. G. Co. at any time, Mr. Fulton.

"Mr. FULTON. That was still in I. G. Farben?

"Mr. HOWARD. That was in Jasco.

"Mr. FULTON. And where is Jasco on this chart?

"Mr. HOWARD. Jasco is not shown on the chart.

* * * * *

"Mr. FULTON. Why was that left out?

"Mr. HOWARD. Why, I assume because the chart was already so complicated that neither you nor I can easily see what it means now.

"Mr. FULTON. Yet in handing it to the State Department I believe you said, and I am quoting, 'It is believed that the chart will be found to be largely self-explanatory * * *.'"

Another example of how Standard sometimes kept to the letter in its relationship with this Government but not to the spirit can be found in the instance of the contract between the Brazilian subsidiary and Condor, a German air line operating out of Brazil. Standard was asked in 1940 to refrain from making shipments of aviation gasoline to either the Italian or the German air line in South America, since notorious German agents, propaganda material, and strategic war materials for Germany were carried on these lines from Europe to South America and back, thus breaking the British blockade. Standard itself complied, but continued through its Brazilian subsidiary and under the supervision of the American Ambassador at Rio to make limited deliveries of the gasoline under a contract with Condor. In October 1941 Standard notified the State Department that unless the United States Government was willing to protect and indemnify its subsidiary against a possible lawsuit and fine, the contract would have to be fulfilled. The State Department was forced to threaten to blacklist Standard's Brazilian subsidiary in order to stop the deliveries. Deliveries of gasoline by Standard's Brazilian subsidiary were, however, continued under direction of the American Ambassador to Brazil until a substitute service could be established. An overwhelming majority of the companies asked by the State Department to refrain from doing business with German companies in South America had complied immediately and had taken whatever losses accrued from it.

The world-wide business of Standard and the impact of this business upon the Government's interest, has led Standard into questionable positions on specific issues. The executive committee's minutes of February 17, 1941, indicate that although Secretary of State Hull had advised Standard that he hoped shipments would not be made from any place in the Western Hemisphere to the Italian air line, Ali Littoria, Standard decided to supply this air line for 6 months from stocks of the Standard Oil Co. of Brazil. The question was raised before the executive committee of Standard's board of directors:

"Whether the State Department should be informed of all of the current developments in this situation. The committee was not inclined to feel this was necessary."

In 1941, Standard was considering the exploitation of hydrogenation patents in occupied France. In an executive committee memorandum Standard expressed its point of view:

"Although Shell to date has seemed reluctant, or perhaps under pressure of the British Government—we might have some trouble in all the democracies of this kind—has been unable to entertain favorably this proposal to the extent that their interest in International Hydro patents is affected. Mr. Howard said he believed matters had reached the point where they now may yield."

This never went through.

The question of good faith, although an intangible, is of major importance, not only in interpreting past action, but in forming a judgment as to the future.

By the consent decree Standard has now released royalty free for the duration of the war, for general use, and for any purpose, all of its rubber patents. After the war Standard will receive a reasonable royalty on its patents, to be determined at that time.

The committee has the assurance of responsible Standard officials that, despite passages in the 1929 agreements, its understanding with I. G. Farben is now dissolved, and that Standard has no obligation, moral or otherwise, to resume the relationship. It has the further assurance from these officials that it has entered wholeheartedly into the rubber program, and will not withhold its know-how or its information from the Government.

In any new venture such as synthetic rubber, the patents do not contain every technical particular in respect to the manufacture of the product. In most instances the quality of product depends mainly on the fund of information outside the patents, the know-how, and unless the companies who hold the patents are willing to cooperate fully and freely with each other and with the Government, the program will be much hampered.

The documentary evidence out of Standard's own files requires the conclusion that Standard, as a result of its cartel arrangements with the I. G. Farben, and as a result of its general business philosophy, did hamper the development of synthetic rubber in the United States and did place itself in a position where its officials, although personally patriotic men, engaged in activities helpful to the Axis Nations and harmful to the United Nations. Standard vehemently denies this, and asserts that it has aided the development of synthetic rubber. Standard's answer primarily established the fact that its actions were the inevitable result of its business policy, rather than the result of improper personal motives on the part of any individual.

The principal justification offered by Standard for this business policy has been that it was necessary to enter into the cartel arrangement in order to obtain the fruits of German inventive genius, and that if Standard had not made a deal to get German synthetic rubber, the United States would not have had it at all.

This assertion misses the point that in order to protect their deal I. G. Farben and Standard discouraged other companies from embarking on independent development. We were simply playing foreign inventors while keeping our technicians out of the field. Despite these actions, American initiative was not stifled, and some companies, particularly Goodrich and Goodyear, did proceed to develop synthetic rubber independently of any cartel arrangements. Had others not been discouraged, we might be far ahead today. All that we ever received from Germany with respect to synthetic rubber was the information contained in their patents. Mr. Howard made it perfectly clear that we never did get the technical information with reference to commercial use of these patents. The patents had to be and were filed in this country in order to obtain patent rights here. This obviously would have been done whether or not Standard entered into any agreements with I. G. Farben. Thus, America would in any event have had the benefit of the German patents, and as a result of Standard's agreements we gained nothing in this respect but were hampered in our efforts to develop the processes disclosed in the patents.

As a further justification for entering into the restrictive agreements with I. G. Farben, Standard has pointed out that by such agreements it obtained the basic understanding of hydrogenation processes through the use and development of which it was later able to produce 100-octane gasoline and synthetic toluol, both of which have been of major importance to the war effort. However, it appears that Standard had obtained the right to the hydrogenation processes under an agreement with I. G. Farben antedating the so-called division of fields agreement of 1929, so that Standard did not have to accept the restrictions of the division of fields agreement, particularly those relating to chemicals and synthetic rubber, in order to obtain the basic process of hydrogenation which later enabled Standard to produce 100-octane gasoline. The major consideration to Standard for the division of fields agreement was I. G. Farben's agreement to refrain from competition in the oil field, and not the turning over of the hydrogenation processes, although the 1929 agreement did permit Standard to license other companies to use the hydrogenation process, which it could not have done under the earlier agreement without the consent of I. G. Farben. Moreover, it should be emphasized that both 100-octane gasoline and synthetic toluol were perfected by Standard and not by I. G. Farben, and that Standard's very valuable discoveries with respect to 100-octane gasoline were required to be and were passed on to I. G. Farben. Standard seeks to minimize this by asserting that the discoveries were unimportant to Germany by reason of its lack of oil. The committee is in no position to determine the extent to which Germany has benefited or will benefit from such discoveries.

It is significant that the statement submitted by Standard replying to the charges presented by Mr. Arnold failed even to refer to, and much less to answer, many of the most important documents taken from the files of Standard and presented to the committee by Mr. Arnold.

On the other hand, in fairness to Standard, there is the fact, heretofore referred to, that the present patent system, enabling both foreign and domestic corporations to build a patent wall around a large corporation with the attendant possibility of very great detriment to its business, provides a strong incentive for such a corporation to use patents as an offensive and also a defensive weapon to enable it to retain a dominant position in its industry. Had Standard not entered into its agreement with I. G. Farben, it might have itself been a victim of the

cartel practices. It should also be noted that the principal agreements between Standard and I. G. Farben were made in the 1920's at a time when the possibility of another war was not seriously considered, and at a time when the Government had not taken any position with respect to such arrangements with foreign companies.

Standard is only one of a group of companies producing critical materials which, by cartel agreements and by the subsequent control of patents, have sought to restrict and control production. This has constituted one of the greatest menaces to our war effort. The committee has already investigated many of these, and intends to probe into the others whenever necessary.

It has found that such arrangements are harmful in peacetime, but disastrous in time of war. They cannot be allowed to flourish and choke the great war machine the United States is building. They must be stamped out quickly and completely. A study of the legislative changes necessary or desirable to correct these evils is now being made by the Senate Patents Committee.

The committee believes that future arrangements whereby foreign business interests dominated by hostile governments can create bottlenecks in our industrial machinery can be prevented. In the first place, their existence can be made known by requiring that all contracts entered into with foreign interests be registered In the second place, as has been indicated above, it may be possible for the Senate Patents Committee to find a legislative solution whereby all inventions given protection under the laws of the United States must be made available on fair terms to all who desire to participate therein. The committee understands that the Senate Patents Committee is now considering the possibility of drafting such legislation.

Mr. TRUMAN. The portion of the report printed in the RECORD will give every Senator an opportunity to read about the whole development as it took place. It is very interesting.

At the conclusion of the examination which we made, and of the study of the situation which developed as the result of the control of these patents, the committee believes that future arrangements whereby foreign business interests dominated by hostile governments can create bottlenecks in our industrial machinery can be prevented. In the first place, their existence can be made known by requiring that all contracts entered into with foreign interests be registered. In the second place, as has been indicated above, it may be possible for the Senate Patents Committee to find a legislative solution whereby all inventions given protection under the laws of the United States must be made available on fair terms to all who desire to participate therein. The committee understands that the Senate Patents Committee is now considering the possibility of drafting such legislation.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. TRUMAN. I yield.

Mr. O'MAHONEY. Since the Senator has mentioned these two subjects, namely, first, the registration of foreign agreements; and, second, the regulation of patents—it is only proper to say that the Senate Committee on Patents, over which the distinguished senior Senator from Washington [Mr. BONE] presides as chairman, is now studying two propositions which deal with the patent problem from every angle.

Mr. TRUMAN. I hoped he would be here at this time.

Mr. O'MAHONEY. There are two bills, one of which would provide a remedy for war conditions, in that it would make available to the Government and to all engaged in war industries all existing patents, while at the same time protecting the rights of the owners of the patents to a reasonable and proper royalty.

The second bill embodies substantially the recommendations which were made by the Temporary National Economic Committee. One of the provisions of that bill is to the effect that if after 3 years it is made to appear that any particular patent is not being utilized—that is to say, that it is being suppressed—and there is no reasonable explanation therefor, authority may be granted to compel a license. This is not, I may say, the so-called compulsory licensing system, but it is similar to systems which are employed in practically all other countries. Only in the United States has the patent law been so loose that great concentrations of economic power and great cartel associations, combinations of the monopolies of two or three countries, have been enabled to use an advantage granted by a law enacted by Congress to suppress the development of science and to exploit the economy of all the people.

I am hopeful that the committee may in the near future favorably report these measures.

Mr. TRUMAN. I hope so, too. The Senator knows that we were very highly pleased that he sat with the committee of which I happen to be chairman at the time when we were examining the Standard Oil Co. and the ramifications of its patent dealings in connection with the synthetic rubber program; and as the Senator very well remembers, the pooling of those patents for the benefit of the United States Government was not reached by the Standard Oil Co. or the Office of Production Management until this committee started the investigation of rubber. Then the Standard Oil Co. went into court in New York and confessed judgment, and turned over to the Government pool all the patents but one, and that is the butyl rubber patent.

Mr. O'MAHONEY. Mr. President, I think I may be permitted to say that every Member of the Senate recognizes the invaluable service which has been rendered by the committee over which the distinguished junior Senator from Missouri [Mr. TRUMAN] presides; and the country is indebted to him and to his committee for the factual material which is has presented.

I desire to add in this connection that there is pending before the Committee on the Judiciary a measure which would require the registration with the Government of all foreign agreements such as that into which the Standard Oil Co. of New Jersey entered with I. G. Farbinindustrie. The facts need but to be stated in order to make it clear that a remedy is needed.

Mr. TRUMAN. I think the Senator is absolutely correct, as I think the report I am presenting will prove.

Mr. O'MAHONEY. When an organization of such tremendous size as the Standard Oil Co. of New Jersey, with assets greater than those of half the States of the Union, is enabled to enter into a commercial treaty with monopolies in foreign countries, and to make such commercial treaty effective without regard to the international policy or the domestic policy of the United States, it is simply amazing that nothing has been done by the people of the United States to prevent such a condition.

Mr. TRUMAN. I thank the Senator.

Since Pearl Harbor the synthetic rubber program has been expanded to meet the long-foreseen and now acute emergency. First the four plants originally authorized by the Defense Supplies Corporation were increased to a total of 120,000 tons. Additional facilities were later proposed to make a grand total, first, of 400,000 tons per year, later 600,000 tons per year, and then 800,000 tons per year—700,000 tons buna-s, 60,000 tons butyl, and 40,000 tons neoprene.

Mr. GILLETTE. Mr. President, will the Senator yield for a brief statement?

Mr. TRUMAN. I am glad to yield.

Mr. GILLETTE. In the listing of the increased estimates of need to which the Senator from Missouri has just referred, Secretary Jones, before the subcommittee to which the Senator was kind enough to refer a moment ago, made an estimate Friday of a million tons, and another witness from one of the governmental agencies estimated 1,200,000 tons. They are "upping" it very rapidly.

If the Senator will bear with me one moment further in connection with the statement as to the possibility of destroying gasoline, we had before the committee the Assistant Coordinator of petroleum and gasoline, who stated that one of the reasons why $650,000,000 had been allocated to the production of synthetic rubber from petroleum sources and not from agricultural sources was that gasoline was being produced so fast in some sections of the country that it had to be destroyed; they were faced with the necessity of destroying it if they could not find some use for it.

Mr. TRUMAN. I may say to the Senator that automobile gasoline is one of the byproducts of butadiene; so that argument will not hold water. The reason that they did not use agricultural products, as I understand—and I had an interview with the Secretary of Agriculture and with the Vice President on the subject—was because the only way they could economically use them in conjunction with the present situation was to have the Government donate millions of bushels of surplus grain, then turn it into alcohol for butadiene, and, to do that, it would be necessary to erect new plants for that purpose or take over whisky plants, which has now been done. That was one of the things that held up the use of alcohol for butadiene purposes.

Mr. GILLETTE. Mr. President, just a brief further statement. The subcom-

mittee to which the Senator referred has been doing some work along the specific channel the work of the Senator's committee had indicated to us. His committee laid the ground work, and we are just going into that one channel.

Mr. TRUMAN. We did not go into it because the Senator's committee was going into it.

Mr. GILLETTE. I am very glad to report that a statement from the Chemical Division of the War Production Board this morning before the committee was that within the last 24 hours they had enlarged the program of the use of grain alcohol from nothing to 240,000,000 gallons.

Mr. TRUMAN. I think that is true. The authorization for 400,000 or 600,000 or 1,200,000 tons is easy enough, but the difficult task is to get the job done.

The committee is informed that this program is being pushed by the War Production Board, on behalf of which Mr. Batt assumed before the committee full responsibility for the entire program, and by the Reconstruction Finance Corporation and the Office of the Petroleum Coordinator. At the present time it appears that the principal difficulties probably result from a lack of centralized and sole responsibility. The committee intends to hold further hearings at a later date to determine what progress has been made. The committee has checked with the companies themselves to ascertain when the contracts were actually agreed upon, whether engineering plans are completed, the status of construction, and the expected times when production will start and when it will reach a maximum. The committee has also asked the War Production Board to make a study of these questions for its own use and to furnish the committee with a copy. The committee believes that an inordinate amount of time was wasted in negotiation as distinct from engineering and construction.

The synthetic program must succeed. Uncontradicted and fully convincing evidence before the committee, as well as the unanimous information received from well-advised sources, has convinced the committee that the rubber shortage is both extremely acute and likely to continue for the duration of the war. The most we reasonably can expect, even from a successful synthetic-rubber program, is to supply military needs and essential civilian requirements. Essential civilian requirements will include getting defense workers to their places of business and supplying our civilian population with the absolute necessities. That also includes getting farm products back and forth from the farm.

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

The PRESIDING OFFICER (Mr. LUCAS in the chair). Does the Senator from Missouri yield to the Senator from Michigan?

Mr. TRUMAN. I am glad to yield.

Mr. BROWN. I was struck by one sentence in the report on that very point, and that is that the Martin bomber plant, northeast of Baltimore, is, as we all know, on the main line of the Pennsylvania Railroad, and that, out of a very large number of workers—I have forgotten how many—only 350 reach the plant by methods other than by automobile transportation. Why is it that some arrangement cannot be made by the Transportation Coordinator to require the railroad to service that bomber plant?

Mr. TRUMAN. I think I can answer the Senator's question, for we have given it a great deal of thought. The difficulty is just as great to get the workers to a point on the railroad to enable them to reach the bomber plant as it is to get them from where they live to the bomber plant.

Mr. BROWN. That is not true with respect to another situation which is very similar. I refer to the situation at Dearborn and Ypsilanti, in Michigan, with respect to the Ford bomber plant. The Senator from Missouri and myself were both there a short time ago. I understand the Senator was there yesterday.

Mr. TRUMAN. I did not go to the plant, but I was in Detroit yesterday for the purpose of inspecting the Chrysler tank plant and the Ford tractor for farm use.

Mr. BROWN. There again we have the Michigan Central Railroad, with double tracks of the highest type, which runs right through the heart of Dearborn, where the Ford workers now live, and where they have excellent housing facilities. Some 16 or 19 miles away is the Willow Run plant, the Ford bomber plant, where there are going to be 100,000 people employed; but I cannot get anyone downtown interested in requiring the railroad officials to extend the railroad facilities and to acquire cars in order to enable the railroad to transport the workers to the Willow Run plant.

Mr. TRUMAN. The trouble is that the railroads are not equipped to do the suburban hauling, and I understand that, in order to equip them, it will require steel and materials of that sort which are absolutely necessary for the tank and gun program. The transportation program is confronting us now. It is going to take the best brains we have to work it out on such a basis as that it will not in any way hamper the war program. That is the job we are up against now—the transportation program, and the transportation program hinges on this rubber program.

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

Mr. TRUMAN. I yield.

Mr. WILEY. I listened quite attentively to everything said by the distinguished Senator, but, so far as I heard, he said nothing definite as to when we could expect to get into butyl or synthetic-rubber production.

Mr. TRUMAN. The committee has sought to explore every possibility of assuring the public of, at least, a little rubber within the next 2 years. It has investigated every possible source and has attempted to encourage experimentation with every type of synthetic rubber that has held promise of large-scale production over and above the absolute necessities. This question is discussed more fully a little later on in the report. It is only fair to the American people to say that no reasonable assurance has been found anywhere that individuals will have rubber for private, as distinct from defense, uses within the next 3 years.

The committee believes that we are approaching the limit of new plant construction and has privately been recommending to the War Production Board that the whole war program should be reviewed in the light of present knowledge of where, when, and how we will have to fight, so that we can make maximum use of our resources. The committee recommended this because we are now beginning to suffer the results of the inefficiency of the Office of Production Management and its refusal to admit the prospect of shortages in strategic materials and to force soon enough plans for increased production thereof and for curtailment in the use thereof irrespective of the effect on the financial and competitive positions of large industry. The War Production Board is not responsible for these defects, but it must be ready ruthlessly to review the entire program even to the extent of ordering the cessation of construction on plants already started where there is no present prospect of being able to furnish sufficient materials to operate the plants or where there is greater need to finish or operate other plants. The size and extent of the rubber and butadiene program has made this problem more acute than it otherwise would have been, and it is clear that we must not waste materials to build synthetic rubber capacity for military uses that could be pruned or for civilian use that is not essential.

This statement, which has been with the War Production Board for several days, was given out to the newspapers, and taken by them as an indication that we were approaching the end of the war. That was not the intention at all. The intention was to impress upon the military services that they should use only those essentials which are necessary in order to win this war, and that it is idle to build a lot of plants and accumulate a mass of production for which we have no use, either in the war or afterward. That is the reason for this resurvey, and the War Production Board is making the resurvey now with a view to using only those things which are essential, for the shortage in copper, lead, zinc, and steel is just as acute as in rubber, although rubber is the most vital thing at the present time.

It may be necessary to supplement the program with less economical ways of producing. One possibility now being investigated by the Office of the Petroleum Coordinator is the utilization of some small refineries which would be forced to shut down due to the gasoline-rationing program. There is no reason why those little refineries could not be used to make butadiene. The same applies to the alcohol program.

Expensive butadiene is better than none. It costs a good deal of money under present conditions, but let us get it. We must have it, because the transportation program depends entirely on the solution of the rubber problem.

Apparently the idea of obtaining butadiene from alcohol distilled from grain

originally was discarded as too expensive. But it is being given consideration. As the able Senator from Iowa has just informed us, some 200,000,000 gallons for this purpose are to be made.

The other program which has a possibility of success is that looking to the production of butyl rubber, the cheap product of the Standard Oil Co. I think that should be given every possible consideration, and every effort should be made to improve the process. I am just as sure as that I am standing here that if we go into the synthetic-rubber program as we should, and use all the brains which this country is capable of producing, when we come out of the program we will have synthetic rubber which will be on such a basis that it will forever compete with natural rubber.

One of the things which caused trouble with the rubber program when it was being started was that it was administered by too many people. In 1940 the National Defense Advisory Council attempted to formulate a synthetic rubber program, but found that it could not deal successfully with businessmen, who had then to turn to the R. F. C. for execution of the plan. We found that everyone had a finger in the pie. What we have been contending for—and what we hope finally to get—is someone with the responsibility to say, "Go ahead and let us get the job done."

This situation was called to the attention of Mr. Nelson, and Mr. Nelson appointed Mr. Arthur Newhall, of the War Production Board, as Coordinator of Rubber. Mr. Newhall has been given full responsibility within the War Production Board, subject to the direction of Mr. Nelson. I think there is a possibility that we may eventually arrive at a successful conclusion.

The report which I have just submitted is not complete. We expect to hold further hearings; we expect to get more facts and present them to the Senate; but, with conditions as they are, it was the sense of the whole committee that this statement should be made to the Senate for the benefit of the country.

The PRESIDING OFFICER. The report will be printed.

Mr. TRUMAN subsequently said: Mr. President, I wish to call attention to the fact that the New York Times has been sold a bill of goods by the Standard Oil Co. of New Jersey. I have just found in today's issue of that great newspaper an editorial entitled "Rubber Hope," in which they go with some detail into the manufacture of butadiene. Butadiene, of course, is the fundamental chemical which is required to be made, and it involves a great deal of machinery, large costs, and delay in making rubber; but the Standard Oil butyl rubber, as I understand, can be made without going to all that expense, and it is the rubber we are trying to get the Standard Oil Co. to make and the rubber they want to tell the New York Times they want to make; but, so far, it has not been possible to persuade them to go ahead and make butyl rubber. They are only authorized, so far, to make 60,000 tons.

Mr. LUCAS. Mr. President, may I inquire of the Senator what is butyl rubber?

Mr. TRUMAN. It is rubber which, I think, will, in the long run, be competitive with natural rubber, and the Standard Oil Co. has certain interests they do not want to jeopardize in that direction.

Mr. President I ask unanimous consent that the editorial from the New York Times, to which I have referred, may be printed in the RECORD.

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

RUBBER HOPE

The Department of Justice recently charged that the Standard Oil Co. of New Jersey had entered into patent cross-licensing agreements with a German cartel and paid many millions for which it received no technical information of importance on the synthesis of rubber from petroleum derivatives. We were left to infer that gullible businessmen and technicians had spent their money for nothing and that the Germans alone knew how to make rubber out of refinery gases. Now comes the Standard Oil Co. with the announcement that not only does it know how to make rubber out of butadiene derived from petroleum, but that it can at the same time vastly increase the output of 100-octane gasoline, which our air force will need in enormous amounts.

Especially important is the scale on which the new process can be carried out—important in view of the varying estimates of our rubber needs that have come out of Washington. The Standard Oil Co. speaks confidently of 1,440,000 tons a year, and promises these tons soon. Already 34 plants of its design are under construction, with a total capacity of 578,000 tons, and these should be in operation in less than a year. Yet so recently as May 12, Arthur B. Newhall, the War Production Board's rubber coordinator, told the Senate Agricultural Committee that "it would be a miracle if 1943 synthetic rubber production exceeds 350,000 tons." The pessimism that has tinged the testimony of those who have appeared before congressional committees may be attributable to ignorance of developments published only in the last week.

Butadiene, the raw material from which synthetic rubber is made, can be obtained from alcohol as well as from petroleum and acetylene. Hence the agitation for the distillation of the alcohol from grain and other crops. Is this diversion of grain now necessary? We shall need all that we can harvest and store to feed the starving peoples of Europe after the war as well as for explosives. Though there is every reason for using good grain to make rubber, for lack of other suitable raw material, it seems as if petroleum research chemists had made it unnecessary to take that step. Petroleum is plentiful. Its conversion into aviation gasoline and rubber simultaneously involves no waste. If the Standard Oil Co.'s prediction is fulfilled, even to the extent of only 500,000 tons of synthetic rubber in less than a year, it will make a substantial difference in the present situation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, 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. 4476) providing for sundry matters affecting the Military Establishment.

RATIONING OF GASOLINE

Mr. HATCH. Mr. President, I wish to thank the Senator from Missouri [Mr. TRUMAN] for the very able report of the committee which he heads, and I wish to say that while I shall comment briefly about some of the subjects he has mentioned, there is no controversy between the chairman of the committee and myself.

I wish to mention this morning some matters I have read in the newspapers concerning a Nation-wide rationing of gasoline. I do not recall ever taking the floor of the Senate to discuss a matter which might be peculiar to my own State, but this morning I shall discuss the rationing of gasoline merely from the standpoint of New Mexico.

I do not want anyone to say, when I protest, feebly, as I may protest, against the rationing of gasoline in my State, that the citizens of New Mexico are not patriotic, that they are not loyal, that they are not willing to bear and make the same sacrifices which the citizens throughout the Nation undergo. The fact is—and I say it with some degree of pride—that New Mexico has already made her contribution to the war. We have not perhaps made it in money, in the purchase of bonds, because we are not a rich State, but we made it in the fight for liberty and in the lives of our sons. The New Mexico National Guard was sent to the Philippines. They went gladly. According to population, I think perhaps a greater percentage of men from New Mexico than from any other State in the Union was sent to the Philippines, and they fought gallantly and bravely. Some of them gave their lives. Some we know about, some we do not know about.

Some 200 boys from my own county, which has a population of about twelve or thirteen thousand people, boys whom I have known since babyhood, are somewhere on the Bataan Peninsula today; and what I say about my own county applies to all other counties of New Mexico. We have made our contribution, and I do not want anyone to say that the citizens of New Mexico are not loyal and are not willing to make whatever sacrizens of New Mexico are not loyal and when I say "may be required," I mean just that.

Mr. CHAVEZ. Mr. President, may I interrupt my colleague in connection with the question of sacrifice?

Mr. HATCH. I yield.

Mr. CHAVEZ. Some time ago I called the attention of the Senate to the fact that I saw a little old lady in Deming, N. Mex., whose only consolation was three burning candles, one for each of her sons. What has been so well stated by my colleague recalls her comment. She said, "I could not buy a 10-cent stamp, and I could not pledge myself to a dollar, but if it takes my three sons to carry on, I am willing to make the sacrifice."

Mr. HATCH. I thank the Senator. I think that well illustrates and exemplifies the feeling of the people of my State, so I do not want to hear anyone say they are not loyal and are not willing to make sacrifices.

I wish to discuss the question of the rationing of gasoline, because I do not understand what is being done. It simply does not make any sense whatever to me to say to the people of New Mexico, "You must ration your gasoline." Why do I say that? In the first place, we have oil in New Mexico, much oil, so much oil that we are not allowed to produce what we are capable of producing. We have in different counties of New Mexico wells the production of which has been cut down—I had started to say a hundred percent, but that is probably too great a percentage. However, we are limited now to less than 40 barrels a day to every 40 acres.

The wells are capable of producing from 25 to 10,000 barrels of oil a day, but under the allowance which now exists we cannot produce 40 barrels a day. I do not want to exaggerate, but I am sure that is about the figure.

By the way, the program is very wise, and in it New Mexico has always cooperated. We have been perfectly willing to conserve our oil resources and to work with the National Government in every way possible in order to conserve them; but now not only has our production been cut down but actually our refineries have been closed down or their operations curtailed. We cannot refine even the small amount of oil which we are allowed to produce, and now we are told that we cannot use even a small part of that which has not already been cut off.

I think it was in the Ancient Mariner, was it not, that it was said:

> Water, water, everywhere,
> Nor any drop to drink.

We have in New Mexico "oil, oil," not everywhere, but more than we need; we have it in abundance, but not a drop to burn in our automobiles, in our trucks, and in the tractors on the farms. At least, I suppose there will be regulations to that effect. I say that I suppose so because all I know is what I read in the newspapers. I think about all any Senator knows is what he reads in the newspapers, and sometimes I am inclined to agree with what the Senator from Wyoming said yesterday. According to the newspapers—and again I quote the press—he said something about Congress having delegated too much power. What was the statement the Senator made?

Mr. O'MAHONEY. Mr. President, my attention was called to the prospective rationing of gasoline throughout the country, and it came at a time when, like other Senators from Western States, I had been discussing the recently promulgated regulations with respect to motor transport in the West. One of the directives, for example, provided that no motortruck should make any trip unless arrangements were made for a full load on the way back.

Mr. HATCH. Yes; I know of that very well.

Mr. O'MAHONEY. Of course, that meant that in the Senator's State and in every other State no rancher or farmer could deliver his wool, or his products of any kind, for shipment to places where they would be needed in the war effort, because there was no shipment of material going back to the farm or to the ranch. So I said that that regulation, like many other regulations, was issued without consideration of the conditions which existed in the territory to be affected. From that I made the general comment that perhaps Congress had surrendered too much of its authority to persons who do not understand the conditions which exist.

I was reminded of the fact that a day or so before that I was listening to a radio commentator who, rather unusually, was not criticizing Congress, but commenting upon the conditions which exist in the country as a whole and particularly with respect to the problem of transportation. He said—and I thought it was a very good sentence, one which is very appropriate—that in all probability we were being kicked around by authority rather than by intelligence. The application of intelligence——

Mr. HATCH. That is too severe a test.

Mr. O'MAHONEY. The application of intelligence to the exercise of authority is something which is very much to be desired.

But, of course, Mr. President, what is happening is only the natural result, perhaps we should say, of the concentration of power. It is perfectly impossible for any group, whether in government or out of government, to exercise intelligent authority over the lives of 130,000,000 people. That is why from the earliest times in this country we have believed in local authority and in local self-government. Now we have the people of every State, of every county, of every community, looking to Washington for the rules which shall govern their daily activity, and the pity of it all is that the people in New Mexico, in Wyoming, in Colorado, in New England, wherever they may be, want to surrender their own comfort, they are willing to surrender profit, they are willing to cooperate and to contribute to the war effort, but day after day they are being asked to do things for which no necessity is demonstrated.

The cause of it all, in my judgment, is that most of those who are making the regulations, which are really legislative, and which should be made here, do not come from the sections of the country which are affected. They come primarily from the most thickly populated centers. I see the distinguished senior Senator from New York [Mr. WAGNER] sitting here listening with great attention to the Senator from New Mexico, and I say to him that New York has greater power in the Government of this country than has any other State. Those experts——

Mr. WHEELER. New York not only has greater power than any other State, but than any other dozen States have.

Mr. O'MAHONEY. I was speaking and did not hear the Senator.

Mr. HATCH. Mr. President, I think the remarks of the Senator from Montana were very appropriate. He said New York has greater power than—not any other State, but any other dozen States.

Mr. WHEELER. That is correct.

Mr. O'MAHONEY. I accept the amendment. I was about to remark that the experience and training of most of the individuals who are in charge of these programs have been chiefly in the large centers of population. They are educators, they are economists, they are philanthropists, or else they were the employees of philanthropists, and they do not understand the common, ordinary citizen who works his own way and makes his own living. It is only natural that when they lay down theoretical rules the gears are constantly clashing. That is particularly true, of course, with respect to the petroleum situation, with which the Senator from New Mexico is so familiar. The public-land States, of which New Mexico is one, and Wyoming another, produce great quantities of petroleum. Japan has invaded the oil fields of the Dutch Indies, and has taken over those sources of oil. Germany is hammering at the gates of the Caucasus in search of oil. It requires no expert to tell us that petroleum is one of the most necessary of all the materials to be used in the prosecution of the war. We have great deposits of it in the United States, and, as the Senator from New Mexico says, we are curtailing its production.

Mr. HATCH. We are curtailing the production of oil, we are curtailing the operations of the refineries in my State, and now we propose to curtail the use of oil. I simply wish to make one observation at this point. I invited comment by the Senator from Wyoming because I know how he thinks. He thinks, generally, as I think, and therefore I think he is a very smart man. If the present policies of curtailing the use of oil, the production of oil, and the exploration of lands for oil and gas are continued, and if the war shall last for a long period of time, as some say it will, some of these days we shall wake up and find that we have been as short-sighted with respect to oil as we were with respect to rubber.

Mr. O'MAHONEY. Mr. President, will the Senator again yield?

Mr. HATCH. I yield.

Mr. O'MAHONEY. Is it not a fact that by the curtailment of the operations of the oil industry, particularly by cutting off the opportunity for the independent operators, we are destroying the root from which this industry will grow?

Mr. HATCH. Absolutely. That is one of the things I wanted to mention. The independent oil operator is the man who goes out and wildcats, spends his money, and develops the new fields. I say that without fear of any contradiction whatsoever.

Mr. WHEELER. Mr. President——

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

Mr. HATCH. I yield.

Mr. WHEELER. It is the little fellow who goes out and discovers oil, but it is the big oil company which comes in and grabs it away from him.

Mr. HATCH. I shall tell the Senate what will happen if the plan continues. I shall tell the Senate what has already been done in my State. By curtailing the production, by the pipe lines refusing to take even the small amount allowable for production, they are already forcing certain of the independent operators who pledged their money and their credit to the banks, to the point where they will soon have to go into bankruptcy. Then what will happen? Who steps in and takes over the independent when he goes broke? It is the majors, the large companies, that get it every time. I do not say that with any disrespect. I have a very high regard for any man—and also for associations or companies—who can go out and by his own efforts, his own judgment, take advantage of whatever situation exists, and profit himself. That is a part of our system. But I shall make the prediction, that if the present plan continues in operation the major oil companies are going to own practically all the lands which have been explored and developed by the independents; they are going to own those lands at a price of their own fixing, and they will make far more, Mr. President, than they ever paid the Government in income taxes or otherwise. I had really not intended to discuss that question.

Mr. O'MAHONEY. Mr. President, will the Senator again yield?

Mr. HATCH. I yield.

Mr. O'MAHONEY. I think it is a subject which is well worthy of discussion, because the process which the Senator has mentioned——

Mr. HATCH. It is going on now.

Mr. O'MAHONEY. Yes; but it will be carried another step, and that, Mr. President, is equally appalling, because when the major oil companies have succeeded in obtaining complete control of all our resources of oil, and the independent has been driven out, then we shall be confronted with the demand that the Government step in to take the place of the big monopoly. That is happening not only in the case of oil, it is happening in other fields as well. We are to discuss here presently, when the Senate takes up the bill which it has been agreed shall be considered today, a measure reported by the Banking and Currency Committee to authorize the R. F. C. to subsidize practically every industry in the country. That means that the authors of that bill see what the Senator from New Mexico sees in the case of oil—the destruction of the little business of this country, the destruction of the root of our economy by which it has been maintained free and independent.

Mr. President, I venture to say that there are gentlemen in the executive branch of the Government who understand the old socialist theory which welcomed the growth of monopoly, because those who held that theory believed that when finally monopoly became so big that it controlled all the activities of the people, then the Government would step in and take over the monopoly.

There, Mr. President, we have the growth from private arbitrary control over the welfare of the people into public arbitrary control, or, to use the current words, fascism against communism. National socialism, of which Hitler is the chief protagonist, is the culmination of the steady expansion of private arbitrary power, and we are permitting this process to go on under our very noses.

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

Mr. HATCH. I yield.

Mr. WHEELER. The investigation which we have carried on with reference to rubber through the so-called Gillette committee indicates quite clearly that not only are we to have a monopoly of oil and oil products, but the big oil companies and those who are associated with them are to come out of the war with an absolute, complete monopoly on rubber in the United States.

Who are the 8 or 10 men who are at present in charge of saying who shall manufacture rubber? Check them over. The man at the head of the Rubber Division of the R. F. C. comes from the Mellon Institute. The Mellon Institute is dominated by Mr. Mellon's group, which is interested in oil. The Carbon and Carbide Co. uses the oil process for the manufacture of rubber. The Government is turning over to the large oil companies the manufacture of rubber. So after the war is over they will not only control oil, gasoline, and other petroleum products, but they will likewise have a monopoly upon all the rubber produced in the United States.

I am reliably informed, by persons who ought to know, that, as a matter of fact, the oil process has not been completely proved. It is not definitely known whether it can be used on a large scale for the manufacture of rubber. There is no certainty about it. We hear much talk about producing rubber from gasoline, by turning gasoline into alcohol and then producing butadiene. It is not at all certain that rubber can be so produced on a large scale, although it is hoped that it can be done. Witnesses before the committee have testified that rubber can be produced from grain alcohol.

The Government could set up small plants operated by small independent concerns, without putting its eggs all in one basket. Go down the line of the men in the War Production Board and the Reconstruction Finance Corporation. Every single one of them is either connected with an oil company or with some large rubber company which is tied up in some way with the great oil companies.

We hear much talk about little businessmen, and enacting legislation to help the little businessmen. Everything we are doing tends in the direction of turning industry over to the big interests of the country, which will, unless something is done about it, have complete control of the industries in the United States when the war is over.

Mr. HATCH. I am afraid the Senator from Montana is correct. The remarks which he has made are in line with what the Senator from Wyoming has said, and with what I believe. While I did not intend to bring up this subject, that is the result of what is going on in my State, in connection with rationing and curtailment of the uses of gasoline.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. O'MAHONEY. Let me trespass on the Senator's time to add another comment in which I know he and other Senators who are listening will be very much interested.

Several weeks ago this body passed a bill which was recommended by the Banking and Currency Committee, after studies by the so-called Little Business Committee, of which the junior Senator from Montana [Mr. MURRAY] is chairman. That measure was designed to provide aid for little business. When the measure was under consideration in the Banking and Currency Committee of the House of Representatives an amendment was offered dealing with a subject matter which had been under study by the Judiciary Committee of the House and the Judiciary Committee of the Senate, namely, the request of the War and Navy Departments that the antitrust laws be suspended, as it were, with respect to all war contracts. In substance, that was the request of the War Department and the Navy Department.

The distinguished Senator from Indiana [Mr. VAN NUYS], chairman of the Judiciary Committee, and the chairman of the House Judiciary Committee, Hon. HATTON SUMNERS, introduced practically identical bills, the purpose of which was to grant this exemption, but at the same time to preserve the authority of the Department of Justice, which is clothed with the responsibility and duty of enforcing the antitrust laws.

To the little-business bill, intended to protect and shield little business, in the other Chamber there has been added, without any protection for the Department of Justice, the bill which has been suggested by the War Department and the Navy Department to protect big business. Presently that measure will pass the House and will come to the Senate.

Before the House had acted, the Senate Committee on the Judiciary had already decided to hold hearings upon this proposal in order that there might be made to the Congress a report as to what the effect would be upon the antitrust laws and upon little businesses, which, we hope, are to be protected by the antitrust laws. Those hearings will begin on Thursday morning, and the Attorney General has indicated that he will appear to testify. He was requested to appear.

In connection with what the Senator from New Mexico has said, and what has been said by the Senator from Montana, it seems to me to be of striking significance that upon a measure which was initiated in Congress for the protection of little business there has been engrafted, without public hearings, an amendment the sole purpose of which is to protect big business and to preserve monopoly from the effects of the antitrust laws.

Mr. HATCH. Mr. President, I thank the Senator from Wyoming. I am not at all suprised that this amendment has been grafted onto the bill, as he mentioned. Big business is ably represented in Washington. The only voice which little business has is the voice of Mem-

bers of Congress. Some of us who happen to believe that the welfare of the country is better served by serving the greater number of citizens are the only protection which little business has.

A while ago the Senator from Wyoming said something about the intelligence of those in some of the departments who make the rules and regulations which we authorize them to make. I am reminded of an actual instance which occurred in 1934 or 1935, at the time of the great drought in the West. Our cattle were dying. We had no grass, and there was nothing for them to eat. A cattle-killing program was inaugurated. It seemed very unwise, but nevertheless it saved the cattlemen in my section of the country. In the very first days of that program we in New Mexico were required to ship our cattle to Kansas City and elsewhere to be slaughtered. I went to the Department to protest against it, because when our poor old cows, consisting of nothing but skin and bones, reached the point where they were to be slaughtered they did not bring enough to pay the freight.

I was trying to outline the situation to the gentleman in charge. Suddenly he said, "Senator, that proves to me a thing for which I have long contended." I did not know just what it was. However, I was polite, and said, "What is it?" He said, "You people in the West raise your cattle too far from the market." I almost fell over. That was an actual occurrence. He said, "You people in the West raise your cattle too far from the market." I was still trying to be very polite and courteous. I happened to think of what was said in 1932, that if a Democratic administration should be elected grass would grow in the city streets. I said "You are entirely correct. We do raise our cattle too far from the market. Whenever you start grass growing in the city streets we shall bring our cattle to the cities to graze them."

That is only an example, Mr. President.

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

Mr. HATCH. I yield.

Mr. WHEELER. I should like to bring another example to the Senator's attention. It affects his State, as well as the States of Wyoming, Colorado, and other western States.

The Office of Defense Transportation issued an order to the effect that when trucks go out to make deliveries they must return loaded. So far as cities in Montana, New Mexico, Wyoming, and other Western States are concerned, of course, that is impossible. Trucks go out from small distributing centers, such as Butte, Billings, Albuquerque, and Cheyenne, to distribute goods to the smaller communities. There is nothing they can bring back. If that order were put into effect the result would be that the small distributing points and the little truckers would be put out of business. I cite that as an example, because it shows how the officials in Washington make such orders. They make them because of the fact that they are thinking of New York City, Chicago, Boston, and other larger centers; but apparently they have no conception of how business is carried on in small communities in the Middle West and the West, and probably in most of the southern States. If such regulations were generally put into effect the whole transportation and distribution system of the country would be completely upset.

After the matter was called to the attention of the administration I understand that arrangements were made for hearings; and, of course, it will be found that it is an absolute impossibility to enforce any order of that kind.

Mr. HATCH. On the point about which the Senator is speaking, officials are sent out to hold hearings and develop testimony about things which any lad should know.

Mr. WHEELER. Exactly.

Mr. HATCH. Any lad should know them if he studies his geography and knows anything at all about distances; but the departments have to send persons to hold hearings; someone is given a job to develop that information.

Fort Sumner, N. Mex., is the county seat of De Baca County. I do not know what the population is; it is not very large. A man who lives there and runs a grocery store there wrote me a letter a few days ago about this matter. He said:

> All our groceries now come from the distributing center by truck. That is the way we buy them.

I suppose they could be shipped by rail; but, anyway, the most convenient and economical way is to use trucks.

He further said:

> They say that before this truck can bring a load of groceries from Amarillo or Albuquerque or Clovis to Fort Sumner that truck must be promised a load of something to go back to Amarillo or Albuquerque or Clovis.

Fort Sumner does not have anything to load and send back. I suppose the people in Fort Sumner should do without groceries because they do not have anything to send back in the trucks. Oh, Mr. President, that is an impossible situation.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. O'MAHONEY. It is only fair to add, after the preceding discussion, that the Office of Defense Transportation and the Motortruck Division have indicated to me—and, I am sure, to other Senators—their willingness to alter the regulations. I think it is only necessary to call the situation to the attention of the officials in order to make clear the necessity for an amendment; and I have every reason to believe that a change will be formally made within a few days.

Last week I telegraphed those who had sent inquiries to me from Wyoming and said that, upon the basis of the assurances I had received, I was confident that such a modification would be made and that trucks would be permitted to make deliveries and go back empty if goods could not be found for them to transport on the return trip.

Mr. HATCH. I thank the Senator from Wyoming. I think he is exactly correct. I have not found the departments at all unreasonable when such things are called to their attention. I have found them quite willing to do whatever is necessary and proper.

That is what I am doing today. So far as rationing of gasoline is concerned, I am trying to call the attention of the departments to the unreasonableness of imposing restrictions in States in which there is an abundance of gasoline. I not only want to call their attention to the unreasonableness of their position, but to the danger it involves to the development and production of oil and gasoline. I wish to call their attention to the fact that if they continue to drive out the independent producer, destroy him financially, and let the major companies take over all the oil lands, some day we shall confront as serious a shortage in oil as that which we now have in rubber. I wish to call their attention to the further fact that when they talk about the potentials of oil they do not know what they are talking about. They tell us, "Oh, we have many billions of barrels of oil stored under ground." How do they know that? They say, "The fields have been proved." Do Senators know what proves an oil field? Only one thing proves it, and that is a bit going down. We may talk about "potentials," but we do not know until we obtain actual production. I have had a little experience in such matters.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield at that point?

Mr. HATCH. I yield.

