

still have life, of a devoted and affectionate friend.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GEARHART, for 2 weeks, on account of urgent business, public and private.

To Mr. SASSER (at the request of Mr. D'ALESSANDRO), for 1 week, on account of important business.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2004. An act to amend the act entitled "An act to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes," approved June 11, 1942.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee did on December 2, 1944, present to the President, for his approval, bills of the House of the following titles:

H. R. 86. An act to grant pensions to certain unmarried dependent widows of Civil War veterans who were married to the veteran subsequent to June 26, 1905; and

H. R. 5386. An act to amend the Selective Training and Service Act of 1910, as amended, to extend the time within which application may be made for reemployment, and for other purposes.

#### ADJOURNMENT

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

The motion was agreed to; accordingly (at 4 o'clock and 57 minutes p. m.) the House, pursuant to its order heretofore entered, adjourned until Tuesday, December 5, 1944, at 11 o'clock a. m.

#### COMMITTEE HEARINGS

##### COMMITTEE ON REVISION OF THE LAWS

The committee will hold a hearing on Wednesday, December 6, 1944, at 10 a. m., in the committee room of the Committee on Agriculture, to consider H. R. 5450, to revise and codify the criminal laws of the United States and to hold public hearings thereon.

#### EXECUTIVE COMMUNICATIONS, ETC.

2059. Under clause 2 of rule XXIV a letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to repeal the act entitled "An act to authorize the conveyance of the old lighthouse keeper's residence in Manitowoc, Wis., to the Otto Oas Post, No. 659, Veterans of Foreign Wars of the United States, Manitowoc, Wis.," approved June 16, 1938, was taken from the Speaker's table and referred to the Committee on the Merchant Marine and Fisheries.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

Mr. SABATH: Committee on Rules. House Resolution 667. Resolution for the consid-

eration of H. R. 5564, a bill to fix the rate of tax under the Federal Contributions Act on employer and employees for the calendar year 1945; without amendment (Rept. No. 2013). Referred to the House Calendar.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House report No. 2014. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. PATMAN: Special Committee on Small Business. Sixth interim report pursuant to House Resolution No. 18. Resolution creating a Select Committee on Small Business and defining its powers (Rept. No. 2015). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on Labor. H. R. 3985. A bill to prohibit discrimination in employment because of race, creed, color, national origin, or ancestry; without amendment (Rept. No. 2016). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON of North Carolina: Committee on Ways and Means. H. R. 5543. A bill extending the time for the release of powers of appointment for the purposes of certain provisions of the Internal Revenue Code, and for other purposes; without amendment (Rept. No. 2017). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON of North Carolina: Committee on Ways and Means. H. R. 5565. A bill to authorize collectors of internal revenue to receive certain checks and money orders in payment of taxes and for revenue stamps; without amendment (Rept. No. 2018). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

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

By Mrs. FULMER:

H. R. 5574. A bill to provide for the use of net weights in interstate commerce transactions in cotton, to provide for the standardization of bale coverings for cotton, to encourage the compression of cotton to higher density at gins, and for other purposes; to the Committee on Agriculture.

H. R. 5575. A bill to provide for the classification of cotton for producers, and for other purposes; to the Committee on Agriculture.

By Mr. MAY:

H. R. 5576. A bill to establish the grade of Fleet Admiral of the United States Navy; to establish the grade of General of the Army, and for other purposes; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas:

H. J. Res. 320. Joint resolution proposing an amendment to the Constitution of the United States relative to the making of treaties; to the Committee on the Judiciary.

By Mr. OUTLAND:

H. J. Res. 321. Joint resolution extending the life of the Smaller War Plants Corporation; to the Committee on Banking and Currency.

By Mrs. NORTON:

H. Res. 668. Resolution for the consideration of H. R. 3986, a bill to prohibit discrimination in employment because of race, creed, color, national origin, or ancestry; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ANGELL:

H. R. 5577. A bill for the relief of George E. Baker, to the Committee on Claims.

By Mrs. FULMER:

H. R. 5578. A bill for the relief of Mrs. Glenn T. Boyleston; to the Committee on Claims.

By Mr. O'BRIEN of Illinois:

H. R. 5579. A bill for the relief of Rosa Natalia Christopher; to the Committee on Immigration and Naturalization.

By Mr. WALTER:

H. R. 5580. A bill for the relief of the estate of Archie S. Woods, deceased, 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:

6229. By Mr. ROLPH: Resolution No. 4308, series of 1939, Board of Supervisors of the City and County of San Francisco endorsing House bill 735 covering personnel engaged in Army transport service in Spanish-American War; to the Committee on World War Veterans' Legislation.

6230. Also, Resolution No. 4307, series of 1939, Board of Supervisors of the City and County of San Francisco endorsing Senate bill 2105 known as the Hayden Federal-aid highway bill; to the Committee on Roads.

## SENATE

TUESDAY, DECEMBER 5, 1944

(Legislative day of Tuesday, November 21, 1944)

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

Rev. John R. Edwards, D. D., associate pastor, Foundry Methodist Church, Washington, D. C., offered the following prayer:

Our Father God, earth is Thy footstool while heaven is Thy throne. May a sense of Thy nearness to us make sacred even the secular elements of life. We give humble thanks for our daily bread and the supply of harvests for the multitudes of earth. With these mercies give us a growing measure of experience in the realm of truth and higher attainments of character in all our daily living.

Bless those in responsibilities of public life whose words and decisions are so far-reaching. Be in the midst of those who are planning a new world order which shall displace the perils which have disturbed and endangered the Nation's life in recent years. Help them to attain the quiet mind, the far-reaching vision, and, in superior wisdom, the spirit of great unity. In this petition we claim the promise, if any man lack wisdom let him ask of God who giveth to all men liberally and upbraideth not; and we plead the merits of Christ our Lord. Amen.

#### THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, December 4, 1944, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

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

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. McLeod, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1590. An act for the relief of the State of Tennessee;

S. 1645