Mr. THOMAS of Oklahoma. Let me ask the Senator if it is not a fact that the proof of which he has spoken is not infallible? Is it not a fact that often when they drill into oil, the oil spurts forth from the ground, and they say they have a thousand-barrel well; a 5,000-barrel well, or some other sized well, when the facts may be that, first, the field may be very small, and, second, it may be very shallow. It may have a superabundance of gas which may give all the appearance of the existence of a great oil pool, when in a few days it may be gone.

Mr. HATCH. Of course, the Senator is correct; and he knows, because he comes from an oil-producing State. My impression is that that oil is rapidly disappearing.

Mr. THOMAS of Oklahoma. There is no doubt of it.

Mr. HATCH. When Government officials speak of "potentials," they do not know what they are talking about.

Let me give another illustration from my personal experience. Several years ago a few of us went to Archer County, Tex., and bought 40 acres of land which were completely surrounded by producing wells. We were going to drill an oil well, and we wanted to obtain a location where there was no doubt at all about our obtaining production. So we drilled. I was on my way back to Washington, and I missed this experience; but we received a telegram saying that they had touched the sand. The casing was set and cemented, and everything was done to bring in an oil well. The story afterward told to me was that when the sand was tapped there was about a gallon of oil in the well. The casing was set, and all

the men who were interested came there to see the well brought in. The drill immediately went into salt water. The gallon of oil they had when they first touched the sand was all they got.

That is what I mean when I say that it is impossible to tell anything about "potentials." It is said that there are worlds of oil in east Texas. However, I venture the assertion that east Texas is today producing all the oil it can safely produce; and if those wells were opened to full capacity the salt water would soon encroach, and the field would be gone.

I want to have the departments use reason and intelligence, if possible. I want the people of my State to have the privilege of producing as much oil as they can reasonably and safely produce. I want them to have the privilege of consuming as much gasoline as they may find it necessary to consume, and yet not be in conflict with the defense program or anything that is necessary in order to carry on the defense program, whether it be the saving of rubber or anything else. If it is proper, well and good; we shall agree to it. It does not make any difference what the requirements may be, if they are necessary. All I ask is that only necessary regulations be imposed. If they are not necessary, I do not want my people to have someone in Washington teaching them how to save, or forcing them into any position which they would not otherwise occupy.

Mr. President, I ask unanimous consent that at the conclusion of my remarks there may be printed in the body of the RECORD, as a part of my remarks, a letter received by me from the Honorable John E. Miles, Governor of New Mexico, and also a telegram, a newspaper article, and sundry editorials.

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

STATE OF NEW MEXICO,
EXECUTIVE DEPARTMENT,
Santa Fe, May 20, 1942.

Hon CARL A. HATCH
United States Senator,
Washington, D. C.

DEAR SENATOR HATCH: Regarding press reports of a proposed Nation-wide rationing of gasoline:

Serious and irreparable damage to New Mexico's economy may result. Loss in employment, in State revenues, in business generally may pauperize New Mexico.

If the tire situation is so critical that it must be controlled through controlling gasoline sales, then such control should be based on the degree of need for tire conservation. Any rationing program undertaken should be determined upon the basis of effecting a balance between gasoline sales and available rubber.

If that is done, there should be no complaint. But careful and detailed investigation, not estimates and guess work, should determine the balance between available rubber and possible gasoline sales over a period of time.

New Mexico is faced with the loss of $80,000,000 worth of tourist business a year as only one factor in gasoline rationing. We are willing to make that sacrifice if it aids the war effort. The war effort must come first, and we need only the assurance that any measures taken are vitally necessary to the war effort.

Aside from the loss of revenue to New Mexico business, the State government faces a tremendous loss of gasoline taxes, in severance taxes, in income taxes. Our oil fields will practically close down, throwing men out of employment all along the line. Businesses will close up, resulting not only in unemployment but likewise a tremendous decrease in war-bond purchases.

All of these matters should be taken into consideration and weighed carefully in any plans for Nation-wide gasoline rationing that is not devised on a scientific basis to effect a balance between gasoline sales and available rubber.

We realize that when the rubber supply is exhausted we will face a situation where there is no need for gasoline. We don't want to invite that condition either. There must be, therefore, a scientific and happy medium whereby we can continue to operate our automobiles on a reduced scale that will further the war effort without completely disrupting our economy.

Yours very sincerely,
JOHN E. MILES,
Governor.

ALBUQUERQUE, N. MEX., *May 26, 1942.*

Senator CARL HATCH:

We, the undersigned Albuquerque businessmen, beg you to do everything possible to forestall any drastic gas rationing in New Mexico. Eastern seaboard gallonage plan will be nothing short of disaster, we feel, for Western States.

H. E. LEONARD.
CARMON NAWL.
G. L. CRISTWELL.
E. P. ROBINSON.
O. C. HISEY.

[From the Albuquerque (N. Mex.) Journal of May 22, 1942]

IF NECESSARY, YES

Of course, as loyal Americans, we must make every necessary sacrifice to win the war. We are glad to do that.

However, just as some citizens can serve best in the armed forces, some in the industries producing war munitions, and some in strictly civil capacities, so it is with the various sections of the Nation.

Some parts of the country are best adapted by geographical and other conditions to produce foods and meats and the raw materials for clothing, machinery, and fuel. Others are best equipped to deliver the manufactured things that will win the war in the battle areas and supply the needs of the home front.

It is the same in the matter of sacrifices of necessities and luxuries. Because of geographical, transportation, and other factors, some parts of the Nation may of necessity be required to give up things that are available in plenty in other areas. And the situation doubtless is reversed as to other articles.

In its rationing and priorities system, the Government should take note of these factors. It should impose sacrifices where there is necessity, but not require them in localities where there is no such necessity. It should take note of compensating factors. Industrial areas enjoying booming war manufacturing pay rolls can more easily get along on reduced gasoline rations, doubtless, than sparsely settled places whose chief incomes are derived from the oil industry, farms, and ranches, and where transportation between town and country is a factor that cannot be overlooked.

Governor Miles was correct in asking our delegation in Congress to insist on a thorough study of the need for gasoline rationing in New Mexico and States similarly situated and where motor fuel is easily obtained, before it is clamped on.

West Texas is with Governor Miles and other New Mexicans in questioning the necessity for gasoline rationing in this part of the Nation. The Amarillo News, doubtless speaking the views of thousands of west Texans, says in part:

"Our contention is that such rationing is unnecessary. We have the oil and the refineries right in our own back yard, and since the problem of long-haul transportation alone is responsible for rationing in the East, we can't understand why we should have to submit to sympathy rationing here.

"But, say our critics, such rationing—if it is decided upon—would be instituted as a means of Nation-wide rubber saving. We are going blithely about our business as usual, wearing out tires in the fond belief that everything will turn out for the best, they say. We replied that many other restrictions are being established to cut down tire mileage, and that the sudden shutting down of the great gasoline industry would do more harm than good to the war effort."

Then, to be fair about the matter, The News prints "the other side" as set forth by the Office for Emergency Management, quoting arguments for rationing that have been published also in New Mexico.

[From the Roswell (N. Mex.) Morning Dispatch]

GASOLINE RATIONING

Announcement that gasoline rationing may be extended to all parts of the United States was not unexpected but will be met by a questioning public. Chief question will be, "Why extend the rationing to areas where it is not essential?" And we consider it only fair to inquire.

Governmental officials in announcing this possibility advanced two reasons for it: First, to conserve rubber, which they state is wearing away at the rate of 250,000 pounds per day and is irreplaceable; and, second, to conserve the shipping facilities of the Nation for the movement of gasoline and oil to the Eastern States, where the shortage has already reached the acute state, necessitating rationing in 17 eastern seaboard States.

It was readily admitted that, insofar as the country as a whole is concerned, there is no shortage of either gasoline or oil. Those who have seen the steady curtailment of production in the oil fields of the Southwest realize that we have more than an adequate supply for this Nation.

Throughout the Southwest there are areas, fed by established pipe lines, where transportation is today not a problem. In fact, the entire midcontinent area can be supplied without any serious transportation difficulties.

Too many stories have been told of the gasoline shortage in the East for us to draw any concrete conclusions at the present time. It should be remembered, however, that when some 50 tankers were transferred to Britain a false shortage loomed—and was met by railroad transportation. The railroads announced that they were ready to do the job, with plenty of tank cars available at that time. The trouble, it was contended, was a lack of facilities for handling the oil after it arrived in the East, as practically all had been water borne before that time.

There has been a serious loss of shipping since that date. How serious we don't know, but oil men readily admit that ocean transportation is practically a thing of the past at the present time. For that reason rationing is probably a necessity on the east coast. For the rest of the country, we believe that normal needs can be met.

Unless there is some plan for reclaiming the present "rolling stock" of rubber which is being exhausted so rapidly, there is little percentage in conserving it through this plan. Tire men have claimed that stocks of rubber deteriorate after about 3 years, and claim that there are on hand today enough tires already manufactured to supply the needs of this country for several years to come, with conservative use.

Is this stock of tires to be reclaimed for the use of the armed forces? If so, well and good. We will gladly give our own baldheaded tires to the cause, and so will most other residents of this area. But if nonessential activities are to continue; if the manufactured tires are to be allowed to deteriorate in the warehouses of the Nation, why should the oil business be penalized?

And penalized it will be. We of New Mexico, Texas, and Oklahoma have watched with growing alarm the steadily diminishing production allowable in our own oil fields. Prospects are that the present low production levels will be cut in half in the immediate future.

The oil business will play an important part in the victory in this war. Oil and gasoline are needed by our armed forces and production must be continued. The inevitable result of the present situation, if the rationing plan is carried out, is Government subsidy of oil production and refining. That is one result that has been constantly feared not only by the producers and refiners themselves but by the States, which have a vital stake in the oil business. It could easily lead to the end of private enterprise in this field unless care is exercised.

Frankly, all citizens of this part of the country want to do their part. But, come what may, they should seek to protect their industry in the future.

[From the Roswell (N. Mex.) Daily Record of May 19, 1942]

That gasoline rationing in the Eastern States may work to the advantage of the Western States, where there is gasoline in plenty and where the chief problem is finding markets and transportation for the products of the oil wells and oil refineries. Dwindling markets, because of lack of transportation, already has hit the western oil areas, and there seems to be a demand among shortsighted people in the East to apply gasoline rationing even where there is plenty of gasoline and where such rationing would not only work a needless hardship but actually would greatly damage oil men uselessly and also would seriously curtail the ability of the oil areas to contribute effectively to the war program.

But here is how it might aid the oil areas and the vacation States in the areas where gasoline is plentiful: Reports from the rationed areas are that those taking vacations are now heading westward for the areas where gasoline is to be had in unlimited quantities. That might bring a flood of vacationers to the West to balance some of the losses coming from the various rationing programs and war restrictions imposed and in process of being imposed.

One of our advantages in New Mexico is that we live in a great vacation land, the full scope of which few of us really realize at present. The entire State is a great vacation area, with many unique features to be obtained in no other part of our country.

We have beautiful mountains and valleys, broad plains, and fertile farm lands, but many other States have these. We in New Mexico, however, have an ancient civilization here that is found in such profusion in no other section of the country. We have the oldest city in the country; we have a dead people found in our ancient ruins that attract many; we have vast canyons and the deep Carlsbad Cavern; we have vast lava fields and dead volcanoes, petrified forests, wonderful fishing and hunting in season—a vast multitude of natural wonders and scenic features to be found in no other part of the country.

All of these things have brought us a host of tourists from year to year, increasing in numbers with each year and now affected by the war. Just how much this will cut the flow of visitors to our State remains to be seen, but there is the possibility that is shown in eastern reports, that the gas rationing may head vacation seekers this way, always keeping in mind the serious shortage in rubber that eventually will greatly affect all owners and users of automobiles.

NO GAS RATIONING HERE

The idea of imposing rationing of gasoline here where the problem is not scarcity of gasoline but enough market for it to keep oil wells and refineries going is regarded locally as pure lunacy. If imposed it will not save rubber and it will hamper the war program.

A recent editorial in the Amarillo News speaks to the point about this and we quote only a few brief paragraphs from it:

"But we do know there is no logical reason for rationing in this part of the country. In fact, rationing here would actually interfere with the war effort. There is no general shortage of gasoline. Our supplies are greater today, after 5 months of war, than they were last year.

"It is reported that some refineries already are closing down. Others are restricting production drastically. Many refineries in the Southwest turn out high-octane gasoline for aviation, and to restrict dangerously the normal operations of these plants might interfere with the production of essential fuels for the war effort.

"One cause for rationing in the Southwest is that tires must be conserved. That, it seems to us, already is taken care of. We just can't buy any more of them. One minor official went so far as to say that such rationing would help discipline the public for the war effort.

"Hasn't it been made clear by now that the public is willing, even eager, to go the limit in sacrificing for the war, as long as the sacrifice is sensible and reasonable? We don't need discipline. It's silly to throw out of gear an industry needed in the war effort merely to give the public an unnecessary lesson in sacrifice.

"If Washington wants to know how we feel about the prospect, let's tell them—loudly and frequently."

[From the Roswell (N. Mex.) Daily Record of May 22, 1942]

Gasoline rationing in New Mexico, where there is no gasoline problem, would threaten the State highway program very seriously, not merely the construction which can be delayed but the maintenance of the State's highways, which might be vitally necessary in the war and also, perhaps, the payment of the State's highway debentures.

Word from State officials shows that they are seriously disturbed over this proposed rationing of gasoline where it is not needed, but where it is proposed to place it into effect.

New Mexico's problems from proposed moves in the national war program are many and serious, aside from the proposed rationing of gasoline.

New Mexico is a vacation land, and the revenue left in the State each year by tourists has been estimated to run from sixty to eighty million dollars. That is likely to be heavily cut into by gasoline rationing, and if this rationing is made Nation-wide, including areas where there is no scarcity of gasoline, this State's tourist revenue will be heavily reduced.

Another place where we will be injured by the proposed war program is in reduced sales-tax revenues, coming about from restrictions placed upon retail trade, much of it necessary but some of it seemingly unnecessary and useless as a war measure. Our public schools are largely supported by this sales tax, and a drop in revenue there would do them great injury, something that is unthinkably bad.

The decrease in sales of oil and gasoline in the State might easily break many of the oil operators and refiners, and all to very little effect upon the Nation's war program.

If it is necessary to save rubber to the extent that the Federal officials claim, then the best way to do it would be to take over, by purchase, of course, all of the rubber stocks, the tires, and as much as could be spared from auto transportation. That would mean that millions of motorists would be obliged to lay up their cars or to dispose of them to the Government. That would be better than simply closing up the oil and refining industries in various sections of the country, including New Mexico.

The American people are anxious to make all necessary sacrifices to win the war, but they do not want to be pushed around unnecessarily.

[From the Roswell (N. Mex.) Daily Record of May 17, 1942]

In the Eastern States where gasoline and oil have to be transported by sea, rail, or truck, rationing has been imposed, because of a scarcity of transportation facilities due to the war. They don't like it at all, that much is evident already.

And now comes the proposal that a general rationing plan be imposed all over the country, even where there is oil and gasoline in abundance and no scarcity at all. What would this do to eastern New Mexico?

Well, here is what it would do. Already the oil-producing areas here have been heavily hit, the producers, the State through falling tax receipts, and the wage earners because of dwindling employment in the oil industry. There is no scarcity of oil or gasoline here, for no transportation problem is involved. We are already badly hurt in the industry by the lack of markets for the products of the wells and of the refineries.

Cutting down on local consumption would not help the war effort in the slightest way, but rather it would injure it. It would make thousands less able to pay taxes for the war effort; it would hurt the State and county revenues, and would uselessly injure local business.

Rationing of gasoline and oil for the motorists in the East may annoy them, but it does not injure them in the way it does the areas where oil men and refineries have been cut off from their usual markets. For instance, New Mexico has been cut to 73,000 barrels of oil daily, when it can produce many millions of barrels daily.

Imposing rationing of gasoline where there is plenty of it would do great local harm. Only one benefit can be seen in it, the possible saving of rubber, and that only in the event that the Federal authorities take over the tires and tubes now being used by motorists.

Gasoline rationing in New York and in other States where there is a scarcity of gasoline may be annoying to the people there, but it is far less harmful to them then it is to the people of the areas where there is plenty of gasoline and oil.

[From the El Paso (Tex.) Times]

WE HAVE GASOLINE

While the determination seems to be growing in Washington to force rationing of gasoline on the entire Nation, regardless of whether or not it is necessary, residents of this section of the country are justified in taking a look around to see what the situation is out here.

All of us sympathize with residents of district No. 1, comprising the east coast. They have been rationed on gasoline because it has not been possible to get enough to them because of war conditions.

But is that any reason to ration us?

In district No. 3, which comprises New Mexico, Texas, Louisiana, Alabama, Mississippi, Arkansas, and Oklahoma, there is no

need for rationing of gasoline, because a sufficient supply is in storage tanks, and can be made, to meet our needs.

Refineries are hard pushed to make enough fuel oil for the railroads; and whenever fuel oil is made, gasoline has to be made, too. As a consequence, it would mean that storage would be full of gasoline which would have to be disposed of in some manner if gasoline rationing were put into effect.

We also have sufficient transportation facilities to take care of our delivery needs without the use of tank cars, and we have been releasing tank cars to haul products to the east coast.

The eastern people are using the excuse that it would save tires by rationing gasoline. That may be true to a certain extent, but a far better plan than laying up a car would be to use it moderately at moderate speeds, which would keep the tires alive. Tires which have been used and then are laid up deteriorate very rapidly.

Taking everything into consideration, and figuring that the producers are having the proration of crude cut back in this district, the fact that we have long distances to travel, and not so many means of transportation that they have on the east coast, there can be no real reason for rationing of gasoline in District No. 3.

Harold Ickes has been quoted as saying that gasoline may be rationed out here as a means of impressing upon the public the fact that we are engaged in a tough war. Most of us know that already, and there is no reason to cripple our means of transportation any more than absolutely necessary.

[From the Washington (D. C.) Times-Herald of May 26, 1942]

NATION-WIDE GAS RATION PLAN DRAWS PROTESTS IN SENATE—BOARD MEETING TO DECIDE ISSUE TODAY; JUNE 1 CURTAILMENTS FOR OREGON DROPPED

(By Hal Foust)

Senator CHARLES L. MCNARY (Republican), of Oregon, said yesterday he was informed by the Office of Petroleum Coordinator Harold Ickes that plans have been dropped to ration gasoline in Oregon effective June 1.

His announcement added to confusion on the eve of today's meeting of the War Production Board to decide on a Nation-wide gas ration program, effective probably on July 1.

WOULD BE ADDED JUNE 1

Two weeks ago, the Office of Price Administration announced Oregon and Washington would be added on June 1 to the 17 Atlantic seaboard States and the District of Columbia where motor fuel consumption has been curtailed since May 15.

MCNARY said he did not know whether the reason for the change in the plan as far as his State is concerned was due to an improvement in local petroleum supplies or to the imminence of a Nation-wide gas ration as a rubber conservation measure.

Meanwhile Democratic and Republican Senators joined yesterday in protests against a proposed Nation-wide rationing of gasoline as a rubber conservation measure. There was an apparent consensus that the public, due mainly to conflicting utterances by the bureaucrats, was not convinced of the necessity for the hardship.

Even in the 17 Eastern States, where the shortage of gasoline is generally appreciated, there has been grumbling from the present regional restrictions on motor-fuel consumption.

WILL MEET TODAY

The voices from the Senate were heard as the War Production Board was prepared to meet today to decide on a Nation-wide gasoline rationing. The program is being developed by Joseph B. Eastman, head of the Office of Defense Transportation, on War Production Board advice the military will require all available rubber supplies for the next 2 years.

"We will make any sacrifice necessary to win the war," said Senator ARTHUR H. VANDENBERG (Republican), of Michigan, in a telegram to Price Administrator Leon Henderson, the ration boss, "but we are entitled to know indisputably that the sacrifice is indispensable and unavoidable."

ONE THING, THEN ANOTHER

"You can't expect them to cooperate," said Senator BURNET R. MAYBANK (Democrat), of South Carolina, "when the War Production Board says one thing, the Petroleum Coordinator says another, and Jesse Jones still another."

"It will be hard to convince people in the oil-producing States they can't have gasoline," said Senator EDWIN C. JOHNSON (Democrat) of Colorado. "Furthermore, the ration proponents shouldn't overlook the fact an idle tire deteriorates about as rapidly as one that is used moderately."

"Perhaps the principal source of this trouble," said Senator JOSEPH C. O'MAHONEY (Democrat), of Wyoming, "is that Congress has delegated too much of its authority to executives who don't understand conditions in the country."

$400,000,000 INDUSTRY

VANDENBERG said the proposed gasoline rationing would wreck the $400,000,000-a-year tourist industry in his State. Wisconsin's revenue from recreational motoring is approximately as large as Michigan's.

"A reasonable rationing of vacations," said the Michigan Senator, "would be preferable to their elimination through the gasoline restriction."

VANDENBERG urged other conservation measures—such as strict speed limits and the pooling of car usage—should be explored before gas rationing jeopardizes transportation.

Mr. HATCH subsequently said: Mr. President, after I had concluded the remarks I made earlier in the day on the oil situation, I returned to my office and found a letter which enclosed a clipping from the Daily Oklahoman, to the effect that the R. F. C. is now making oil loans to producers. I ask that the clipping be incorporated in the RECORD immediately following my remarks.

I wish to say further that I was familiar with the policy which has been adopted by the R. F. C., of making loans on banking collateral. In my opinion it is an improvement on the policy which has heretofore been adopted by the R. F. C., but it does not at all meet the situation which I attempted to discuss earlier in the day.

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

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

RECONSTRUCTION FINANCE CORPORATION OIL LOANS

The Reconstruction Finance Corporation stands ready to lend money to oil producers who have good collateral, Jesse Jones, Reconstruction Finance Corporation chairman told National Petroleum News.

"The Reconstruction Finance Corporation does not usually make loans to oil producers, but these are unusual times and we are now prepared to make such loans, if the producer has good collateral," Jones said:

Asked if legislation were needed to aid such program, Jones replied:

"No; all that a producer has to do is go into any Reconstruction Finance Corporation office and apply for a loan. And if he has good collateral, he'll get it."

Mr. ELLENDER subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD following the remarks of the distinguished Senator from New Mexico [Mr. HATCH] a timely editorial from the Times-Picayune, published in the city of New Orleans, of date May 21, 1942, entitled "Let Us Have Rational Rationing."

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

LET'S HAVE RATIONAL RATIONING

Submarine destruction of tankers has sharply reduced oil and gasoline transport to the Atlantic seaboard. Gasoline stocks have declined so sharply in consequence that gasoline has been rationed there. "Misery," we long have been told, "loves company"—and perhaps that explains the suggestion of drastic gasoline rationing on the Nation-wide scale. The tentative forecast, put out to test the public reaction, suggests July 1 as the possible date of the Nation-wide clampdown.

Americans in vast majority are cheerfully willing to make whatever sacrifices are needed in this war emergency. With the exception of a few groups all have responded to every sound and justified appeal made to them thus far. Because of their patriotic readiness to do what is necessary for the war effort, they should not be imposed upon by demands for needless sacrifices. Rationing therefore should be thoroughly rational whenever and wherever invoked. And that goes, of course, for gasoline rationing present and proposed.

Drastic rationing of gasoline in areas where supplies are so abundant as to overtax available storage facilities, merely because the destruction of tankers has cut gasoline stocks in other areas pending restoration of transport facilities, would not in our judgment consist with common sense nor promote the common good. So proponents of Nation-wide rationing, unable to base it upon shortage of national supply, advocate it merely as a way to have tires. If that is the sole objective and conditions require it, the simple, direct, efficient way is to forbid the use of the tires or requisition them for national use.

If that is necessary, Americans will face the fact and make the required sacrifice. But the case for Nation-wide rationing of gasoline is weakened rather than strengthened by basing it solely upon the suggestion that gasoline rationing is a roundabout way of saving tires.

AMENDMENTS TO EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. BANKHEAD. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2508.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The CHIEF CLERK. A bill (S. 2508) to amend the Federal Farm Loan Act, as amended; to amend the Emergency Farm Mortgage Act of 1933, as amended; to amend the Federal Farm Mortgage Corporation Act, as amended; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama [Mr. BANKHEAD].

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

Mr. BANKHEAD. Mr. President, by way of explanation, let me say that this

is a very brief bill for the purpose of extending the term of the Land Bank Commissioner. Under the terms of the law that position expires and the authority to make loans now made by the Land Bank Commissioner expires on the 1st of June, just a week from now. The work which the Commissioner does is very important. Hearings were held before the Committee on Banking and Currency. The measure was presented and supported by the administration. It is very desirable that it be passed, and in the Committee on Banking and Currency there was no objection to the passage of the bill. Quick action is necessary.

The bill would extend for 4 years the term and authority of the Land Bank Commissioner, and would increase his power as to the size of loans he may make, so that such loans may be equal in amount to loans made by the Federal land bank.

It may be appropriate to say that nearly 90 percent of the business of that system is now being transacted with the Land Bank Commissioner; and at this time there are thousands of applications for loans which would be suspended and ended unless the bill extending the power of the Land Bank Commissioner were enacted into law.

I have consulted with both the majority leader and the minority leader about calling up the bill. It is agreeable to both of them. So unless there is something further to be said regarding it, I am ready for a vote.

Mr. AIKEN. Mr. President, I think the Senator from Ohio [Mr. TAFT] was interested in the bill. He asked to be notified when it came up. I do not know what he intended to ask the Senator from Alabama. I sent for him when the discussion began.

Mr. BANKHEAD. The Senator from Ohio was present in the committee when the bill was acted upon.

Mr. TAFT entered the Chamber.

Mr. TAFT. Mr. President, if the Senator will yield to me, let me say that I have no objection to having the bill taken up. I joined in the report recommending its passage.

Mr. BANKHEAD. The bill has been taken up.

Mr. TAFT. I have no desire to speak on it.

Mr. BANKHEAD. Very well.

The PRESIDING OFFICER. The clerk will proceed to state the amendments reported by the committee.

The CHIEF CLERK. The first amendment of the Committee on Banking and Currency was, on page 1, after the enacting clause, to strike out:

That this act may be cited as the "Federal Farm Mortgage Corporation Act of 1942."

SEC. 2. The first paragraph of section 4 of the Federal Farm Loan Act, as amended (title 12, U. S. C. 672), is further amended by striking out the following: "Subject to the approval of the Federal Farm Loan Board and under such conditions as it may prescribe, the provisions of this act are extended to the island of Puerto Rico and the Territory of Alaska; and the Federal Farm Loan Board shall designate a Federal land bank, which is hereby authorized to establish a branch bank in Puerto Rico, and a Federal land bank, which is hereby authorized to establish a branch bank in the Territory of Alaska. Loans made by each such branch bank shall not exceed the sum of $25,000 to any one borrower and shall be subject to the restrictions and provisions of this act (U. S. C., title 12, ch. 7), except that each such branch bank may loan direct to borrowers, and, subject to such regulations as the Federal Farm Loan Board may prescribe, the rate charged borrowers may be 1½ percent in excess of the rate borne by the last preceding issue of farm-loan bonds of the Federal land bank with which such branch bank is connected: *Provided*, That no loan shall be made in Puerto Rico or Alaska by such branch bank for a longer term than 20 years." and substituting in lieu thereof the following: "Subject to the approval of the Farm Credit Administration and under such conditions as it may prescribe, the provisions of title II of this act, the Farm Credit Act of 1933, and any act amendatory thereof or supplementary thereto are extended to the island of Puerto Rico and to the Territories of Alaska and Hawaii."

SEC. 3. The act approved March 10, 1924, as amended (43 Stat. 17; title 12, U. S. C. 672), is further amended by striking out section 2 thereof.

SEC. 4. Section 13 of the Federal Farm Loan Act, as amended (title 12, U. S. C. 781), is further amended by adding at the end thereof a new paragraph reading as follows:

"Nineteenth. To make available services, facilities, and personnel to the Land Bank Commissioner and/or the Federal Farm Mortgage Corporation to aid in making loans and in servicing loans, real estate, or other assets situated in the continental United States exclusive of Alaska, or in the island of Puerto Rico."

The amendment was agreed to.

The next amendment was, on page 3, at the beginning of line 13, to strike out "Sec. 5. (a) The" and insert "That the", so as to read:

That the second sentence of section 32 of the Emergency Farm Mortgage Act of 1933, as amended (title 12, U. S. C. 1016 (b)), is further amended by striking out the semicolon in said sentence and the following: "nor shall a loan in excess of $7,500 be made to any one farmer." and inserting in lieu thereof a period and the following: "The amount of loans to any one borrower shall in no case exceed a maximum of $50,000, but loans to any one borrower shall not exceed $25,000 unless specially approved by the Land Bank Commissioner, nor shall any one loan be for a less sum than $100, but preference shall be given to applications for loans of $10,000 and under."

The amendment was agreed to.

The next amendment was, on page 4, after line 3, to strike out:

(b) The tenth sentence of said section 32, as amended (title 12, U. S. C. 1016 (g), is further amended by striking out the following: "Until June 1, 1942, the" and inserting in lieu thereof "The"; and by striking out the semicolon in said sentence and the following: "but no such loans shall be made by him after June 1, 1942, except for the purpose of refinancing loans previously made by him under this section."

And insert:

SEC. 2. The tenth sentence of such section 32, as amended, is amended by striking out "June 1, 1942" wherever it appears therein and inserting in lieu thereof "July 1, 1946."

The amendment was agreed to.

The next amendment was, on page 4, after line 14, to strike out:

SEC. 6. Section 4 (b) of the Federal Farm Mortgage Corporation Act, as amended (title 12, U. S. C. 1020d), is further amended by adding at the end thereof the following new paragraph:

"The Corporation is authorized and directed, upon the request of the Federal Land Bank of Baltimore made with the approval of the Farm Credit Administration, to purchase from said bank all its mortgages secured by real estate situated in the island of Puerto Rico and other securities for loans on such real estate, contracts for the sale of real estate and real estate situated in said island, and all other assets of every description of said bank situated in said island and pertaining to the business of the Puerto Rico branch of said bank, except cash, at a price agreed upon by the bank and the Corporation subject to approval by said Administration."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 32 of the Emergency Farm Mortage Act of 1933, as amended."

CALL OF THE ROLL

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Gillette	O'Mahoney
Andrews	Green	Pepper
Austin	Gurney	Radcliffe
Ball	Hatch	Reynolds
Bankhead	Hayden	Rosier
Barbour	Herring	Schwartz
Barkley	Hill	Shipstead
Bilbo	Holman	Smathers
Bone	Hughes	Smith
Brown	Johnson, Calif.	Spencer
Bulow	Johnson, Colo.	Taft
Burton	La Follette	Thomas, Okla.
Byrd	Langer	Truman
Capper	Lee	Tunnell
Caraway	Lucas	Tydings
Chavez	McCarran	Vandenberg
Clark, Idaho	McFarland	Van Nuys
Clark, Mo.	McNary	Wagner
Connally	Maloney	Walsh
Danaher	Maybank	Wheeler
Davis	Millikin	White
Doxey	Murdock	Wiley
Ellender	Norris	Willis
George	Nye	
Gerry	O'Daniel	

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

EXTENSION OF POWERS OF THE RECONSTRUCTION FINANCE CORPORATION

Mr. BROWN. Mr. President, I move that the Senate proceed to the consideration of House bill 7008, a bill to expand the powers of the Reconstruction Finance Corporation.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7008) to authorize the Reconstruction Finance Corporation to issue notes, bonds, and debentures in the sum of $5,000,000,000 in excess of existing authority, which had been reported from

the Committee on Banking and Currency with amendments.

Mr. BROWN. Mr. President, I think it would be well for me to make a short general statement as to what the bill provides before we have the amendments stated.

The bill passed the House of Representatives in simple form—merely containing an authorization for the Reconstruction Finance Corporation to add $5,000,000,000 to its outstanding indebtedness. Of course, in this day we deal in tremendous sums, and I want the Senate to know that in the consideration of the bill now before us we are dealing with a tremendous sum of money—$5,000,000,000 for the Reconstruction Finance Corporation, and $1,000,000,000 for the Commodity Credit Corporation, a total of $6,000,000,000.

Ordinarily when we authorize the appropriation of money for these corporations it is expected that the money will be used for the purpose of making loans, and the major part of the money provided by the pending bill will be used for that purpose; but in the bill we are embarking on a program which will mean that a considerable part of the money will probably not be repaid to the Government of the United States and will be lost to the taxpayers.

I shall state the three principal provisions in the bill and then proceed to a brief explanation of them.

Section 1 provides $5,000,000,000 for the Reconstruction Finance Corporation. Section 3 provides $1,000,000,000 for the Commodity Credit Corporation. Section 2 authorizes the R. F. C. to engage in a rather new enterprise. The pending measure is a part of the price-control plan.

The situation which has arisen requires some explanation. By the general price order which became effective a few days ago a top limitation on prices was fixed by the Administration. That limitation, as is quite generally well known, is the highest price that was charged by any merchant during the month of March.

It has been discovered that it will be necessary to do one of two things, either to revise some of the price limitations or to assist some business enterprises which otherwise would be ruined by the operation of the law.

When it was discovered that this situation had arisen, and would arise again in other cases, the Administrator and his staff studied the plan which was adopted in Canada, as well as the plan adopted in England, to meet a similar situation. The administrators from both those countries stated that such a situation would arise here; and it has arisen. They strongly advised that in the operation of our law we retain the limitations which we had placed upon prices, and that we prevent a rise in prices, if that be possible. I think Mr. Henderson acquiesced in the views of the Canadian administrator when he said, "The greatest mistake you can make is to permit a puncturing of the ceiling."

We are not talking about small changes, and we do not intend in any way to subsidize merchants, or wholesalers, or others interested in the price structure, when the changes are slight and are due to inefficiency or kindred matters, but what we want to do, and what we propose to do by this bill, is to take care of losses which would be incurred and which have occurred by reason of extraordinary changes in costs due largely to the war and the efforts connected with the war.

The best example I can give is the coal situation. When the price order was under contemplation, coal was pretty largely carried from the coal fields to tidewater, we will say to Norfolk, Va., and from there hauled by water to the New England area. Likewise, as is well known, gasoline was to a large extent transported by tankers from Texas and Louisiana, from Gulf ports, and carried to Baltimore, Philadelphia, New York, Boston, and other Atlantic seaboard points.

Because of the submarine menace and the unfortunate success the submarines have had, it is very difficult to transport gasoline and coal by water from the points of production to the points of consumption. The result has been, in the case of gasoline, for example, that a 20-cents-a-barrel freight rate by water is replaced by a $1.20 freight rate by rail. The railroads do not want the business; they would feel much better if they did not have it; but, of course, the only way in which we can safely get gasoline and coal from the producing areas to the consuming areas is by rail.

The question which presented itself to the Price Control Administration was, "Shall we permit rises in the prices, as is fully justified, of the products of the factories of New England which buy this coal and have to pay a dollar a ton more freight than they paid previously, or shall we as a Government assume that burden and pay the difference between the rail and the water rate?"

As I stated a few moments ago, a great deal of study was given to the subject. Consideration was given to the Canadian and British experience. Permitting the prices of the products of the coal-consuming plants of New England to go up of course would have two results. First, they are in competition with plants at Norfolk, Va.; in Pennsylvania, in West Virginia, in all the coal-producing areas, and the plants so located would have a much greater advantage than they now have over the New England plants, and plants in other sections of the country where coal is not produced. That would be the first result; there would be a very unfair competitive situation.

Secondly, if we permitted the prices to go up, there would be, as is well known to those of us who have studied somewhat intensively the price-control situation, a tendency to pyramid the increase. There would be a pyramiding, even a multiplication, of costs, which we think would have a much greater tendency toward inflation of prices, because the price of coal permeates the costs of practically all manufactured products.

Therefore, it was felt that it would be much better for the people as a whole to assume this additional burden, which is not the fault of the New England manufacturer, and not the fault of the midwestern manufacturer, but a condition brought about through the ravages of the common enemy of the country.

Mr. McNARY and Mr. JOHNSON of Colorado addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield, and, if so, to whom?

Mr. BROWN. I think the Senator from Oregon rose first.

Mr. McNARY. I shall be glad indeed to yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. The Senator from Oregon may proceed.

Mr. McNARY. I returned to the Chamber but a moment ago, and I do not know whether the Senator from Michigan is discussing the Commodity Credit section or not.

Mr. BROWN. No; I had not reached that point yet.

Mr. McNARY. Very well. I shall not obtrude my views at this time, or the questions I wish to ask until the Senator reaches that point.

Mr. BROWN. Very well.

Mr. McNARY. I am very much interested in that section of the bill.

Mr. VANDENBERG. Mr. President, will my colleague yield?

Mr. BROWN. I yield.

Mr. VANDENBERG. I should like to hear the Senator discuss this phase of the matter: It seems to me that until we have a total price control, which includes wages, if we initiate subsidies to overcome differences in cost of production, we have virtually created such a situation that all wage increases can be charged to the Government through subsidies.

Mr. BROWN. I will say to the Senator that it is not in the contemplation of any who are responsible for the proposed legislation that any subsidies should be paid because of the reasons to which the Senator has alluded.

Mr. VANDENBERG. There is not anything in the bill which would prevent it, is there?

Mr. BROWN. No; I think not, and I think it would be most difficult if we tried to spell out in detail each item which the R. F. C. or the Commodity Credit Corporation could cover by the operations contemplated by the bill. I think it is a matter we must leave to the administrative authorities. I am sure that if we were to spell out in the bill those items to be subsidized, it would be an invitation to a great many people who may come within the purview of the contemplated statute to ask for a subsidy. We want to hold the number to the lowest possible minimum, and it is the intent of the committee—and the testimony bears me out in the statement—that there should be subsidies only in cases where the necessity is attributable to the war and the conditions surrounding it.

Mr. VANDENBERG. Of course, it seems to me, if the Senator will allow me to say so, that we once more confront another of those difficulties which arise when we attempt price control without also controlling wages, for certainly wages are a major factor in the costs of production to which the Senator has re-

ferred. Let us suppose, for the sake of the argument, that railroad rates, which the Senator is proposing to equalize by subsidies, would have to be increased because of a tremendous increase in railroad wages. Under his statement, as I understand it, that situation would be eligible for subsidy treatment under the bill. Is that correct?

Mr. BROWN. I think it would be eligible, strictly speaking, under the language of the bill. In other words, it would be legal. But it is not within the contemplation of any of us that that kind of a cost should be subsidized. I, of course, have always taken the position, though there do not seem to be many who believe with me, that section 1 of the price-control bill, directing the War Labor Board to stabilize wages, is just as vital, just as potent in its direction to the Board as is section 2 in its direction to the Price Control Administrator to fix prices. I think the administrative authorities have failed fully to use the power and the policy and the direction given the War Labor Board by section 1 of the price-control bill, which is designed, in effect, to stabilize wages substantially as of the time when prices are stabilized. I think the President has from time to time intimated that that should be done, and I understand from the newspapers that such a proposal is in contemplation; but I have not seen from any recognized administrative authority a direct reference to section 1 of the price-control bill, which I think is powerful, potent, and sufficient to cover the wage situation.

Mr. VANDENBERG. Of course, the Senator leaves me in somewhat of a dilemma. I think his bill is perfectly sound, provided we have all-out Government control over all the factors entering into the cost of production. When I bring that to the Senator's attention, and suggest to him that the failure to control wages in connection with the other controls leaves that back door open, and leaves it open to subsidies under the bill, he tells me that I must rely upon the administrators, because I cannot rely upon the text of the law. I do not like to rely upon the administrators that much.

Mr. BROWN. I suppose I should not speak for anyone else, but I do not know of any member of the Banking and Currency Committee, including our experts, who can take the Price Control Act, as it is, and write into this amendment of the Price Control Act a provision which would spell out in detail just those costs which we might subsidize and those which we might not subsidize. I think that is not a task for a legislative body. I think it is one we must leave to the administrative authorities. I have misgivings about it; I have misgivings about the whole subject of subsidies; but I am confronted by this situation: Considering the unfortunate economic condition in which we find ourselves, is it better to adopt the subsidy plan—and everyone in the Government department says, "Do not use the word 'subsidy,'" but we have got to use it because that is what it is—or is it better to let the price-control ceiling go? We are caught in that dilemma, and while, as I have said, I have misgivings about the subsidy plan, I think it would be less damaging, since it would spread the cost on all the people of the country, than it would be to let prices go up.

Mr. VANDENBERG. I would agree with my colleague completely, provided the price control was an all-out and total control. I think that is the basis of our difficulty from start to finish.

Mr. BROWN. Of course, the Senator realizes that many of us had somewhat the same views the Senator implies he now has, but we were unable to get that kind of a price-control bill, and I have to use the tools I have, and perhaps not the tools I wish I had to meet this situation.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. JOHNSON of Colorado. I desire to submit to the Senator a case and have his answer so that I may better understand the application of this provision. In Pueblo, Colo., we had a very well equipped packing plant, and when the price-control ceiling was announced, that packing plant was forced to close its doors and lay off over 400 persons who were working for it. Under the bill the Senator is sponsoring, could such a business receive the so-called subsidy, or relief, or assistance, or help? Could it qualify under the language of the bill for assistance?

Mr. BROWN. If the principles which are contained in General Order No. 1 under the Price Control Act are applied, I fail to see how that concern could be injured as the Senator states it was, because it is permitted to charge the highest price it charged for its product during the month of March, which price is probably a little lower than the price, say, of April 15, or May 15, but, nevertheless, is supposed to be a price which it thought, with operating conditions as they then were, would enable it to continue its business.

Mr. JOHNSON of Colorado. Yes; that may be what it thought, but when it tried to operate under the price-control ceiling it discovered that it was losing $2.50 on each hog carcass it handled and about $10 on each beef carcass, and, of course, it simply had to close its doors. I was wondering whether this bill would provide any relief whatsoever to such a business.

Mr. BROWN. Unless the costs were costs which did not exist during the month of March, and which cannot be attributable to extraordinary conditions such as I have illustrated with respect to freight rates by water and by rail, I should say that the company could be provided no relief by this bill. If it is an ordinary business casualty, the loss being attributable perhaps, in some measure to price control, I do not think the Administrator should under the provisions of the bill give assistance to such corporation.

Mr. JOHNSON of Colorado. The only new condition being, of course, the ceiling on prices.

Mr. BROWN. I should not think that would justify a subsidy.

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

Mr. BROWN. I yield.

Mr. TAFT. With respect to one matter with which the Senator dealt, I think there should be a correction. The Senator, I think, gave the impression that this subsidy would only be used in cases where the war interferes, as in the case of shipments of gasoline and coal. My understanding of Mr. Henderson's testimony is that he proposes that the subsidy may be used in any case in which he finds that the margin between the retail price he has fixed and the costs is too small for any distributor to operate within. I should think, therefore, it would cover just such a case as that of which the Senator from Michigan [Mr. VANDENBERG] spoke, in which costs are increased because of some permitted increase of wages or increase in the cost of raw materials.

For instance, if the price of wheat should go up 15 cents, or even if it should not go up at all, Mr. Henderson might find it necessary, if he wants to hold the price of bread where it is, to subsidize millers so that flour might be sold to bakers at a price which would enable them to deliver bread at the price he has fixed. Mr. Henderson's testimony on pages 39 and 40 shows very clearly that there is a much broader purpose in his mind than merely dealing with special war conditions brought about by the submarine menace. I do not know whether the Senator meant to give that impression, but I think Mr. Henderson has a much broader idea in his mind.

Mr. BROWN. I will say to the Senator that I tried to point out two causes. One is direct war damage, such as the destruction of tankers on the Atlantic Ocean. The other is costs which arise, as I think I phrased it, as a result of the war effort. I do not think those two phrases exclude an extraordinary rise in the price of wheat, which might be due, we will say, to a crop failure or some condition of that kind. That is an extraordinary situation, one which is not in the contemplation of those of us in charge of the bill at the present time; but if such a situation should arise I think there could be a subsidy.

My own view is that this power must be used very sparingly. I think Mr. Henderson used language to that effect. I certainly do not think that a case such as the one mentioned by the Senator from Colorado [Mr. JOHNSON] would come within the intent of those who are proposing this amendment.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. I desire to ask the Senator what standard appears in the bill to govern the discretion of the Administrator? The Senator has just said, in response to the inquiry of the Senator from Ohio, that in his testimony Mr. Henderson used language to support the interpretation which the Senator gives to the Senate. Is there any language in the bill which would control the discretion of Mr. Henderson or of his successor?

Mr. BROWN. I think so.

Mr. O'MAHONEY. Will the Senator be good enough to point it out?

Mr. BROWN. The answer is one which the Senator must give me a little time to

develop, because the question cannot be answered in a sentence.

The bill is based upon the first sentence in section 5i—

In order fully to effectuate the purposes of the Emergency Price Control Act of 1942—

That is a very strong limitation. The main purpose is to prevent inflation, to prevent an extraordinary, unwarranted rise in prices. Therefore, everything the Price Administrator, the Secretary of Commerce, who is the loan administrator, or the Secretary of Agriculture, who handles the agricultural section, may do is based upon the Price Control Act. The Senator from Wyoming will remember that in the Price Control Act a very large number of objectives are laid down. I shall not take the time to read them, but they may be found in section 1 (a) of the act. They are all limitations upon the power of the Administrator.

Second, in lines 12 to 18 on page 2 of the bill is set forth language empowering the Price Administrator and the Secretary of Commerce to do certain things when deemed necessary—

to increase or maintain production or distribution of such articles or commodities.

The Price Control Act itself gives authority to do some, though not all, of these things for the purpose of maintaining production. This bill goes a step further and permits such things to be done for the purpose of distributing production to the people.

Mr. O'MAHONEY. Mr. President, will the Senator further yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. If the production of a particular article or commodity were cut down by reason of an increase in wages, because higher wages increased the cost so as to meet the ceiling, and the producers were no longer able to operate, would not the new provision apply? Would it not be possible for the Price Administrator to grant a subsidy, and would he not be compelled to grant a subsidy, or else permit the operator to go out of business because the price ceiling, which the Administrator has fixed, and the rising costs, which he has not fixed, crush the operator between them?

Mr. BROWN. The Senator uses the word "possible." As I told my colleagues, I have no doubt that it would be possible for the Price Administrator to do so. But, is the Senator from Michigan made responsible by the Banking and Currency Committee for the interpretation of the bill on the floor of the Senate? I wish to resist as strongly as I can any widening of authority which might be placed upon what we say here in debate as to what the Price Administrator may do. I think it would be most unfortunate if as a result of the debate on the floor of the Senate the minds of labor, or any other factor in the make-up of cost, should become imbued with the idea that we are providing a method by which wages or other costs may go up, and that the Government will assume the burden of the extra cost. I do not say that such a thing as the Senator points out might not be justified in some cases; but primarily the purpose of the bill is to take care of the extraordinary rises in costs which are due to the war itself or to the effort connected with the preparation for our defense and our offense.

Mr. O'MAHONEY. I recognize exactly the position in which the Senator finds himself. I know, of course, that it is his intention to keep this power within minimum bounds; and in this debate he is probably endeavoring to make a legislative record which will have that effect.

Mr. BROWN. I am.

Mr. O'MAHONEY. A moment ago the Senator said that in his testimony Mr. Henderson used certain language which sustains the interpretation which the Senator has given.

Mr. BROWN. I shall find it.

Mr. O'MAHONEY. If the Senator will find that language I should like to read it.

Mr. BROWN. I shall find it and read it into the RECORD. I know it exists, but I cannot lay my hands on it at the moment.

Mr. O'MAHONEY. Mr. President, I was about to ask another question dealing with the same subject. The Senator says that it is the purpose to deal only with extraordinary cases; and I have no doubt that that is what the committee had in mind; but some of us who have watched the operation of the Price Control Act fear that it is like a progressive disease, and that in a short time every case will be extraordinary. A moment ago the Senator from Colorado [Mr. JOHNSON] cited an instance. Many others might be cited. Daily there comes to my desk a stream of letters, complaints, and information from small businesses, indicating that they are being crushed. Yesterday morning in the Washington Post there was a news report which well deserves careful reading by everyone who is interested in the pending bill. The report dealt with the development of a so-called black market in New York, because businesses lacking materials are patronizing those who, by bootlegging operations, are ready to furnish such materials. Every business which is threatened with destruction by reason of the operation of a law which does not take into consideration all the factors is being driven by that very circumstance to evade the law. My own feeling has been that it was one of the great defects of the Price Control Act that it did not undertake to control all the factors which enter into the making of costs; and because we did not do so when the law was first enacted we are now confronted with this effort to broaden the power of the Executive to subsidize industry.

I have read the bill carefully. I find nowhere in the bill any language which would control the discretion of the agency which we are creating in the distribution of the subsidy. Of course, nobody is more ready than I am to acknowledge that those who are administering the act and the war powers are men of good will and good intentions; but, on the other hand, there can be no doubt that we are creating the most gigantic power and placing it in their hands without any qualification or restraint.

A moment ago, in response to an inquiry by his colleague, the Senator from Michigan spoke of the provision of section 1 of the Price Control Act as a measure which should control wages. When the Senator brought in the price-control bill from the Committee on Banking and Currency in the first place—the bill which is now the Price Control Act—he made that statement upon the floor. He made his legislative history then, saying that the bill provided sufficient authority to control such costs; but now we know that in the face of that legislative history, as he himself has now testified, nothing has been done.

Let me read the provisions of section 1 to which the Senator referred. I read the last sentence of section 1 (a) of the act of January 30, 1942:

It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

The Senator says that it is not a legislative task to provide such stabilization of wages; and yet this very sentence would require a convention of executive agencies to draft rules and regulations by which it would be carried out. I do not see how the Senator can place any reliance at all upon a provision of law which calls upon so many and such diverse agencies to cooperate in carrying out an objective which is set forth in such general words as—

It shall be the policy of those departments and agencies, * * * within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

Mr. President, I think that part of the Senator's misgiving to which he so frankly confessed probably was due to the fact that this expression of a hope that a policy might be adopted by the executive agencies is a confession that we here have not declared the policy and have not made it effective.

Mr. BROWN. I should not want to take the time of the Senate to repeat the arguments I have many times made upon that subject matter. Two weeks ago Monday night I made a speech on the National Radio Forum, a considerable portion of which I devoted to a discussion of that subject. The speech was printed in the CONGRESSIONAL RECORD, and I commend it to the Senator from Wyoming as a studied expression of my views upon the matter. We cannot pick out one sentence from section 1 of the bill and read it without contemplation of the other section of the bill, section 2, which is the direction to a Price Administrator to stabilize prices.

In framing this section, which was rather largely the work of the Senator from Ohio, with some assistance from the Senator who is now speaking, it was our intention—and I think it is fairly expressed, and in good language—to tie the

stabilization of prices, direction for which is given in section 2 to the Price Administrator, to a stabilization of wages by the existing Wage Stabilization Board, as set forth in detail in section 1 of the bill. The two must operate together. When Mr. Henderson fixes a ceiling upon prices, then comes the time when the War Labor Board and the other agencies shall, in relationship to such price ceiling, fix and stabilize wages. It is my judgment that that is the substance of the direction which the President is giving to the War Labor Board.

Mr. ELLENDER and Mr. BALL addressed the Chair.

Mr. BROWN. From the beginning my one contention in that respect was that the job of wage stabilization was too big a one to place upon the Price Administrator and his staff, which I understand is growing to enormous proportions, and that with the other responsibilities he has he should not be charged with the job of stabilizing wages.

However, by this bill in definite language we do direct the existing agencies which have control over wages to stabilize wages in relationship to the prices which are fixed by the Price Administrator.

Before yielding to the Senator from Minnesota I ask him to permit me to yield first to the Senator from Maine, who was on his feet before the Senator from Minnesota addressed the Chair.

Mr. BALL. Certainly.

Mr. WHITE. Mr. President, of course those of us who have had no part in framing this proposed legislation can know its purpose only as we gather it from the language actually employed. I should like to state a case—and I think there must be thousands upon thousands of similar cases over the country—and to have the Senator's opinion as to the application of the proposed legislation to such a set of facts.

Let us assume that in February a Milwaukee shoe manufacturer entered into a contract to make 100,000 pairs of shoes at $3 a pair, and that as a part of the contract there was included a provision that if there should be a wage increase which the manufacturer had to meet, the purchaser of the shoes would assume and pay the additional price entailed by the wage increase. Let us assume that in April, while the shoes were in process of manufacture, there was an increase of 10 percent or 15 percent or any other percent in wages. In March, Mr. Henderson froze prices.

In such circumstances, when the Milwaukee manufacturer approaches the purchaser and says to him, "The cost of these shoes has been increased by an increase of 15 percent in the price of wages, and you have agreed to assume and pay that additional burden," I should like to know if the manufacturer can require the purchaser to take care of the increased cost, or whether, as I am afraid is the case, the manufacturer is bound by the ceiling which was put on in March by the Price Administrator.

In such a situation someone must lose; either the manufacturer must assume and bear the burden of the entire difference between the original contract price and the cost of the shoes, as that price has been increased by the wage increase, or there must be a change in Mr. Henderson's price ceiling, or someone else must assume that burden. I am wondering if under this section, as it is now framed, it would be within the authority of the Reconstruction Finance Corporation to subsidize the manufacturer to the extent of such a wage increase, or whether the Price Administrator has that authority. Is it contemplated that in such a case as that which I have pointed out the Reconstruction Finance Corporation would assume that burden and place upon the Government the loss, instead of letting it rest on the manufacturer? I think there must be thousands upon thousands of such cases.

Mr. BROWN. I think the case the Senator cites is one which could be handled by the Price Administrator in one of two ways. In my opinion, under the law, he could fairly do either, and which of the two would be done would undoubtedly depend upon his views as to the effect on the general price structure.

I should say that if the article were not shoes, which are a specialized product and which differ because of their manufacture or trade-mark, and so on and so forth, but if it were a product such as wheat or corn or some underlying basic commodity—not in the sense used in our Agricultural Adjustment Act but in a general sense—it would be better for the Price Administrator to subsidize, rather than to let the price generally go up.

Mr. WHITE. My specific question is whether under this specific legislation he would be authorized to subsidize.

Mr. BROWN. Yes; I am coming to that point, and the point as to whether it would generally be the better thing to do.

In the case the Senator has cited I think the Price Administrator would have legal authority to subsidize; because I assume, of course, that the contract would be found to be fair, and not made with the purpose of circumventing the price-control law. The Senator states an absolutely fair case; I think it is a very common case, and I know that such instances have arisen.

In the case the Senator cites I think it probably would be better to have a slight readjustment of the price of a particular commodity which is only a small factor in the general picture; but I say that under this proposed law, in my judgment, the Price Administrator could handle the matter either way. We are not afraid of small changes in the price structure. We are afraid of great changes which would have an enormous effect upon the cost of other commodities.

Mr. ELLENDER and Mr. BALL addressed the Chair.

Mr. BROWN. I yield first to the Senator from Louisiana, and then I will yield to the Senator from Minnesota.

Mr. ELLENDER. I have been very much interested in the discussion of the pending measure so far. As I understand, this proposed corporation will have a good deal of discretion as to whom to pay the various subsidies and as to which commodities shall be affected. The Senator stated a while ago that he did not think it was necessary or practical to spell out the various commodities that would be affected. With that in view, I am wondering why it was that the committee saw fit to insert this language in the bill, appearing at page 2, lines 17 and 18:

> Nothing in this section shall be construed to apply to any agricultural commodity.

If such discretion as the Senator has previously stated is going to be exercised by those in charge, why was that language inserted in the bill?

Mr. BROWN. That does not mean, I think, what the Senator considers it to mean. The words the Senator has read in lines 17 and 18 occur in section 2, which relates to the R. F. C., and the provision in question prevents that Corporation carrying on operations with respect to agricultural commodities.

In the next section, however, the Commodity Credit Corporation is given authority to do, relative to agricultural commodities, the same thing the R. F. C. is given authority to do with respect to other commodities.

Mr. ELLENDER. But under the Corporation the bill authorizes to be created——

Mr. BROWN. No; under the Commodity Credit Corporation.

Mr. ELLENDER. Where will the Commodity Credit Corporation obtain its funds?

Mr. BROWN. The bill provides for the Commodity Corporation a billion dollars, which the Senator from Ohio and some other Senators think is altogether too much.

Mr. ELLENDER. Then the Commodity Credit Corporation obtains its funds from the corporation that is to be created under this bill?

Mr. BROWN. No corporation is created under this bill; but it is proposed to utilize the two existing Corporations, the R. F. C. and the Commodity Credit Corporation.

Mr. ELLENDER. I may have misread the section, but the R. F. C. "is authorized, acting directly or through any corporation created or organized by the Corporation pursuant to section 5d of this act."

Mr. BROWN. That refers to the Defense Plants Corporation, the Defense Homes Corporation, and other such agencies; but the Commodity Credit Corporation is given the right to create no corporation so far as agricultural commodities are concerned.

Mr. ELLENDER. I see. Would the Reconstruction Finance Corporation have the right, under the provision just quoted, to create such a corporation?

Mr. BROWN. The Reconstruction Finance Corporation was given authority by the Congress to issue charters for Government corporations.

Mr. ELLENDER. Assuming that the Reconstruction Finance Corporation should issue such a charter or should act itself, would the Commodity Credit Corporation, then, under the language of the bill, be obliged to apply to it for funds

in order to subsidize agricultural commodities?

Mr. BROWN. The Commodity Credit Corporation obtains its money by sale of its own obligations, usually to the Treasury.

Mr. ELLENDER. So that the Commodity Credit Corporation could only pay subsidies out of such moneys as it has on hand or as it may be able to borrow under the authority herein given to it.

Mr. BROWN. I will give to the Senator a little later the amount of money the Commodity Credit Corporation will have available, but I will say that no one thinks that a billion dollars or any amount approximating that sum will be required for this purpose.

Mr. ELLENDER. Let me ask one further question.

Mr. BROWN. I wish to say to the Senator now that the billion dollars represents a general increase which it was felt necessary, in order to supply funds for other purchases which the Commodity Credit Corporation will have to make, such as for foreign agricultural commodities which are not in competition with domestic commodities, including coffee and commodities of that character.

Mr. ELLENDER. The Senator cited two factors that would probably be a guide for the payment of these subsidies. One of them was——

Mr. BROWN. Direct losses.

Mr. ELLENDER. Yes; direct losses—one of them, increased costs due to losses of tankers and the other an increase in cost attributable to the war effort. Will the Senator be a little more specific?

Mr. BROWN. That is a very difficult matter to define. I think the instance given by the Senator from Maine is a typical example.

Mr. ELLENDER. I can well understand that.

Mr. BROWN. I desire to refrain from approving any cost which would allow the subsidies to be used as a basis for wage increases or increases in other costs. The Administrator and those of us who have been instrumental in bringing this bill in its present form before the Senate are most anxious to confine its operations as narrowly as possible.

Mr. ELLENDER. I can see the wisdom of such a position, but insofar as the Senate is concerned, it strikes me that if we give such power to someone else to exercise we ought to let that someone else know what we in the Senate have in mind. I am posing the questions to the Senator from Michigan, so that he, who has made a study of this bill, will tell this body how far, in his opinion, this Corporation may go toward subsidizing and what will be the yardstick which it can utilize in administering this measure. It strikes me that it might be beneficial to the Senate if the Senator would go into that in detail.

Mr. BROWN. I have endeavored to make such a statement in general terms. It is impossible for the committee from the testimony, to name, in detail, all the things that might happen in the future which would come under the definition of extraordinary costs due to the war effort. We simply have such a situation as that we know such things are going to happen, and in my judgment, within the limitations I have stated in my answer to the Senator from Wyoming, we must leave the determination to the administrative authority in order to effectuate the general purposes of the Price Control Act. There are a great many things set forth in section 1 of that act as to what its purposes and objectives are. There are limitations upon the power of the Administrator to make purchases and make subsidy payments; but just now in the Reconstruction Finance Corporation legislation we have taken the bars all down relative to the class of security. I remember that the distinguished chairman of the House committee, who is now present in the Senate Chamber, together with the Senator from Michigan, when I was a member of his committee, strove mightily to lay down standards according to which the R. F. C. would make its loans; but, as the years have passed, during the last 8 or 9 years, the Congress has chiseled away here and chiseled away there until now the Corporation can make loans which no one expects will ever be repaid. So we have let the bars down there.

In the condition in which we now are we know that various business enterprises are going to suffer losses which cannot be more than contemplated; they simply cannot be detailed; and we merely provide by this bill that, in the discretion of the Price Administrator, of the Secretary of Commerce, who is now the Loan Administrator, and the Secretary of Agriculture, and the President, I assume, or the board of directors of the Commodity Credit Corporation, subject to rules and regulations which are required by this bill to be laid down by the President—subject to all those safeguards, we give a very wide authority to these administrative agencies. I confess I do not know how else we can meet the difficult problem.

Mr. ELLENDER. But there are no rules or limitations as to what the President may do, as I read this bill.

Mr. BROWN. That is true.

Mr. ELLENDER. The bill states specifically in line 12, page 2, that payments shall be—

> in such amounts or quantities, in such manner, and upon such terms and conditions, as may be determined to be necessary to increase or maintain production or distribution of such articles or commodities.

In other words, the bars are down, and the agencies referred to in the bill, as I understand, will have carte blanche to do as they will. That was the reason I asked the Senator the question.

Mr. BROWN. As I recall, the Senator from Louisiana voted for the price-control bill.

Mr. ELLENDER. I did so reluctantly. Many rules and regulations are now being made by the Price Administrator which the Senate never contemplated, and my fear is that if we leave the bars down without some limitations or understanding of what this is all about, we will find ourselves deep in a morass of rules and regulations that none of us on this floor ever dreamed of.

Mr. BROWN. The same power with respect to production is contained in the price-control bill, and it is not proposed in this instance to do anything more than open the way to subsidies for the distribution and processing of commodities.

Mr. BALL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. BROWN. I yield to the Senator from Minnesota, and ask his pardon for not yielding sooner.

Mr. BALL. A few moments ago the Senator stated that the Committee on Banking and Currency and the Congress find themselves on the horns of a dilemma; but is it not a fact that we are in that situation because the Office of Price Administration is now operating under a theory of price control which was not contemplated at the time the Price Control Act was passed?

If I may explain briefly, it seemed to me the theory of the Price Control Act was selective control and stabilization of commodity prices. There was no thought of fixing a price that was below cost of production, and holding to it. There was no thought of subsidies, except to bring out marginal high-cost production of critical material. The House committee at least specifically turned down the so-called ceiling-freezing Baruch plan, which would freeze prices and wages clear across the board.

It seemed to me that in the order of April 28 the Price Administrator reverted to the Baruch plan, except that he left out wages. He has now frozen prices, and he does not intend to make any substantial adjustments to meet war costs of production or distribution, but he wants to adopt the Canadian plan of subsidizing, in order to hold a rigid price ceiling on commodities affecting the cost of living. I think the Senate should understand that the amendment we are discussing makes a very radical change in the whole theory of price control as it underlies the original Price Control Act.

Mr. BROWN. Was the Senator in the Chamber when I began my statement?

Mr. BALL. I was present.

Mr. BROWN. I think I used almost the same language, certainly the same ideas, the Senator from Minnesota has now enunciated. I made it very plain that we were embarking upon a policy which was somewhat different from the policy we had in mind when price control first came along, and I instanced the fact that we were met with this issue: Shall we permit the price ceilings to be punctured, or shall we in the main take care of extraordinary situations by bearing, as a government, extraordinary costs? I also stated that the administration had been advised by both the Canadian and British authorities that it was dangerous to permit a general rise in prices, and the puncturing of the price ceiling, and that it was safer to handle the matter by subsidies. But I should not want the Senate to think that the origi-

nal price-control bill had no contemplation of subsidies, because in section 2 it was very clearly provided—and I know that in our hearings we contemplated—that subsidies should be made to domestic producers when it was necessary to insure production; and we had particularly in mind the agricultural situation.

Mr. GERRY. Mr. President, will the Senator from Michigan yield?

Mr. BROWN. I yield.

Mr. GERRY. I have been listening with a great deal of interest to the very frank explanation of the bill by the Senator from Michigan, and I realize the difficulties which are faced in connection with the bill. I wonder whether the Senator does not think that a bill granting such great powers, and which is based on a war emergency, should not have a time limitation in it, or some limitation when the powers conferred shall cease, at the expiration of the war, for instance. I do not find any such provision in the bill.

Mr. BROWN. I think the Senator makes a very good point. I should not object—and I am sure I speak the views of the committee—to having a time limit placed in the bill. The Price Control Act itself will expire on June 30, 1943, as I recall, and I think we could place the same limitation upon the pending proposal, insofar as it is in addition to the powers contained in the price-control law.

If the Senator wishes to offer an amendment to that effect, when the proper time comes, I shall be glad to consider it. I may say that, of course, it is contemplated that the Price Control Act will be renewed, and I may say further that price control, to be effective, must last for some period of time after the war shall have ended. The marked rise in the prices of commodities at the time of the first World War occurred after the war was over. Prices were kept fairly well in line up to the time of the treaty of peace, and it was after that, as the Senator will recall, that they skyrocketed. I think it was as late as 1921. I have no objection to the inclusion of the same limitation of time that is found in the Price Control Act of 1942, and I think it would be a good thing to have such a limitation.

Mr. GERRY. I shall be glad to offer the amendment now, if the Senator thinks it is in order.

Mr. BROWN. Let me ask the Senator from Ohio [Mr. TAFT] a question. My recollection is that the powers under the Price Control Act will expire on June 30, 1943. Is that correct?

Mr. TAFT. The Price Control Act contained an expiration date, and I should think this proposed law should fix the same date.

Mr. BROWN. I agree.

Mr. O'DANIEL. Mr. President, will the Senator from Michigan yield for a question?

Mr. BROWN. I yield.

Mr. O'DANIEL. It is my understanding that the contemplated subsidy is to take care of any unfortunate individual, or corporation, who might be squeezed in between the high cost of production and the ceiling of retail prices at which he must sell his products, that is, to take care of any loss he might sustain on account of that condition. Is that one of the objects of the bill?

Mr. BROWN. I think the Senator states it somewhat too broadly. I shall stick to my original statement, that it is to take care of those extraordinary costs which were not in contemplation at the time the price order was issued—and it is the intention to hold to that price order if possible—which are due either to losses directly connected with the war, or to increased costs accruing as a result of the effort we are making to build up our armament and carry on the war.

Mr. O'DANIEL. That is the understanding I had. The Senator from Michigan made the statement a few moments ago that he knew of no other way of handling matters of this nature. I desire to ask him whether he had overlooked the fact that we have a Committee on Claims, before which individuals and corporations in the United States who feel that they have just claims against the Government may submit their claims. Would not that take care of the situation?

Mr. BROWN. I do not think it is adequate to take care of it. Both the Senator and I are members of the Committee on Claims, and my experience leads me to the conclusion that presenting a claim to Congress is not an efficient and prompt remedy such as is provided in the pending bill.

Many of the actions of the Farm Board, many of the actions of Mr. Hoover and his representatives, are still the subject of controversy in the Committee on Claims and have not as yet been settled. The North Dakota case is one, and the Washington wheat case is another. I think that is not a sufficient answer to this problem, but it is a possible answer.

Mr. O'DANIEL. That merely illustrates the point I wish to make, that if the pending bill shall be enacted it will further open up the Pandora box, so that cases might be invited and created wherein subsidies will be paid which would be entirely unjustified and wholly different from just cases which would come about through the transaction of business, which could later be handled by the filing of claims with the Claims Committee to be acted on by the Congress.

Mr. BROWN. I should prefer to use the judgment of the price authorities now, when they are face to face with the situation, than to leave to a citizen the somewhat uncertain remedy which is provided by offering a bill in Congress to take care of a matter, after the facts have pretty well passed out of the contemplation of the Government officials who should be the defenders of the position of the Government of the United States. That is my feeling about it.

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

Mr. BROWN. I yield.

Mr. BARKLEY. My attention has been called to instances of various kinds where wage increases have been allowed voluntarily by corporations since the date on which the price freezing took effect.

I have had some correspondence with local ice manufacturers who manufacture and supply communities with ice, which, of course, is not a product that is kept in storage in any large quantities. The manufacturer makes a supply and distributes it. In some cases wages had been increased 10 percent, and in a few cases I think 15 percent, in an attempt to absorb what we all realize has been an increase in the cost of living since the beginning of the war. Of course, if the price of ice particularly, we will say, is frozen as of a date in March and these increases in wages still continue, it will result in severe loss, if not in the failure of such a concern to be able to transact business. Is it contemplated that each corporation's situation shall be dealt with on its own merits, or that there will be any general adjustment as to a particular type of business independent of and regardless of the situation in which an individual corporation may find itself.

Mr. BROWN. My understanding of the attitude of the administrative authorities is that the order should be of general application, and would not apply to individual corporations except—and I think it is one of those cases as to which there must be an exception—in extraordinary cases which come within the two tests I have laid down. Certainly if by reason of the war there were damage to a plant, or some similar condition made it impossible for the corporation to carry out a contract, or remain under the price ceilings as fixed by general order No. 1, I think under such circumstances the corporation could be aided.

But it is not contemplated to take care of the inefficient corporation, because it may suffer a loss, whereas a similar corporation in the ordinary course of business comes out either even or to the good and makes a profit.

Mr. BARKLEY. Of course, I do not suppose anyone would contemplate that the Government would subsidize an inefficient corporation for losses which might occur under any circumstances; but where there have been increases in wages taking effect subsequent to the freezing date of the order affecting any given commodity, it would be very difficult, if not impossible, for the corporation which had voluntarily increased wages to go back to the wage which existed as of the time the price was frozen. I do not know how widespread the cases may be, but I imagine there are a good many of them, especially those of distributors of some local necessity. I am wondering whether each corporation of that sort which has increased wages and cannot reduce them, and which may have increased its prices to absorb the increase in wages and must reduce the prices to those of a previous date, would be entitled to the benefits of the remedies here proposed on the merits of its own situation, or whether it would have to bring itself within a general readjustment contemplated, independent of the particular situation in regard to any corporation. For instance, there

might be a similar corporation in a neighboring community, 25 or 30 or 50 miles away, or across a State line, which had not increased wages since the date in March. Therefore it would be practically in statu quo. Would they both come in under the same level, or could the Administrator deal independently with the corporation in the community which has been caught between the upper and nether millstones?

Mr. BROWN. I think in the case the Senator outlines there is authority in the bill to assist in either way—that is, by subsidy or by an increase in price. There is, in my judgment, little doubt that the Administrator in the ice case to which the Senator from Kentucky referred—a local case—would permit an increase in price to take care of such a situation, which did not affect the entire price structure. I gave what to me is the best instance of all—the freight rate on coal. There a subsidy is best because the prices of the products of all mill operators who burn the coal are affected. In that case it is better to have a subsidy. But where a completed product, such as manufactured ice, confronts an extraordinary cost situation, I think the burden should be placed upon the immediate consumer of the ice in the community. I will say to the Senator from Kentucky that there is authority to do the thing the other way.

Mr. BARKLEY. From a practical viewpoint it seems to me it would be better, after the Administrator is satisfied that there has been a squeeze such as I have described, to adjust the price than to thresh out the question of subsidy.

Mr. BROWN. Yes. There is no question that that is the policy of the Office of Price Administration.

Mr. President, we now approach the agricultural section of the bill. Before I do so I wish in this public forum to call attention to the price situation as it is. As every Senator knows, I was not one of those identified with the so-called farm bloc, and some of the amendments it proposed were adopted against my judgment. I know that my good friend to my left, the Senator from Iowa [Mr. GILLETTE], disagreed rather strongly with my views upon that subject matter.

There arose throughout the country in the daily newspapers and in the national magazines general condemnation of the attitude of the so-called farm bloc.

I wish to call attention to the actual price structure as it is today, to show the country that the general average of prices is still a long way below parity, and below 110 percent of parity, and below the 121 percent of parity which the Senator from Wyoming [Mr. O'MAHONEY] wanted in the law. I think public notice should be taken of the fact that farm prices have not risen to any such degree as many people at that time feared they would.

In a list of 25 representative farm commodities, including rice, wheat, corn, oats, barley, buckwheat, flaxseed, cotton, potatoes—all the principal farm commodities—there are only 5 commodities which are above the ceilings established in the price-control law. Those particular commodities are hogs, beef, veal, wool, and rice. Every other farm commodity—and there are 20 more of them—is still materially below the ceilings fixed in the price-control law. There are only 9 commodities out of the 25 which are above the parity price—that is, 100 percent of parity—at the present time. Those commodities are rice——

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

Mr. BROWN. I yield.

Mr. McNARY. I am curious to know what the commodities are which are now above parity and yet under 110 percent of parity.

Mr. BROWN. I shall name them. The Senator heard the five I mentioned a short time ago?

Mr. McNARY. Oh, yes.

Mr. BROWN. I am now about to name the additional commodities which are above parity and below the standards fixed in this bill. One is rice, the price of which for some reason unknown to me is far above parity. The price of rice is $1.78 per bushel, and the ceiling in the bill is $1.43.

In the case of cotton the parity price is 18.72, and the actual price 19.03. That is the farm price, as I understand. The ceiling limitation is 21.4.

In the case of potatoes the actual price is $1.162, and the ceiling price is $1.241.

In the case of cottonseed the actual price is $43.90 a ton, and the highest limitation in the bill $44.65 per ton.

In the case of chickens the actual price is 18.4 cents per pound, and the limitation in the bill 21.1 cents.

All those prices are slightly higher than parity.

I will say to the Senator from Oregon that a copy of this statement, which I have in my hand, will be placed in the RECORD. I now ask unanimous consent, Mr. President, that it may be printed at this point in the RECORD. I may describe it by saying that it is a document from the Office of Price Administration, dated April 29, 1942.

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

Minimum price ceilings for selected agricultural commodities

Commodity and unit	Actual price, Apr. 15, 1942	Parity price, Apr. 15, 1942	Minimum price ceiling [1]			Percent which actual price would have to increase to reach—	
			110 percent of parity price, Apr. 15, 1942	Average price, July 1919 to June 1929	Actual price, Dec. 15, 1941	Ceiling under present act	Parity price
Rice, per bushel, cents	178.1	122.8	135.1	126.0	*143.9*	−19.2	−31.0
Wheat, per bushel, cents	99.7	133.5	*146.8*	132.5	102.2	47.2	33.9
Corn, per bushel, cents	79.7	96.9	*106.6*	88.9	66.9	33.8	21.6
Oats, per bushel, cents	51.8	60.2	*66.2*	47.4	45.2	27.8	16.2
Barley, per bushel, cents	61.5	93.5	*102.8*	69.3	56.1	67.2	52.0
Rye, per bushel, cents	60.7	108.7	*119.6*	94.7	57.8	97.0	79.1
Buckwheat, per bushel, cents	80.7	110.2	*121.2*	105.6	64.9	50.2	36.6
Flaxseed, per bushel, dollars	2.41	2.55	*2.80*	2.34	1.78	16.2	5.8
Cotton, per pound, cents	19.03	18.72	20.59	*21.4*	16.23	12.5	−1.6
Cottonseed, per ton, dollars	43.90	34.05	31.46	36.17	*44.65*	1.7	−22.4
Potatoes, per bushel, cents	116.2	107.0	117.7	*124.1*	82.7	6.8	−7.9
Sweetpotatoes, per bushel, cents	102.4	132.6	*145.9*	134.4	86.6	42.5	29.5
Hay, per ton, dollars	11.13	17.92	*19.71*	13.53	9.43	77.1	61.0
Peanuts, per pound, cents	6.25	7.25	*7.98*	5.83	4.79	27.7	16.0
Apples, per bushel, dollars	1.41	1.45	*1.60*	1.46	1.09	13.5	2.8
Hogs, per 100 pounds, dollars [2]	13.48	10.98	*12.08*	10.99	10.32	−10.4	−18.5
Beef cattle, per 100 pounds, dollars [2]	10.71	8.18	9.00	8.16	*9.34*	−12.8	−23.6
Veal calves, per 100 pounds, dollars [2]	12.22	10.19	*11.21*	10.77	11.18	−8.3	−16.6
Lambs, per 100 pounds, dollars [2]	10.83	8.88	9.77	*12.26*	10.13	13.1	−18.0
Butterfat, per pound, cents [3]	37.0	39.6	43.6	*44.0*	36.0	18.9	7.0
Chickens, live, per pound, cents	18.4	17.2	18.9	*21.1*	15.8	14.7	−6.5
Turkeys, live, per pound, cents	19.8	21.7	23.9	*28.8*	20.9	45.5	9.6
Eggs, per dozen, cents [3]	25.6	26.6	29.3	33.2	*34.1*	33.2	3.9
Wool, per pound, cents	39.2	27.6	30.4	34.1	*37.1*	−5.4	−29.6
Beans, per 100 pounds, dollars	4.45	5.09	5.60	5.77	4.93	29.7	14.4

[1] Minimum price ceiling in italic figures.
[2] Revised.
[3] Seasonally adjusted.
Source: U. S. Department of Agriculture. Office of Price Administration, Division of Research, Apr. 29, 1942.

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

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Michigan yield to the Senator from Oregon?

Mr. BROWN. I yield.

Mr. McNARY. What period or periods of time were used in the calculation of parity?

Mr. BROWN. In this document parity is calculated as of April 15, 1942. The actual price is as of the same date. That was the then market price. The other limitations, 110 percent of the parity prices April 15, 1942, the average prices from July 1919 to June 1929, and the actual prices of December 15, 1941, are also given, so that each ceiling is clearly identifiable from the statement.

Mr. McNARY. That statement is very clarifying and probably satisfying.

Unless the Senator wishes to make a formal statement, I should like to propound some questions to him.

Mr. BROWN. I yield.

Mr. McNARY. I have had only a few minutes to review the hearings. Who appeared before the Banking and Currency Committee and urged section 3?

Mr. BROWN. That is the section relating to the Commodity Credit Corporation.

Mr. McNARY. It is the section which the Senator is now discussing.

Mr. BROWN. After the bill passed the House the Board of Economic War-

fare issued an order, which I shall place in the RECORD, placing upon the Department of Agriculture and the Commodity Credit Corporation the duty of making all purchases of agricultural commodities, either domestic or foreign.

My attention was called to that order by Secretary Wickard and Mr. J. B. Hutson, President of the Commodity Credit Corporation. I at once brought the matter up in the Banking and Currency Committee's session and called it to the attention of Mr. Henderson and Secretary Jones, and asked them if it were not desirable to amend the law to conform to that order. They stated that it was the Administration's viewpoint that the Reconstruction Finance Corporation should no longer be concerned in the purchase of agricultural commodities, but that that work should be turned over entirely to the Department of Agriculture and the Commodity Credit Corporation. So, upon being assured by the three Government agencies primarily interested—the Price Control Administration, the Department of Agriculture, and the Federal Loan Administrator—that that was in line with their policy, we amended the bill as it is now presented.

Mr. McNARY. Then this movement was initiated by the distinguished Senator from Michigan?

Mr. BROWN. It was initiated by the Department of Agriculture, but I brought it to the attention of the committee.

Mr. McNARY. The Department of Agriculture does not seem to have been represented at the hearings. I have before me volumes 1 and 2 of the hearings, and it seems that no one appeared but Mr. Henderson and his lawyer, Mr. Ginsburg. Is that correct?

Mr. BROWN. Mr. Jones was present.

Mr. McNARY. Mr. Jones confined his remarks largely to section 1, which refers to the R. F. C.'s enlarged authority to issue bonds and debentures to a total of $5,000,000,000. I am speaking with reference to agricultural commodities and the power proposed to be granted to the Commodity Credit Corporation in conjunction with the Price Administrator, the Department of Agriculture, and the President to purchase agricultural commodities.

It is proposed to constitute four authorities to buy such commodities, whether domestic or imported. I thought we were trying to centralize authority and power, but I notice that the Commodity Credit Corporation, in cooperation with the A. A. A. and the Price Administrator, and subject to the approval of the President, is to be authorized to buy pears, we will say, from Argentina. I am not saying that in a critical sense, but it seems to me that it is vital to the agricultural interests of the country whether they are to have the price level fixed at the market price, which they will eventually reach during the period of inflation, rather than at a fixed price, the difference between the fixed price and parity to be made up by drafts upon the Treasury of the United States. In my opinion a very great principle is involved.

I did not know about this bill until late this afternoon, when some of the national farm organizations, which have large memberships, called my attention to this particular section. Out of curiosity I examined the hearings to ascertain who was present. I find that Mr. Henderson and Mr. Ginsburg, very able and worthy gentlemen, were present advocating the bill. I do not find the Department of Agriculture represented. I do not find any farm organization represented. In the long run the farmers are the ones who must suffer or profit by the administration of the law. I was curious, and my curiosity ripened into an inquiry. How did this provision happen to arise?

I am further informed that the Committee on Banking and Currency in the House had this proposal before it and frowned on it. The proposal is initiated here either by the very distinguished Senator from Michigan or by Mr. Henderson. I am merely trying to fix responsibility.

That is all I care to say at this time.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. I think the remarks of the Senator from Oregon should be supplemented, particularly in view of the table which the Senator from Michigan has placed in the RECORD.

The Senator was quite accurate when he said that the passage of the price control bill last January was followed by country-wide condemnation of Senators who dared to stand upon this floor and defend agriculture as an industry. The Senator ventures now to criticize, by implication, at least, the position which some of us took.

Mr. BROWN. No; the Senator entirely misunderstood me. I was calling attention to the fact that the newspapers and weekly periodicals which so strongly condemned the so-called farm bloc for endeavoring to obtain higher agricultural prices were entirely wrong, because at the present time very few agricultural prices are even up to parity. I must have misspoken myself if the Senator thought I was condemning the farm bloc. I was trying to pin a bouquet on the Senator from Wyoming, the Senator from Iowa, and other Senators who took that position. Farm prices are a long way from the parity level which has generally been accepted as being fair as between the various economic groups of the country. I thank the Senator for misunderstanding me so as to enable me to make this plain statement.

Mr. O'MAHONEY. I am sorry I misunderstood the Senator. I wish to emphasize the point which he has just made. In passing let me remark that the Senator has referred to the members of the farm bloc as having engaged in an endeavor to bring about an increase in farm prices. So far as I know, that was not the purpose of any Senator. The purpose of the farm bloc was to prevent what was the apparent intention of those who were to administer the Price Control Act to depress farm prices. That is demonstrated by the fact that when Mr. Henderson and Mr. Ginsburg, whose testimony appears in the hearings, presented the first price control bill to the Banking and Currency Committee of the House, they asked for authority to fix ceilings at 80 percent of parity.

To the credit of the Banking and Currency Committee of the House of Representatives and to the credit of the House itself, let it be said that they refused to allow this agency to depress the prices of farm commodities. Those of us who were opposing the power to reduce agricultural prices knew that if that power were exercised and such prices were depressed, the inevitable result would be the demand to subsidize the production of agricultural commodities out of the Treasury. We were fighting against a Federal subsidy. We were fighting for the establishment of agriculture upon its own self-sustaining foundation. We were condemned as wanting to raid the Treasury; but, Mr. President, the raid is now being made upon the Treasury by the presentation of this measure, which undertakes to create a fund of $5,000,000,000 out of which subsidies will be paid, not to agriculture, but to all producers in the United States.

So, Mr. President, I wish to make it clear that the members of the farm bloc were never in the position of fighting to increase costs. They were fighting to preserve our system of free enterprise upon the farm. I feel that the time has come when some Senator should rise in his place in the Senate in an effort to preserve the system of free enterprise in agriculture.

To revert to the point for which I rose, with the Senator's table in my hand, and bearing out what he himself has just now stated, let me say that the table demonstrates that in most instances the prices of agricultural commodities are still below parity. To supplement the remarks of the Senator from Oregon, I wish to read the list of farm commodities the prices of which were below parity on April 15, 1942. This is the list presented by the Senator from Michigan:

Wheat, corn, oats, barley, rye, buckwheat, flaxseed, sweetpotatoes, hay, peanuts, apples, butterfat, turkeys, eggs, and beans.

I ask the Senator if I have not correctly interpreted the statement. He was following it as I was reading it.

Mr. BROWN. Yes; the Senator has done so; but it seems to me that by his treatment and attitude he is implying that I did not say the same thing.

Mr. O'MAHONEY. Oh, no.

Mr. BROWN. I sent to the Senator the table which he now has, because I thought it would give him considerable comfort; and I was trying from the other side of the controversy we have had to point out that the farm bloc was not quite so bad as it was painted in some of the periodicals and newspapers of the country.

Mr. O'MAHONEY. I now understand the Senator's position.

Mr. BROWN. Of course, the Senator read the statement accurately as it is, but I thought that I myself had done the same job but a few moments ago. I wanted to call attention to the fact that the prices of many important agricultural commodities are still below parity, and I wanted to do so in a spirit of absolute fairness toward those whom on occasion I oppose.

Mr. O'MAHONEY. Mr. President, every Senator on this floor who has had any dealing with the Senator from Michigan, in committee or on the floor, will join me, I am sure, in testifying that he is always completely fair. I have never yet known him to present a matter upon the floor without being completely frank and without disclosing any information he may have had. I am sorry I misunderstood his original statement; but I desire to assure him, and make it absolutely clear in the RECORD that I now understand that he was defending the "greedy" farm bloc. For that accession to our ranks I am certainly very grateful. [Laughter.]

Mr. BROWN. I have not wholly joined, I will say to the Senator from Wyoming.

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

Mr. BROWN. I yield.

Mr. GILLETTE. A few days ago when we were discussing the Department of Agriculture appropriation bill I took occasion to pay a compliment to the distinguished Senator from Michigan and to the Committee on Banking and Currency for the protection which was given in the bill in connection with price levels of agricultural commodities. I know the distinguished Senator's views because I have discussed them with him; but for the purpose of the RECORD let me propound three questions to him, if that is agreeable.

Mr. BROWN. Certainly.

Mr. GILLETTE. Under the provisions of the pending bill the Reconstruction Finance Corporation can utilize $5,000,000,000 for the purpose of purchasing, acquiring, carrying, selling, and otherwise dealing in any article or commodity other than agricultural commodities.

Mr. BROWN. That is correct.

Mr. TAFT. Mr. President, if the Senator will yield to me for a moment, let me say that it might be that the R. F. C. could use that amount of money; but Mr. Jones testified that $5,000,000,000 is already committed for the construction of war plants, and that while all of it may not be used, that is the purpose for which the provision is contained in the bill. In fact, the bill was passed by the House without that provision, without section 2. So it is not strictly correct to say that any of the $5,000,000,000 will be available for subsidies.

Mr. GILLETTE. It will be available for two purposes: First, to make subsidy payments in conjunction with the production, processing, or distribution of any article or commodity other than agricultural commodities; and, second, to purchase, acquire, carry, sell, or otherwise deal in any article or commodity. That is true, is it not?

Mr. BROWN. Other than agricultural commodities.

Mr. GILLETTE. Yes; other than agricultural commodities.

Section 3, which deals with the Commodity Credit Corporation, authorizes that Corporation to issue and have outstanding its debentures in the amount of $1,000,000,000 for one of these purposes alone. Is that correct?

Mr. BROWN. No; the Senator is not quite correct about that. The $1,000,000,000 worth of notes, bonds, debentures, and other obligations is an additional amount the issuance of which the Commodity Credit Corporation feels is necessary to be authorized in order to carry out the general purposes for which the Corporation was created, including the purpose set forth in this bill.

Mr. GILLETTE. Yes.

Mr. BROWN. But not exclusively for that purpose.

Mr. GILLETTE. Yes; I think that is a proper correction. But section 3 provides that——

> the Commodity Credit Corporation, notwithstanding any other provision of law, is authorized—

Under the same limitations with respect to the Price Administrator, the Secretary of Agriculture, and the President——

> to exercise with respect to agricultural commodities the powers specified in section 2.

Mr. BROWN. That is correct.

Mr. GILLETTE. But not the power specified in section 1, which is the payment of subsidies.

Mr. BROWN. No; that means in section 2.

Mr. GILLETTE. "Section 2 of this act."

Mr. BROWN. That is a subsection.

Mr. GILLETTE. It clothes the Corporation with the power to pay subsidies.

Mr. BROWN. Yes; and to purchase and acquire commodities. The principal purpose of that provision is, chiefly, to take care of sugar, coffee, and other commodities which are not domestically produced.

Mr. GILLETTE. Very well.

Now I come to the second question. Section 5, for which I commend the subcommittee, provides that—

> No agricultural commodity acquired pursuant to this act shall be sold within the United States by the Commodity Credit Corporation or any other governmental agency at a price below the price limitations imposed by section 3 (a) of the Emergency Price Control Act of 1942 with respect to such commodity.

Section 3 (a) of the Emergency Price Control Act does not impose any price limitations. It sets out four alternative levels below which the Price Administrator may not impose a ceiling.

I know that the Senator understands the word "impose," so used, to mean that it is the intention of his committee that the Commodity Credit Corporation or other governmental agency cannot bring in foreign agricultural supplies and sell them below any of the four alternative levels set out in that particular section. Is that correct?

Mr. BROWN. Yes; I think the Senator accurately states the intention.

Mr. BANKHEAD. The Senator's statement limits the provision to foreign imports.

Mr. BROWN. But the law also applies to commodities produced domestically.

Mr. BANKHEAD. That is what I was going to point out. It applies to all agricultural commodities.

Mr. GILLETTE. I was going to discuss that matter with the Senator; and, notwithstanding the possibility of another construction, I wanted him to make that statement.

My third question is as follows—and then I shall not bother the Senator any longer: Section 3 (a) of the Emergency Price Control Act fixes four alternative price levels below which the Price Administrator may not fix a price.

Mr. BROWN. Yes; he may not fix it below the highest of those four levels.

Mr. GILLETTE. He may not fix it below the highest of those four. He may fix it at any point above them.

Mr. BROWN. Yes.

Mr. GILLETTE. For the purpose of argument, let us assume that, due to the exigencies of the war situation, a wheat parity price of $1.33 was the level under section 3 below which the Price Administrator could not fix a price ceiling. Let us assume $1.33 to be the highest of the four alternative levels, and that he fixes the price at $1.50.

Mr. BROWN. He may not do that, under section 4 of the bill.

Mr. GILLETTE. I am speaking of the Price Control Act. Under section 3 (a) of the Price Control Act, which provides that he shall not fix a price ceiling for agricultural commodities below the highest of those four, let us say that for wheat the highest of the four alternatives is $1.33. As the Senator has said, he may fix it above that.

Mr. BROWN. Yes; he may do so under the provisions of the Price Control Act.

Mr. GILLETTE. Very well; let us say that he has fixed the price of wheat at $1.50. Under the provisions of the pending bill he may bring in foreign wheat and sell it below $1.50, provided he does not sell it below $1.33; can he not?

Mr. BROWN. By the terms of section 4, such sales may not be made above the maximum price fixed by order of the Price Administrator under the Emergency Price Control Act. Under section 5 of the pending bill he may not sell any commodity he buys below the limitations imposed by section 3 (a) of the Emergency Price Control Act.

The Senator's point is that if he were to fix the price higher than the price according to these limitations, he could subsequently buy in the foreign market and could sell at some price between the price fixed by his order and the price fixed by the limitations contained in this bill.

Mr. GILLETTE. That is the basis of my question.

Mr. BROWN. That situation is one which was not in the contemplation of any of us, because, of course, it is not at all likely to occur. It would seem to me that such an arrangement by the Price Control Administrator would be rather beyond the contemplation of reason. He is interested in stabilizing prices; he is interested in increasing prices whenever it may be necessary to do so in order to bring about a greater production of any particular commodity. Under all the circumstances it appears to me that it would be quite beyond the probabilities of

the case to think that he would make such an arrangement. In my judgment, however, the Senator from Iowa is logical in saying that that could be done. I do not say that it would be an unfortunate thing, but I say it would be a most unlikely and improbable thing. I do not see why any complaint should be made about it, and I do not understand that the Senator from Iowa is complaining about that situation, but he calls attention to a condition which could exist.

Mr. LUCAS. Mr. President——

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

Mr. LUCAS. I should like to call the attention of the Senator from Michigan to the concluding words of section 5i, which reads:

> Nothing in this section shall be construed to apply to any agricultural commodity.

As I recall, on a bill heretofore debated in the Senate some discussion occurred concerning the definition of an "agricultural commodity." I am wondering whether there is any legislation which has been passed heretofore which defines the term "agricultural commodity"?

Mr. BROWN. The Senator from Illinois is a far better authority to answer that question than am I. However, I may say that we contemplate amending section 5, line 16, if the Senator will turn to that point.

Mr. LUCAS. I have it before me.

Mr. BROWN. After the words "agricultural commodity" we propose to add in this section, which protects and maintains the agricultural position "as is," this language:

> Or any commodity processed or manufactured in whole or substantial part from any agricultural commodity.

So that there will be no doubt that this limitation applies to grapefruit juice and orange juice and commodities of that character.

Mr. LUCAS. That answers my question. I think the amendment is a proper one, and will go far perhaps to relieve——

Mr. BROWN. I have already placed the amendment on the desk.

Mr. LUCAS. I think it will go far to relieve any confusion that might exist as between the departments as to what is an "agricultural commodity."

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oklahoma?

Mr. BROWN. I yield.

Mr. THOMAS of Oklahoma. The question I desire to ask is based upon the conviction I hold that this bill, if enacted, will abrogate the existing price-control law and will set up a new price-control system which will be controlled through subsidies. I desire to ask the distinguished author of this amendment why the necessity for this bill with respect to sections 2, 3, and 4. Is not the Department satisfied with its present power to control prices?

Mr. BROWN. The principal reason for the system of subsidy and subsidization, I stated at the beginning of my remarks. It was felt that it would be better to subsidize such an item, for example, as freight on coffee from Brazil, the rates on which have risen tremendously, and also the freight on Cuban sugar, on which the rates have, of course, risen to an almost prohibitive figure, than it was to let the price ceiling go up to take care of such situations. There is no intent to enter upon any general policy of subsidizing agriculture or industry, but, upon advice to the price authorities from both the English and Canadian administrators, it was quite generally the feeling not only of the witnesses who represented the Government administrative agencies in Washington, but it was also the unanimous opinion of the Banking and Currency Committee that it would be better to adopt some subsidy system than to permit prices themselves to rise.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to a further question?

Mr. BROWN. I yield.

Mr. THOMAS of Oklahoma. It is a fact, is it not, that prices are lower now than they were 2 or 3 weeks ago? In other words, instead of prices increasing, they are either being held in status quo or are decreasing. Is not that a fact?

Mr. BROWN. I think there was, due to the price-control law, a very slight falling off in retail prices from April to May, but, of course, the prices in the stores are supposed to be identical with the highest price of March of this year.

Mr. THOMAS of Oklahoma. I think the RECORD should show at this point, if the Senator will permit, that the general price level is lower now than it was a month ago.

Mr. BROWN. I think that is probably true.

Mr. THOMAS of Oklahoma. The price level of some 900 commodities that go to make up the general price level recognized by the Government Bureau of Labor Statistics stands today, or, I will say, it stood last Thursday, at 98.6, which meant that the general price level on Thursday last was 1.4 below a hundred, which for 20 years or so has been taken as the standard. From my viewpoint, Mr. President, until the price level rises to 100 the country will still be in deflation as the country understands deflation; but, inasmuch as the administration of the present price-control law has resulted in checking the increase on prices and, in effect, reducing them, taking the whole list as an entity, I cannot understand the necessity of these 3 new sections.

It seems to me that it changes the present policy of price control from one of selection and of fixing to one of subsidy and the adoption of a system which obviously will cost the Treasury, which means the taxpayers, a very large sum of money. Let me ask a further question before I take my seat.

Mr. BROWN. Let me say that that has consistently been the position of the Senator from Oklahoma all through the debates on the price-control question.

Mr. THOMAS of Oklahoma. I adhere to my position.

Is it not a fact that Mr. Henderson is asking from Congress the modest sum of only $200,000,000 to defray the expenses of his organization?

Mr. BROWN. I do not know anything about that; I am not on the Appropriations Committee; but I have read something to that effect in the newspapers.

Mr. THOMAS of Oklahoma. I shall have some amendments to submit, but, of course, I do not desire to take the Senator's time now to propose them.

Mr. BROWN. Mr. President, we come now to the final section of the bill, which is section 5. The intent and purpose of that section is to leave "as is" the farm protection provided by sections 2 and 3 of the Price Control Act.

In effect, it rewrites in the proposed law section 3 (a) of the price-control law, and section 2 of the price-control law will be added by an amendment which the Senator from Alabama will offer.

I may say that after the pending measure was reported to the Senate the chairman of the Committee on Banking and Currency, the Senator from New York [Mr. WAGNER], the Senator from Alabama [Mr. BANKHEAD], and myself felt that perhaps unintentionally—I am satisfied it is unintentional—the language of the bill might be so construed as to permit the circumvention of the agricultural protection afforded by the Price Control Act. So the chairman of the committee called a second meeting, and this question was put to Mr. Henderson, the Price Administrator:

> Is there any intention on the part of the administration in any way to get around the provisions of section 3 of the price-control law, and other provisions which were enacted by the Congress as a protection to agriculture?

He answered my question this way:

> We have no desire, and we want to make it quite explicit, that the additional authorities and grants here shall not be used for deviating or upsetting or bypassing in any way section 3 (a) of the Price Control Act.

So, with the Senator from Alabama, who represents the farm view on the Committee on Banking and Currency, and in conjunction with other Senators who are interested in that feature of the bill, we drafted section 5, which is very simple. It repeats a part of section 2 of the price-control law by saying:

> No power conferred by this act shall be construed to authorize any action contrary to the provisions and purposes of section 3 of the Emergency Price Control Act of 1942, and no agricultural commodity—

There is an amendment on the desk to which I think there will be no objection, which will make the language read:

> No agricultural commodity, or any commodity processed or manufactured in whole or substantial part from any agricultural commodity, acquired pursuant to this act shall be sold within the United States by the Commodity Credit Corporation or any other governmental agency at a price below the price limitations imposed by section 3 (a) of the Emergency Price Control Act of 1942 with respect to such commodity.

Mr. President, we wrote this section in language as plain as we could make it, with the assistance of the legislative counsel, and with the assistance of Senators who are interested in this protection of agriculture, and in my judgment it leaves agriculture in statu quo with reference to the Price Control Act. It gives agriculture no greater benefits and it takes from it none of the benefits which were given it under the provisions of the Price Control Act.

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

Mr. BROWN. I yield.

Mr. PEPPER. I wish to state certain facts and then ask the Senator whether the amendment which is now proposed will have any bearing upon those facts.

In the last few days I have been brought into very proximate contact with a problem which has been presented to the citrus industry, not only in my State, but in Texas, Arizona, and California. To our astonishment the Price Administrator's office apparently is discovering that one parity exists for grapefruit which finds its way into cans and becomes canned grapefruit, and another for raw grapefruit which goes to the table, or is used for edible purposes.

By a technical application of the principles of parity, they have been able to whittle away the total protection which Section 3a was intended to give to citrus fruit, an agricultural commodity. They come to the monstrous conclusion that parity for raw grapefruit which finds its way into edible channels is $1.49 a box, and parity for grapefruit which is canned is 49 cents a box, a difference of a dollar a box, when it would not be possible to find a discrepancy of 10 cents a box in the actual market. We have been astonished, of course, that this effort should apparently be acquiesced in, or initiated, to deprive this commodity of the benefit it was intended to receive from the beneficent provisions of section 3a of the Price Control Act.

The difficulty, of course, arises from the fact that the principles of parity, as they are described in section 3a of the Price Control Act, relate to bases neither of which is strictly or properly applicable to this commodity, and that gives the Office of Price Administration the opportunity to make this unhappy interpretation of the law, and to apply it in this very objectionable way to this commodity.

For example, one of the four criteria defined in section 3a is the period between 1909 and 1914. At that time grapefruit was not being canned, there was not any grapefruit juice going into cans so that base is not properly applicable in a determination of parity.

Then under the parity law they are given permission to resort to another period, if the 1909 to 1914 period is inappropriate, and the period resorted to by the Administration is the period from 1919 to 1929. There was hardly any grapefruit going into cans at that time, and the grapefruit going into cans was only culls and an inferior grade of fruit. At that time the canning industry had not developed to the extent of using good quality of fruit for canning purposes. So, of course, that period is not really a fair one.

The third base referred to in section 3 (a) is October 1, 1941. October is too early for canning to begin, and consequently that period is not appropriate in the determination of parity.

The fourth base is December 15, 1941, and not 2 percent of the fruit is in the cans by that time, so that the volume is not sufficiently large at that time to justify that base being used.

Mr. BROWN. How about 110 percent of parity?

Mr. PEPPER. The point is we never get the benefit of 110 percent of parity. So, out of all those four criteria, the one they say has any applicability at all, and therefore the one to which they must resort, is the 1919 to 1929 period, when canning had not become an institution. Therefore, because that is the only one which technically can be said to apply at all, we are victimized by an inadequacy in the definitions. So I am afraid that in order to hold the price of the commodity down, they have readily taken advantage of that deficiency in the definition, and have said, "Well, there is one period for fruit that goes into a can and one period for fruit that goes on to the table." As I have said, the parity for the box of fruit which goes into the can they have determined to be 49 cents a box, and for the box which goes on to the table, $1.49, and they admit that is a monstrous conclusion, but under a technical application of the law they find themselves, so far as the decision goes at the present time, without any authority to do otherwise.

We pointed out the hearings and have referred to the testimony before the Committee on Banking and Currency to show that no one ever had an idea that if there were not a practical difference between the commodities there should not be any difference in the way they were treated by the Office of Price Administration.

The farmer sells his fruit on the tree. The man who comes to buy it of him does not tell him what use is to be made of the fruit. In my State 54 percent of the total output of our groves goes into cans. Therefore the can price fixes the raw fruit price. The cash buyer, and every kind of buyer, buys the fruit on the tree. The farmer does not know and does not care what use is to be made of it. Yet he is being cut from a price that had gotten to $1.05 a box, when this price limitation was announced, and he is going to be cut back down to a maximum of 60 cents a box it seems, even if we get a fair interpretation.

They have proposed to put the fruit which goes into the can under price control and fix the ceiling of March 1942, for the canned article, but they are leaving the raw fruit out from under the price limitation. So we have the anomalous situation of finding that for fruits that must go into cans, not over 60 cents will be paid.

If it is fortunate enough to find itself put on somebody's table, if anyone will buy it and pay for it, the grower gets $1.49 a box. That is a monstrous result.

They bring up the case of peanuts. No doubt there are Senators on the floor who are interested in that commodity. They say that they are treating peanuts which go into oil and peanuts which are used for edible purposes in two different categories, that there is a different parity for each category. Therefore the incidence of the difference will have to be reflected in the price administration.

For a long time they would not admit that agricultural commodities were really to get the whole benefit of section 3 (a), and I am afraid there was an obvious and a definite attempt to whittle down section 3 (a) in any technical way that might be possible.

We had under consideration, for example, the question of turpentine and naval stores, and Senators who are present on the floor will recall that at least at three different times a naval stores operation, in such a case as that of gum, which comes out of the tree, has been defined by Congress as a farm operation. It actually is, as the able senior Senator from Georgia [Mr. GEORGE] who is now on the floor, and many other Senators, well know, a bona fide agricultural operation. The growers plant the trees, cultivate the trees, and take a material out of the trees at seasonal periods.

Mr. Ginsburg, the general counsel for the Office of Price Administration, had the temerity to refer the junior Senator from Florida, and perhaps the able Senator from Georgia, and others who made inquiry, to an ex parte opinion delivered by the Attorney General of the United States in 1931, prior to the three statutory definitions which have been adopted in the interim by the United States Congress. So, as our great martyred President said, "With malice toward none; with charity for all," I am afraid it is difficult for me to escape the impression that these officials are not averse to finding technical opportunities with which to cut down what the Congress has laid down as a policy in section 3 (a) of the Price Control Act. Congress took that responsibility, and it became subject to a great deal of criticism from certain people in the country for taking it, but it has not changed its mind, and I venture to say it does not intend to change its mind, and that 110 percent, as defined in section 3 (a), has become, for the time being at least, the policy of the country. That policy ought to be effectuated in good will and good spirit.

I did not mean to take so much of the time of the kind and able Senator from Michigan, but I wish to say that one cooperative in Florida, whose representatives have been here repeatedly to confer with our administrative friends, told them in my presence that their action meant that the cooperative would go broke, and would have a loss of at least $250,000. Producers who sold on the cash market sold at a rising price, but those who took advantage of the cooperative system, which we have tried to stimulate in the citrus industry, for example, have their fruit lying in the packing houses, and, instead of being able to sell it at 80 cents, or 90 cents, or $1, or $1.05 a box, which was the selling price

when the announcement came from the Office of Price Administration, now find that they cannot sell the fruit for more than 60 cents a box, which will ruin the cooperative citrus industry in my State.

Naturally the producers are going to make sales for cash to whom they can. They are not going to take the chance of the cooperatives giving them the best results. I think it is contrary to public policy and to private interest to throttle cooperatives in such a way.

Again, Mr. President—and I ask the pardon of the distinguished Senator from Michigan—is there anything in the amendment to which the able Senator has just referred and read which would prevent such anomalous and very burdensome situations from developing in important phases of agriculture?

Mr. BROWN. Mr. President, I have had some discussion with the junior Senator from Florida upon that subject matter, and I took the liberty because, as I told him, the Michigan producers had mentioned the same situation to me, of taking the matter up with the general counsel for the Price Control Administration. I called his attention to subsection (c) of section 3 of the Price Control Act, which very clearly applied these limitations not only to agricultural commodities but to "any commodity processed or manufactured in whole or substantial part from any agricultural commodity." Although I think the matter has not come before him formally, the general counsel advised me that, in his judgment, order No. 1 was beyond the authority of the Price Control Administration insofar as it applied to grapefruit juice and orange juice.

Mr. President, directly answering the Senator, I will say that, insofar as the pending bill is concerned, I do not think it will affect the situation one way or the other, except for the possibility of subsidization, which I do not like in that connection. But by the amendment to which I have referred, there will be included in the bill not only agricultural commodities, but commodities "processed or manufactured in whole or substantial part from an agricultural commodity."

I wish to state to the Senator from Florida, as I told him before, that I am firmly of the opinion there is no excuse whatsoever for fixing a price limitation below at least 110 percent of the parity price of the commodity.

Mr. PEPPER. Mr. President, will the Senator yield to me for a further question?

Mr. BROWN. I yield.

Mr. PEPPER. I should like also to attract the attention of the able Senator from Alabama [Mr. BANKHEAD]. Was there ever any intention on the part of committees of the Congress dealing with agricultural commodities in the price-control measure that there should be such an anomalous situation as that which I have just described; for example, one parity for the fruit which goes into a can, and another parity for the fruit which goes into the edible channel, if in fact and in substance, according to actuality, there is not a perceptible difference in the way those commodities are handled in the open market?

Mr. BANKHEAD. Mr. President, I think I can say, probably with the concurrence of all the members of the conference committee, that certainly no distinction of that sort was at any time discussed, or mentioned, or considered, but on the contrary, in the other House, a provision was inserted in section 3 (a) of the bill, which provision came to the Senate, was adopted by the Senate, and retained by the conference committee, providing in substance—I do not have the language before me—substantially the words of the amendment which the Senator from Michigan proposes to offer. He is submitting his amendment in line with the previous legislation that the mere changing of the form of the raw commodity into the processed commodity, by manufacture or otherwise, should not permit the fixing of the price on the changed form so as to upset unduly or improperly the price permitted for the raw commodity. That is not the exact language, but that is the thought. If Senators had the Price Control Act before them they would see that that was the intention of the framers of the act. That is as I understood it to be. I think the Senator from Michigan will agree with me, that the mere changing of the form of the raw commodity into the processed commodity will not permit fixing of the price on the changed form so as to upset the maximum price permitted for the raw commodity. I will ask the Senator from Michigan if that statement is not correct?

Mr. BROWN. The Senator understands it as I did, and I am sure the Senator from Ohio and the Senator from Connecticut were both present.

Mr. BANKHEAD. I think it was universally agreed to.

Mr. BROWN. I did not read quite all of the language. The exact language is in subsection (c) of section 3 and is as follows:

> No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such commodity equal to the highest price therefor specified in section (a).

That is 110 percent of parity, and these other limitations.

Mr. BANKHEAD. I am totally unable to see how the Price Administrator or anyone acting for him has authority under the law to do the things the Senator from Florida has described.

Mr. PEPPER. Mr. President, I very much appreciate that statement. Obviously it was an unhappy application of the technicalities of the price-control law, because for several years there has been an almost identical market price for the fruit that goes into the can and the fruit that goes into the edible channels.

Mr. BROWN. I will say to the Senator from Florida that I do not see a technical justification for the position the Senator asserts is taken by the Price Administration. I do not see any justification for it whatsoever under the exact language or under the intent of section 3 of the law.

Mr. PEPPER. The able Senator from Texas [Mr. CONNALLY] has just returned from a conference. I will say to him that we are talking about the citrus fruit question, and I was pointing out the unhappy application the price-control authorities were making, the effect of which was to emasculate section 3 (a) and to deny the benefits of it to grapefruit which goes into cans.

Mr. BROWN. May I ask the Senator from Florida a question? Has he discussed this situation with the authorities since my discussion of the point with the general counsel for the Price Administration?

Mr. PEPPER. I will have to state to the able Senator from Michigan that my discussion was as late as yesterday afternoon, and the officials of the O. P. A. are taking the position that because in the period from 1919 to 1929 fruit which went into cans and that which went into edible channels did not bring the same price on the market, and since that is the base period they must use, therefore they must establish different parity prices. For several years those disparities have ceased to exist. For several years the fruit sold by the farmer is sold on the tree. He does not know where it is going, he does not care, and it all brings the same price. No one ever dreamed that there would be any effort made to take into consideration an ancient difference in parity, when poor grades of fruits and culls went into cans, and reflect that back upon the price of the raw commodity at the present time.

Mr. BROWN. From what the Senator says I can see a possibility that he may be caught between the Price Administration and the Department of Agriculture. Under those circumstances, I should say that under the A. A. A. Act it is the duty of the Department of Agriculture to establish a comparable parity for those particular citrus-fruit products. I think the Senator's criticism is well-founded. A very technical position is taken, which I do not think is justified even by a technical construction of the language of the law. I urge the Senator to ask the Department of Agriculture to establish a parity price for those particular commodities if it has not done so.

Mr. PEPPER. I am anxious to have the RECORD show that it was not in the minds of the committee, in proposing the price-control law, to cause a disparity in the prices fixed for those commodities when there is not an actual difference in the market price of the same variety of fruit, whether it goes into cans or into the fresh-fruit market.

I thank the Senator very much.

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

Mr. BROWN. I yield.

Mr. LUCAS. I should like to return to section 2 of the bill, which contains the provision:

> Nothing in this section shall be construed to apply to any agricultural commodity.

Under the terms of the amendment proposed by the Senator from Michigan,

that provision would include any agricultural commodity or any byproduct thereof, or any product which is processed from an agricultural commodity.

Mr. BROWN. Yes.

Mr. LUCAS. So as to state definitely in section 5i, in connection with the subsidy payments, that:

Nothing in this section shall be construed to apply to any agricultural commodity or any byproduct thereof or any commodity which is processed from an agricultural commodity.

What would it apply to if it did not apply to any of those things?

Mr. BROWN. Is the Senator referring to the R. F. C. powers?

Mr. LUCAS. Yes. What could be done in the way of buying and selling commodities?

Mr. BROWN. The section would apply to coal, petroleum products, and a vast range of products which are not agricultural commodities.

Mr. LUCAS. In this country?

Mr. BROWN. Yes.

Mr. LUCAS. Would it apply to agricultural commodities outside the United States?

Mr. BROWN. Section 3 would be effective as to agricultural commodities outside the United States. Section 2 would be effective as to nonagricultural commodities outside the United States.

Mr. LUCAS. Take the example of coffee, which I think the Senator used in his discussion. Am I to understand that the Commodity Credit Corporation, or some other corporation which the R. F. C. may designate or set up under the powers contained in the bill, may be able to subsidize the surplus crop of coffee in Brazil, bring it to this country, and control it?

Mr. BROWN. I answer "yes," with the qualification that under no circumstances would the R. F. C. or any corporation it might create do that. That job must be done by the Commodity Credit Corporation under section 3 of the bill; but it could be done.

Mr. LUCAS. It could be done under section 3?

Mr. BROWN. Yes.

Mr. LUCAS. Would the Commodity Credit Corporation, which might subsidize the coffee crop of Brazil and bring it to the United States and control it, have full power and authority to dispose of the coffee crop of which it would have control to any individual or corporation in this country which might seek to buy it, at any price at which the Corporation might wish to sell it?

Mr. BROWN. No. As to the sale price it would be limited by both sections 4 and 5 of the bill. I assume section 5 would not be of any particular effect. The coffee could not be sold in excess of the maximums fixed by an order made under the Emergency Price Control Act. It could not be sold above that level. It could be sold at as low a price as the Corporation might wish to sell it, because that particular commodity is not in competition with any domestic commodity.

Mr. LUCAS. That is the point I made. Under the subsidy plan provided by the bill any foreign agricultural commodity, whether it be sugar, coffee, or something else, might be brought to the United States; and the power and authority granted to the Corporation would simply mean that it could make disposition of whatever amount of coffee or sugar or other commodity it might have, to anyone to whom it wished to sell, at any price it might deem proper.

Mr. BROWN. Yes; I think the Senator is correct.

Mr. LUCAS. Let me ask the able Senator a further question. The bill came to the Senate from the House on May 15, 1942. Were these proposals submitted to the House of Representatives before the bill came to the Senate for consideration?

Mr. BROWN. I am not sufficiently well informed upon that subject to give the Senator an unequivocal answer. I think they were briefly referred to, but I do not believe that a full presentation of the matter was made to the House.

Mr. LUCAS. What does the evidence disclose as to why the R. F. C. suddenly desires the power to do the things set forth in the bill? Has some emergency arisen overnight?

Mr. BROWN. I am sure the Senator did not hear the early portion of my remarks.

It is necessary to take care of the extraordinary costs entering into such commodities as coal, gasoline, and other heavy, bulky commodities which can no longer be carried by salt-water freight. It was felt—and I think the committee was unanimous in its view—that it would be better for the Government to take the loss of a dollar a barrel on gasoline shipped by rail freight instead of by tanker, than to place the additional cost upon the consuming public. It was felt that the great difference between the rail freight on the one hand, and the freight by barge on the other, which is the usual means of carrying coal along the Atlantic seaboard, should be borne by the Government rather than placed upon the mill operators of New England, either forcing them out of business or forcing the price ceiling up.

Mr. LUCAS. As I understand, that is the real reason for the legislation.

Mr. BROWN. That is the fundamental purpose.

Mr. LUCAS. If it were not for that condition, we probably should not be discussing the agricultural situation at all.

Mr. BROWN. The Senator states the matter accurately.

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

Mr. BROWN. I yield.

Mr. WHEELER. I cannot for the life of me understand why the Government should subsidize an oil company or pay the difference in cost to the consumer in the East. Gasoline has been selling more cheaply on the Atlantic seaboard than it has been selling in Montana, where oil is produced. So the cost of transportation has very little to do with the price of gasoline in the East.

The price of gasoline is fixed by the oil companies at whatever level they choose to fix it. The big oil companies definitely and absolutely fix the price of gasoline all over the United States. They fix the price of gasoline in Montana, in the towns where oil is refined, at a higher level than the price in the city of Washington.

Why do they do that? In Montana, notwithstanding the fact that oil is produced in that State, they fix the price at the Oklahoma price plus the freight to Montana.

Mr. BROWN. That is the so-called Pittsburgh-plus plan.

Mr. WHEELER. Yes. The same thing is true with respect to many other products. In order to keep the price of gasoline down in the East, is the Government to step in and say to the oil companies, "We will pay you a subsidy out of the Public Treasury"? To me it is one of the most absurd things I have ever heard proposed. The oil companies definitely fix the price of gasoline from one end of the United States to the other. The independent oil companies must comply, and do comply, with the prices fixed by the Standard Oil Co. and other large oil companies. It seems to me that there can be no excuse for the Government stepping in and paying a subsidy to an oil company in order to maintain the present price of gasoline. If the people in the East want to use gasoline in their automobiles, and the gasoline costs them more in the East because of the fact that it must be shipped by freight, the automobile users should pay the cost. It ought not to come out of the pockets of the people of the country who cannot afford automobiles and do not use them. It is proposed to tax all the people in the United States, including the poor farmer and the worker who cannot afford an automobile, in order to keep down the price of gasoline to the man who can afford an automobile, or two automobiles.

Mr. BROWN. Mr. President, it is always a matter of regret to have a Senator make a point like that after hours have been spent by the Senator in charge of the bill explaining the necessity for such legislation. The bill does not involve gasoline alone. It involves a great many other commodities, as I stated at the beginning of my remarks. I am very sorry to have to state again—because this is about the fifth time I have done so—that if, for example, we were to place upon those who buy coal the additional cost necessitated because of the submarine menace off the Atlantic seaboard—I do not know how much a ton the additional cost would be; let us say a dollar a ton in the New England area—and if we were to permit that increased price to go into the price structure which has been built up, which is limited by the price-control law, there would be an inflationary tendency. In the judgment of the Senator from Michigan and the unanimous judgment of the Banking and Currency Committee, which made a study of this question—of course, it is not the judgment of the Senator from Montana—it would be better to have the general public stand that loss than to place it on the manufacturer or other persons who may be unfortunately situated at the present time.

Mr. WHEELER. It certainly is not my judgment, I must confess; and I am glad it is not my judgment, if all the people of the country are to be required to pay a tax because it is desired to provide cheaper coal and cheaper gasoline to the people living in the East.

Mr. BROWN. No; we want to maintain the price.

Mr. WHEELER. Very well. The Senator wants to maintain the price; but he is talking about increased cost, and the danger of inflation because coal may cost more. How much does the Senator from Michigan or anyone else believe that an increase in the price of coal would increase the cost of boots and shoes, textiles, or any other manufactured product? The increase would be infinitesimal.

Mr. BROWN. No; the testimony before the committee was that it would be very considerable. The experience of countries which are in a situation similar to ours is that to let the price ceilings go up is most unfortunate. Both the Canadian experience and the British experience—the British experience is much longer than the Canadian or ours—are that it is much better to have the general public carry the burden of extraordinary prices due to the war than to place them upon the consumers of the particular commodities. Because of the pyramiding which occurs, about which the Senator well knows, prices would go beyond what is fair and reasonable, and we should have the inflationary tendency which we are striving to avoid.

Mr. WHEELER. There is no question about it. When we are striving to avoid inflationary tendencies, of course I entirely agree with the Government's position in trying to keep down the prices of such articles; but Mr. Henderson and his organization can very easily figure out how much will be the increased cost of coal and the increased cost of production of articles used by the general public. They can very easily determine that without going to the necessity of taxing all the people because the people in the East may have to pay a little more.

In the case of products used by the people in the Middle West and the West outside the manufacturing centers the people in those areas must pay a much higher price for those products because of the fact that they live in the western part of the country or in the Middle West.

Mr. BROWN. How about the coal consumer in West Virginia and in Philadelphia? He is not affected in the slightest by the submarine menace, but the mill operator in New England is. It is not a matter in which I have any selfish interest, because we in Michigan are not affected in the slightest.

Mr. WHEELER. I understand that.

Mr. BROWN. I am proposing that an extra cost be put upon the people of my State, and I think it is a fair thing to do, just as we did in the insurance provisions which were enacted into law a short time ago. We placed the cost of the losses which occur on salt water upon the people as a whole, and not upon those who happen to be the owners of ships.

Mr. WHEELER. If the Government starts subsidizing various industries I predict that before we get through we shall have an extremely bad situation in the United States. When we start to subsidize one part of the country and take the money from all the taxpayers it is a dangerous step.

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

Mr. BROWN. I yield to the Senator from Texas.

Mr. CONNALLY. I do not know that I am prepared to subscribe to the doctrine regarding subsidization, because I have not studied it sufficiently; but I understand that the theory of those who propose the subsidy is as follows: Taking oil as an example, most of the seaboard trade on the Atlantic coast was transported in tankers; but by reason of the war, the tankers have either been taken away or have been sunk. As I understand the theory of those who propose the subsidy, it is that they say that such a condition is caused, in effect, by the Government. It is national, and therefore the burden should be borne by all the people, rather than by the ones who are particularly affected adversely. Is that correct?

Mr. BROWN. The Senator is correct. That is the theory underlying the bill.

Mr. CONNALLY. Just as we have organized a national insurance agency under the R. F. C., I believe.

Mr. BROWN. Yes; it is under the R. F. C.

Mr. CONNALLY. If some one is bombed by an enemy airplane, the resultant loss is to be borne by the Government, because the loss was incurred by an attack on the Government rather than on the individual. Is that correct? Is that the theory?

Mr. BROWN. That is quite correct. That is the fundamental theory underlying the bill.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. The Senator has been very kind in permitting interruptions this afternoon, and in answering as fully and as frankly as he has the innumerable questions which have been propounded to him.

However, earlier in the day he indicated that it was his intention to make a legislative record which would constitute in a measure a limitation upon the discretion of the executives administering the act, a limitation which is not to be found in the bill. He said that there was some testimony before the committee which he would later check and put in the RECORD. I suppose he will do so a little later, after we have ceased to bother him.

During the course of this debate I have been examining the hearings, trying to find the language to which the Senator alluded. I have not been able to find it; and the only testimony I have been able to find seems to me to broaden the effect and scope of the act rather than to limit it. It makes it clear that the power of subsidization is not intended merely to take care of coal and petroleum products, but that, as the language of the bill itself indicates, the power would extend to any commodity.

On page 39 of part 2 of the hearings of May 19, I find the following statement by the Senator from Minnesota [Mr. BALL]:

> Senator BALL. I would appreciate it if Mr. Henderson could give us some idea of how he expects this thing to work. For instance, I have had several letters from bakeries because the Price Control Administration has frozen, but labor costs have gone up in some cases since March to virtually absorb any profit there would be; and, in addition, the price of flour has not been frozen. How is that going to work in that specific case? What do you plan to do?

Mr. Henderson responded as follows:

> Mr. HENDERSON. In the first place, we are taking each one of the broad classes of commodities on which there is a complaint of rising costs that make it impossible for one level in production or distribution to absorb what is usually called the squeeze. We are examining every one of those; first, to see whether or not the increases are absorbable; second, if they are not absorbable at, say, the retail level, to see whether or not a reduction in the prices to him can be negotiated.

Mr. President, that seems to me clearly to indicate that the intention of the Administrator was to apply the subsidy authority to every commodity in all the broad classes. Unless we place some limitation in the act there will be no limitation. To say, as the Senator from Texas said a moment ago, that because of the unusual conditions which exist as a result of the removal of tankers from the service of transporting oil, this bill should pass without qualification or limitation, is to miss the point; because oil is only one commodity, whereas the power and authority would extend to all commodities.

Mr. TAFT. Mr. President, if the Senator will yield to me for a moment, let me say that I agree largely with what the Senator from Wyoming has said. I think the bill gives such authority and is intended to give it. I do not think Mr. Henderson at the present time intends to apply the subsidy theory to any considerable number of commodities, but he hopes to be able to reduce distribution costs, as he says, and to find other methods by which a subsidy may be avoided. I think the Senator is entirely correct in saying that the policy of the bill is a general policy of subsidization of any and all commodities, if that becomes necessary, in order to maintain retail prices and yet not put a great many persons out of business.

Mr. O'MAHONEY. I thank the Senator; I cannot read it otherwise.

Mr. BROWN. I advert to what I originally said. It is my desire to hold down subsidies to the lowest possible point consistent with the purposes of the Price Control Act.

I still say that subsidies should ge given only in those cases where the war itself causes extraordinary costs, or where the war effort, our production of armaments, and kindred things, has the same result.

Mr. Henderson made a statement with respect to that, as appears on page 40 of the hearings. The Senator from Minnesota [Mr. BALL] said:

> You will probably have to subsidize.

And they had given a number of instances.

> Mr. HENDERSON. Yes, but it is amazing, Senator BALL, what economies are being effected by the bakery industry already.

Which they had been discussing.

The matter of having several deliveries a day in order to supply fresh bread always and the matter of returns by limiting the amount of returns that a retailer can have are economies that have already been effected.

Then he proceeded to mention economies and said:

Naturally, before we would think of recommending a subsidy, we would want to make sure that every effort had been made by the production and distribution system of any commodity or group of commodities to take advantage of the possibilities of absorption and economies itself; but failing in that, we would like to have the authority to recommend that the Reconstruction Finance Corporation and the Commodity Credit Corporation take care of the thing.

In other words, it is their purpose to use every other method first, and if every other method fails, then, if the conditions to which I have referred—those involved in the war effort—require a subsidy, it would be given. I think the difference is a matter of degree.

If I may have the attention of the Senator from Montana [Mr. WHEELER], I may say that I agree with much he says; I want to avoid giving subsidies just as much as it is possible to do so, and I do not want to see the subsidy system used except in cases where there is no other way out, but I would use it where it is preferable to permitting a general rise in the prices of commodities.

Mr. O'MAHONEY. Mr. President, may I interrupt at that point?

Mr. BROWN. I yield.

Mr. O'MAHONEY. Would not the wise way to bring that about be to authorize the use of the subsidy in those industries which we know are affected, instead of giving a broad discretion to apply the subsidy to any industry and any commodity?

Mr. BROWN. That is what I was about to call to the attention of the Senate. I read from the hearings:

Senator BALL. You do not plan on taking care of individual concerns?

Mr. HENDERSON. No, sir.

Senator BALL. You plan to proceed by lines or industries?

Mr. HENDERSON. Yes, sir.

The idea is not to take one particular company, and, because its costs are high, subsidize it, but when a whole industry is affected, as I have said—and I think, despite the views of the Senator from Montana, the coal and gasoline situations are excellent examples—when a whole industry is affected by the war, as industries are, the fair thing to do is to take care of their loss; but not of individual companies which might be affected by this or that.

Mr. WHEELER. When the Senator takes the oil industry as a classic example, I think I may say I know something about that industry, since I know how it is operated in my own State and throughout the West. When you say you are going to subsidize the big oil companies of this country——

Mr. BROWN. I think the Senator puts that a little unfairly. I am not proposing to subsidize the big oil companies of this country, and I think the Senator unintentionally puts me in a bad light by such a statement.

Mr. WHEELER. I am not intentionally trying to put the Senator in a bad light. I would not do that for the world, because I have too high a regard for him, and I am sure he appreciates that I do.

Mr. BROWN. Certainly; and I said it was unintentional.

Mr. WHEELER. In the illustration the Senator spoke of the big oil companies. If we are to subsidize the oil companies it will mean the big ones, because they do fix the price of gasoline in this country today, and any independent operator will state that he has to abide by the prices fixed, and independent stations have to fix the price at which they sell their gasoline at the dictation of the big oil companies of the country. When they can fix the price of gasoline where it is produced, and right at the refinery, I say it is a bad example to pick out those companies for subsidies. I think the Senator has a much better case when he takes coal than when he takes oil.

Mr. BROWN. I have to use the examples I have.

Mr. WHEELER. Certainly; and the Senator has some bad examples. In the case of coal there is competition, very keen competition. There is competition not only in the coal industry as between the different coal fields, but there is likewise competition between oil and coal, gas and coal, and various other things and coal. In other words, coal is not controlled by a monopoly, and the price is not fixed by a monopoly, as in the case of oil, and, as the Senator from Wyoming [Mr. O'MAHONEY] pointed out, under the language of the bill not only could coal be subsidized, but any steel company or any other company could be subsidized, since they could simply say that labor had gone up, that wages had risen, and that the price of the manufactured article had risen.

Mr. BROWN. Of course, I do not want that brought about.

Mr. WHEELER. Of course not, but they could use the war as an excuse, and practically every industry in the United States could be subsidized.

Mr. BROWN. That is what I am trying to avoid.

Mr. WHEELER. The Senator and I know the pressure that will be put on every Senator from all over the country, because every company will be coming here and saying, "The cost of this article has gone up so much, and wages have gone up so much, that we have to charge more, and we have to have a subsidy." There might be some instances in which paying a subsidy would be a good thing, but I say to the Senator in all seriousness that if we start in with that practice, it will be a very dangerous policy to follow in the United States.

Mr. O'DANIEL. Mr. President, referring to the discussion a few moments ago by the Senator from Florida, with reference to grapefruit, I should like to inquire whether, if an injustice were done fruit growers in the setting of prices within the limits of the law and the authority granted to the Administrator, the enactment of the bill now under consideration would enable the Administrator to pay a subsidy to those who had been mistreated by that ruling?

Mr. BROWN. That raises the question whether the proposed law would be retroactive. I should say it would not be. I should say that if this situation arose after the bill became effective, the power to make the adjustment would exist. The wisdom of the policy is another matter.

Mr. O'DANIEL. Would the power exist in view of lines 17 and 18 on page 2, reading as follows: "Nothing in this section shall be construed to apply to any agricultural commodity"? Is that language still in the bill?

Mr. BROWN. It is still in the bill, but I say I do not believe the bill would permit the R. F. C. or the Commodity Credit Corporation to take care of transactions which were completed before the enactment of the bill.

Mr. O'DANIEL. I refer to those which would be completed after the enactment of the bill.

Mr. BROWN. I think the power to take care of such a situation would exist.

Mr. O'DANIEL. I am glad that our farmers will thus be protected. I know the next section is supposed to protect them, but I just wanted the Senator's assurance that lines 17 and 18 on page 2 did not exclude our farms from the subsidy if other lines of industry are to receive subsidies.

Mr. BROWN. The provision reads:

Nothing in this section shall be construed to apply to any agricultural commodity.

The Senator knows that section 3 gives the power to the Commodity Credit Corporation to do for agriculture just what section 2 gives the R. F. C. the power to do for other industry.

Mr. TAFT. Mr. President, with regard to the billion dollars additional given to the Commodity Credit Corporation, I wondered whether the Senator had put into the RECORD, or would be willing, if he has not already done so, to put into the RECORD, the statement and the letter from the Commodity Credit Corporation, which do not appear in the hearings, but which I think should be a part of the record of the debates here.

Mr. BROWN. I had made up my mind to put in the letter from the President of the Commodity Credit Corporation, and I ask unanimous consent that that be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. DOXEY in the chair). Is there objection?

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

DEPARTMENT OF AGRICULTURE,
COMMODITY CREDIT CORPORATION,
Washington, D. C., May 25, 1942.

Hon. PRENTISS M. BROWN,
United States Senate.

DEAR SENATOR BROWN: This is with respect to the increase of $1,000,000,000 in the bor-

rowing power of Commodity Credit Corporation provided in H. R. 7008.

The resources of Commodity Credit Corporation total $2,750,000,000, consisting of an authorized borrowing power of $2,650,000,000 and a capital stock of $100,000,000. It is estimated that as of June 30, 1942, the Corporation will have about $1,400,000,000 invested in commodities owned by the Corporation or held as collateral for loans, and that outstanding commitments will total nearly $1,000,000,000.

The amount of funds that Commodity Credit Corporation will have available as of June 30, 1942, for new commitments or increases in existing commitments is estimated to be about $400,000,000. This is approximately the amount that will be needed in connection with the loan programs with respect to the 1942 crops of cotton and corn. During the remainder of this calendar year operations through the sale of owned commodities and loan redemptions probably will release between $250,000,000 and $300,000,000.

New programs are being developed because of the war and the available funds will be insufficient to meet the needs of these programs. So far as specific programs can now be foreseen, it appears that an increase in the borrowing power by $1,000,000,000 will provide sufficient funds.

The new programs requiring the additional funds are of three kinds:

First, the increased agricultural production is raising new problems in the domestic field. The marked increase in the production of soybeans and peanuts may make it necessary for Commodity Credit Corporation to be prepared to purchase all or a substantial part of the output of soybean, peanut, and possibly cottonseed meal. The supplies of protein meal will be exceedingly large this fall, and in order to prevent a drastic break in prices it may be necessary to purchase a substantial part of the output or underwrite the price for the entire output until the market is ready to absorb it. A proposal is also pending for the purchase of the 1942 domestic wool clip. As the harvesting season approaches for the larger agricultural production, many new problems will have to be met.

Second, pursuant to directives from the Board of Economic Warfare under Executive Order No. 9128, foreign purchases of agricultural commodities will be necessary. The principal foreign purchases will include fats, oils, and oil-bearing materials, cotton, flax, miscellaneous fibers, sugar, and possibly coffee and cocoa beans.

Third, a substantial sum will be necessary for carrying out the provisions of H. R. 7008 in order that the price ceilings may be maintained without depressing the prices of farm commodities. The amounts that will be obligated under the provisions of this bill are dependent upon the nature and the extent of the requests that are made by the Administrator of the Office of Price Administration.

This reserve borrowing power will of course be used only as actual needs develop and until utilized will involve no cost to the Government. It should be pointed out further that payments and losses under the provisions of this act should constitute only a small part of the total amount of funds used, since in most instances the funds will be used for the purchase of commodities and these commodities will be resold at a price which will recover all or a major part of the amount invested.

Sincerely yours,

J. B. HUTSON, *President*.

Mr. BROWN. Mr. President, the statement made by the Commodity Credit Corporation is a long and complicated one. The Senator from Ohio [Mr. TAFT] and I have agreed that a part of it may be printed in the RECORD. I ask unanimous consent that it may be printed in the RECORD at this point.

There being no objection, the statement prepared by the Commodity Credit Corporation was ordered to be printed in the RECORD, as follows:

U. S. Department of Agriculture, Commodity Credit Corporation—Summary of estimated resources and obligations, fiscal year 1942

Gross funds available Apr. 30, 1942:	
Cash and accrued interest	$27,047,231.03
Authorized borrowing power	2,650,000,000.00
Less: Notes payable outstanding	941,054,000.00
Total	1,708,946,000.00
Estimated liquidations (cash and obligations to purchase) through June 30, 1942 (schedule No. 1 and 1A):	
Cotton	119,000,000.00
Corn	26,000,000.00
Wheat	12,000,000.00
Tobacco	4,000,000.00
Other crops	3,000,000.00
Total	164,000,000.00
Total, actual and estimated resources available for loans and expenses	1,899,993,231.03
Obligations to purchase guaranteed loans held by private lending agencies as of Apr. 30, 1942:	
Face of notes	191,682,233.41
Interest accrued	1,553,957.70
Storage charges	5,514,409.15
Total	198,750,600.26
Unobligated commitments on loans and purchases authorized (schedule No. 2)	$535,581,702.09
Estimated commitments to be made through June 30, 1942 (schedule No. 3)	460,000,000.00
Commitment for other commodities purchase program	150,000,000.00
Commitment for agricultural supplies purchase program	100,000,000.00
Carrying charges and operating expenses accrued through Apr. 30, 1942:	
Storage charges	29,656,572.29
Insurance charges	89,240.44
Administrative expenses	227,445.10
Nonadministrative (custodian) expenses	400,000.00
Interest on Corporation notes	1,199,733.89
Total	31,572,991.72
Estimated obligations for carrying charges and operating expenses, Apr. 30, 1942, through June 30, 1942 (schedule No. 4):	
Storage charges	$11,792,000.00
Insurance charges	7,000.00
Interest guaranteed to private lending agencies	321,000.00
Administrative expense	677,322.00
Nonadministrative (custodian) expense	400,000.00
Interest payable on Corporation notes	1,583,557.00
Total	14,780,879.00
Refunds to holders of 1941 cotton-loan certificates	41,000,000.00
Total deductions	1,531,686,173.07
Balance available for new, or increases in, loan commitments	[1] 368,307,057.96

[1] This amount will cover commitments to be made on the 1942 corn and cotton loan programs only.

SCHEDULE No. 2

U. S. Department of Agriculture, Commodity Credit Corporation—Unobligated Commitments on loans and purchases authorized as of Apr. 30, 1942

	Commitments	Commodity Credit Corporation disbursements	Bank loans outstanding	Unobligated balance
1941 Austrian peas and hairy vetch	$3,000,000	$234,611.14		$2,765,388.86
1941 corn	225,000,000	907,623.07	$77,991,048.42	146,101,328.51
1941 cotton	455,000,000	126,342,971.18	15,995,723.53	312,661,305.29
1941 crimson clover	400,000	65,127.13		334,872.87
1941 lespedeza	5,000,000			5,000,000.00
1941 peanuts	20,000,000			20,000,000.00
1941 flue-cured tobacco	53,000,000	32,677,586.20		20,322,413.80
1941 dark tobacco	20,000,000	3,303,607.24		16,696,392.76
1942 turpentine and rosin	9,000,000			9,000,000.00
1942 flaxseed	15,000,000			15,000,000.00
1942 barley, rye, and grain sorghums	12,000,000			12,000,000.00
1942 wheat	475,000,000			475,000,000.00
Cotton-purchase program	8,000,000			8,000,000.00
Reserve feed program	500,000			500,000.00
Loans to Agricultural Adjustment Administration as required by act of July 2, 1940	50,000,000	45,000,000.00		5,000,000.00
Total	1,350,900,000	208,531,525.96	[1] 93,986,771.95	1,048,381,702.09
Less: Estimated cancelations of unused commitments				[2] 512,800,000.00
Total unobligated balance				535,581,702.09

[1] In addition bank loans outstanding on which commitments have been closed were as follows on Apr. 30, 1942:

1941 barley	$1,632,266.89
1940 corn	25,371,769.90
1941 flaxseed	554,376.94
1941 grain sorghums	83,812.04
1941 rye	741,954.26
1941 soybeans	112,217.32
1941 wheat	69,199,064.11
Total	97,695,461.46

[2] Estimated cancelation of unused commitments:

1941 Austrian peas and hairy vetch	$2,500,000.00
1941 corn	140,000,000.00
1941 cotton	310,000,000.00
1941 crimson clover	300,000.00
1941 lespedeza	5,000,000.00
1941 peanuts	20,000,000.00
1941 flue-cured tobacco	20,000,000.00
1941 dark tobacco	15,000,000.00
Total	512,800,000.00

SCHEDULE No. 3

Estimated commitments to be made through June 30, 1942

Commodity:	Amount
Other commodities purchase program (supplemental)	$450,000,000
Estimated payment to Treasury of the United States due to appreciation of assets	10,000,000
Total	460,000,000

Mr. BARKLEY. Mr. President, as I understand, the Senator from Michigan is agreeable to suspending consideration of the pending measure at this point?

Mr. BROWN. Yes; I am.

SUNDRY MATTERS AFFECTING THE MILITARY ESTABLISHMENT—CONFERENCE REPORT

Mr. REYNOLDS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the

amendments of the Senate to the bill (H. R. 4476) providing for sundry matters affecting the Military Establishment, 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 and agree to the same.

ROBERT REYNOLDS,
JOSH LEE,
WARREN R. AUSTIN,
CHAN GURNEY,
Managers on the part of the Senate.

ANDREW J. MAY,
R. EWING THOMASON,
DOW W. HARTER,
WALTER G. ANDREWS,
Managers on the part of the House.

The report was agreed to.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 13 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 27, 1942, at 12 o'clock noon.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 26, 1942

The House met at 11 o'clock a. m.

Rabbi Bernard Bergman, of the Home of the Sons and Daughters of Israel, New York City, offered the following prayer:

Almighty God, Father of the Universe!

We beseech Thee, bless our Chief Executive and prosper the enterprises of the august Members of this assembly, the chosen representatives of the great American people, gathered here in solemn deliberation in this supreme moment of their Nation's need. Merciful God, grant them light and guidance in this perilous hour of humanity's agony. Grant them wisdom and foresight to navigate the ship of state amidst the sundry obstructions and obstacles besetting our course, and guard them against those who seek to paralyze the arms of the brave defenders of our liberties who are now engaged in Thy forces, even as they are waging humanity's struggle on the battlefields of many continents and distant lands.

We beseech Thee, O Lord, look down from Thy throne of mercy upon Thy children of this liberty-loving Nation. Bless our brave effort and send glorious victory to our banners. Grant us, O Lord, Thy blessing, so that "the earth shall be filled again with the knowledge of the Lord as the waters cover the sea." Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Vice President had appointed Mr. BARKLEY and Mr. BREWSTER 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 in the following departments and agencies:

1. Department of Agriculture.
2. Post Office Department.
3. Department of War.
4. Maritime Commission.

The message also announced that the Senate had adopted the following resolutions:

Senate Resolution 254

IN THE SENATE OF THE UNITED STATES,
May 25, 1942.

Resolved, That the Senate has heard with profound sorrow of the death of Hon. PAT HARRISON, late a Senator from the State of Mississippi.

Resolved, That as a mark of respect to the memory of the deceased the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to his memory the Senate at the conclusion of these exercises shall stand adjourned.

Senate Resolution 255

IN THE SENATE OF THE UNITED STATES,
May 25, 1942.

Resolved, That the Senate has heard with profound sorrow of the death of Hon. ALVA B. ADAMS, late a Senator from the State of Colorado.

Resolved, That as a mark of respect to the memory of the deceased the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to his memory the Senate at the conclusion of these exercises shall stand adjourned.

Senate Resolution 256

IN THE SENATE OF THE UNITED STATES,
May 25, 1942.

Resolved, That the Senate has heard with profound sorrow of the death of Hon. ANDREW JACKSON HOUSTON, late a Senator from the State of Texas.

Resolved, That as a mark of respect to the memory of the deceased the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to his memory the Senate at the conclusion of these exercises shall stand adjourned.

Senate Resolution 257

IN THE SENATE OF THE UNITED STATES,
May 25, 1942.

Resolved, That the Senate has heard with profound sorrow of the death of Hon. ALVA M. LUMPKIN, late a Senator from the State of South Carolina.

Resolved, That as a mark of respect to the memory of the deceased the business of the Senate be now suspended to enable his associates to pay tribute to his high character and distinguished public service.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to his memory the Senate at the conclusion of these exercises shall stand adjourned.

EXTENSION OF REMARKS

Mr. O'NEAL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a patriotic essay by a young man from my home city.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short article from the Washington Daily News.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PROHIBITION AGAIN REARS ITS UGLY HEAD

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CELLER. Mr. Speaker, a group of 30 sincere Representatives recently gathered to plan restriction of liquor to men in our armed forces.

These gentlemen are as well intentioned as they are enthusiastically misguided.

Let them recall that prohibition is hardly dead and buried. They now wish to resurrect it. What a calamity that would be. As one who was constantly in the vanguard fighting prohibition from 1922 to 1932 in and out of the House, I can easily testify to prohibition's horrors—its chicanery, deceit, falsifying, bribery, bootlegging, violence, blackjacking, drunkenness, kidnaping, gangsterdom.

I say to these new prohibitionists, Do not let America again go off the deep end. For goodness sake they should think twice. We must prevent at all hazards a second plunge into the deep depths of iniquity.

These new prohibitionists want "legislation to protect the boys from undue temptation, especially youths away from home for the first time."

I hope nothing more than oratory will come out of this effort. These Representatives practically in effect say, "You young soldiers, you selectees, you are old enough to die for your country; you are old enough to be trusted with your country's safety, but we cannot trust you with a glass of beer; we cannot trust you off duty because you might be tempted to sip a bit of California wine, or imbibe a glass of Kentucky bourbon, or Pennsylvania or Maryland rye. Maybe a cocktail would perk you up after a day's work of drilling and maneuvers, but you are not mature enough. All outside Army ranks can have all they want, but not you soldiers."

Stop legal sale of wines, beer, and liquor to soldiers and you instantly make bootlegging a most profitable business around every camp and cantonment.

No. Be careful, you new prohibitionists. I remind you that the monster pro-

hibition first reared his ugly head with a bill for dryness around Army camps.

I warn the Nation to be on the alert. I warn the beer, wine, and liquor interests—who pay more taxes than any other group—to be on the job. An ounce of prevention is worth a pound of cure. Get busy. Checkmate these efforts at national abstinence. Be on guard. Take no chances.

[Here the gavel fell.]

EXTENSION OF REMARKS

(Mr. MASON and Mr. ROBERTSON of North Dakota asked and were given permission to extend their own remarks in the RECORD.)

Mr. SAUTHOFF. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a letter from a small business man.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MONTANA AND COLORADO BOYS IN THE RAID ON TOKYO

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, with exultant pride I quote from an Associated Press dispatch, with a Washington date line, which appeared in one of my hometown papers in Montana:

PARTICIPATE IN RAID ON TOKYO

WASHINGTON, May 19.—Fliers from Billings, Mont., Colorado Springs, Colo., and Denver were among those who raided Tokyo.

As made public by the War Department, with next of kin, they were:

Corp. David J. Thatcher, Mr. and Mrs. Joseph H. Thatcher, Box 307, Billings.

Lt. Harry C. McCool, Mrs. O. S. McCool, mother, 2520 West Pikes Peak Avenue, Colorado Springs.

Staff Sgt. P. J. Leonard, Mrs. P. J. Leonard, 3034 Race Street, Denver.

Another Montanan with the raiders was Sgt. Edward J. Saylor, of Brusett, Garfield County.

I believe there are not more than a thousand people in Garfield County, yet one of the participants in that remarkable exploit came from that county. These two young men from the district in Montana which I have the honor to represent, in participating in one of the most daring and unprecedented raids of this war, typify the manhood of my State. My people did not want war; but once in, they will be there at the finish, fighting with their all.

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD on two subjects; in one, to include a resolution on the celebration of Thomas Jefferson's birthday; and in the other, to include one paragraph from a newspaper article.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes tomorrow after disposition of all matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

EXTENSION OF REMARKS

Mr. KUNKEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include part of my own news letter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KUNKEL]?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a short newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

FREE LIFE INSURANCE TO SERVICE MEN

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. H. CARL ANDERSEN]?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, on February 2 last I called to the attention of the House the fact that I had introduced legislation which would give to all of the men and women in the armed services $5,000 of Government life insurance without cost to them. I am delighted at this time to be able to compliment the Military Affairs Committee of the Senate upon the fact that it has favorably reported today legislation of this type.

That committee has approved a new provision in the soldiers' allotment and allowance bill which makes war-risk insurance compulsory. All men and women in our armed forces would be required to have $10,000 of Government insurance. The service man or woman would pay 35 cents per month on each $1,000 of insurance and the Government would pay the balance. For $10,000 this would amount to about $3.50 for the service man or woman and $3 for the Government.

I have several times addressed the House urging that automatic compulsory insurance blanket every person entering our armed forces as soon as he or she is sworn in. I have urged that $5,000 of this insurance be furnished free by the taxpayers of America in grateful recognition in a small way of the great unselfish service rendered our Nation by these young men at the fighting fronts.

May I urge upon the House Military Affairs Committee that it accept this provision for compulsory automatic insurance. Such action will save untold heartaches in the future. Soldiers will give just a little bit more, if possible, of fighting energy for our United States of America knowing that their wives, children, and dear ones back home are protected against want if the supreme sacrifice is asked of them.

If possible, Mr. Speaker, I shall offer this provision as an amendment to the House soldiers' allotment and allowance bill. I plead with you, Members of the House, to aid in this expression of fairness to the service men and women of today.

EXTENSION OF REMARKS

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a paper on farm problems delivered recently by Dr. Young, of Purdue University.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. GILLIE]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article in the Times-Herald regarding the valor of the nurses at Corregidor. One of those nurses was a constituent of mine.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. YOUNG. Mr. Speaker, I ask unanimous consent that on tomorrow after disposition of business on the Speaker's desk and following any previous orders heretofore entered I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. YOUNG]?

There was no objection.

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

[Mr. RANKIN of Mississippi addressed the House. His remarks appear in the Appendix.]

PROMOTION OF SMALL BUSINESS

The SPEAKER. The unfinished business is the passage of the bill (S. 2250) to mobilize the productiv facilities of small business in the interest of successful prosecution of the war, and for other purposes. The question is on the passage of the bill.

The question was taken, and on a division (demanded by Mr. STEAGALL) there were—ayes 96, noes 0.

Mr. STEAGALL. Mr. Speaker, I object to the vote on the ground 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 the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas, 346, nays 0, not voting 84, as follows:

[Roll No. 57]

YEAS—346

Allen, Ill.
Allen, La.
Andersen, H. Carl
Anderson, Calif.
Anderson, N. Mex.
Andresen, August H.
Andrews
Angell
Arends
Arnold
Baldwin
Barden
Barnes
Bates, Ky.
Bates, Mass.
Baumhart
Beckworth
Beiter
Bender
Bishop
Bland
Bloom
Boehne
Boggs
Boren
Boykin
Bradley, Mich.
Brooks
Brown, Ga.
Brown, Ohio
Bryson
Buck
Bulwinkle
Burch
Burdick
Burgin
Butler
Byrne
Camp
Canfield
Cannon, Fla.
Cannon, Mo.
Capozzoli
Carter
Cartwright
Case, S. Dak.
Celler
Chenoweth
Chiperfield
Claypool
Clevenger
Cochran
Coffee, Nebr.
Coffee, Wash.
Cole, N. Y.
Colmer
Cooley
Cooper
Copeland
Costello
Courtney
Cox
Cravens
Crawford
Creal
Crosser
Crowther
Culkin
Cunningham
Curtis
D'Alesandro
Davis, Ohio
Davis, Tenn.
Day
Delaney
Dewey
Dickstein
Dingell
Dirksen
Disney
Domengeaux
Dondero
Doughton
Downs
Drewry
Duncan
Durham
Dworshak
Eaton
Eberharter
Edmiston
Eliot, Mass.
Elliott, Calif.
Elston
Engel
Englebright
Faddis
Fellows
Fenton
Fish
Fitzgerald
Flaherty
Flannagan
Fogarty
Folger
Forand
Ford, Leland M.
Ford, Thomas F.
Fulmer
Gale
Gamble
Gathings
Gavagan
Gearhart
Gehrmann
Gerlach
Gillette
Gillie
Gore
Gossett
Graham
Grant, Ala.
Gregory
Haines
Hall, Edwin Arthur
Hall, Leonard W.
Halleck
Hancock
Hare
Harness
Harris, Ark.
Harris, Va.
Hart
Harter
Hartley
Healey
Hébert
Heffernan
Heidinger
Hess
Hill, Colo.
Hill, Wash.
Hobbs
Hoffman
Holbrock
Holmes
Hook
Hope
Houston
Howell
Hull
Hunter
Imhoff
Izac
Jackson
Jacobsen
Jarman
Jenkins, Ohio
Jenks, N. H.
Jennings
Jensen
Johnson, Calif.
Johnson, Luther A.
Johnson, Okla.
Johnson, W. Va.
Jones
Jonkman
Kean
Kee
Keefe
Kefauver
Kelley, Pa.
Kelly, Ill.
Kennedy, Martin J.
Kennedy, Michael J.
Keogh
Kilday
Kinzer
Kirwan
Kleberg
Klein
Knutson
Kunkel
Landis
Lane
Lanham
Larrabee
Lea
Leavy
LeCompte
Lesinski
Lewis
Ludlow
Lynch
McCormack
McGehee
McGranery
McGregor
McKeough
McLaughlin
McLean
McMillan
Maas
Maciora
Mahon
Manasco
Mansfield
Martin, Iowa
Martin, Mass.
Mason
May
Merritt
Meyer, Md.
Michener
Mills, Ark.
Mills, La.
Mitchell
Mott
Mundt
Murdock
Murray
Myers, Pa.
Nelson
Norrell
Norton
O'Brien, Mich.
O'Brien, N. Y.
O'Connor
O'Hara
O'Leary
Oliver
O'Neal
O'Toole
Pace
Paddock
Patman
Patton
Pearson
Peterson, Ga.
Pheiffer, William T.
Pierce
Pittenger
Ploeser
Poage
Powers
Priest
Rabaut
Ramsay
Ramspeck
Randolph
Rankin, Miss.
Rankin, Mont.
Reed, Ill.
Reed, N. Y.
Rich
Richards
Rivers
Rizley
Robertson, N. Dak.
Robertson, Va.
Robinson, Utah
Robsion, Ky.
Rockefeller
Rockwell
Rodgers, Pa.
Rogers, Mass.
Rogers, Okla.
Rolph
Romjue
Russell
Sabath
Sacks
Sanders
Satterfield
Sauthoff
Scanlon
Schulte
Scott
Secrest
Shafer, Mich.
Shanley
Short
Sikes
Simpson
Smith, Maine
Smith, Ohio
Smith, Va.
Smith, Wash.
Smith, W. Va.
Snyder
Somers, N. Y.
South
Sparkman
Spence
Springer
Starnes, Ala.
Steagall
Stearns, N. H.
Stefan
Stevenson
Stratton
Sullivan
Sumners, Tex.
Sutphin
Sweeney
Taber
Talle
Tarver
Tenerowicz
Thill
Thom
Thomas, N. J.
Thomason
Tibbott
Tolan
Traynor
Treadway
Van Zandt
Vincent, Ky.
Vinson, Ga.
Voorhis, Calif.
Vorys, Ohio
Wadsworth
Ward
Wasielewski
Weaver
Weiss
Wene
West
Wheat
Whelchel
White
Whittington
Wickersham
Wigglesworth
Williams
Wilson
Wolcott
Wolfenden, Pa.
Wolverton, N. J.
Woodruff, Mich.
Woodrum, Va.
Wright
Young
Youngdahl
Zimmerman

NAYS—0

NOT VOTING—84

Barry
Beam
Bell
Bennett
Blackney
Bolton
Bonner
Bradley, Pa.
Buckler, Minn.
Buckley, N. Y.
Byron
Carlson
Casey, Mass.
Chapman
Clark
Clason
Cluett
Cole, Md.
Collins
Cullen
Dies
Ditter
Douglas
Ellis
Fitzpatrick
Ford, Miss.
Gibson
Gifford
Gilchrist
Granger
Grant, Ind.
Green
Guyer
Gwynne
Harrington
Hendricks
Hinshaw
Jarrett
Johns
Johnson, Ill.
Johnson, Ind.
Johnson, Lyndon B.
Kerr
Kilburn
Kocialkowski
Kopplemann
Kramer
Lambertson
McIntyre
Maciejewski
Magnuson
Marcantonio
Monroney
Moser
Nichols
O'Day
Osmers
Patrick
Peterson, Fla.
Pfeifer, Joseph L.
Plauché
Plumley
Reece, Tenn.
Rees, Kans.
Sasscer
Schaefer, Ill.
Schuetz
Scrugham
Shannon
Sheppard
Sheridan
Smith, Pa.
Smith, Wis.
Sumner, Ill.
Talbot
Terry
Thomas, Tex.
Tinkham
Vreeland
Walter
Welch
Whitten
Winter
Worley

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Clark with Mr. Bennett.
Mr. Kerr with Mr. Kilburn.
Mr. Bonner with Mr. Carlson.
Mr. Peterson of Florida with Mr. Rees of Kansas.
Mr. Cullen with Mr. Ditter.
Mr. Ford of Mississippi with Mr. Gilchrist.
Mr. Monroney with Mr. Johns.
Mr. Thomas of Texas with Mr. Grant of Indiana.
Mr. Whitten with Mr. Winter.
Mr. Terry with Mrs. Bolton.
Mr. Patrick with Mr. Lambertson.
Mr. Chapman with Mr. Cluett.
Mr. Joseph L. Pfeifer with Mr. Plumley.
Mr. Collins with Mr. Douglas.
Mr. Ellis with Mr. Gifford.
Mr. Nichols with Mr. Osmers.
Mr. Fitzpatrick with Mr. Gwynne.
Mr. Granger with Mr. Vreeland.
Mr. Hendricks with Mr. Guyer.
Mr. McIntyre with Mr. Reece of Tennessee.
Mr. Green with Mr. Clason.
Mr. Gibson with Mr. Blackney.
Mr. Sasscer with Mr. Johnson of Illinois.
Mr. Dies with Mr. Smith of Wisconsin.
Mr. Bell with Mr. Hinshaw.
Mr. Barry with Mr. Johnson of Indiana.
Mr. Walter with Mr. Talbot.
Mr. Buckley of New York with Mr. Welch.
Mr. Harrington with Miss Sumner of Illinois.
Mr. Bradley of Pennsylvania with Mr. Tinkham.
Mr. Plauché with Mr. Jarrett.
Mr. Sheppard with Mr. Buckler of Minnesota.
Mr. Beam with Mr. Marcantonio.
Mr. Cole of Maryland with Mr. Maciejewski.
Mrs. O'Day with Mr. Magnuson.
Mr. Kramer with Mrs. Byron.
Mr. Schuetz with Mr. Lyndon B. Johnson.
Mr. Schaefer of Illinois with Mr. Kopplemann.
Mr. Smith of Pennsylvania with Mr. Worley.
Mr. Kocialkowski with Mr. Casey of Massachusetts.
Mr. Scrugham with Mr. Moser.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

COMMITTEE ON NAVAL AFFAIRS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the Committee on Naval Affairs may have the privilege of sitting during the sessions of the House for the remainder of the week.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. LEA. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may be permitted to sit during the sessions of the House this week.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SUNDRY MATTERS AFFECTING THE MILITARY ESTABLISHMENT

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (H. R. 4476) providing for sundry matters affecting the Military Establishment, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4476) providing for sundry matters affecting the Military Establishment, 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 and agree to the same.

ANDREW J. MAY,
R. EWING THOMASON,
DOW W. HARTER,
WALTER G. ANDREWS,
Managers on the part of the House.

ROBERT R. REYNOLDS,
JOSH LEE,
WARREN R. AUSTIN,
CHAN GURNEY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4476) providing for sundry matters affecting the Military Establishment, submit the following statement in explanation of the effect of the action agreed

upon by the conferees and recommended in the accompanying conference report:

This bill relates to a number of matters which are largely of an administrative nature. It was passed by the House several months before war was declared. The Senate amendments make changes which are chiefly necessary by reason of the different conditions which exist now that this country is engaged in war. The conferees recommend that the House recede from its disagreement to the Senate amendments.

Amendments Nos. 1, 2, 6, 8, 17, 25, 27, 30, 36, 38, 41, 45, 47, 49, and 53: These amendments strike out provisions in different sections of the House bill which limited the period during which such sections were to remain in effect to the fiscal year ending June 30, 1942. In lieu of these limitations, Senate amendment No. 55 provides that the act shall remain in force during the continuance of the present war and for 6 months thereafter, or until such earlier time as the Congress or the President may designate.

Amendments Nos. 3, 4, 7, 16, 18, 24, 26, 29, 31, 32, 33, 34, 35, 37, 39, 40, 42, 43, 44, 46, 48, 51, and 52: These amendments correct section numbers and make other clerical and clarifying changes.

Amendments Nos. 5 and 6 suspend the limitation as to the number of Army officers who may participate regularly and frequently in aerial flights.

Amendments Nos. 9, 10, and 12 provide that places in Alaska shall be treated as outside the continental United States for the purposes of section 3, relating to appointment and transfer of personnel.

Amendments Nos. 11 and 13 strike out language which is made unnecessary by reason of amendments 14 and 15.

Amendment No. 14 provides that when civilian employees are on duty within zones from which their dependents should be evacuated, or are sent to places where their dependents cannot accompany them for military reasons, their dependents and household effects may be moved at Government expense.

Amendment No. 15 provides that in certain cases where civilian employees are assigned to temporary duty away from their permanent stations their dependents and household effects may be moved at Government expense.

Amendment No. 19 provides that funds available for paying travel allowances shall be available for paying allowances authorized for dependents of Army personnel without regard to whether such personnel is ordered to active duty for periods in excess of 15 days, and for the payment of allowances for travel from home to first station, and from last station to home, when ordered to or relieved from active duty.

Amendments Nos. 20 and 21 contain the same provisions with respect to military personnel as are contained in amendments 14 and 15, respectively, with respect to civilian employees.

Amendment No. 22 provides that military personnel for whom transportation of household effects is authorized may elect to have such household effects moved at Government expense to any place in the United States, for storage at their own expense for the duration of the war.

Amendment No. 23 strikes out language relating to matters which are covered by section 4 of the bill, as amended by the Senate.

Amendment No. 28 makes the provisions of section 6 applicable to the War Shipping Administration, which has been created since the bill passed the House.

Amendment No. 50 strikes out section 15 of the House bill, as the subject matter is now covered by the First and Second War Powers Acts.

Amendment No. 54 is a saving provision with regard to the First and Second War Power Acts.

Amendment No. 55 is the provision limiting the effective period of the act which was referred to above.

ANDREW J. MAY,
R. E. THOMASON,
W. G. ANDREWS,
DOW W. HARTER,
Managers on the part of the House.

Mr. MAY. Mr. Speaker, I believe a very brief explanation of this report will be sufficient to satisfy the Members of the House.

This bill was passed by the House in April 1941. It went to the Senate and was not considered there until the month of May 1942, a little more than a year after it was passed by the House.

The bill relates to numerous matters affecting the military operations of the War Department and the military forces and, of course, authorizes appropriations for fiscal years. The War Department has found that due to conditions which have arisen since the declaration of war and since the country has been involved in actual military operations around the world, it is necessary not only to move troops from one place to another but to evacuate the families of soldiers in many parts of the world from one area to another. Because of this the War Department has been very much limited in the expenditure of funds by reason of the fiscal year limitation.

The Senate placed 55 amendments in the bill, and they are divided into 3 groups. The amendment relating to the removal of the fiscal year limitations is dealt with in about 10 different amendments. The others are merely clarifying so as to conform the other provisions of the bill to that provision.

The provisions in another group are those which make it possible for the Army to use any funds they have on hand, regardless of the fiscal year for which they were appropriated, in transporting men from one place to another.

Another provision is that where the men's household goods have to be moved, say from Camp Belvoir to Camp Meade, the Army finds that it is cheaper to provide storage for these goods and transport the men, where they have families, without transporting the household goods. Then, in some instances, where the families have to go back to the civilian communities, they can remove them to a place in their own State or in their own community, where they are provided with accommodations and assistance from relatives and friends.

All this report does is to make more convenient the conduct of the military operations, and provides more expeditious use of the funds.

Mr. SECREST. Is this limited to the duration of the war?

Mr. MAY. It is limited to the duration of the war and 6 months thereafter. If there are no questions, and no one cares to speak upon any provision of the bill, I move the previous question upon the report.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TRAINING AND EDUCATION OF DEFENSE WORKERS

Mr. CANNON of Missouri. 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 joint resolution (H. J. Res. 316) making an additional appropriation for the fiscal year 1942 for the training and education of defense workers; and, pending that motion, I ask unanimous consent that the time be equally divided between the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. BOREN. Reserving the right to object, Mr. Speaker, is there a limitation on the time for debate?

The SPEAKER. The gentleman did not include any limitation of time in his request.

Mr. TABER. The time consumed will not be over 10 minutes, probably.

Mr. CANNON of Missouri. It may take more than that, but the matter will be disposed of very quickly.

Mr. BOREN. There is no desire to set any length of time, then.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

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 House Joint Resolution 316, with Mr. RAMSPECK in the chair.

The Clerk read the title of the joint resolution.

The first reading of the joint resolution was dispensed with.

Mr. CANNON of Missouri. Mr. Chairman, we are engaged in the greatest war—extending over the widest area—affecting the largest number of people—involving the most vital issues—fraught with the gravest consequences—and waged with the most destructive weapons in the annals of mankind.

In this struggle the merits of our form of government, the efficiency of our economic system, our capacity for production, and the temper and spirit of the American people are being tested as never before. More is at stake than in any previous war. At Yorktown, at New Orleans, and at Gettysburg only our own destiny hung in the balance. Had we lost, we could have looked forward to another field and another day. But today we defend the last citadel of freedom on earth. If America fails, democracy fails, self-government perishes, and the clock of time marking the progress of human rights is set back a thousand years.

How significant, then, is the dawning realization that we are winning the war. Slowly, painfully, at staggering cost and mounting sacrifice, we are moving at last, from defeat toward victory. At last we are reaching comparable mobilization and production.

The flood of weapons and munitions pouring from American factories, and now on its way to our Allies and our own forces at the front, exceeds all estimates,

and it is just beginning. By 1943, when we reach full production, it will dwarf into insignificance all former military and industrial achievements.

In March we put, in round numbers, $3,000,000,000 worth of war material on the line; in April, three and a half billion; this month it will be four billion; this fall, $5,000,000,000 per month; next spring $6,000,000,000; a year from today, $7,000,000,000 per month. And that does not mean the mere expenditure of dollars. It means that amount in the latest, most efficient, most effective tanks, planes, and guns in the largest quantities produced anywhere in the world.

Already we are taking command of the air, the first step toward supremacy in modern warfare. On the ground, our tanks are meeting every test on Russian, African, and Australian fronts. And our under-water craft, now giving an account of itself in every quarter of the globe, is being augmented at a rate unprecedented in naval construction.

Our mobilization of manpower is just as impressive. With a standing army so small a year ago as to be inconsequential, men are being steadily called to the colors and inducted into the service at a rate which envisions 3,600,000 under arms by the opening of 1943 and an eventual minimum of 8,000,000 men as they are needed. Mobilization is proceeding in an orderly way with a notable lack of the scandals which attended the raising of the comparatively insignificant force of 1898 and the lack of facilities and equipment of 1917. Notwithstanding the speed with which this number of men is being mustered in, there have been no epidemics, no complications in commissary and ordnance departments, and our forces today are the best fed, best clothed, best equipped, with the smallest percentage of hospitalization ever enlisted under the American flag or any other flag in any war.

Never before has a nation been changed from peacetime basis to war status or has industry been converted from civil to military production so completely and in so short a time. The speed and skill with which the transition has been effected border on the miraculous.

Through what agency have the American people effected this remarkable transformation? Primarily through the American Congress, representing them, acting for them, raising the money, appropriating the funds, auditing the expenditures, and shaping the legislation which has transformed the velvet glove and armed the mailed fist that is protecting American institutions and shaking the foundations of despotism throughout the world.

It is true that the immediate direction of the war is under the executive branch of the Government. But only Congress can declare war, can approve major appointments and commissions, can provide money, ships, planes, armament, and the sinues of war, without which the Executive power is impotent. In the last analysis it is Congress, representing the Nation by direct commission at the polls, which makes war, supports the war, and brings the war to a successful conclusion. And no Congress has more competently exercised its functions or better performed its duties in that respect than the Seventy-seventh Congress. The Continental Congress at times all but abandoned Washington and his ragged regiments. The Civil War Congress, torn by internal dissension, was frequently a handicap rather than a help to Lincoln in his efforts to preserve the Union. The Spanish War Congress reeked with embalmed-beef scandals and delinquencies in fever-racked camps that took a greater toll of American soldiers than the enemy. Even the World War Congress moved with such confusion and delay that not a single American plane or piece of American artillery ever reached the battle line. What a contrast presented by the Seventy-seventh Congress in its prompt and adequate provision for every need and contingency of a vastly greater theater of action. Its record is without parallel. It is writing in the conduct of this war one of the brightest chapters in American history.

In view of this remarkable record, you would naturally expect to see daily throughout the Nation editorial columns aflame with the commendation of the Congress, of its work, and the results secured.

What, then, is our astonishment to read in papers with national circulation such comments as this:

> For collective brains, guts, vision, and leadership, the Seventy-seventh would rank close to the bottom of any of the 77 Congresses that have assembled biannually since 1789.

This quotation is not from German sources but was carried in an American magazine, and later incorporated in a vivid motion-picture dramatization that appeared on the screen in every city of importance in the country. It was also widely quoted over the major radio networks.

In the same article was this statement:

> Not one thing that is worth a tinker's damn comes out of Washington.

That astonishing statement, of course, includes all activities of the Government—legislative, executive, and judicial. Nothing from the President, the Army, the Navy, the Congress, or the Supreme Court that is worth a damn.

But the gifted author of the article and the patriotic magazine which published it seems to have Congress particularly in mind, and adds:

> This Congress contains no Websters, Clays, or Calhouns. * * * It contains an overflowing measure of hacks, demagogues, and timeservers.

Evidently the magazine considers the growth and progress of our people and our Government for the last hundred and seventeen years as negligible, for neither Webster, Clay, nor Calhoun have served in Congress since the Nineteenth Congress.

The article continues:

> The case against the collective membership of the Seventy-seventh Congress is as clear as that which Thomas Jefferson made against George 3d in the Declaration of Independence.

It is to be noted that the author does not signal out any particular Member of the House or Senate. His indictment is sweeping and condemns without benefit of clergy the entire membership of both bodies collectively and individually. To his jaundiced eye all are vile. Only he and his magazine are holy. All wisdom dieth with him.

Here is a further comment over a Nation-wide hook-up by another phylacteried commentator, quoted with commendation by another purveyor of jaundiced journalism:

> Congress has remained a collection of 2-cent politicians * * * the ignorance and provincialism of Congress renders it incapable of meeting the needs of modern government. People don't give a damn what the average Senator or Congressman says * * * they know it is 99 percent tripe, ignorance, and demogoguery and not to be relied on.

But even these prescient gentlemen, with all their monopoly of the wisdom, virtue, and patriotism of the Nation, occasionally let their foot slip and one of them closes his phillipic with the admonition:

> Warning: Don't forget the primaries. In the 1942 elections the people must choose better Congressmen.

A number of States have held their primaries and others have passed the date of filing since the enunciation of this stern call to duty and it would be taken for granted that there would already be in evidence indications of a tidal wave of outraged citizenry sweeping to the polls to turn out these arrant "liars," "incompetents," "demagogs," "grafters," and "traitors," comprising the Seventy-seventh Congress.

As a matter of fact in practically every State in which the will and intent of the electorate has been evidenced up to this time, the sitting Member has been endorsed for return to the Seventy-eighth Congress. Only in a few isolated instances, in which there were special issues, has there been any indication of more than the normal turnover due at the close of every 2-years' session.

So we give little heed to these self-anointed critics or their malicious slander of men who are as much a part of the American forces as the Army or the Navy, and who are working long hours far into the night exerting every effort within their power to bring victory to the American Army and safety to the American people. They have abused and vilified every Congress and every man in public life from Washington to Roosevelt. It is apparent at first glance that they are primarily interested in the circulation or box-office receipts rather than the welfare of the people or the success of the war.

But it must not be overlooked that their indictment of the legislative branch of the American Government is an indictment of the American people. Congress is a cross section of the Nation. Every Member of Congress has attained his seat against strenuous opposition and after desperate fighting. In every congressional district there are 500 men who would like to come to Congress and are perennially potential candidates for election.

In the covert battles, waged continuously and without respite in every congressional district, only the strongest and

ablest and sincerest win. It is a survival of the fittest. There is little opportunity for dissimulation or deception. Every candidate lives in a glass house, and the voters know him for what he is. That is especially true of the sitting Member. He cannot escape commitment. His opinions and decisions and his votes are constantly before the people in the CONGRESSIONAL RECORD and the newspapers. Reporters and commentators search out every foible and weakness and pillory every delinquency, and he is elected or reelected only because he is representative of the people of his district because of his reflection of their point of view, because of his ability to champion their interests and aspirations. He is one of them and typical of the composite citizen voter of his section and State. And any criticism which can justly be made of him, his character, his ability, or his patriotism can as justly be made against the character, ability, and patriotism of the people who send him to Washington to represent them. Any reflection on him is a reflection on the people and the State from which he comes.

And yet I would not circumscribe by one word the flow of malodorous and unreasoning criticism that is the daily lot of every Congressman individually and collectively. It is a tribute to the glory and success of our form of government. No citizen of the Reich ever utters a word of such comment or criticism against the German Reichstag or the Norwegian Risndag or the French Chamber of Deputies or the Italian Parliament. Only in the democracies is such criticism permitted. And so I thank God that here in America any citizen, responsible or otherwise, may still throw brickbats and custard pies, actually or verbally, at any official of the Government, including his own Representatives, his only safeguard against autocracy and despotism.

I trust the day will never come when it will be otherwise, for until that day does come men may still call their souls their own. Men will still be free—free to come and go, to speak and to worship, to live in security and happiness, under their own government, beneath their own vine and fig tree.

Too frequently there is a studied method in these criticisms of Congress, and they are part of a carefully devised program of derogation by those who seek to discredit representative government in order to serve their own interests. Congress is the bulwark of the people against economic and political as well as military dictatorship. Preservation of constitutional government depends on the maintenance of the National Legislature and its freedom of action. When Congress is destroyed the American Government is destroyed and as long as Congress survives and functions as it is functioning in this national emergency there need be no apprehension.

Let me reiterate. We are winning the war. Slowly but surely we are driving back the invaders, defending our frontiers, preserving our liberties and the freedom of the world. This Congress is meeting its obligations and discharging its duties as no Congress has met its obligations and discharged its duties from the First Congress, under the Speakership of Speaker Muhlenburg, to the Seventy-seventh Congress, under the Speakership of Speaker RAYBURN.

It is true, as the columnist says, Daniel Webster is not a Member of this Congress. His measured perorations would be out of place in the work-a-day atmosphere of these mass-production sessions where only facts and figures count. And unquestionably he could drink under the table any of the 435 Members of this House. But it has been my privilege, perhaps more than any other one man, with the possible exception of Asher Hinds, to read attentively what is available of the proceedings of the Congresses in which he served and the proceedings of the succeeding Congresses down to the present time. And on the basis of a careful study of the records of these past Congresses, and the observations of the more than 30 years I have spent in various capacities on this floor, it is my conviction that in no previous Congress have the proceedings and debate attained a higher plane or evinced a higher degree of statesmanship than in this Congress. And certainly the present Congress has transacted vastly more business, and has handled it more expeditiously and efficiently, than has been transacted in any previous Congress. The transcript of the RECORD and the printed hearings and reports of committees demonstrate that beyond the possibility of contradiction.

I congratulate the Seventy-seventh Congress, its leadership, its committees, and its loyal rank and file, on the remarkable success of its conduct of the war. No criticism or calumny can detract from that record. Judged by actual accomplishments, which cannot be ignored or denied, the remarkable fidelity and success with which Congress has discharged its duties in this war is without precedent in American history.

In continuation of this record of efficiency, the Committee on Appropriations reports today a joint resolution providing additional funds for the training and education of defense workers.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my distinguished friend from Arizona.

Mr. MURDOCK. First, let me congratulate the gentleman on his remarkable presentation of the record. His was not a defense of Congress, as this Congress needs no defense because the record speaks for itself. The indictment which is wrongfully placed by no disinterested parties against the Seventy-seventh Congress, according to the gentleman's preceding statement, has been carried somewhat to preceding Congresses. These other charges are equally groundless, regardless of the motives back of them. For instance, I saw in a movie the headline that the outbreak of the war in Europe in 1939 found Congress, as well as the entire Government, unprepared. I would like to ask the gentleman, is it not true that in the spring of 1938 we passed the largest regular peacetime Navy and Army appropriation bills in our history up to that date? Did not Congress pass an authorization bill for a two-ocean Navy which was without precedent at that date, and that was in the Seventy-fifth Congress. The Seventy-sixth Congress, following farseeing leadership, took wise and necessary steps in preparation for this crisis.

Mr. CANNON of Missouri. Our Nation is a peace-loving nation. Its institutions are founded upon an expectation of enduring peace. For many years we have proceeded under the universal impression that the Nation would never again be engaged in war. In view of that fact, the timely provision to which the gentleman refers was all the more remarkable in its forward looking policy.

The pending resolution provides for an appropriation of additional funds to complete the program for the education of defense workers. We are having a great demand for skilled workers. There is not a plant or factory in the Nation that is not short-handed. All need men, skilled men, and this work under the Bureau of Education, handled through the educational facilities of the States, is training young men in courses which fit them to go into the factories where war work is in progress and at once take up duties without loss of time or effort. For this work $52,400,000 was provided in the last session, but on estimates made prior to Pearl Harbor, and, of course, prior to the declaration of war, and the increase in activity in industry, make it necessary to provide for more students and additional courses, and the appropriation of $9,500,000 is expected to carry on the work for the remainder of the fiscal year.

If there are no further questions, I yield now to the gentleman from New York.

Mr. TABER. Mr. Chairman, I yield myself about 3 minutes. I am glad that the chairman of the Committee on Appropriations has taken this time to tell the American people the facts with reference to the situation here in Congress, with reference to the work that the committees of Congress do, the character of the debates here on the floor, and the devotion that is given by the Members of the House to their duties and the ability that is displayed. Personally I do not think that any responsible American source is going to challenge the ability of Congress. That attack upon the ability of Congress comes from a foreign reactionary source which has no real conception of the spirit and character which have builded America and which have carried us to the heights which we have attained.

This particular measure we have before us here today is to provide $9,500,000 to continue to carry on the work of vocational training for defense workers, in the hands of local boards of education, according to the program that has already been carried for ten and a half months of this fiscal year. It is a program that is needed to increase the supply of those workers, not only for the defense factories but for such things as the president of Airacobra spoke about yesterday in connection with airplanes, that we may have proper ground mechanics to keep the airplanes in the air and keep them flying. I believe this money necessary to round out about $67,000,000 that

is going to be spent on that supplementary vocational program in this fiscal year. Nearly 2,000,000 men are being trained and given refresher courses in all these programs, and I believe that it is necessary that this resolution be passed at this time.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. BOREN].

Mr. BOREN. Mr. Chairman, at the outset of this discussion I made inquiry as to the limitation of time under the plan to be pursued. Gentlemen on both sides of the aisle felt that about 10 minutes would be sufficient to dispose of this matter, and I presume that optimism is based on their long experience in putting through appropriations; but in checking this resolution I find that we have appropriated $52,400,000 for this purpose, and they now come back for this $9,500,000, to be dispensed with in 10 minutes, or a million a minute. I was interested in the comment that the gentleman from Missouri [Mr. CANNON] made that the committee had carefully audited these appropriations, and I just want to raise a few points and questions. In the first place, the program of training workers is in about the same shape as the program for housing facilities in the Nation was a short time ago, when there was a score of agencies duplicating activities.

The National Youth Administration has a worker-training program. The W. P. A. has a worker-training program. How many other agencies, I am uncertain, but they are numerous. I am willing to appropriate whatever is necessary for this purpose, but I believe it should be centralized under a specific program, all going through one channel, so that we can put our finger on its utilization.

I notice the report is given that in Oklahoma there are 30 cities with 50 schools in operation under this program that have trained some 4,000 workers. I believe that this money should be spent in such institutions as mechanical colleges and technological colleges, where the training is actually prepared for, but I do not know of any 50 schools in 30 cities in Oklahoma where such institutions exist. In fact, I know that they do not exist. So for what purpose are they using the money in these other places?

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Mr. WIGGLESWORTH. I am, of course, in favor of this appropriation, but I should like to say to the gentleman from Oklahoma that I share very strongly his sentiments about the great number of training courses now available under this or that Government agency.

I call attention to the fact that at page 49 of the hearings on the sixth supplemental national defense appropriation bill there will be found a detailed statement indicating that there are about 17 of these courses in the general field of training.

I feel with the gentleman that there should be some sort of over-all, authoritative coordination of the entire training picture. It should not be necessary to make so many appropriations for different courses, which may well overlap or duplicate each other.

Mr. BOREN. I appreciate the gentleman's contribution. My remark in that connection was not directed as an attack on this particular appropriation, but I hope it is a constructive suggestion to the Appropriations Committee and to pass on to the executive department.

I want to point out that this program as provided in this legislation spends $300 per person for training each of the men it claims to have under training. No doubt a good portion of that is wisely spent, but I have good reason to believe, from the figures given of 50 schools in 30 cities in my State, and comparable figures for every State of the Union, that there is a percentage of it, in my judgment equal to the amount of deficiency that they ask, that is not wisely spent.

I feel we should put a warning in the hands of such agencies as are engaged in these various purposes that they need not come back for deficiencies until they can show definitely, specifically, and absolutely the wisdom of each dollar that they have spent.

I hope that the Committee on Appropriations will carefully audit each dollar in the future.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BOREN. I yield.

Mr. WOODRUM of Virginia. I do not know where the gentleman gets his figures, but we were told that the cost of this training program was about $50 per person. That is on the preemployment trainees. On the so-called refresher courses, or part time course, about $25 per person. I do not know how the gentleman arrived at his $300 figure, but that is not the information that was given to the committee, and we do not believe that is correct.

Mr. BOREN. The figure that I took was the total number of people listed in the hearings that have been under training. I simply divided the total appropriation by that total number of trainees, and in simple mathematics it makes $300 per person. Of course, if they are spending $50 per person for training and $250 for administration, that is something worth looking into.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 2 additional minutes. I want to get this clear.

I want to call the gentleman's attention to the fact that while the total cost of this program is $66,000,000, the number that they told us would be trained under it was over 500,000. That means $130 each. That is quite different from $300. It is being done under the boards of education of the different local communities and not from Washington. The overhead in Washington is extremely small.

Mr. WOODRUM of Virginia. Will the gentleman yield to me?

Mr. BOREN. I yield.

Mr. WOODRUM of Virginia. The gentleman will see from the table on page 2 of the committee report that it runs up to 2,000,000 instead of 500,000, the total number to be ultimately trained.

Mr. TABER. That would divide it down to less than $40 each.

Mr. BOREN. The divergence in figures offered by the 2 members of this committee indicates uncertainty on the amount spent but I hope the lowest figures that have been brought out here are correct, and I am glad to have this additional information. It may be, of course, that there is an error in my calculation. I am willing to spend whatever money is necessary to adequately train a worker, but I again call to the attention of the committee the fact that there are not 50 schools in 30 cities in Oklahoma that have technological or mechanical organizations set up to train men for the purpose that we are training them for.

I want to say again that the point of my rising is that these many agencies for training should be consolidated so that we can put our finger on what we are spending and how it is being spent. There is great duplication in these various agencies.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. FITZGERALD].

Mr. FITZGERALD. Mr. Chairman, I shall support this resolution today because I have concrete evidence of the fine job that is being done by the United States Department of Education, the State departments of education, and by the local communities in the training of young men for the defense industries of this country.

In 1937 I sponsored and had passed in this House the apprenticeship bill. During the debate on that bill I stated on the floor of this House that if the day ever came that this country was at war, industries would cry for trained mechanics. That day has arrived, and all over this country all the defense industries are crying for trained men and trained women. I stated upon the floor of this House a year ago that we should consider, and consider very well, the training of the women of this country in the defense industries; and that day, too, has arrived.

In my district there are several of these schools training the youth of the country, both under the Department of Education and the National Youth Administration. I know that in my home town during the last 2 years over 1,000 youths of the district were trained and placed in defense industries—in the building of submarines, airplanes, guns; in fact, practically everything having to do with the defense of this country.

I agree with the gentleman from Oklahoma that possibly there should be a coordination of all these training programs into one. A great deal has been said about the National Youth Administration. Let me tell you what the N. Y. A. has done for the boys of several States in this country who received their preliminary training in their own State and then came to Connecticut to receive their final training and be placed in defense industries. Listen to these figures: From New York City 233 came to Connecticut and received their final training and were placed in war industries; Pennsylvania, 238; West Virginia, 310; Missis-

sippi, 495; Arkansas, 139; Kentucky, 294; Oklahoma, 210; Tennessee, 42; Kansas, 76; Maine, 50; New Hampshire, 6; Missouri, 25. These boys received their preliminary training in their own States and their final training in Connecticut. They were immediately placed in industries making implements for defense.

Only last week the Governor of Connecticut issued a statement to the effect that we are still short several thousand trained workers for the war industries of Connecticut. Mr. Chairman, I say this is one of the greatest things this country has ever done. It is something that must be done. More attention has got to be paid to the training of the mechanic of the future.

Under the bill that was passed in 1937 45 States adopted the plan, together with Hawaii and Puerto Rico. It was one of the soundest plans ever adopted for the training of the youth of this country. Had we then had the foresight to go into that program extensively and appropriate money to put the program into full effect, today we would not be so short of trained mechanics.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. I yield.

Mr. WHITTINGTON. I should like to ask the gentleman this for the RECORD: Do these young people who are trained by the National Youth Administration under this program receive similar compensation to that paid other workers doing the same work in the defense plants?

Mr. FITZGERALD. I think they do.

Mr. WHITTINGTON. Is the gentleman sure about it?

Mr. FITZGERALD. I know some of these industries are paying these youngsters for being trained, paying them while they are going to school.

Mr. WHITTINGTON. But my question is whether these industries are paying these young people comparable compensation to that paid others doing similar work.

Mr. FITZGERALD. Yes, I understand they are.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, I want to call attention to legislation which will be brought before us for consideration in a very short time which will have for its purpose making it possible for our soldier boys wherever they may be located to have the opportunity of voting in the coming elections. Many Members here present will doubtless remember the difficulty we had during the first World War to secure any ballots to send to the men who were in the service. There was a great deal of dissatisfaction on their part, as important legislation was enacted during their absence in which they had no opportunity to express their views.

I hope it will be possible that legislation will be enacted, between now and the time for filing primary papers, whereby the boys in the service may be recorded. I do not think a better present or a better recognition of their services would be possible than to carry out just that idea.

Mr. TABER. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from New York.

Mr. TABER. I think the gentleman has done a service in calling attention to this matter. Does not the gentleman think it is necessary that this legislation be passed very promptly so that there may be time enough to put the machinery in motion in order to have it effective?

Mr. TREADWAY. I suppose there will be great difficulty in reaching portions of our troops, but, nevertheless, every effort should be made on the part of the Government and on the part of the Governors of the States to reach every man to give him the right to vote, certainly at election time, and, if possible, in the primaries of those States where primaries have not yet been held. I agree with the suggestion of the gentleman from New York that this legislation is of primary importance and should be speedily enacted by Congress.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield such time as he may require to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have no desire to unduly delay consideration and action on this bill. I feel it is a very important measure and one that should have no opposition from any Member of this body. The proposed deficiency of $9,000,000 is not a part of the regular appropriation, for the vocational agricultural program with which all of us are, of course, familiar. None of these funds are for the purpose of carrying on that popular worth-while program. The funds asked for in the pending bill do involve training for industry and for that part of industry engaged in the war program.

I deeply regret that I cannot agree in this instance with my colleague from Oklahoma [Mr. BOREN], with whom I am pleased to say I usually agree and for whom I have much respect and admiration. The information I have is that Dr. Studebaker has a most excellent vocational education program in Oklahoma. May I just say here that I have known Mr. J. B. Perky, State supervisor of the Bureau of Vocational Education in Oklahoma, for many years and am familiar with his program. He has done an outstanding job. His program is a real credit to our State, and he has a very splendid loyal organization.

I do not doubt the figures Dr. Studebaker gave our committee with reference to the 50 schools in Oklahoma where youth is now receiving training for defense jobs. Such trained youth are really getting those jobs too.

I cannot overemphasize the importance of this part of the defense program. Dr. Studebaker appeared before our committee, and I am sure members were much impressed by his testimony. He made it plain that he is not trying to take over the N. Y. A., the W. P. A., or any other New Deal agency, as some have suspected. He also gave some information and figures that speak for themselves. He stated that during World War No. 1 they trained only 60,000 boys and girls altogether for defense jobs. During the present emergency, however, we find that they are training more people in a month now than they trained during all of World War No. 1.

Here are some of the figures he gave the committee: His organization is now training 231,000 plus in trades and industry schools; 179,000 youth are attending evening schools; 240,000 adults are receiving training for defense jobs, so important to speeding up production, which, of course, means the speeding up to the successful conclusion of this war for the very existence of the American way of life.

Mr. TABER. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from New York.

Mr. TABER. The table at the back of the report indicates that the current year's production will be nearly 2,000,000.

Mr. JOHNSON of Oklahoma. Nearly 2,000,000 altogether. Those figures are impressive and speak for themselves. I am delighted that the gentleman from New York and I agree for once. Seriously this is a very important program, and I hope the pending bill will pass without a single objection from any Member on either side of the aisle of this House.

Mr. CANNON of Missouri. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Chairman, this resolution making an appropriation of $9,500,000 to accelerate the program of training of workers for war industries is fully justified in the hearings before the Appropriations Committee. The vocational service training program has done a fine job. It rightfully deserves recognition for the part it has played in helping bring about the great increase in our production of munitions of war. No nation, during times of war or peace, can have a better asset than an abundance of competently trained skilled workers. In my State we are very proud of the program that is being fostered by the Office of Education. Twenty-one cities have vocational training programs which are operated through 24 schools. The program in Tennessee has been successful. I wish that it could be greatly enlarged. I am glad the Appropriations Committee and Congress are so enthusiastically supporting the vocational training program for defense workers. I know that it may be possible at this time, but after the war I hope that the program will not only be continued but that it will be accelerated so that eventually we will have provisions for vocational training in the larger high schools and elementary schools throughout the country.

Experience during recent years indicates that we need increased vocational facilities for the school children of America. The tendency is to specialize in some kind of trade or a vocation. This is a necessary result of the mechanical progress of our Nation. I do not mean to

disparage the value of an ordinary high-school or college education, but I do think that more emphasis should be put upon vocational training. Many boys who have graduated from high school and college would be better off if part of their education had consisted of becoming a skilled technician in some trade or avocation.

This program is requiring the assimilation of much equipment and facilities. The question arises as to what will be done with this equipment when the war is over. I am glad the staff of the Department of Education is giving study to this matter. I hope that they will conclude that provisions should be made for the use of the equipment in elementary and high schools, and that Congress will sustain a continuation of the program by making appropriations so that the equipment in these schools may be put to good use.

I am heartily in favor of the resolution, and I hope that it may be passed without a dissenting vote.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I realize that vocational education is doing a great good. It is being operated by the Federal Government in conjunction with the States, and in that way we have a dual control over its operations. I believe that the money being spent at this time for the education of the youth of this country is probably money wisely spent. If we do not take much time on many of these bills that come in here, it is because there is unanimity of opinion, and therefore it is not necessary to take time.

However, there are other bills that are being fostered along the line of education that I am not so sure are in that same category, and I believe attention should be called to them before their consideration on the floor of the House. When I read the statement of the Treasury of May 22, I find that we have gone in the red $16,801,000,000. We have got to put the brakes on some of the spending of this Congress, because we have spent money too lavishly and too freely, and we will find that it will be difficult to put taxes enough on the people to bear the burden.

I call attention to the fact that I am approving the spending of the nine and one-half million dollars provided in this bill, knowing that the results obtained from this program will warrant the expense. But in the very near future we are going to be asked to appropriate more money for the National Youth Administration. The National Youth Administration is spending too much money when compared with the results attained, and that is the point I want to bring to the attention of the House right now.

I know of instances where money has been spent in fabulous sums, and the good obtained from the expenditure of those vast sums of money was not justified. When that bill comes before the House, we want to begin to put the ax on it. We want to know where every dollar of that money will be spent, and we want the results to be in proportion to the amount of money spent.

I am satisfied that the money involved in this bill is the most economical way we can develop the youth of this country for the industries in which they will, no doubt, get jobs.

Mr. CRAWFORD. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Michigan.

Mr. CRAWFORD. What overlapping is there, if any, between the appropriation and activities covered by this bill and the National Youth Administration?

Mr. RICH. I do not think there is any whatever. I do not think there is any overlapping. One has nothing to do with the other. But the National Youth Administration will come in here asking for money, and I want you to put your finger on every penny of it and know it is going to do the good that somebody will tell us about.

Mr. CRAWFORD. If the program in this bill is carried out, why should there be any money appropriated for the National Youth Administration?

Mr. RICH. I do not think so.

Mr. CRAWFORD. Neither do I.

Mr. RICH. I think we should eliminate the National Youth Administration altogether and put the money in here where the Federal Board of Education, under Dr. Studebaker and the heads of the educational departments of the various States, will look after it. We will know then that we will get 100 cents value in return to the Federal Government for every dollar we spend.

Mr. CRAWFORD. I agree with the gentleman on that.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LYNCH].

Mr. LYNCH. Mr. Chairman, I am wholeheartedly in favor of this joint resolution now before us which appropriates the sum of $9,500,000 for the continuance of vocational training for our youths and refresher and supplementary courses for older men. The Appropriations Committee and its distinguished chairman [Mr. CANNON of Missouri] are to be congratulated on their wisdom and foresight in recognizing the necessity for training workers in national defense.

It is particularly gratifying to know that a large part of this appropriation will be expended on refresher and supplementary courses for older men, enabling them to get back into their old trades or making them, by reason of their already acquired mechanical skill, readily adaptable to new trades or new methods.

This resolution is in line with H. R. 4958, introduced by me on June 4, 1941, which would authorize an appropriation for $10,000,000 for refresher courses in recognized vocational and trade schools for mechanics engaged in trades necessary for national defense.

In this total war there is as great need for trained mechanics as there is for trained soldiers. Congress has not been slow in recognizing that fact. The precision with which this Congress is working and the intelligence and wisdom which it has displayed in the entire war effort are strikingly exemplified by the fact that this morning we passed the Smaller War Plants Corporation bill which has for its purpose the mobilization and utilization of small business concerns for war and essential civilian production and only a few hours thereafter we have before us this present legislation, House Joint Resolution 316, which will, in part, provide the workers for the small business concerns which we hope will get into war production through the medium of the bill we passed earlier in the day.

If this bill passes, as I expect it will, it will be the means of increasing our war production by increasing the number of skilled mechanics available for such work.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, as a school man who has been practically all of his mature life in the classroom or in an administrative capacity in connection with schools, I ought to say something in regard to this appropriation. Like the gentleman from Oklahoma who first spoke here today, I understand the need of restricting overlapping and in safeguarding the expenditure of money even in this splendid cause, but as all of you know, I have many, many times taken the floor of this Chamber to speak in behalf of appropriations for the National Youth Administration and other such educational work.

Now we have before us an appropriation to be used through the Office of Education for this vital war training. I believe that any overlapping has been largely eliminated by voluntary cooperation between the administrators of these agencies. If any still exists, let us deal with it.

I know what has been done in vocational education. Someone has already pointed out here that this is done in connection with local school boards. That I think is the especial merit of this particular plan. The Office of Education has carried on already a splendid piece of work, cooperating as it does with State and local agencies, it reaches into every State and motivates, helps, finances, and actuates the training facilities in almost every school of any importance. It is true in my State, and I am sure it is true in the 47 other States in this Union.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from South Carolina.

Mr. HARE. I understand that under the vocational-training program the vocational training for agriculture has reached into practically every school district of the country, but the appropriation under consideration here today is primarily for training men in mechanical work for industry, for defense activities. I wonder whether or not the vocational-training program under the George-Dean Act for training young men in mechanics has reached into every school district of the States.

Mr. MURDOCK. Perhaps it has not reached as far as we should like. I may say that ever since 1916, when the Smith-Hughes Act was passed and appropria-

tions were made under it, there has been cooperation in industrial training. It has been greatly expanded in defense training in recent months. Of course, it takes certain facilities for this training—machine shops and similar specialized equipment and a highly specialized teaching force. This is one reason I do not think we ought to permit duplication in this great training program. One reason I am so solidly 100 percent for the particular work we are supporting here today is that it avails itself of the machine shops and other facilities and trained teaching staffs which have been built up throughout the country since 1916.

Mr. HARE. My inquiry was not for the purpose of offering any criticism, because I am sympathetic with this appropriation, but the point I make is that there is a necessity for the enlargement of the program under the vocational-training program to reach every community in the States, because I know that in my State only two communities have been reached so far.

Mr. MURDOCK. I will gladly join with the gentleman in extending the benefits of this training. However, one of the reasons why I asked for this time is to express my personal satisfaction with the superb address of the chairman of the Appropriations Committee in his opening statement on this bill. It is plainly evident that the gentleman from Missouri feels deeply the pernicious and unwarranted attacks upon Congress which have lately been poisoning the public mind. The gentleman from Missouri, in reviewing the timely and worthy acts of the Congress in furthering our preparedness effort, has used the most superlative degree in his descriptive terms. And well may he use superlatives in connection with this greatest of all struggles for survival, for it is the greatest our Nation or the world has ever faced.

No doubt participants in every conflict feel that their struggle is most significant, but even so, one does not need the perspective of history nor the astronomical calculations of mathematics to realize that this is the greatest of all human conflicts and that its outcome for good or bad will reach to the entire world and for uncounted centuries in the future. Therefore, when we discuss it we must use superlative expressions and when we consider the patriotic and worthy efforts of our Government in its attempt to cope properly with a most critical situation, we must use superlative adjectives, because all others fall short. Also if we point out the unpatriotic and pernicious efforts of those who wrongfully belittle Congress and the chosen representatives of the people, we are again called upon to use superlative terms to denounce them.

The gentleman from Missouri is a great student of constitutional liberty and he very rightfully recalls the keystone position which freedom of speech and of the press hold in our Bill of Rights and in our constitutional framework of liberty. Because of this realization he is all the more competent to denounce the abuse of that freedom by anyone under the pretext of freedom of speech and of the press. As was once said by a noble spirit, "Oh, liberty, what crimes are committed in Thy name!" So we might properly say today, "Oh, freedom of speech and of the press, what license is committed in thy name!"

As for the proper attitude of the American people toward those agencies now influencing the public mind, whenever they wrongfully strive with diabolical cunning to distort facts so as to belittle Congress and so poison the minds of the people against their chosen representatives, undoubtedly it may safely be assumed that "their sins will find them out." One time in my boyhood in a distant community a minister of the Gospel said concerning a disreputable lawyer:

> He has become so bad even his disreputable colleagues were forced to disbar him.

From that remark I assumed that this scoundrel had overplayed his hand among even those of his own kind. Of course, he would have been disbarred much earlier from a bar association of high-minded lawyers. What about these agencies of public expression which, by words through radio or by the printed page, deliberately distort the truth? I think it may safely be assumed, in spite of the fact that so many persons believe firmly every word spoken over radio or appearing in print must be the absolute truth, that enlightened citizens of our country will ultimately see the falsity where it exists.

I believe there are several different kinds of statesmen here in the Nation's Capital, although most of us sent here cannot lay claim to that title. Some are official statesmen, chosen by the people of the various congressional districts or States to represent the people and to speak for the people. Other individuals of this select group are unofficial statesmen, if they properly qualify at all as such, and they may represent even larger constituencies in some cases than do the Members of this body. They may or may not be chosen by their constituents through an election.

I have in mind now certain leaders of large groups of our citizens who are here in Washington to counsel with us duly elected officials toward the proper determination of wise policy in governing the Nation. Among these unofficial statesmen I would classify some outstanding newspaper editors, whether here or at their desks elsewhere, or leading columnists, or widely heard radio commentators, who may not have been chosen by any constituency, but nevertheless represent a more numerous constituency than any Congressman or Senator. Such individuals just mentioned are like watchmen upon a tower. Their responsibility to the people is just as great or even greater than that of any legislative or administrative official.

These unique leaders of thought whom I have called unofficial statesmen may not have taken an oath such as each of us took on assuming our duties here to uphold and support the Constitution of the United States. They may not have subscribed publicly to any code of ethics of which their profession boasts, but their obligation is measured only by their potential influence. If some of them play "petty politics" or stoop to mean and personal privileges for temporary gain, not only will their decent fellows find them out, but their influence upon their millions of followers will quickly wane. It seems to me that any delegated or self-appointed spokesman stationed in this strategic place who distorts the truth, who belittles the effort of his Government in our greatest hour of trial, is not only crumbling the sand under his own feet, but playing false to his country. We Members of Congress are only a few of those here in a strategic position who need to realize the solemn obligation resting upon us and who need to know that we will be measured now and hereafter accordingly as we measure up to that obligation.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I feel that the record should be clear as to exactly what this program does. I would judge from the remarks of the gentleman from Oklahoma [Mr. JOHNSON] that there is perhaps some misunderstanding as to the scope and character of the program this appropriation is intended to implement.

To begin with, there is nothing in common between the program of the National Youth Administration and the program provided under the appropriation which this $9,500,000 appropriation supplements. I have been asked repeatedly by men on the floor whether or not this is in addition to or in connection with the National Youth Administration. They are entirely separate and distinct programs.

I think the gentleman from Arizona correctly expressed the situation by indicating that we have spent hundreds of millions of dollars since 1916 in the development through Federal aids of a great Nation-wide system of vocational education. The Federal Government has provided funds to aid in the development of vocational educational institutions in the various States. The States that have availed themselves of the provisions of that law have developed modern, fine vocational-training centers operated by State directors of vocational training in connection with the regularly established school programs in the various States.

When the need for the preemployment training and refresher training of men necessary and vital to the war industry became so apparent there was set up in the Office of Education a defense program that was superimposed upon the vocational program of this country. The Congress appropriated fifty-four-million-odd dollars to enable the Office of Education to utilize the facilities of the vocational-school systems of this country.

You would be interested to know that the evidence before our subcommittee in relation to the forthcoming appropriation bill for the Federal Security Agency discloses that in practically all of the communities of the United States where

there are vocational school facilities those facilities are now being operated 24 hours a day training men who come there for refresher courses and training men who come for preemployment courses. This fund is designed to supplement the funds provided in the defense vocational training program by allowing the hiring of teachers and instructors to continue this defense vocational training program on a 24-hour basis. Instead of training just a few hundred thousand people, the program contemplates training under this very appropriation which this joint resolution supplements, over 2,000,000. Now they have no connection whatever with N. Y. A., and while there may be some duplication of service in certain communities and while there may be some overlapping, perhaps, you will have an opportunity to view the program of the N. Y. A. when that bill comes before the Congress. To those people who are interested may I state that all you have to do is to read the Budget message of the President submitting the appropriation for N. Y. A., and you will see that the ax has been administered to that agency very, very radically and materially by the President, and it has been reduced now to a program that is definitely associated with the war effort. Mr. Chairman, I earnestly support this legislation as a very great contribution to the war effort.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. BARDEN].

Mr. BARDEN. Mr. Chairman, the work that has been carried on through money previously appropriated for vocational training has, in my opinion, been about the best-spent money we have had the privilege of appropriating. I think one of the indictments, and probably one of the worst indictments, that has been brought against the educational authorities and the people engaged in the education of the youth of this land is that they have given a little too much of their time to promoting what might be termed "higher education" for the small minority of the youth of this land. The great majority of the young men and women do not have an opportunity to go to college and I have never regarded a man or woman as being educated until they knew how to earn a living.

In my State of North Carolina I have never had to explain, apologize, or even experience one moment of embarrassment over the money spent in this program. One of the outstanding examples of the work being carried on under this program is within a few miles of my home. I have visited it frequently at Newport, N. C. These young men and young women become very much interested in the work and they soon get a vision of being able to do a good job in the particular calling or in the particular field which they select. There is one thing, however, that the States and the Federal Government, in my opinion, must do something about, and that is with respect to the equipment in these shops. As it is at present they have to get their equipment the best way they can, and I dare say 95 percent of the shops are short on equipment. This means that the students are unable to give the time they would like to give to a particular machine. It further means that they limit their enrollment. But in making this criticism or suggestion, I do so not with any idea of removing any of the laurels already won. I do so realizing that we cannot have everything that we might desire in the shop, but at the same time when we need the skilled worker, if there were some way we could set up the equipment in the shops, we would, at the same time, step up the output of trained men. Just how this can be worked out I would not attempt to give the details, but after visiting many of these shops I find that this is the only criticism expressed.

Of course, we need skilled men, we need trained workmen, and there are private schools over the country now training welders and mechanics of various kinds. They pay quite a bit in tuition and there is work and plenty of material for these private schools.

Mr. Chairman, I hope this program will continue and the enrollment increase in number.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I ask that the Clerk may read the joint resolution for amendment.

The Clerk read House Joint Resolution 316, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes herein set forth, the sum specified, as follows:

FEDERAL SECURITY AGENCY

OFFICE OF EDUCATION

Education and training, defense workers (national defense): For an additional amount for payments to States, etc. (national defense), fiscal year 1942, for the cost of vocational courses of less than college grade, as provided in paragraph (1) under this caption in the Federal Security Agency Appropriation Act, 1942, as amended by the second paragraph under the same caption in title III of the Sixth Supplemental National Defense Appropriation Act, 1942 (Public Law 528), approved April 28, 1942, $9,500,000.

Mr. ROBSION of Kentucky. Mr. Chairman and members of the Committee, I wish to commend the Committee on Appropriations for bringing to us the resolution now before us to add $9,500,000 to the $52,400,000 heretofore voted by the Congress to give vocational training to young men and women to equip them for service in our defense plants.

We are now engaged in a great and total war. The facilities of every factory, plant, shop, and mill, and the brains and the hands of all Americans necessary, should be utilized in producing more and more ships, planes, bombers, tanks, guns, shells, clothing, and other supplies and equipment for our armed forces, so that our country and those associated with us may in the near future have complete superiority over the Axis Powers on land and sea and in the air, in order that victory may come at the earliest moment possible and with the least loss of human life.

Some very effective work has been done along these lines already. I have always looked with favor on vocational training. The hands should be trained as well as the mind.

Our distinguished colleague the gentleman from North Carolina [Mr. BARDEN] said that a young man or a young woman is not fully and completely educated unless they have been so trained that they can earn an honest livelihood for themselves. I have long entertained the same views.

In the year 1919 or 1920, I do not recall which, when the Republicans were in control in the House and Senate, I was a member of the Committee on Education and that committee, under the able leadership of Dr. Fess of Ohio, reported a bill, providing for vocational training for those physically handicapped. Its purpose was to take these physically handicapped citizens off of the human scrap heap and train them and make them self-supporting citizens. In an able speech by a certain distinguished Member of the House, the constitutionality of the measure was seriously challenged and the advisability of entering upon such a policy was seriously questioned. It was my pleasure to meet that challenge on the floor. The measure was adopted by the House and later by the Senate and we set out on the policy of vocational training for the physically handicapped throughout the Nation. This policy has been continued through the years and I am happy to say with splendid results. Thousands of boys and girls, men and women, physically handicapped, have been reclaimed and have been and are now self-supporting, self-respected citizens.

The measure before us is strictly a war measure. I have no doubt but what it will greatly contribute to the winning of the war and it affords me real pleasure to give it my whole-hearted support.

I think the resolution should be adopted without a dissenting vote.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this joint resolution close in 5 minutes.

The CHAIRMAN. Is there objection?

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, I reserve the right to object. I would like to have time to ask one question of the distinguished chairman of the Committee on Appropriations, which will take not over 2 minutes.

Mr. CANNON of Missouri. I yield half a minute to the gentleman from New York for that purpose.

Mr. WILLIAM T. PHEIFFER. I shall endeavor to propound the question in half a minute.

The CHAIRMAN. The gentleman from New York reserves the right to object?

Mr. WILLIAM T. PHEIFFER. Yes; I am reserving the right to object. I am wondering if the chairman of the Committee on Appropriations can throw any light on this subject.

I am informed that last January a conference was held at Baltimore under the aegis of the National Committee on Education and Defense of the United States, Office of Education, which was attended by representatives of many of our leading universities and colleges, and the

topic under discussion was the matter of keeping up an educational program in the colleges during the summer so as to accelerate the education of those students who desire to attend summer school but are financially unable to do so; that the discussion centered around a proposed program of Federal grants-in-aid of those students, both in the fields of vocational and nonvocational education. Mind you, I am 100 percent for this resolution and the only reason I have taken the floor is because of my feeling that we should go further afield. Therefore, I am interested to learn whether any legislation has been proposed or presented to the Committee on Appropriations by the Office of Education in conjunction with the Federal Security Agency for implementing the program tentatively decided on at the Baltimore meeting. I consider this a timely inquiry because the summer sessions of our universities and colleges will be getting under way by the first week in June, and if that aid is to be available, it should come quickly. In my judgment, the accelerating of the education of college students and the utilizing of the splendid facilities of our colleges and universities on a year-around basis would be a real and valuable contribution to our all-out war effort.

Mr. CANNON of Missouri. I think the gentleman agrees with me that that discussion would properly come under the N. Y. A., which will be before the House shortly, and it is probable that the gentleman will be recognized for 5 minutes, and the chairman in charge of that bill might throw some light on the matter he has in mind. I ask unanimous consent that all debate on this resolution close in 5 minutes.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, I have not withdrawn my reservation of objection. I would like some explanation.

Mr. CANNON of Missouri. There is nothing at all before our committee and nothing in the shape of legislation before the House on the subject, but there will be legislation before the House later on.

The CHAIRMAN. The gentleman from New York has reserved the right to object. Until someone demands the regular order, he may continue.

Mr. WILLIAM T. PHEIFFER. I do not believe I am violating any confidence when I say that I have discussed this question rather fully with key officials of the Office of Education and also with the Federal Security Agency. They both assure me that no effort is being spared to implement the plan for lending a financial helping hand to deserving students who otherwise would be unable to pursue their college educations during the summer months.

Mr. CANNON of Missouri. I am just as interested in the matter as is the gentleman, but it is not germane to this subject or to this bill. I have no doubt the gentleman would like to have it discussed at the time when we have legislation before the House.

Mr. WILLIAM T. PHEIFFER. I think it is quite germane, but I am perfectly content to let the matter rest at this point, in the light of the gentleman's assurances.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. HARE].

Mr. HARE. Mr. Chairman, I rise for the purpose of making only one observation. That is that for the past several months many of us have been greatly concerned about training young men for entrance into industrial activities and defense industries.

A number of agencies of the Government are training young men for this purpose. I would not have time to go into any great detail. I think probably they are making a very valuable contribution to our defense activities in training young men before actually going to work. However, what I would like to bring to the attention of the House is this: It is extremely important that we have machines, that we have tanks, that we have airplanes of different types, observation, fighting, and bombing planes of every type. It is not only necessary to have these but it is highly important we have someone to operate them and to operate them in the most effective way possible. Being able to handle a plane properly in combat is just as essential as being able to handle efficiently a machine gun or any other implement of war. My thought is that, in addition to the training young men will receive in actually operating planes, there should be a training prior thereto which would enable them to know thoroughly the conditions under which the planes are to be operated; weather conditions; atmospheric conditions; the manner in which different sizes and types of planes will behave under different circumstances and conditions at different heights; aviation mathematics, physics, chemistry, and other matters highly essential for an Army pilot. Of course, practice in flying finally makes the expert, but basic training to begin with would be most valuable, and such information can be obtained before actually going into the Air Corps and prior to entering the pilot-training schools. When young men go into combat they will be compelled to make decisions immediately, and they will want to know their business like knowing the alphabet, because without this they will not be experts.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise and report the joint resolution back to the House without amendment, with the recommendation that it do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RAMSPECK, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration House Joint Resolution 316 and directed him to report the same back to the House without amendment, with the recommendation that the joint resolution be agreed to.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the joint resolution to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The joint resolution was passed.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent that on Tuesday next, after the disposition of the legislative business of the day, I may be permitted to proceed for 30 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all who have spoken on the joint resolution just passed may have 5 legislative days in which to extend their own remarks on the resolution.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of the legislative business for the day and other special orders I may address the House for 15 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

(Mr. SMITH of Ohio and Mr. DELANEY asked and were given permission to extend their own remarks in the RECORD.)

INTEREST RATE ON LAND BANK AND COMMISSIONER LOANS

Mr. NELSON. Mr. Speaker, I call up House Resolution 485.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into a Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6315) to extend for 2 additional years the reduced rates of interest on Federal land bank and Land Bank Commissioner loans. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous order shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. NELSON. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and yield myself 5 minutes at this time.

The SPEAKER. The gentleman from Missouri is recognized for 5 minutes.

Mr. NELSON. Mr. Speaker, 23 years ago last week I came to Congress and entered upon my duties in this body in a special session which had been called by President Wilson. Since that time I have voted for every agriculture bill except during the years I was not a Member of the House. Never, though, have I voted for a measure more far-reaching in its importance or which promised to do more for agriculture and the country as a whole than the bill this rule seeks to make in order. Three times this House has expressed itself on this proposition. Those were peacetimes. How much more important is it now that we are at war that we again make possible this aid not only to agriculture but to our country as a whole.

It is not my belief that it is necessary to take any considerable time in calling attention to this rule, nor shall I do so. I do, however, want, Mr. Speaker, to pay a deserved tribute to the author of this bill, the gentleman from Oregon [Mr. PIERCE], who, during all the years I served with him on the Committee on Agriculture, has rendered such splendid service not only to agriculture but to the country as a whole.

Mr. RANKIN of Mississippi. Mr. Speaker, will the gentleman from Missouri yield?

Mr. NELSON. It is with pleasure that I yield to the able Member from Mississippi.

Mr. RANKIN of Mississippi. In that connection let me say to the gentleman from Missouri that no man has done more to further rural electrification for the farmers than has the distinguished gentleman from Oregon.

Mr. NELSON. I thank my Mississippi friend, who has for so long been in the forefront of the fight for Rural Electrification Administration. I wish also to express my appreciation of the work of the chairman of this committee, the gentleman from South Carolina [Mr. FULMER], who has been instrumental in bringing out this legislation.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. NELSON. I yield, with pleasure, to my friend and fellow member on the Rules Committee.

Mr. ALLEN of Illinois. We on this side have no disposition to fight either the rule or the bill. The bill was reported unanimously by the Committee on Agriculture, was it not?

Mr. NELSON. That is true. I was about to make the statement that the bill has the unanimous support of both sides of the aisle; and, thank God, we have no politics when it comes to getting this war job done; this is a part of the war job.

A little while ago I walked over to the Capitol with the chief of the bureau which has to do with the purchasing of all the meat we shall need for our Army. He stressed the importance of the part agriculture must play at this time. Last week I was back in my home State, and there I found farmers, men and women past the years when they ordinarily work so hard, going on the job with most indomitable enterprise. The farmers of the country, handicapped as they are by the lack of sufficient help and machinery, need to produce all we must have and are going to produce what we need for our boys on the fighting front and what they are going to need after the war is over. This is bound to mean increased cost of production. The seriousness of the situation all the more justifies such legislation as the pending rule seeks to make in order.

Mr. Speaker, I have no requests for time, and I understand the gentleman from Illinois has no request. So, Mr. Speaker, I move the previous question.

Mr. ALLEN of Illinois. Mr. Speaker, I yield back my 30 minutes to the gentleman from Missouri.

Mr. NELSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. FULMER. Mr. Speaker, it is very apparent there is no opposition to this bill, and in order to expedite the matter I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. FULMER]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) the first sentence of paragraph "Twelfth" of section 12 of the Federal Farm Loan Act, as amended (relating to the 3½-percent-interest rate on Federal land bank loans), is amended by striking out "occurring within a period of 7 years commencing July 1, 1935," and inserting in lieu thereof "occurring within a period of 9 years commencing July 1, 1935."

(b) The fourth sentence of such paragraph "Twelfth" (relating to the time limit on payments made by the United States to land banks on account of such interest reduction) is amended to read as follows: "No payments shall be made to a bank with respect to any period after June 30, 1944."

SEC. 2. The last paragraph of section 32 of the Emergency Farm Mortgage Act, as amended (relating to reduction in the interest rate on loans by the Land Bank Commissioner), is amended to read as follows:

"Notwithstanding the foregoing provisions of this section, the rate of interest on loans made under this section shall not exceed 4 percent per annum for all interest payable on installment dates occurring on or after July 22, 1937, and prior to July 1, 1940, and shall not exceed 3½ percent per annum for all interest payable on installment dates occurring on or after July 1, 1940, and prior to July 1, 1944."

Mr. FULMER. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, for some time the Committee on Agriculture has been considering legislation, having in mind amending the original act in several instances. However, we finally reported H. R. 7091 at which time we also reported this bill. On account of the emergency it is the unanimous opinion of the members of the committee that we should pass this bill at this time which has for its purpose the extending of the 3½ percent interest rate for 2 additional years.

Mr. ROMJUE. Will the gentleman yield?

Mr. FULMER. I yield to the gentleman from Missouri.

Mr. ROMJUE. The provisions of this bill extends the rate of interest that has been given to this class of loans heretofore, with which I am in entire accord. Personally I think it ought to be permanent legislation but I realize that the chairman is just as much interested in the farming class of people as I am and no one has devoted more interest and time trying to help this class of people than the chairman, the gentleman from South Carolina. I want to compliment him on the fine service he has rendered to farmers of this Nation. His judgment on this legislation is entirely in accord with my own.

Mr. FULMER. The gentleman is correct as to the provisions of the bill and I want to thank him for the very kind remarks and would like to add that I do not know of any Member of Congress who has served all these years with me that has been more deeply interested in farm legislation and who has rendered more real service in connection with the passage of the many bills that we have considered in behalf of the farmer.

Mr. PIERCE. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, in 1933 we passed the original bill fixing lower interest on farm mortgages held by Federal farm agencies. This was renewed in 1935, again in 1937, and in 1939. The law expires on the 30th of June of this year, except for the Commissioner's loan provision, which expires May 30.

The interest rates on notes and mortgages given by the farmers to the various farm agencies of the Federal Government will automatically return to the interest specified in the notes and mortgages, unless the bill passes. They have been paying 3½ percent for 8 years, and this bill renews that interest rate for a period of 2 years.

I think the bill should pass as it is written. It is simply a continuation of the present law. The farmers have suffered severely by reason of the war, especially in labor shortage and costs. Their boys have volunteered and have gone to war. It is natural for a farm boy to go to the defense of his country, and I think they are now forming the backbone of the companies and regiments that are today close to the front lines.

There is a further reason for the passage of this measure. The farmers have been paying this rate of interest, and this is no time to raise the interest rate. It will automatically go up unless we pass this bill. I was farming when the other war was on. Farm products were sold in the market for what we could get. We then had a free market. We now have a controlled market, as we have passed a price-control bill. Therefore the farmers are raising their products at fixed prices, but it is costing them more to raise crops by reason of higher prices on everything they need, including labor.

A further reason this bill should pass at the present time is that one of the things which must come out of this war is lower interest rates. We are not going to be able to carry the immense national debt at present rates. It is plain to be

seen that we can carry $100,000,000,000 at 1½ percent as easily as we could carry $50,000,000,000 at 3 percent. So there are going to be lower interest rates, and the farmer should now have the advantage of those lower rates.

If the farm-credit agencies could today borrow the money on the market and pay the rates that are now charged, there would be no cost to the Treasury in continuing this law. Some years ago a large number of their bonds were sold at high interest rates. Most of them are not callable until after 1946. The farmers must not pay the penalty.

Mr. Speaker, this bill should pass.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Montana.

Mr. O'CONNOR. I take this occasion to compliment the gentleman on the matchless service he has rendered the American farmer as a Member of this House. I do not know any Member of the House who has been more faithful to the interests of the poor man and the farmer, regardless of what he has been producing, than the distinguished gentleman from Oregon. We in Montana as well as the people in the gentleman's State are to be congratulated that we have the benefit of his splendid service.

Mr. PIERCE. I thank the gentleman for his kind words. I have written out a statement on this bill and ask unanimous consent to revise and extend my remarks to include that statement and the committee report on the bill.

FEDERAL FARM LOAN INTEREST RATES

The bill under consideration, H. R. 6315, extends for 2 additional years interest-rate provisions of the present act which expires July 1, 1942. That act provides that all who have obtained loans through the Federal land banks, or through the Federal Farm Mortgage Corporation, these latter known as Land Bank Commissioner's loans, are given the continued privilege of paying 3½ percent upon the principal, instead of the interest rates specified in the mortgages. These notes and mortgages bear from 4 to 6, and even 6½ percent.

This law has been on the statute books since 1933 when it was first passed by the Congress, and signed by the President. It then provided for a 4½ percent interest rate. It was designed to help the farmers of this country, not only in fixing a reduced amount of interest they were paying to the Federal Farm Credit agencies, but also in establishing a standard which would make impossible the excessively high farm mortgage interest rates which have been charged, in the past, by some private lending institutions.

After 2 years of operation, the law was reenacted by the Congress, in 1935, and provided for a 3½ percent interest rate. In 1937, a bill to continue the 3½-percent rate was vetoed by the President. Congress passed the bill over the veto. This was repeated in 1938, when Congress again renewed the act over a Presidential veto. In 1940, the law was renewed for 2 years, with the President's approval. When the Congress passes this bill, H. R. 6315, I believe the President will willingly sign it.

NO TIME TO RAISE FARM INTEREST RATES

It is no time to raise farm interest rates. A country at war must rely upon the farmer for dependable and increased production of the foods and fibers to sustain, not only its own nation and its armies on the battle fronts, but to assure adequate supplies for its allies. The country is banking on the certainty of the contribution of American farmers. This is an important factor in maintaining hope and strength among the United Nations at war with the Axis. All the democracies are expecting much of American farmers and they will not be disappointed.

No group of producers in the United States has suffered more severely by reason of the Selective Service than have the farmers and stockmen. Their skilled and dependable working forces have been depleted. It is just natural for the strong, sturdy, responsible boy reared on a farm or stock ranch to volunteer for the armed forces of the country. He is inured to hardship. He knows what it is to get up early in the morning and work till late at night, battling with the elements and facing the storms. He loves the land and rushes to the defense of his country and all that he holds dear. Farm volunteers form the backbone of many of the regiments and companies which are today holding the exposed front lines.

Thousands of farmers have written Congressmen about the desperate conditions because the skilled farm workers have gone into the service, or into the war industries where they are earning higher wages than could possibly be paid on the farms. The trained, experienced labor essential to successful production has been drawn off and cannot be easily replaced. It requires experience and skill to produce farm crops. It requires long hours of hard work every day. Dairy farmers have been especially hard hit. Many of them have been forced to dispose of herds, to their own great loss and to the detriment of the food supply of the country. Farmers and their wives are working like slaves, and quite a percentage of farm labor will be done this year by girls and women who do not have the physical strength for the tasks. They will drive the tractors, they will watch the herds, they will milk the cows, they will do their level best.

Farmers have to carry a load of greatly increased operating costs. They spend hours of fruitless effort trying to get equipment and materials for farm machinery and farm storage. Their greatest problem is to meet the excessively high wages which must now be paid for farm labor, in spite of the fact that the Government rigidly fixes ceiling prices for farm produce. A dairy farmer writes me about paying $90 a month, and board, for a man to milk cows. Think of it. Paying a man on a farm as much as college-trained school teachers are paid, then clamping down on the prices to be paid for the products.

In the face of these facts on farm-labor scarcity and cost and on farm price restrictions, can we hazard permitting an increase in farm interest rates? Farmers are not expecting to make more money from increased production and parity price maintenance. The Secretary of Agriculture has asked them to produce more milk, butter, eggs, hogs, cows, chickens, more fruit and vegetables, and the farmers are responding. They are courageously facing the rapidly multiplying difficulties and problems of production and marketing. Farm problems and crops are so varied that each section has its own peculiar and pressing problems. Those growing fruit and vegetables for canning are dependent upon supplies of scare materials like tin and sugar. The delays and uncertainties add to production costs.

PARITY PRICES

It is often stated in the press that farmers are enjoying an era of great financial prosperity and of assured income. It is true that times are better than when this administration came into power in 1933—and what a struggle we have had to bring about improved conditions. We have fixed minimum prices for cotton, wheat, peanuts, corn, and tobacco. These prices are controlled by Government-loan values, which have also been construed to be maximum values. It was right and proper that we should provide Government loans on basic commodities, to the amount of a stipulated percentage of parity. It was the hope of those who supported such legislation that the prices would not be considered maximum prices, but that hope has been dispelled by experience. Rarely are sales made above the loan values provided by law.

The congressional debates and public discussions of parity and the formulas for arriving at and maintaining parity prices have not yet resulted in any clear and just procedure. We have passed a price-control bill, which has immensely complicated the farm-price situation. Congressmen from farm districts have quite generally supported the price-control legislation, but with many misgivings as to the effect of these price ceilings on farmers. It is doubtful if producers will, during this war period, receive in the central markets $20 for live hogs, though I sold them as high as $22.50 during World War No. 1. Wheat will never bring $2.25 a bushel, as it then did. Why? Because there is a ceiling on prices and a rigid price control.

FARM DEBTS NOT YET PAID

In the face of these unalterable facts, can we afford to raise farm interest rates? Is it just and fair? Farmers have not yet been able to pay the debts contracted during the great depression. They are just beginning to emerge from the difficulties of those years. We must not place impossible financial burdens on their shoulders. The passage of this bill will assure continued interest rates which the farmers can meet and pay to the Government and to the banks. Those who would oppose this bill cannot shield themselves behind any true statements about the great farm prosperity assured because of legislated prices for basic commodities, with ceiling prices set for the numerous other farm products. It is true that the lower interest rates have been enjoyed for 8 years now, but the time has not arrived for placing other burdens on farmers.

The present law expires July 1, 1942. Failure to reenact this would cost the American farmers many millions of dollars in higher interest rates to be collected from them by the Federal land banks. It would also enable the insurance companies and investment bankers, which are the most numerous agencies extending farm credit; to collect many more millions than they would have collected had the Government maintained its interest standard.

Less than one-half the loans on farming lands are made through Federal lending agencies. The greater percentage is made by investment bankers, insurance companies, and private lenders. The Federal Government must fix the standard in order to hold high the morale of the farming world. No single act will now be a greater contribution than continuation of the present existing law, fixing at 3½ percent the interest rates the Federal land banks collect on their farm loans.

WHAT DOES THE PRESENT LAW COST THE TREASURY?

The existing law gives the farmer the right to pay 3½ percent interest in lieu of any amount fixed in the notes and mortgages which he gave to the Federal Farm Credit agencies. Estimating the cost of this adjustment is largely a matter of bookkeeping, and transferring of funds. Eight years ago, when we passed the Emergency Farm Mortgage Act which provided for Commissioner's loans and amended the Farm Loan Act, it became necessary to sell some millions of dollars of bonds at a high rate of interest. These bonds are still outstanding and are not all callable until 1946. It is a pity they could not have been refunded. Farmers should not be called upon to pay the high

price of official errors or bad judgment, and of world-wide financial changes.

If the Government could today take up all outstanding bonds and refinance them at present interest rates the passage of the act would entail no cost to the Treasury. Owing to the fact that the Federal land banks have these high-interest-rate bonds outstanding, there is an apparent deficit, which, under the present law, is made up from the Treasury of the United States. A recent statement given me by the Farm Credit Administration is to the effect that the passage of this bill will make certain payments necessary. In 1943, the amounts will be $25,213,000 to the Federal land banks and $8,990,000 to the Federal Farm Mortgage Corporation, a total of $34,203,000. In 1944, the probable transfer will be $23,860,000 to the Federal land banks, and $8,384,000 to the Federal Farm Mortgage Corporation, a total of $32,244,000.

FUTURE LOWER INTEREST RATES

Students of finance suggest that interest rates will drop still lower because of the necessity of carrying the huge loans piling up to finance the war. It is clear that we can carry $100,000,000,000 of debt with 1½ percent interest as easily as we could carry $50,000,000,000 of debt with 3 percent interest. Some say, "Money is like any other commodity, and interest rates depend upon supply and demand." We must admit that the old economic law of supply and demand has been suspended by Executive decree, legislative act, and world-wide upheaval. It no longer affects the prices of wheat, corn, or cotton, and neither will it determine in the days to come the rates of interest which can be charged and collected.

The Federal land banks should certainly sell only short-term bonds, or bonds callable after a short period, in order to protect their borrowers under changed conditions and probable lower interest rates in the future. Facing unalterable facts, our theories will be thrown to the winds. Interest rates will go lower, even if we must again reduce the number of grains of gold in the gold dollar.

At this time when labor is so difficult to obtain and so greatly increased in cost, when every factor entering into farm production results in higher charges, when ceilings have been fixed so costs and returns cannot be balanced, it behooves us to hold farm interest rates on Federal loans through Federal agencies at the present figure.

Undoubtedly the whole Federal Farm Loan Act should be rewritten. Many changes should be made in order to modernize this Federal lending agency. For 2 years the House Committee on Agriculture has held extensive hearings and taken much testimony on the proposed changes. It now appears that we cannot pass a comprehensive bill before July 1, when the present interest rate section expires. I therefore concluded that it would be wise to introduce and press to immediate passage a brief and simple bill extending for 2 years the present provisions on interest rates. This is the bill before us today, H. R. 6315, on which I request your favorable action in order to sustain the courage and assure the financial stability of farmer-borrowers of the Federal system.

[H. Rept. 2133, 77th Cong., 2d sess.]

INTEREST RATE ON LAND-BANK AND COMMISSIONER LOANS

The Committee on Agriculture, to whom was referred the bill (H. R. 6315) to extend for 2 additional years the reduced rates of interest on Federal land-bank and Land Bank Commissioner loans, having considered the same, report thereon with a recommendation that it do pass.

STATEMENT

Under existing law, a maximum interest rate of 3½ percent is in effect on farm mortgages made by Federal land banks through national farm-loan associations, or agents, or purchased from joint-stock land banks by Federal land banks if such mortgages were outstanding in the hands of a Federal land bank on May 12, 1933 (the date of enactment of the Emergency Farm Mortgage Act of 1933). The same rate applies to loans made by the banks through farm-loan associations since then. Under existing law, that reduced rate terminates on all such mortgages on July 1, 1942. Similarly, under existing law, the so-called Land Bank Commissioner's loans are subject to a maximum 3½ percent interest rate, which expires July 1, 1942.

The Congress has on three previous occasions provided for the extension of the provision for reduced rates above referred to, the last act being Public, 672 of the Seventy-sixth Congress, approved June 29, 1940. The purpose of the reported bill is simply to extend the provisions of that act for 2 additional years, or until July 1, 1944.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Federal Farm Loan Act, as amended, section 12, paragraph "Twelfth", first four sentences:

"Twelfth. Notwithstanding the provisions of paragraph "Second", the rate of interest on any loans on mortgages made through national farm-loan associations or through agents as provided in section 15, or purchased from joint-stock land banks, by any Federal land bank, outstanding on the date this paragraph takes effect or made through national farm-loan associations after such date, shall not exceed 3½ per centum per annum for all interest payable on installment dates [occurring within a period of seven years commencing July 1, 1935] *occurring within a period of nine years commencing July 1, 1935*; and no payment of the principal portion of any installment of any such loan outstanding on the date of the enactment of the Farm Credit Act of 1935 shall be required prior to July 1, 1938, if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The foregoing provisions shall apply to loans made by Federal land banks through branches, except that the rates of interest paid for the respective periods above specified shall be one-half of 1 per centum per annum in excess of the rates of interest paid during the corresponding periods by borrowers on mortgage loans made through national farm-loan associations. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Land Bank Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments, on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Land Bank Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this Act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, [1942] *1944*."

Emergency Farm Mortgage Act of 1933:

"REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS

"SEC. 32. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Land Bank Commissioner the sum of $200,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 per centum of the normal value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of $7,500 be made to any one farmer. For the purposes of this section, farm property may be valued at an amount representing a prudent investment, consistent with community standards and rentals, if (1) the person occupying the property is not entirely dependent upon farm income for his livelihood but receives a part of his income from other dependable sources, and (2) the farm income from the property, together with earnings from other dependable sources ordinarily available in the community to a person operating such property, would be sufficient to support his family, to pay operating expenses and fixed charges, and to discharge the interest and amortization payments on the loan. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 per centum per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than ten years, or, in the case of a first or second mortgage secured wholly by real property within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act, as amended, from the date the first payment on principal is due: *Provided*, That when in the judgment of the Land Bank Commissioner conditions justify it, any mortgage made under this section may provide that during the first three years the loan is in effect payments of interest only may be required if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Land Bank Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans may be made under this section for any of the purposes for which Federal land banks are authorized by law to make loans, and for the following additional purpose, and none other: Refinancing, in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended, any indebtedness, secured or unsecured, of the farmer, or which is secured by a lien on all or any part of the farm property accepted as security for the loan. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, (1) the term "farmer" means any person who is at the time, or shortly to become, bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations or livestock raising, and includes a personal representative of a deceased farmer; (2) the term "person" includes an individual or a corporation engaged in the raising of livestock; and (3) the term "corporation" includes any incorporated association; but no such loan shall be made to a corporation (A) unless all the stock of the corporation is owned by individuals themselves person-

ally actually engaged in the raising of livestock on the land to be mortgaged as security for the loan, except in a case where the Land Bank Commissioner permits the loan if at least 75 per centum in value and number of shares of the stock of the corporation is owned by the individuals personally actually so engaged, and (B) unless the owners of at least 75 per centum in value and number of shares of the stock of the corporation assume personal liability for the loan. No loan shall be made to any corporation which is a subsidiary of, or affiliated (either directly or through substantial identity of stock ownership) with a corporation ineligible to procure a loan in the amount applied for. Until June 1, 1942, the Land Bank Commissioner shall, in his name, make loans under this section on behalf of the Federal Farm Mortgage Corporation, and may make such loans in cash or in bonds of the corporation, or if acceptable to the borrower, in consolidated farm loan bonds; but no such loans shall be made by him after June 1, 1942, except for the purpose of refinancing loans previously made by him under this section. As much as may be necessary of the assets of the corporation, including the bonds (and proceeds thereof) issued under section 4 of the Federal Farm Mortgage Corporation Act, may be used for the purposes of this section. Any Federal land bank, when duly authorized by the Land Bank Commissioner and the Federal Farm Mortgage Corporation, shall have the power to execute any instrument relating to any mortgage taken to secure a loan made or to be made under this section, or relating to any property included in any such mortgage, or relating to any property acquired by the Land Bank Commissioner and/or the Federal Farm Mortgage Corporation. Any such instrument heretofore or hereafter executed on behalf of the Land Bank Commissioner and/or the Federal Farm Mortgage Corporation by a Federal land bank, through its duly authorized officers, shall be conclusively presumed to have been duly authorized by the Land Bank Commissioner and the Federal Farm Mortgage Corporation.

Notwithstanding the foregoing provisions of this section, the rate of interest on loans made under this section shall not exceed 4 per centum per annum for all interest payable on installment dates occurring on or after July 22, 1937, and prior to July 1, 1940, and shall not exceed 3½ per centum per annum for all interest payable on installment dates occurring on or after July 1, 1940, and prior to July 1, [1942.] *1944.*

[Here the gavel fell.]

Mr. H. CARL ANDERSEN. Mr. Speaker, I move to strike the last 2 words.

Mr. Speaker, I believe I am correct in stating that at least 80 percent of the farms throughout the Middle West have mortgages on them. Today, although the prices of farm products must remain where they were last year because of having ceilings placed upon them, farm labor has gone up in cost at least 25 percent. Consequently, it is very important that we do not at this time raise the existing rate of interest. The farmer wants to do his part to help win this war, but Congress must help him with a low interest rate, just as Congress has aided industry of all kinds. There surely will be no opposition to this very essential legislation.

Mr. O'CONNOR. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I am for this bill and will vote for its passage. I recall very distinctly that in years past the farmer was required to pay from 6 to 7 and sometimes as high as 8 percent interest, besides a cash commission, to the loan sharks of this country with the result that the farmer lost his farm and the loaning companies became the landlords of the country. If there is any one thing this Congress has done for which the country generally and the farmer in particular ought to be grateful, it is causing the reduced rate of interest to the farmers to the point where they are almost able to get along, providing he gets decent prices for his products.

As far as my experience has gone, I do not believe the farmer can really afford to pay 3½ percent. His cost of living has gone up, his taxes are going up, the cost of his help is going up when he can get any, and the price of everything he is required to buy in the form of machinery is going up.

Further, when the farmer brings to town a product he has to sell, he has to take the other fellow's price for it. He cannot say what he wants. He has to take what he gets, but when he buys a suit of clothes or a piece of machinery he has to pay the other fellow's price for it.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Louisiana.

Mr. BROOKS. I personally would be willing to vote for even a lower rate of interest to the farmer. I know that in my section of the country the farmers, working under the terms of this particular statute, meet their obligations and pay them. These loans are uniformly retired. I do not have the figures regarding the whole country, but I do know that in the State of Louisiana the farmers meet these obligations and meet them with reasonable promptness and satisfaction.

Mr. O'CONNOR. I thank the gentleman.

In the short time I have, I wish to supplement what the gentleman from Mississippi [Mr. RANKIN] said a few moments ago about the farmers furnishing many of the soldiers of this country. They are doing this at the cost of their own women going out and doing the work. In my own district I hear from many of them, and their wives and daughters are in the fields working, taking the places of the boys gone overseas.

I read this morning to the House that a young man from a little county in Montana of less than 1,000 population, a county of the State of Montana that is almost unknown, was one of the 80 intrepid men who bombed Tokyo, which did more to shock the Japs and bring war home to them than anything that has happened. That is the class of people we have on the farms. They are patriotic. They will make any kind of sacrifice necessary to win this war now that we are in it.

Mr. MILLS of Louisiana. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Louisiana.

Mr. MILLS of Louisiana. First, let me congratulate the gentleman. I have observed the gentleman in my experience here to be always interested in the farmers. He has always advocated a low rate of interest for farmers. I believe in giving a man flowers while he lives.

Mr. O'CONNOR. I thank the gentleman.

Mr. MILLS of Louisiana. I support this bill. Certainly this piece of legislation is far-sighted. I hold that the 3½ percent rate of interest might well be reduced.

Mr. O'CONNOR. It might even be dropped to 2 percent. The big merchants of the country get their money from the big banks at a rate as low as 1½ or even 1 percent. There is no doubt but what land is the best security for the repayment of money that we have. There has been very little loss incurred by the Federal land banks in connection with our loans to farmers. No doubt this is true largely because of the rate of interest the farmers are now paying. Thanks to the Congress that the big eastern newspapers and periodicals are belittling and defaming.

Mr. TALLE. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, I find it very easy to support this bill because I have introduced and urged the enactment of similar bills at each regular session of the Congress since I began my service in the House. In fact, my first speech in this chamber was in support of a bill of this character.

The bill which I introduced at the start of the present session—H. R. 6347—proposes—

To extend for 5 additional years the reduced rates of interest on Federal land-bank and Land Bank Commissioner loans.

My bill and the bill now under consideration are identical except that mine proposes to extend the time for 5 years instead of 2 years. There is something to be said for the longer period.

As I have stated on other occasions, the business of farming involves many fixed expenses. Taxes are a fixed charge; insurance is another; depreciation is a third. In addition interest on loans is a cost which hangs over the head of many a farmer.

These costs go on from day to day; they accumulate when the farmer works and when he sleeps, whether his crops are good or poor. To pay these expenses from year to year and other operating expenses as well is no small responsibility for the man who tills the soil. The risks attendant upon farming are great. Whatever relief the farmer can get from the uncertainties of his business will remove some wrinkles from his brow. The 5-year period would enable him to make relatively long-term plans insofar as his interest cost is concerned.

But, Mr. Speaker, I shall support this bill. And, in doing so, I do not maintain that the enactment of this measure will solve the problems of agriculture. I do contend, however, that it will contribute something to the solution.

Mr. ROBSION of Kentucky. Mr. Speaker, I rise in support of this measure. As I understand, it extends the time for 2 years for which no more than 3½ percent interest can be charged on the Federal land-bank loans and the

Land Commission loans. Is not that right, Governor PIERCE?

Mr. PIERCE. Yes; on both groups of loans.

Mr. ROBSION of Kentucky. It has been very well said here that perhaps the farmers of this country will be hit by the war harder than almost any other group. Their sons are being taken from the farms to enter the armed forces of this country in great numbers, the cost of labor has greatly increased, and the cost of things they must buy have increased. They will receive much less for their wheat, corn, hogs, beef, and other products than they received in the last war. Not only the fathers, but the mothers and the sisters, must join in this great production effort in order to produce enough food to feed the country and our armed forces. They must rise early in the morning and work until late at night. It is a big job and a hard task.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to our distinguished minority leader, the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. May I say that I am in favor of this legislation? I have always been in favor of low interest rates to the farmer, because I believe that is one way by which we can make a real contribution to his welfare. While I have the floor I want to compliment the gentleman from Kentucky not only for his splendid and effective service to the farmers, but also his able service to our country as well. I believe in so doing I voice the sentiments of everyone in this House.

Mr. ROBSION of Kentucky. I thank my friend for his words of commendation. I am pleased to know that our distinguished leader on the minority side is heartily in favor of this desirable legislation. I have always found our leader working for the best interests of the farmer and the common people and for those measures which will best serve, in his honest opinion, the welfare of our country.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to my friend from Ohio.

Mr. BROWN of Ohio. I think the gentleman from Kentucky might point out, in mentioning the effort being put forth by the farmers of America to help win this war, that the farmers of our section of the United States are actually working about 80 hours a week. A survey shows that the average number of hours put in each week by the average farmer in the Middle West is 80.

Mr. ROBSION of Kentucky. Yes; that is true, and we must encourage them and help them to carry the tremendous load they are now carrying and will continue to carry throughout the war.

The farmers of my district and my State, Republicans and Democrats, and farm organizations, have urged me to support this bill. I have not received a single word of opposition to it, and I am very happy to stand here and urge, as I believe it will, the unanimous approval of the House.

Mr. JENNINGS. Mr. Speaker, I move to strike out the last four words.

Mr. Speaker, we now have under consideration H. R. 6315, the laudable purpose of which is to extend for 2 additional years the reduced rates of interest on Federal land-bank and Land Bank Commissioner loans. I shall support this measure because I think it is in the interest of national defense and in furtherance of our war efforts and as a matter of justice to the farmers of this country. Many of those who will be benefited, in fact, most of those who will be benefited by this measure, already have loans on their farms, and unless this measure is passed the increased rate on those loans may be advanced beyond the 3½ percent that they now carry.

This is no time to put an additional financial burden upon the farmers. Down in my country they have this expression with respect to the hours that a farmer works—he works from "can't till can't"—from before daylight until after dark. He gets up before day and he begins his day's work before the day is begun, and his work is not finished until the sun has gone down and the shades of night have enveloped him, his farm, and his home. He never quits. He goes on in his partnership with the forces of Nature and his efforts are as unbroken and unceasing as is the procession of the seasons and the equinoxes, and therefore we ought to do all we can to encourage him in this all-out effort that he has not only heretofore made, but is now making. In addition to this, he is presented with a labor problem that has no solution, because I see from reading the pronouncements of the authorities that there is to be no special deferment of the farm boys. They are being inducted into the Army just as other boys. I know that they are being inducted at such a rate as makes it very difficult for the farmer to carry on his work. All this talk about just picking up labor here and there and putting it out on the farm is just a lot of hooey. Unless a boy is raised on the farm and knows which end of a mule to hook to the plow or a harrow or any other agricultural, horse-drawn vehicle, he is not of much benefit to a farmer. He would be as apt to hitch the head of the horse to the plow as the proper end of the horse, as the case may be. Not only that, but the farmer has additional hazards, he is up against the hazard of dry weather and of too much rain, so that we ought to do all we can for him, and I am glad to range myself with the membership of this House in support of this necessary and proper piece of legislation.

Mr. MURRAY. Mr. Speaker, I move to strike out the last word, and I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURRAY. Mr. Speaker, there are at least three very important reasons why the prevailing 3½ percent interest rate for farm loans should be renewed for the 2-year period asked in the present bill.

First. Three and one-half percent interest is most assuredly a high enough rate of interest as long as banks pay but 1 to 2 percent on savings deposits. Land is the basis of all wealth and the reason the United States is a great country is because it has a large area of rich, productive fertile land which is the foundation of the wealth of the country.

Second. The President has asked that a ceiling of parity be established for farm products. There can then be no valid reason for raising the farmers' costs of production by raising his interest rate at this time.

Third. The continuation of the 3½ percent interest rate will indicate to the farmer that no attempt is being made to disturb his production costs by causing him to pay larger interest rates. In other words, it will create a much better feeling in the country if we maintain the present interest rates than it would if we used the war as an excuse for raising these interest rates. I think, then, from the administration's own standpoint, it would be most desirable to extend the prevailing rate for the 2 years.

During the present session, we have had very extensive hearings on the administration's proposal to enact rather comprehensive Federal loan legislation. In the main, it should be acceptable to the farmers and for the public welfare but it is doubtful if this is the opportune time to bring out such controversial legislation. If the proposed administration legislation was passed as presented with its proposed increased interest rates, I doubt if we would be making any contribution to unity or to the public welfare at this time. There is not any valid reason why we should not adopt a revised Federal loan program. It should be one that would give the borrower the advantage of a long-term agreement. We would not have this question of interest rates coming up every year or two. This, however, does not seem to be the desirable time for this action.

While it was rumored in the Committee that the President would veto this bill, I call your attention to the fact that he did not veto similar legislation 2 years ago. I have enough confidence in the President to feel that he appreciates the agricultural situation sufficiently to support the present bill.

There should be no politics to this legislation and none should be injected. I hope some of our friends will be more considerate of this fact in the future than they have in the past.

In conclusion, let me repeat that, purely from the administration viewpoint, I sincerely think it is for the best interest of our country, the public, and the farmers, that this bill be passed without a dissenting voice.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. Yes.

Mr. CRAWFORD. Unless this bill is passed before June 30, would not the interest rate automatically increase from 3½ percent to what figure?

Mr. MURRAY. As I understand it, the Commissioner loans would increase on June 1 and would go to 5 percent normally, and some of the Federal loans would go as high as 6 percent—old loans.

Mr. CRAWFORD. The enactment of this bill before June 1 holds all loans, both commissioner and regular loans, first mortgage loans, at 3½ percent?

Mr. MURRAY. Yes.

Mr. CRAWFORD. Does the gentleman know any reason on earth why the American farmer should pay a higher rate of interest for the money that he uses in his capital structure than American industry is forced to pay for the use of credit and money used in its capital structure?

Mr. MURRAY. Coming from a rural section, perhaps I am somewhat prejudiced in that respect. Of course, what makes this a great country is that we have a large area of rich, fertile, productive land. That provides the safest place in the world to invest money, and the farmer is entitled to money as cheaply as any other group.

Mr. CRAWFORD. I think we can set aside all points of patriotism and all points of long hours of labor, and put it on the sole proposition that the American farmer is entitled to credit at as low a cost in the form of interest as any other part of American industry, and that is where I stand on this thing first, last, and all the time.

Mr. MURRAY. I agree with the gentleman.

Mr. ENGEL. Mr. Speaker, if I remember correctly, the Farm Tenant Act enables the tenant farmer to buy farms provided that loans be made at 1½ percent interest, did it not?

Mr. MURRAY. I think that is something we might very well take up after the emergency. It is 3 percent. We have had 100-percent loans at 3 percent, and there have been 75-percent loans at 4 percent, and 50-percent loans at 3½. At some future time this whole problem should be solved.

Mr. ENGEL. And what interest do the banks demand on loans to T. V. A.?

Mr. MURRAY. I think the gentleman ought to be able to answer that himself. He has made an exhaustive study of these expenses as a member of the Appropriations Committee.

Mr. ENGEL. I am not an authority on that.

Mr. MURRAY. I will answer the question by saying that there are 100-percent loans at 3 percent and 75-percent loans at 4 percent, and 50-percent loans at 3½ percent. The amount of this money used on these tenant loans is so small in comparison to the total volume of farm mortgages that it is of little consequence because we have never appropriated very much money for that purpose.

I do think that fundamental changes in Federal farm loans should be made, but I think it should come when we have more time to consider it than we have at this time.

Mr. ENGEL. I am not arguing that the interest rate on the tenant farms should be increased, but I am arguing that reducing this rate to 3½ percent is not unreasonable.

Mr. MURRAY. I think everyone will admit that they should be the same.

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. MURDOCK. Does not this bill do the same as a bill passed in the Seventy-fifth Congress and in the Seventy-sixth Congress, holding the rate to 3½ percent?

Mr. MURRAY. Yes. This is the fourth time it has been extended—1937, 1938, 1940, and 1942.

Mr. MURDOCK. In view of the fact that Congress, by a large majority, has passed this legislation, and even passed it over a veto, does not the gentleman think that in time of war there is all the more reason for it?

Mr. MURRAY. I should think so.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. POWERS. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks and include therein a speech made by Lt. Gen. Brehon B. Somervell at the Pennsylvania Military College, Chester, Pa., on May 14, 1942, when General Somervell was awarded the honorary degree of doctor of military science.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HULL. Mr. Speaker, this bill, or one of the same purpose, has been passed at four previous sessions of Congress. Two years ago it was vetoed by the President, but it was passed over the veto. Through these measures Congress has declared a policy of fair play to the farmers in the matter of interest rates. That declaration has been, and still is, that agriculture shall not pay the previous high rates on land bank and Commissioner loans while business and industry, as well as the Government, are obtaining loans in billions at the lowest rates in history.

Recently there has been passed by Congress a measure authorizing an increase of loans by the Reconstruction Finance Corporation by $5,000,000,000. There have been loaned and expended by that corporation more than $12,000,000,000. Billions have been loaned to South American and other countries to bring them into alinement on a program against the Axis Powers. The total of land bank and Land Commissioner loans is even less than the loans to foreign countries.

There is every justification for this measure. It merely continues the declared policy of Congress by preventing an increase of interest rates on farm loans. It serves to bring some encouragement to farmers who are engaged in the greatest task ever imposed upon the agriculture of any country—that of food and fiber production, which is essential to winning the war. The response of the farmers to that demand has been prompt and patriotic. Now our farmers are feeding our own and millions of people in our Allied nations, and adding to their production from day to day. "Food will win the war," and our agriculture battle line is being augmented daily.

The draw-backs under which the farmers are laboring can scarcely be estimated by those who are not from farming communities. In the short space of 18 months there have gone from the farms over 750,000 young men to serve in the Army and Navy. Many of them now are on foreign battle fronts, while those of their farm homes take over their work and carry on in their absence. More than 2,000,000 farm people have been called into war industries. More young men are going into our armed forces day by day as the war program calls for still larger numbers for munition and equipment factories. Daily the burdens of the farm become more difficult as the shortage of labor and lack of facilities grow more acute.

A recent survey in Wisconsin reveals that the farmers there are working an average of over 13 hours per day, or from 80 to 90 hours per week. There is no rest, no let-up, no sit-down strikes on the farm. The increased production for our own population and that of Europe and China is evidenced by daily reports. Our farmers are feeding our fighting forces at home and abroad, and not a complaint comes as to quantity and quality.

There are many aspects of the agriculture situation which are not under consideration in the discussion of this measure. There are other problems to be taken up and solved. But a unanimous vote on this bill will bring encouragement to those on the farms who work as they wait that Congress is not unmindful of what they are doing to win the war.

Mr. ROBERTSON of North Dakota. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I wish to call the attention of the Members to the fact that North Dakota is primarily an agricultural State, which consists of 73,897 farms with total value of $489,973,948, according to the 1940 census. The crop harvested and marketed for 1940 was valued at $127,675,000.

Since the administration seems set on keeping the price of wheat below parity, I think it would be very unwise for the administration to enact any legislation that would require the farmers of my State to pay a higher interest rate. We have suffered for several years from low agricultural prices as well as drought, and our farmers are just beginning to get on their feet.

I am very much in favor of this legislation to continue the 3½ percent interest rate on farm loans for another 2 years. In checking over the old CONGRESSIONAL RECORDS, I find that this is the fourth time that this extension has been presented to Congress. I was pleased to note that during the times that the interest-rate question has been considered that only four Republicans opposed the extension the first year and only two Republicans the second year, and none the last time. As long as the banks are only paying 1 to 2 percent on savings deposits, I am sure that a 3½ percent interest rate is sufficiently high, and I hope that this bill can be passed unanimously.

Mr. HEALEY. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I ask unanimous consent to extend my remarks and include therein an address by the majority leader, Hon.

JOHN W. MCCORMACK, at the commencement exercises of Staley College in Boston.

The SPEAKER. Is there objection?

There was no objection.

Mr. COFFEE of Nebraska. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, I am in favor of this bill to continue the 3½ percent interest rate for the next 2 years, although I realize that there is some question about it receiving final approval by the President.

All of us who are members of the Committee on Agriculture realize the importance and necessity of securing some permanent legislation that will strengthen the Federal land-bank associations and increase the efficiency of the cooperative Federal Land Bank System. I am anxious to see it placed on a sound self-sustaining basis so that it will be able to serve the agricultural credit needs of the country with interest rates comparable to those accorded other industries. Federal subsidies cannot be expected to continue indefinitely and it is hoped that some agreement can be reached soon that will establish a permanent policy with respect to the operation of the Federal Land Bank System. Our Committee on Agriculture has spent many months during the last 2 years in an effort to reach some agreement on this very controversial subject. Because of the lack of accord on permanent legislation, this continuing revolution is necessary until some agreement can be reached on the fundamental issues involved in the permanent legislation.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. COFFEE of Nebraska. I yield.

Mr. POAGE. There was no controversy, however, in the committee in regard to this bill? It was a unanimous report on this bill?

Mr. COFFEE of Nebraska. The gentleman is correct on that. We would like to have this rate continued. But within the next 2 years it is necessary to work out some permanent legislation pertaining to the Federal Land Bank System.

The committee, in general, has agreed on the principle that the interest rate charged should be 1½ percent above the cost of money, which would be sufficient to cover costs of operation.

We are in disagreement on the proposal to eliminate the stock ownership which many feel would destroy the cooperate features of the Federal Land Bank System.

Just a word about the $500,000,000 of high-interest-rate Federal land-bank bonds that are held by the Federal Farm Mortgage Corporation. I think it is highly desirable that these bonds be refinanced so that the savings of approximately $30,000,000 can be passed on to the Federal land banks. If those savings are passed on to the Federal land banks they may be reflected in reduction of interest to the borrowers or in dividends.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. COFFEE of Nebraska. I yield.

Mr. O'CONNOR. Is it not true that there has been very little loss, if any, on the part of loans that have been made to the farmers throughout the country, either by the Federal land bank or through the Commissioner loans?

Mr. COFFEE of Nebraska. The Federal Land Bank System has a very good record as a loaning institution, considering the plight of its borrowers during the depression.

I believe the cost of operation on the Federal land-bank loans run between 1 and 1½ percent. On the Land Bank Commissioner loans the cost of operation and the losses sustained are relatively higher because in these cases loans are made up to 75 percent of the value; whereas Federal land-bank loans are 50 percent of the value of the land.

Mr. AUGUST H. ANDRESEN. Mr. Speaker will the gentleman yield?

Mr. COFFEE of Nebraska. I yield.

Mr. AUGUST H. ANDRESEN. I do not think there should be any misunderstanding. The payments have picked up with the increase in the income of the farmers the past year. Prior to that time there were a good many delinquencies.

Mr. COFFEE of Nebraska. The gentleman is correct. The farm borrowers of this country will pay their debts if they are able to do so. The prices they are now receiving for their products are sufficient to enable them to pay their interest.

[Here the gavel fell.]

Mr. JENSEN. Mr. Speaker, I move to strike out the last word.

The SPEAKER. The gentleman from Iowa is recognized for 5 minutes.

Mr. JENSEN. Mr. Speaker, it is very encouraging to we folks from Iowa and the other great agricultural States to see so much harmony in favor of the continuance of a 3½-percent interest rate on Federal farm loans, and to know there has not been a dissenting speech made against this bill. I know it will also be most encouraging to the farmers who have these loans, who number thousands upon thousands all over this great land. Will say here that I have not received a single letter in opposition to this bill.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. CUNNINGHAM. Is it not true that many farmers of Iowa and the Middle West will lose their farms if this bill is not passed, thereby being forced back to the old high interest rate on farm loans?

Mr. JENSEN. The gentleman from Iowa is right; naturally sooner or later that is exactly what would happen; it did happen in thousands of cases a few years back. Right now, of course, they are getting along pretty well, although everything they buy is up, and their prices are held down by the ceilings placed on farm products, the farmers' sons are leaving to serve their country, and they are losing a lot of their good hired help which means they have to hire replacement help at increased wages and often less efficient. Farming is an art these days, you must know the game to make it go. Again I say I am pleased at the reception this bill is receiving by Representatives from every section of the United States of America, and I know the people of the agricultural States, and the people of the greatest agricultural State—Iowa—will be highly pleased to know that such harmony exists in the House of Representatives in their favor on this bill to continue the present interest rate on Federal farm loans.

I thank you, my colleagues, in behalf of the farmers and the people of my district and State.

(Mr. GRANT of Alabama asked and was given permission to revise and extend his remarks.)

Mr. FULMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. DOMENGEAUX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Lafayette Advertiser.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MERRITT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial appearing in a Rockland County newspaper in reference to our former Postmaster General, Jim Farley.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE WIRE-TAPPING BILL

Mr. SABATH. Mr. Speaker, I call up House Resolution 487.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into a Committee of the Whole House on the state of the Union for the consideration of the House joint resolution (H. J. Res. 310) to authorize the Federal Bureau of Investigation of the Department of Justice, the Military Intelligence Division of the War Department, and the Office of Naval Intelligence of the Navy Department in the conduct of certain investigations in the interest of the prosecution of the war, to make use of intercepted communications without regard to the limitations contained in section 605 of the Communications Act of 1934 (48 Stat. 1103), and for other purposes. That after general debate, which shall be confined to the joint resolution and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of such consideration, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous order shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SABATH. Mr. Speaker, I yield myself 10 minutes.

The SPEAKER. The gentleman from Illinois is recognized for 10 minutes.

Mr. SABATH. Mr. Speaker, this rule makes in order the so-called wire-tap-

ping bill. We just passed a Treasury-tapping bill, but this is a wire-tapping bill.

The bill is approved and asked for by the Attorney General, the Secretary of War, and the Secretary of the Navy. I am very pleased to follow the recommendations of the Attorney General whom I regard as one of the best and most efficient officials that has served the Government during my long service. I feel that during the short period that he has been in office he has proven himself a man of exceptional ability and is rendering a real, valuable service to the country. Mr. Speaker, there is no opposition to the bill on the part of the labor organizations as there was last year on a similar bill. I believe there is no opposition on the part of anyone, because the Judiciary Committee reported the bill unanimously and there is a general demand for the early passage of the legislation. I will not, therefore, take any more time with this exception. I cannot resist calling attention to some of the speeches made on the bill just passed, a bill which by the way again aids the farmers by enabling them to obtain money at 3½ percent interest, whereas formerly they were obliged to pay 6, 7, and 8 percent. Some gentlemen stated that farmers are patriotic, that they enlist. Let me say, Mr. Speaker, that the people in the cities are also patriotic. And why should not everyone be patriotic and do everything in his power to aid the cause of our great Nation; the greatest country, the best country in the world? So they are not entitled to any special credit. I believe every American should do his part at this time, and I hope to God they will continue to do as many have done in the past.

Mr. ROBSION of Kentucky. Will the gentleman yield for a question about the bill?

Mr. SABATH. I yield to the gentleman.

Mr. ROBSION of Kentucky. If I understand the bill correctly, it limits the operation for the period of the war.

Mr. SABATH. That is all, and 6 months after the war The committee has eliminated some of the objectionable features that were in the bills previously submitted by that committee.

So, having expressed my views as to the loyalty and patriotism of the farmers, I hope they will also appreciate and recognize what has been done for them in the last 10 years, and that they will continue to appreciate it. I want to congratulate them upon voting solidly for the last bill. I know they will do likewise on this patriotic measure.

Mr. Speaker, I reserve the balance of my time, and I now yield 30 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, while we are congratulating, I want to congratulate the distinguished chairman of the Rules Committee on his change of heart with reference to this wire-tapping proposal which he now designates as a patriotic bill. I call attention to the CONGRESSIONAL RECORD of June 30, 1941, when this same subject matter was before the House. When we are talking about votes back yonder and votes today, and when we are making comparisons, may I express the hope that those who are making the comparison will inspect that RECORD of June 30, 1941, with reference to the wire-tapping bill which the President of the United States and the Attorney General of the United States at that time sponsored and demanded as an emergency defense measure. I think the President called it an unlimited emergency at that time.

I was one of those who went down to defeat fighting for that bill which the President of the United States and the Attorney General said was necessary in the national defense effort. This bill is just belated, but why talk about that? There was honest difference of opinion then, just the same as there was on other matters of policy. There is not room for such differences now. Our war policy is fixed and definite. I call attention also to the report of the committee filed with this bill. It is a splendid report. It is clear, it is concise, it goes further than most reports, and I want to congratulate the gentleman from New York [Mr. CELLER], its author. In a few words it tells of the necessity for the bill, and it explains fully the operation of the bill.

This report should be a part of the record of this debate, and I quote from it as follows:

This measure is in general essence a war measure—effective only until 6 months after the termination of the war or until sooner terminated by the President or by Congress. It does not diminish the present power of the Federal Bureau of Investigation and the Military and Naval Intelligence services to intercept communications. It is intended to make admissible in evidence information with respect to the offenses referred to which may be obtained by wire tapping, notwithstanding the provisions of section 605 of the Communications Act of 1934. That section provides that no person not being authorized by the sender shall intercept any communication and divulge or publish the same.

PROVISIONS OF THE BILL

The resolution authorizes the Federal Bureau of Investigation, the Military Intelligence Division, and the Office of Naval Intelligence, in the conduct of investigations, to ascertain, prevent, or frustrate any interference or any attempts or plans for interference with the national security and defense by treason, sabotage, espionage, seditious conspiracy, violations of neutrality laws, violations of the act requiring the registration of agents of foreign principals, violations of the act requiring the registration of organizations carrying on certain activities within the United States, or in any other manner, to require that telegrams, cablegrams, radiograms, or other wire or radio communications and copies or records thereof be disclosed and delivered to any authorized agent of such agencies, without regard to the limitations contained in section 605 of the Communications Act of 1934 (48 Stat. 1103).

Telegrams, cablegrams, radiograms, or other wire or radio communications or copies or records thereof may only be required where the agency secures approval of the head of the agency or the officers or official designated by him. Approval may be given only when there is reasonable ground to believe that a violation of a law referred to in the resolution may have been committed, is being committed, or may be about to be committed or the national safety is otherwise threatened.

Section 2 requires compliance with the request of a duly authorized person for the disclosure and surrender of a telegram, cablegram, radiogram, or other wire or radio communication.

Section 3 prohibits divulging, publishing, or using information obtained under the resolution except for the specified purposes.

Section 4 makes admissible in evidence in prosecutions for the offenses mentioned in the resolution, and only therein, information obtained by intercepting, listening in on, or recording communications.

Section 5 prescribes the penalty for a violation of any of the provisions, of a fine of not more than $10,000 or imprisonment for not more than 2 years, or both.

Section 6 is the usual separability provision and section 7 defines "person."

Section 8 provides for the effective period, during the continuance of the present war and for 6 months after the termination of the war, or until such earlier time as the Congress, by concurrent resolution, or the President, may designate.

REPORT CONCERNING PEARL HARBOR

Authority to require disclosure and delivery of telegrams, cablegrams, radiograms, or other wire or radio communications was referred to in the report on the Japanese attack on Pearl Harbor filed by the Commission headed by Justice Owen J. Roberts. The report contained the following finding of fact:

"It was believed that the center of Japanese espionage in Hawaii was the Japanese consulate at Honolulu. It has been discovered that the Japanese consul sent to and received from Tokyo in his own and other names many messages on commercial radio circuits. This activity greatly increased toward December 7, 1941. The contents of these messages, if it could have been learned, might have furnished valuable information. In view of the peaceful relations with Japan, and the consequent restrictions on the activities of the investigation agencies, they were unable prior to December 7 to obtain and examine messages transmitted through commercial channels by the Japanese consul, or by persons acting for him."

SUPREME COURT DECISIONS

The Supreme Court in *Olmstead* v. *United States* (277 U. S. 438), held in 1928 that the tapping of telephone and telegraph wires by law-enforcement officers was not violative of the provisions of the fourth amendment relating to searches and seizures, in view of the fact that it did not involve a physical invasion of anyone's premises.

In *Nardone* v. *United States* (302 U. S. 379), the Supreme Court held that the Government's introduction of transcripts and recordings of intercepted interstate messages in the trial of a criminal case constituted a divulgence of such messages contrary to the terms of section 605 of the Communications Act of 1934.

In *Weiss* v. *United States* (308 U. S. 321), intrastate telephone communications were intercepted by Federal agents, their contents were divulged to certain of the defendants, and, as a result, these defendants confessed and agreed to turn State's evidence. They were permitted to testify to the contents of the messages. The Court held that the interdiction of the statute extended to the interception and divulgence of intrastate as well as interstate messages. It denied the Government's claim that the witnesses' testifying to the contents of the messages amounted to an authorization by them, as senders, of the divulgence of the communications within the meaning of the statute.

It was claimed in the second Nardone case, *Nardone* v. *United States* (308 U. S. 338), that unlawfully intercepted messages had been used to obtain evidence against the senders, and that such use, and the introduction of the evidence so obtained, over the objection

of the senders, who were defendants, constituted a violation of the purpose and policy of the statute. The Court held that if the facts sustained the claim the evidence should have been excluded.

On April 27, 1942, the Supreme Court rendered two decisions bearing upon section 605 of the Communications Act of 1934:

Goldman against United States involved a conviction for conspiracy to violate section 29 (b) (5) of the Bankruptcy Act by receiving, or attempting to obtain, money for acting, or forbearing to act, in a bankruptcy proceeding. At night access was obtained to the office of one Shulman and to an adjoining room, and a dictaphone was installed in a small aperture in the partition wall with a wire to be attached to earphones extending into the adjoining office. The dictaphone would not work but the investigators had with them a detectaphone having a receiver so delicate as, when placed against the partition wall, to pick up sound waves originating in Shulman's office, and means for amplifying and hearing them. With this apparatus the Federal agents overheard, and the stenographer transcribed, portions of conversations, and also heard what Shulman said when talking over the telephone from his office. Objection was made to the evidence that its receipt violated the fourth amendment of the Constitution and, as respects Shulman's talk into the telephone receiver, violated also section 605 of the Communications Act of 1934.

The Court held (1) that the overhearing and divulgence of what Shulman said into a telephone receiver was not a violation of section 605:

"The listening in the next room to the words of Shulman as he talked into the telephone receiver was no more the interception of a wire communication, within the meaning of the act, than would have been the overhearing of the conversation by one sitting in the same room, (2) that what was heard by the use of the detectaphone was not made illegal by trespass or unlawful entry, and (3) that the use of the detectaphone by Government agents was not a violation of the fourth amendment."

On this latter point the Court said relative to drawing a distinction between the Olmstead case and the present one:

"We think, however, the distinction is too nice for practical application of the constitutional guarantee and no reasonable or logical distinction can be drawn between what Federal agents did in the present case and State officers did in the Olmstead case."

The Court expressly declined to overrule the Olmstead case.

Goldstein et al. v. United States involved the alleged violation of section 605 of the Communications Act by the admission of testimony in a Federal criminal trial. Petitioners and others were indicted under the mail fraud and conspiracy statutes. The alleged scheme was to defraud insurance companies by presenting false claims for disability benefits. The principal subject of contention was the prospective testimony of Messman and Garrow, alleged coconspirators who, the petitioners asserted, had confessed and turned State's evidence because they had been confronted with intercepted telephone messages. Messman and Garrow were parties to these messages, or some of them, but the petitioners were not.

The Court stated the principal question:

"Assuming the witnesses' testimony was induced by divulging to them the contents of intercepted telephone messages, was the admission of this testimony erroneous? We hold that it was not."

The Court also stated:

"The question now to be decided is whether we shall extend the sanction for violation of the Communications Act so as to make available to one not a party to the intercepted communication the objection that its use outside the courtroom, and prior to the trial, induced evidence which, except for that use, would be admissible.

"No court has ever gone so far in applying the implied sanction for violation of the fourth amendment. While this Court has never been called upon to decide the point, the Federal courts in numerous cases, and with unanimity, have denied standing to one not the victim of an unconstitutional search and seizure to object to the introduction in evidence of that which was seized. A fortiori the same rule should apply to the introduction of evidence induced by the use or disclosure thereof to a witness other than the victim of the seizure. We think no broader sanction should be imposed upon the Government in respect of violations of the Communications Act. The court below was of the view that a divulgence of the intercepted messages might lawfully be made with the consent of the sender, and we agree. The court further thought that, as the sender might make such divulgence lawful by his consent, none but he was intended to be protected against divulgence by the statute. Again we agree.

"The petitioners, however, point out that the statute also forbids the use of an unlawfully intercepted message, or any information therein contained, by any person for his own benefit or the benefit of another not entitled thereto; and they say that the Government officials violated the act by using the messages and the information they contained, to induce the senders' confessions and testimony. They urge that such use is forbidden by the act and that they have standing to object to the introduction of the evidence thus obtained. The Government answers that this provision of the act was not intended to reach the use of the contents of the messages by Federal officers for obtaining evidence but was meant to prevent use for the personal advantage or benefit of the user. We have no occasion to determine the soundness of the Government's argument.

"We are of opinion that even though the use made of the communications by the prosecuting officers to induce the parties to them to testify were held a violation of the statute, this would not render the testimony so procured inadmissible against a person not a party to the message. This is the settled common-law rule. There was no use at the trial of the intercepted communications, or of any information they contained as such. If such use as occurred here is a violation of the act, the statute itself imposes a sanction."

None of us favor wire tapping as a general practice and on all occasions. I expressed my views in this particular in the debate on June 30 last, and I shall not repeat. On that occasion I was severely criticized because I gave, as one of my reasons for supporting the bill, the fact that it was demanded by the President of the United States, by the Attorney General of the United States, and by J. Edgar Hoover, Director of the Federal Bureau of Investigation, as an emergency measure in the preparation and safeguarding of our national defense. I supported the bill then because the reasons for its enactment were just as cogent as they are today.

Mr. MOTT. Will the gentleman yield?

Mr. MICHENER. I yield to the gentleman from Oregon.

Mr. MOTT. The gentleman, I presume, received letters in opposition to the former wire-tapping bill from certain labor-union leaders and from the Communists, did he not? They were both opposed to that bill?

Mr. MICHENER. We went further. The Committee on the Judiciary held very extensive hearings. I show you the volume—hundreds of pages. We heard all those people for and against the wire-tapping bill at that time. We have held additional hearings. The subcommittee has held additional hearings on the present bill and the opposition that largely predominated at that time does not obtain today.

All of the liberal groups that opposed the bill at that time realize that this is a war measure and that we are at war. It does not make any difference whose war it was, it is our war now, and it is the duty of every patriotic American citizen to place his shoulder to the wheel and do everything within his power to bring this war to the earliest successful conclusion with the least sacrifice of blood and treasure possible.

Mr. MOTT. Will the gentleman yield further?

Mr. MICHENER. I yield to the gentleman.

Mr. MOTT. At the time the former wire-tapping bill was up for consideration, and it was opposed by the Communists and certain labor unions, was not the purpose of it at that time to try to overcome subversive activities that were in operation for the purpose of stopping our war preparation effort then?

Mr. MICHENER. Yes; but I will not discuss that. That is water over the dam. Today we are faced with a different condition.

None of us want to give up any of his cherished liberties and freedoms, enjoyed because we are a free people. In the present type of war, however, we must think in prospect. It is necessary that we yield power to the President, that we forego privileges, and that we surrender rights momentarily in order that we may enjoy these same things in perpetuity after peace comes to us again. The big job we have today is to win this war, and that will be followed by the big job of regaining these freedoms after the necessity for yielding them up has ceased. I cannot imagine a Member of the House taking the floor and opposing this bill. It just will not happen. Quite a contrast from June 30, 1941. Yet some of these same persons who were opposing the President's demand for emergency defense legislation then are now wont to criticize others for not going along with the things they wanted, and which the President also desired, before Pearl Harbor.

Comparisons are usually odious. It little behooves any of us to harp on what happened before Pearl Harbor. In the wire-tapping instance I was an ardent supporter of what the President wanted because I believed, and we now know, that his demand at that time was essential. The majority of the House, however, felt otherwise, and many of those who had ardently supported the President in some other demand violently opposed him in this matter. Undoubtedly all acted in good faith. All used their own best judgment in behalf of what they thought was for the best interest of the country. Someone was wrong, but criticism and fault finding will not help win the war at this time. When war was declared we started from there and undoubtedly there

is general unity of purpose. This war is our joint venture and will only be successfully terminated by joint, unhampered, and cooperative action. The I-told-you-so attitude hinders rather than helps the war effort, and the sooner our people cease talking about what has been and devote all their time and effort to what is going to be and what must be the sooner will this dreadful scourge of war pass from us.

The committee report, which I have quoted, explains just what this bill does. It is some different than the bill which was defeated on June 30. That bill extended the right to tap wires where espionage, sabotage, kidnaping, and extortion were involved. In no other instance did that bill permit wire tapping and the use of the evidence obtained thereby. The bill before us is broader, more far-reaching, and covers much more territory than the defeated bill. It authorizes the Federal Bureau of Investigation, the Military Intelligence Division, and the Office of Naval Intelligence to use wire tapping in the detection of treason, sabotage, espionage, seditious conspiracy, and in numerous other instances where the national defense is concerned. It would be a very drastic law under any excepting war conditions. Be it remembered, however, that this is purely a war measure, and can be terminated at any time by Presidential proclamation, provided, however, that if the President does not issue a repealing proclamation within 6 months after peace is declared, then the Congress by concurrent resolution can wipe this whole statute off the books.

There is not a patriotic soul among us who can find any fault with the authority granted in this bill. It is true that the bill does not include kidnaping and extortion. For my part, I should like to see the law made permanent so far as kidnaping and extortion are concerned. It was wire tapping that made it possible for the F. B. I. to solve several important kidnaping and extortion cases. This is the testimony of J. Edgar Hoover before the Judiciary Committee. Yet no one's civil rights were materially impinged upon. We have too many so-called liberals in the country who are eternally fretting about yielding up their individual privileges in behalf of the common good. With this group I have no patience.

In conclusion may I say that I have not changed my position at all since I advocated granting the President this emergency power in 1941. The necessities of the occasion are even greater today, and it is gratifying to know that this view is universally appreciated by the Members. Just another evidence of unity when our national life is at stake. It is this type of thing that is bound to win this war.

Mr. MOTT. The gentleman thinks the elements who opposed it then have now seen the light of day and have become more patriotic?

Mr. MICHENER. In peacetimes we quarrel about our internal affairs. In wartimes we forget our differences of opinion and fight the common enemy.

Mr. MOTT. Of course, we do that.

Mr. BRADLEY of Michigan. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield to the gentleman from Michigan.

Mr. BRADLEY of Michigan. I am very glad to have the gentleman refer back to about a year ago, when we had a similar bill before this House, because I recall that while that bill was under consideration in the gentleman's committee I was told by the head of the F. B. I. personally that due to their previous habit of tapping wires, telephone conversations, and so on, they had been following and keeping their fingers on the activities of several thousand known foreign agents in this country who have since become enemy aliens. I presume some such testimony was offered before the gentleman's committee. It seems to me very strange that this House a year ago did not pass this bill as requested by the President and by those bodies.

Mr. MICHENER. That is gone now; but may I say to the gentleman that practically every one of those agencies appeared before the committee last year opposing this bill. They called themselves liberal. They were opposed to this type of legislation.

Mr. BRADLEY of Michigan. Not the agencies of the Government who were charged with following up these enemy agents?

Mr. MICHENER. No. This bill was sponsored by the Attorney General of the United States and by the President of the United States, and was defeated in this House by a vote of 153 to 146 on a roll-call vote on June 30, 1941.

Mr. Speaker, I hope this bill will pass unanimously.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Speaker, the gentleman from Michigan is very eloquent in defending this measure and in appealing to those who opposed any other measures having to do with wire tapping not to vote against this measure at this time, and finally asking the House as a whole to give this power to the President.

Without looking at the record, I think I was one who opposed the so-called Hobbs wire-tapping bill, but this is not the Hobbs bill by any means. The gentleman knows that just as well as I know it.

Mr. MICHENER. Will the gentleman point out the difference?

Mr. COCHRAN. I will point it out later in the debate.

The gentleman tells us the President should have this power. Why does not the gentleman from Michigan look at his own record and see how much power he has voted to give the President when the President appeal to this House for power prior to December 7?

Those of us who opposed the Hobbs bill had reason to oppose it. This bill confines itself to certain things which the gentleman mentioned. Of course, no one is going to oppose this kind of a measure, especially during wartime. But the gentleman should not indirectly criticize those who during peacetime thought it was not proper to let every wire in the United States be tapped by Government officials who wanted to tap it.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Michigan.

Mr. MICHENER. The bill before the House last year provided that no wire could be tapped unless the permission of the Attorney General was given in writing.

Mr. COCHRAN. I know that. This bill is a great deal different and is a war measure.

Mr. MICHENER. I may say in that connection that the open hearings recently held developed that on the 2d day of September 1941 the F. B. I. in Honolulu asked Mr. Hoover to get permission to tap the wire between Honolulu and Tokyo. Mr. Hoover made the application to the Attorney General, and the permission was given on October 22.

Mr. COCHRAN. That permission was given, I presume?

Mr. MICHENER. There was no wire tapping without the permission of the Attorney General.

Mr. COCHRAN. They got the permission?

Mr. MICHENER. On October 22.

Mr. COCHRAN. Did they learn that the Japs were going to visit Pearl Harbor on December 7?

Mr. MICHENER. I do not know what the information was.

Mr. COCHRAN. Japan did not talk about attacking us over the telephone.

What I am talking about is that the gentleman from Michigan who, time and again, has stood on this floor and criticized those who wanted to give the President power, is now standing here criticizing some of us who did not care to vote for a wire-tapping bill before the emergency arose. That is what I am talking about.

Now, as to the bill we defeated last year, it provided that only the Bureau of Investigation could tap wires, and then only when granted permission by the Attorney General. It not only included espionage, sabotage, but also kidnaping and extortion cases. This bill, very properly, as a wartime measure, extends the power to not only the F. B. I. but also to the Intelligence Division of the War Department and the Office of Naval Intelligence in the conduct of investigations in the interest of prosecution of the war. There is a vast difference between the two bills.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock a. m.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE WIRE-TAPPING BILL

Mr. CELLER. 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 House Joint Resolution 310.

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 House Joint Resolution 310, with Mr. DAVIS of Ohio in the chair.

The Clerk read the title of the joint resolution.

The first reading of the joint resolution was dispensed with.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I appreciate the kindly expressions of opinion concerning me made by the gentleman from Michigan [Mr. MICHENER]. I may say I know of no more tireless, able, or painstaking Member of this House than the gentleman from Michigan [Mr. MICHENER].

Mr. Chairman, it must be understood that this bill, House Joint Resolution 310, is strictly a war measure and is confined to war crimes. Its duration shall be only until 6 months after peace, or the President by order, or the Congress by concurrent resolution, shall determine by way of sooner determination or termination of the effective powers of the bill.

Specifically, the bill makes admissible in evidence information obtained by wire tapping in cases involving so-called war crimes like treason, sabotage, espionage, seditious conspiracy, and so forth, and the wire tapping, plus the use of evidence obtained by wire tapping is limited to those purposes enumerated in the bill.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. This bill does carry other limitations than those included in the bill that was voted on last June.

Mr. CELLER. Yes; it does.

Mr. BROWN of Ohio. A considerable number of new limitations have been written into the bill.

Mr. CELLER. Yes; and, primarily, those limitations are that this is strictly a war measure for the duration of the war and it does not include so-called domestic crimes like kidnaping, and so forth.

Mr. BROWN of Ohio. And the other bill did include domestic crimes?

Mr. CELLER. Yes; it did include domestic crimes.

Mr. BROWN of Ohio. So this is not the same measure voted on last June?

Mr. CELLER. It is not, in that sense.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman.

Mr. MOTT. On account of the gentleman's special knowledge of this bill I wish he would clear up that point. I recall the provisions of the former bill which I supported, as I intend to support this bill, and it is my recollection that the former Hobbs bill was limited in duration to the emergency and that it was limited in scope to crimes which the gentleman has just designated as war crimes. If that is the case I think the gentleman should clear it up so that there will not be any misunderstanding.

Mr. CELLER. At the time of the discussion of the Hobbs bill I was home ill, but if my memory serves me rightly from a reading of the debate, the bill went further in that regard than the instant bill. As I have stated, this bill is strictly limited to these war crimes beyond peradventure of a doubt. The gentleman can read them very carefully.

Mr. MOTT. I think the former Hobbs bill did include kidnaping, but outside of that I think it was entirely directed toward what the gentleman has described as war crimes.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. SPRINGER. I will ask the gentleman if the former bill, known as the Hobbs bill, did not also include espionage?

Mr. CELLER. I think that is correct.

Mr. ELIOT of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman.

Mr. ELIOT of Massachusetts. It also included extortion and it was not limited as to time, but was designed as permanent policy.

Mr. CELLER. As first drawn it was to be permanent law.

Mr. O'HARA. Oh, no.

Mr. CELLER. If I am wrong about that, I would like to be corrected.

Mr. O'HARA. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman.

Mr. O'HARA. If the gentleman will refer back to the RECORD, he will find that I offered an amendment to limit it to 2 years.

Mr. CELLER. I am sorry. I did not recall.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. HANCOCK. The RECORD of June 30, 1941, at page 5793, shows that this amendment was offered on a motion to recommit:

> On page 2, line 2, after the words "United States" insert "without delegating his authority except to the Acting Attorney General in his absence"; and on page 3, after line 23, insert "This section shall remain in force and effect for a period of 2 years after its passage."

Mr. CELLER. Regardless of the differences, I think we can all agree that this particular bill has certain specific limitations not in the previous bill and this bill is applicable primarily to the war effort.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Massachusetts.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

Mr. McCORMACK. Without regard to what happened when the bill was up last time—and I voted for its passage—the fact is that we need this legislation now, and the fact is that the declaration of war has taken place since the consideration of the last bill and the present time. Those are facts that are indisputable, and the necessity of winning the war demands the passage of this legislation, because the legislation is such that it may add to the winning of the war.

Mr. CELLER. I thank the gentleman. Nobody appeared specifically in opposition to the general principles underlying this bill. As a matter of fact, a representative of the office of American Federation of Labor had this to say:

> I am authorized to say for the American Federation of Labor that, notwithstanding our previous well-known attitude toward this type of legislation, we shall not now oppose this legislation, provided it is made perfectly clear that the legislation is for the duration only.

Mr. Philip Murray, president of the Congress for Industrial Organizations, stated likewise that his organization favored the bill, but said that the suspension of the wire-tapping prohibitions should be limited in time to the duration of the war. That is in the bill. Also he said that the suspension should be severely limited in scope to the detection and apprehension of violators of laws designed to promote the national war effort. That is in the bill. Also that severe criminal penalties should be provided for any person using the power to tap wires, or any information so secured, for any purpose other than as evidence in connection with the prosecution for one of the described offenses. That is in the bill. Then he added a fourth provision that a specific declaration should be included to prevent the use of the wire-tapping power in any manner to destroy or interfere with the rights of organized labor.

That last provision we could not possibly and specifically comply with. Assuredly no effort will be made to hunt or hound labor. My record on labor is unassailable. I am a strong champion and friend of labor. If I thought for one moment labor would be hurt by this measure, I would oppose it. I shall be alert and ready to denounce anyone who would attempt to hurt labor by the provisions of this bill. Aside from that fourth condition, all of the conditions that he adverted to are covered by the language of the bill.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

Mr. DICKSTEIN. I understand that the Federal Lawyers' Association considered the matter and approved the bill with the provision that it be confined to the duration of the war.

Mr. CELLER. Most of the bar associations writing to us approved the bill on the condition that it be limited to the duration of the war. We think we have a bill here that should meet every possible contingency and every possible objection. Severe penalties are pre-

scribed for unauthorized uses of the evidence that might be obtained by wire tapping. There is a penalty provided of $10,000 and/or 2 years in jail; no permission to tap wires can be given unless the national safety is threatened, or one of the prescribed crimes designated in the statutes is about to be committed. Unauthorized demands for copies of telegrams or communications are punishable by a fine, and unauthorized publication or use of communications is punishable. Evidence obtained in any unauthorized way cannot be used and it only can be used in the manner prescribed by the statute specifically and cannot otherwise be used.

We could not conjure up any other limitations. We put every possible safeguard in the bill to protect the rights of all parties, all citizens anywhere, everywhere in the United States. We feel that in the interest of the war effort, we should have this legislation. My State of New York, for example, has in its constitution the right to tap wires, and to use the evidence obtained in the detection of crimes. If we do not pass this legislation, we will have an anomalous situation. For example, a New York City policeman could tap a wire, whereas an F. B. I. agent could not, and in addition use the evidence obtained thereby. That is a ridiculous situation and we must cure that

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

Mr. O'HARA. Will the gentleman state for the purpose of the record whether or not the Federal Bureau of Investigation and the Military Intelligence and the Naval Intelligence may now act in the matter of tapping wires without getting anyone's consent to work separately or together as they see fit? Is not that true?

Mr. CELLER. I am glad that the gentleman asked that question. I had overlooked it. That is correct. The Army and the Naval Intelligence Divisions may act independently without getting any clearance from the Attorney General's office.

If we do not pass this bill, our treacherous alien enemies and spies residing in our midst will have the untrammeled and safe use of the channels of wire and wireless, but our Army, Navy, and Department of Justice will not.

Assuredly, the present wire-tapping prohibitions are not being observed by alien spies and espionage agents. Federal officials must obey the prohibitions. Army and Navy Intelligence officers cannot listen in, but Nazi, Fascist, and Japanese saboteurs can. Such a situation is woefully ridiculous.

In conclusion, I am deeply sensible of and thankful for the able assistance of my colleague on the committee, the gentleman from New York [Mr. HANCOCK], and the gentleman from Alabama [Mr. HOBBS]. I am especially grateful to Mr. Frank Connell, clerk of the Judiciary Committee, for his painstaking research and studious inquiry. He was ever at my elbow aiding and advising me.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. HANCOCK. Mr. Chairman, inasmuch as the court and the jury are favorable, I think it would be foolish for me to indulge in any extended argument. Many a man has talked himself out of court when the judge was with him at the outset.

I am thoroughly familiar with this legislation. I discussed a similar bill 2 years ago and again last year, and I am perfectly ready to discuss it today if anybody desires to hear my views.

I hope there will be no opposition. Everyone must realize that we are engaged in warfare and that this is a war measure. When we know the land is filled with saboteurs, spies, and traitors, it is utter folly to deny to our intelligence departments of the Army and the Navy and the F. B. I. the usual weapons which are used all over the world to track down these desperate criminals, who are more dangerous to us than enemy troops in uniform.

The language of this bill is not satisfactory to everybody concerned with its preparation. It has been written and rewritten half a dozen times. The final version as you have it before you today represents the best efforts of the Judiciary Committee to compose our differences. I could go into detail and describe for you the reason for every word and phrase in it because I happened to be one of a subcommittee, together with my good friend from New York [Mr. CELLER], and my good friend from Alabama [Mr. HOBBS], who drafted the bill in its final form. If you wish to know the contents of the bill, the background of it and the explanation of it, I suggest that you read the report carefully.

I compliment the gentlemen from New York [Mr. CELLER], author of the bill, for his excellent work. I also compliment the very able and efficient clerk of the committee, Mr. Frank Connell, who actually drafted the report and was most helpful all through the consideration of the bill.

I will be pleased to answer any questions. I hope there will be none. I hope the debate will not be extended. I hope the bill will be passed unanimously. The President is for it. The Department of Justice is for it; the Secretary of War, and the Secretary of the Navy are for it. Everyone who opposed it a year ago, so far as I know, approves of it today. It is an essential measure. It should have been passed months ago.

I will not delay the passage of the bill today by taking any more time.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, there would have been no Pearl Harbor attack had this bill been the law of the land before December 7, 1941. I make that statement unequivocally. I make it solemnly. I make it upon my own initiative and upon my own responsibility. It is true, as every member of the Judiciary Committee who heard the testimony given in our executive session knows. We know whereof we speak, although we cannot take the Congress into our confidence.

This bill may yet prove essential. It differs from its precursors in several respects, but it is, on the whole, improved. It has been weakened materially in only one respect. Its life is limited to the war emergency as usually defined. We all wish that it had been the law and that the awful loss of life and the weakening of our Navy which occurred at Pearl Harbor might have been averted. But it is not too late to help win the war. It still can serve a useful purpose. Personally I think it ought to be permanent legislation, but I waive that and bow respectfully to the wisdom of my conferees on the committee.

Nor can I close these brief remarks without paying sincere tribute to the leadership of the gentleman from New York [Mr. CELLER] throughout its long and hard progress; and also to the gentleman from New York [Mr. HANCOCK], whose diligent and able work on the subcommittee was invaluable.

I also wish to pay tribute to Frank Connell, who has been more than helpful in every one of the many meetings we have had on this subject and in a hundred ways.

This bill should pass. It will pass. It must pass if we are to do our duty in behalf of America's war effort.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. ELIOT].

Mr. ELIOT of Massachusetts. Mr. Chairman, I agree, of course, with the majority leader in saying that we should consider this as a war measure, devoted to war crimes, limited to the duration of the war, without too much regard for ancient history.

For the purpose of putting the record straight, I feel I must comment on the defeat of the wire-tapping bill last June, and the effect of that defeat upon the events at Pearl Harbor. Existing law, as interpreted by the Attorney General and his predecessors, permits Government wire tapping. It does not permit the use of evidence gained thereby in prosecutions. In other words, the defeat of the Hobbs bill last June did not prevent wire tapping at Pearl Harbor.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. ELIOT of Massachusetts. Yes; I yield.

Mr. MICHENER. Is it not true that the Attorney General made a regulation that there should be no wire tapping by the F. B. I., Mr. Hoover's organization, without express permission of the Attorney General, and that Mr. Hoover and the F. B. I. made a personal request of the Attorney General for permission to tap wires on the 2d day of September 1941, and he did not get the permission until the 22d or the 27th day of October?

Mr. ELIOT of Massachusetts. I believe that is correct.

Even if the Hobbs bill had passed the same condition would have obtained; the Attorney General would have had to give

his permission. Furthermore, as the gentleman's very statement points out, the F. B. I. got the authority from the Attorney General to tap wires at Pearl Harbor some 6 or 7 weeks before the disaster occurred. The point I am making is simply that it was not through any adverse vote in this House that the Government failed to utilize the power it already had at the time of Pearl Harbor.

[Here the gavel fell.]

Mr. HANCOCK. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, I want to compare for the benefit of the Members of the House, in just a few instances, the bill which was before the House on June 30, 1941, and the present bill. I believe this will be helpful to the Committee in determining its policy respecting this legislation.

As has been said, just a few moments ago, the bill which was before the House, known as the Hobbs bill and which was under consideration on June 30, 1941, contained the provision that if the wires were to be tapped and the evidence were to be used in the prosecution of any case it must first go through the hands of the Attorney General of the United States. Everyone on the floor of the House this afternoon who was present during that particular debate will recall the reference made to the possible obstructions which might come in securing permission from the Attorney General, or a certificate from the Attorney General, for the purpose of tapping wires which would then make possible the use of that evidence in prosecutions.

The bill now before the House gives three agencies the power which in the Hobbs bill was delegated to the Attorney General: First, the Federal Bureau of Investigation of the Department of Justice; second, the Military Intelligence Division of the War Department; and, third, the Office of Naval Intelligence of the Navy Department. And the crimes involved are treason, sabotage, espionage, seditious conspiracy, violations of neutrality laws, and violations of the act requiring registration of agents of foreign principals. These are the sole agencies which will have the power to direct the tapping of wires, and the crimes above recited are the crimes for which the authority may be extended to tap wires for the purpose of obtaining evidence. The Hobbs bill embraced domestic crimes, such as kidnaping and extortion. This bill does not contain any domestic crimes as a basis for wire tapping.

In this connection I want to call the attention of the membership, if I may, to the statement which was made by J. Edgar Hoover before the committee with reference to this particular bill now before us. I quote from the hearings:

> Coming to the matter of this legislation, I think I should indicate what the procedure is in the Federal Bureau of Investigation today in connection with wire tapping.
>
> The procedure that the Federal Bureau of Investigation follows today in regard to wire tapping is this: No agent in charge of any of the 56 field offices of the Bureau is authorized to tap a telephone wire. I myself am not authorized to tap a telephone wire. If an agent in charge of any of the 56 field offices of the Bureau decides an investigation warrants the tapping of a telephone wire, he communicates with me here in Washington and I in turn transmit that request by memorandum to the Attorney General in accord with his instructions.

So if the pending bill should be passed the three agencies I have just mentioned; namely, the Federal Bureau of Investigation, the Intelligence Division of the War Department, and the Office of Naval Intelligence of the Navy Department would be the sole agencies which would have the power to authorize the tapping of wires, and this would be, only, to secure our national defense and security. The Hobbs bill was voted upon before we were attacked by Japan. Since December 7, 1941, great changes have occurred. We are not at peace now.

We must remember that we are in war; this is a war measure; this is an emergency measure, and under the express provisions of the bill itself this law will continue in force until the expiration of 6 months after the termination of the present war. We must win this war, and we must not leave anything undone which may contribute to our ultimate victory. The necessity of tapping wires in order to obtain evidence of treason, sabotage, espionage, seditious conspiracy, violations of neutrality laws, and violations of the act requiring the registration of foreign principals may become highly important at any time. The failure to pass this bill today might be the direct cause of great loss of property, or the commission of acts of treason whereby our Nation might suffer great and irreparable injury. Every American is vitally interested in this legislation; it is needed, and may I say that certain confidential communications given to the Judiciary Committee of the House of Representatives, by J. Edgar Hoover, of the Federal Bureau of Investigation, which the members of the committee cannot disclose, make certain the fact that this legislation is entirely justified as a war measure.

Mr. Chairman, before I conclude my remarks I desire to express to my colleague, the gentleman from New York [Mr. CELLER] my congratulations upon the presentation of this bill. It is purely a defense measure. We must extend our all-out effort to win this war to those protective measures which will make secure our Nation, and our people. This bill will do just that, and no more. The gentleman from New York [Mr. CELLER] has given much time and effort to this measure, and he is to be commended by the Members of the House, and by the country, for presenting this protective legislation.

I desire, also, to add my tribute to that fine and distinguished secretary of the Judiciary Committee, Mr. Frank Connell, who has labored long and faithfully in the preparation of this bill. His efforts respecting this measure should be applauded by all. He is a faithful and loyal coworker of our great committee.

Mr. Chairman, as we approach the end of the debate on this war measure—a measure which is protective, only in its character—and which will throw the arm of security about every American—our factories, shops, and mills will be made secure, and the American workers will find their machine and bench ready for them each day when the whistle blows; their opportunity to work will not be destroyed by the saboteur, and the people will be made safe and secure by this piece of legislation.

I hope, therefore, Mr. Chairman, that this bill will pass without a dissenting vote in the House of Representatives. Let us say to the world that we will protect our people and our country, insofar as possible.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, it is not my purpose to add to the very able and informative explanations which have been made with reference to this bill. I want to direct attention to the fact that the attitude toward this bill as it is now presented is a fine indication and a fine example. During ordinary times—during peacetimes—Members divide; they have different attitudes; sometimes this aisle between Democrats and Republicans divides everybody; but it is a fine thing—it is a heartening thing—to observe that when your country faces danger—and unquestionably we face danger—party lines cease to obtain, and Members of this Congress, whether Democrats or Republicans, stand united for the defense of their common country. There is no solidifying, unifying, vitalizing, strengthening, protective thing for a people imperiled as we are comparable in its efficency to a realization of a great common danger. During the past 2 or 3 weeks there seems to be a tendency to minimize our dangers, to stir up optimism, to magnify things in our favor and minimize those against us. Nothing could be more dangerous to the security of this country than that. That sort of thing breeds incaution and incaution results in such things as happened at Pearl Harbor. That does not help our morale. The people want the facts. They can take them raw. They have got the right to have them. There is not the slightest doubt that our country now faces the supreme danger in its existence.

We have had a very foolish notion in America that in some sort of way we were going to escape the test and the perils which other countries have faced. We have got over that notion now. The ease-loving, soft, self-centered, unfit people of yesterday, as if by magic almost, are coming to be virile people fit to win. It is for us to forget partisanship and personal ambition and to be fit servants of such a people. Tell them the truth. The truth is that we have not been winning this war, not yet. Everything we have is involved. Regardless of the past, we of this House must face the present and the future as we face this bill unitedly in this war situation.

There is no more solidifying influence that can be exerted among the people than the consciousness of a common

danger. The unanimity of the House toward this very identical piece of legislation is an evidence to the country that we believe we do face that character of danger which requires us to stand as a united people, with just one object, and that is to make this country secure. We have got to turn the tide of this war before we can win. It is running against us. We are not going to get ourselves in shape to do it by trying to deceive ourselves as to the seriousness of our danger. We are watchmen on the tower for our people. We do not have to hide things from them. They are as grown as we are. They are not jittery one bit. They know we are in danger. Nothing could do a greater hurt to our morale, to the confidence and trust between the people and their public officials and civilians in positions of leadership than for the impression to get abroad that things affecting the public security are being hidden from them, or our dangers minimized in our reports to them.

Mr. HANCOCK. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Chairman, I assume that the passage of this bill will be unanimous today; at least I sincerely hope so, because the House has been fiddling and shadow boxing with this wire-tapping bill for some time. The gentleman from Alabama has well said that the tragedy of Pearl Harbor might have been avoided had this bill been the law prior to December 7, 1941.

I do want to compliment the author of the bill and the subcommittee of the Judiciary Committee that did a great deal of work upon it. Perhaps there are some in the Congress and some in the departments of our Government who have a very high sensitivity in reference to the proposition of wire tapping. As far as I am concerned, wire tapping ought to be permitted in the case of the violation of any Federal felony and not limited as it is limited by this bill. However, and with due respect to those who opposed the Hobbs bill on June 30, 1941, there is and has been the imperative need of this exceedingly important legislation with our country at war.

Mr. Chairman, while I am speaking, I would like also to pay high compliment to Mr. Connell, clerk of the committee. It is always a pleasure to go to him and ask for information, because he is always gracious and willing and tries to aid any member of the committee who comes to him. It is my hope that the Judiciary Committee will long have Mr. Connell as its clerk.

Mr. Chairman, I hope this bill will be rapidly acted upon by the Senate, because all you have to do to realize the importance of it is to read the report, and particularly page 29 of the last printed hearings on the bill. I am not only happy to have supported the previous measure, the so-called Hobbs bill, but I am equally happy to support this bill and to urge its passage.

[Here the gavel fell.]

Mr. HANCOCK. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS of Ohio. Mr. Chairman, this is second-guessing day. On this bill on which we are now so unanimous, we are divided between the "I told you so's" and the "alibis." I happen to be one of those who supported this bill when it was up last summer, and I got a good bit of scolding for it.

This bill has considerable historic importance as applied to the Pacific situation and to Pearl Harbor. Let me carry you back, while we are "second guessing" a little bit, to a document found on page 2657 of the Appendix of the RECORD of June 16, 1939, being the minority report of the Foreign Affairs Committee on the so-called neutrality bill, House Joint Resolution 306, the Bloom bill. During the hearings on our foreign policy leading up to that bill, we had heard many witnesses urging embargoes against Japan. I made a motion to consider the Japanese embargo bills which were pending before our committee, but my motion was tabled without even permitting me to speak.

With that background in mind, our minority report on the Bloom bill said:

THE PACIFIC SITUATION

We have attempted, without success, to secure consideration and action by our committee on the situation in the Orient. We feel that it is a mistake to try to determine our possible conduct as to future wars in Europe before we determine our conduct as to an existing war. We have let our excitement about what may happen to our remote interests in Europe blind us to what is now happening to our immediate interests in the Pacific, where our treaty rights are being violated and our national interests threatened every day. We feel certain that if we had solved this immediate far-eastern problem first it would have gone far toward solving the rest of our international problems.

If our country had carried out this minority proposal 3 years ago and had stopped arming Japan, Pearl Harbor might have been prevented.

Why bring that up? Not just to say "I told you so," but to remind us all to go carefully when we are all of one mind. There is a lot of talk here today about the need for unanimity. I think the need for being right is more important than the need for unanimity. I happen to be an "I told you so" man today on this bill, but there are many men whose judgment I respect who did not support this bill before, for this is a terrible power to give to the Government, in peace or war, the power that Justice Holmes has described as "a dirty business," eavesdropping on private conversations. I thought it was necessary under the circumstances last summer, and I think it is necessary now, but let those who do not feel that way now have the courage to state their views here. In the interest of unanimity we do not want to be stampeded into doing the wrong thing. We want to continue to be a deliberative body.

I am one of those who always view with some suspicion a unanimous vote, because I know that, human nature being what it is, a divided vote means that in all probability the measure received more careful consideration than one which was passed unanimously.

To those who are in the minority on votes we take today I say, be of good cheer. Often those who were in the minority in the past, as on this bill, or as some of us were in 1939 on the Pacific problem, come into the majority when the matter comes up for a second guess. On the other hand, when those of us who were in the minority find that time has brought the majority around to our views on a certain measure, let us not crow too much, let us not say too much about "I told you so"; we may be the ones who are proven wrong next time. Rather, let us try to continue to debate measures on their merits, without being stampeded, without recriminations, seeking to be right rather than unanimous.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield to the gentleman from Missouri.

Mr. COCHRAN. Since I took the floor a few minutes ago to answer the gentleman from Michigan [Mr. MICHENER] I have looked over this bill and compared it with the bill on which we voted a year ago. In the first place, we were not at war at the time we voted on that bill. In the second place, we gave the entire power to one man. We extended that power solely to the Attorney General in the original bill. Is not that correct?

Mr. VORYS of Ohio. I think there are differences between this and the Hobbs bill and differences between the situation then and now which would justify a change in a man's vote. For myself, the fact that this bill does not include kidnapers and extortionists, as the Hobbs bill did, does not make this bill better. I concede that there are differences. Although in my judgment the two bills are substantially the same and the purpose that they seek to achieve is the same, I respect the judgment of those of my colleagues who feel that the differences are important enough for them to have voted the other way last time.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself 2 minutes.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Missouri.

Mr. COCHRAN. Is it not a fact also that the Hobbs bill considered last year never mentioned the Army or the Navy Intelligence Sections?

Mr. SUMNERS of Texas. I rise to make just one observation. These gentlemen are concerned about how Members voted last year, or whenever it was. One time I was running for office and a man was accusing me of having cast a bad vote. I replied that I thought he was probably making a mistake about that particular vote, that I thought that was probably a very good vote, but if he wanted some campaign thunder and would come around to me I would show him some votes that I knew were wrong. Then I said, "Of course, I try to profit by my mistakes." Then I said to the audience, "All you fellows who never made any mistakes, vote for this other bird, and the rest of you vote for me, and I will count noses with him." I never

heard anything more about that particular vote.

I think that is about the situation with regard to how Members voted last year on this bill. Of course, stable people do not change often, but the only consistency anybody ought to aspire to is that each time he acts he uses then his latest and best judgment. The fine thing about it is that we are all standing together now voting for this bill as we must stand together generally for what we believe is in the interest of our country that is now engaged in war, facing the greatest fighting machine of all time, with everything we have or can hope for in the gravest sort of peril. Let the dead past bury its dead while we unitedly, with but one ambition, seek to be servants of a great democracy in this hour of its supreme peril.

[Here the gavel fell.]

The Clerk read as follows:

Resolved, etc., That the Federal Bureau of Investigation of the Department of Justice, the Military Intelligence Division of the War Department, and the Office of Naval Intelligence of the Navy Department are authorized, in the conduct of investigations, to ascertain, prevent, or frustrate any interference or any attempts or plans for interference with the national security and defense by treason, sabotage, espionage, seditious conspiracy, violations of neutrality laws, violations of the act requiring the registration of agents of foreign principals (act of June 8, 1938, as amended (52 Stat. 631)), violations of the act requiring the registration of organizations carrying on certain activities within the United States (act of October 17, 1940 (54 Stat. 1201)), or in any other manner, to require that telegrams, cablegrams, radiograms, or other wire or radio communications and copies or records thereof be disclosed and delivered to any authorized agent of any one of said investigatorial agencies, without regard to the limitations contained in section 605 of the Communications Act of 1934 (48 Stat. 1103): *Provided*, That no demand for the disclosure and delivery of telegrams, cablegrams, radiograms, or other wire or radio communications, or copies or records thereof, shall be made by any agency specified in this section unless and until such agency has received the approval of the head of the Federal Bureau of Investigation of the Department of Justice, the head of the Military Intelligence Division of the War Department, and the head of the Office of Naval Intelligence of the Navy Department, as the case may be, or by such officer or official as may be designated by him. Such approval shall be given only when there is reasonable ground to believe that a violation of a law referred to in this section may have been committed, is being committed, or may be about to be committed, or the national safety is otherwise threatened. The information thus obtained shall be admissible in evidence.

SEC. 2. No person shall fail to comply forthwith with the request of any duly authorized person, pursuant to this joint resolution, for the disclosure and surrender of any telegram, cablegram, radiogram, or other wire or radio communication, or copies or records thereof in his possession or under his control.

SEC. 3. No person shall divulge, publish, or use the existence, contents, substance, purport, or meaning of any information obtained pursuant to the provisions of this joint resolution otherwise than for the purposes hereinbefore enumerated.

SEC. 4. Any information obtained by any one of the three investigatorial agencies above named in the conduct of any investigation referred to in this resolution by means of intercepting, listening in on, or recording telephone, telegraph, cable, radio, and any other similar messages or communications, shall be admissible in evidence in any prosecution for any offense mentioned in this resolution, but not otherwise.

SEC. 5. Any person who willfully and knowingly violates any provision of this joint resolution shall be guilty of a felony and upon conviction thereof shall be fined not more than $10,000 or imprisoned not more than 2 years, or both.

Mr. JENNINGS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this resolution authorizes the Federal Bureau of Investigation of the Department of Justice, the Military Intelligence Division of the War Department, and the Office of Naval Intelligence of the Navy Department in the conduct of certain investigations in the interest of the prosecution of the war to make use of intercepted communications without regard to the limitations contained in section 605 of the Communications Act of 1934.

We are all agreed that any agents of these branches of the Government enumerated in this act may, without violation of law, intercept messages sent by wire by those who are about to commit a crime, but they cannot use these intercepted messages in evidence against those who are committing or are about to commit the crimes of treason, sabotage, espionage, seditious conspiracy, violations of neutrality laws, and other offenses against the security of this country.

At this time this Nation is engaged in a war for its national existence, and in the prosecution of this war we have builded into an army of defense and offense more than 2,000,000 of our young men; and before our war effort shall have ceased, in all human probability, we will have marshaled under the flag of this country as many as 10,000,000 of our finest, strongest, and best young men. There must be no fifth column in the rear of these men. We do know that those who would commit treason, sabotage, or any other crime interfering with the successful prosecution of the war may resort to, and have resorted to, the use of telegraph wires and telephone wires. If we refuse to enact this measure we say to those who are guilty of treason in this country, those who are guilty of sabotage, those who conspire to defeat our war efforts and bring death to our armed forces and defeat to our armies and our Navy, "You may go ahead and use with impunity these far-flung lines of communication which are calculated, if properly used, to make successful your efforts against your country." Yet we say to the Army and to the Navy and to the F. B. I., "You cannot listen in and use against these traitors, these saboteurs, those who are undertaking to defeat our war efforts, what they have said or what they have done in the use of these instrumentalities." Such a thing is monstrous and is an insult to the intelligence of everybody, and it is for these reasons that I shall support this measure and arm our F. B. I. and our Army and our Navy officials with the power to listen in and get the conversations of these traitors, these saboteurs, and these people who are undertaking to hamstring and defeat the efforts of this country in maintaining our national existence. I voted for a measure similar to this one during the first session of this Congress. It was defeated by a vote of this House. I am reliably informed that if that measure had become a law and if the F. B. I., the intelligence departments of the Army and Navy had been permitted to listen in on the Japs at Honolulu, Pearl Harbor could not have been attacked and our fleet destroyed and our boys butchered on December 7, 1941.

The clerk read as follows:

SEC. 6. If any provision of this joint resolution or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of this joint resolution and the applicability of such provision to other circumstances shall not be affected thereby.

SEC. 7. For purposes of this joint resolution the term "person" shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

SEC. 8. This joint resolution shall remain in force during the continuance of the present war and for six months after the termination of the war, or until such earlier time as the Congress, by concurrent resolution, or the President, may designate.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. DAVIS of Ohio, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration House Joint Resolution 310, pursuant to House Resolution 487, he reported the same back to the House.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The question was taken; and the joint resolution was passed.

A motion to reconsider was laid on the table.

OVERPAYMENTS ON TRANSPORTATION ACCOUNTS

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Expenditures in the Executive Departments, I ask unanimous consent for the immediate consideration of the bill (S. 2305) to relieve disbursing and certifying officers of the United States of responsibility for overpayments made on transportation accounts under certain circumstances.

The Clerk read the title of the bill.

Mr. COCHRAN. Mr. Speaker, this bill has a unanimous report from the committee, the Army, the Navy, the Bureau of the Budget, and the Comptroller General. They not only wrote letters asking for its immediate enactment, but sent

representatives before the committee at a hearing. I spoke to the minority leader, the gentleman from Massachusetts [Mr. MARTIN], this morning and also to the members of the Committee on Expenditures in the Executive Departments who were present—the minority members. There is no objection to its immediate consideration.

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Ohio.

Mr. BENDER. Is it not a fact that this bill provides for the military the same rules that are applicable to the civilian departments or bureaus?

Mr. COCHRAN. Absolutely, and the Government is fully protected in every way from loss. There is no doubt about that as the Comptroller General says.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That hereafter no disbursing or certifying officer of the United States shall be held liable for overpayments made for transportation furnished on Government bills of lading or transportation requests when said overpayments are due to the use of improper transportation rates, classifications, or the failure to deduct the proper amount under land-grant laws or equalization and other agreements.

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.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2508. An act to amend section 32 of the Emergency Farm Mortgage Act of 1933, as amended.

EXTENSION OF REMARKS

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an article by Robert L. Norton, in the Boston Post of Wednesday, May 22, 1942. Also, Mr. Speaker, I ask unanimous consent to extend my own remarks and include an editorial entitled "Irving Cobb's Philosophy," from the Indianapolis Star of May 22, 1942.

The SPEAKER. Is there objection?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. DICKSTEIN] is recognized for 15 minutes.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the time I have today be transferred to Tuesday next, after the disposition of business and other special orders.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Oklahoma [Mr. DISNEY] who had a special order for today has relinquished that time.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2508. An act to amend section 32 of the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Agriculture.

ADJOURNMENT

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

The motion was agreed to accordingly (at 3 o'clock and 18 minutes p. m.), pursuant to its order heretofore entered, the House adjourned until tomorrow, Wednesday, May 27, 1942, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

The hearings in connection with the Federal Communications Commission will be postponed for approximately 2 weeks.

There will be a meeting of the Special Subcommittee on Petroleum Investigation of the Committee on Interstate and Foreign Commerce at 10 a. m., Wednesday, May 27, 1942.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. on Wednesday, May 27, 1942, for consideration of H. R. 6858, H. R. 7044, House Joint Resolution 46, H. R. 3776, H. R. 4800, and H. R. 6370.

EXECUTIVE COMMUNICATIONS, ETC.

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

1672. A communication from the President of the United States transmitting a supplemental estimate of appropriation for the Federal Security Agency in the amount of $103,000, for the fiscal year 1942 (H. Doc. No. 737); to the Committee on Appropriations, and ordered to be printed.

1673. A letter from the Chairman, National Park and Planning Commission, transmitting a draft of a proposed bill to authorize the Board of Commissioners of the District of Columbia and the Secretary of the Interior to make exchanges with the Defense Homes Corporation of certain lands in northwest Washington, and for other purposes; to the Committee on the District of Columbia.

1674. A letter from the Director of Censorship, transmitting a draft of a proposed bill to amend the First War Powers Act, 1941, by extending the authority to censor communications to include communications between the continental United States and any Territory or possession, and any other Territory or possession; to the Committee on the Judiciary.

1675. A letter from the Secretary of War, transmitting a draft of a proposed bill to authorize the use of certificates by officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, in connection with pay and allowance accounts of military and civilian personnel under the jurisdiction of the War and Navy Departments; to the Committee on Military Affairs.

1676. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated March 12, 1942, submitting a report, together with accompanying papers and illustrations, on a review of reports on the James River, Va., with a view to determining if any modification of the existing project is advisable, and particularly with a view to the improvement of Richmond Harbor by means of contraction works, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on January 24, 1939 (H. Doc. No. 738); to the Committee on Rivers and Harbors, and ordered to be printed, with two illustrations.

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. CANNON of Missouri: Committee on Appropriations. H. J. Res. 316. Joint resolution making an additional appropriation for the fiscal year 1942 for the training and education of defense workers; without amendment (Rept. No. 2174). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Patents. S. 2427. An act to amend the act relating to preventing the publication of inventions in the national interest, and for other purposes; with amendment (Rept. No. 2175). Referred to the House Calendar.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. HARTER introduced a bill (H. R. 7139) for the relief of Carl Oplinger, a minor, which was referred to the Committee on Claims.

PETITIONS, ETC.

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

2938. By Mr. LYNCH: Petition of the National Federation of Post Office Clerks, supporting the economic program of the President; to the Committee on Ways and Means.

2939. Also, petition of the International Ladies' Garment Workers' Union, supporting the St. Lawrence seaway and power project; to the Committee on Rivers and Harbors.

2940. By Mr. OLIVER: Petition of sundry citizens of Eliot, Maine, supporting Senate bill 860; to the Committee on Military Affairs.

2941. By Mr. ROLPH: Resolution of the Window Cleaners' Union, Local No. 44, San Francisco, Calif., supporting House bill 6486, a bill to increase the salaries of certain postal employees; to the Committee on the Post Office and Post Roads.

2942. By the SPEAKER: Petition of the Townsend Club, No. 1, Ukiale, Calif., petitioning consideration of their resolution with reference to the Social Security Act; to the Committee on Ways and Means.

2943. Also, petition of the General Welfare Association of Elgin, Tex., petitioning consideration of their resolution with reference to House bill 1410, relative to the General Welfare Act; to the Committee on Ways and Means.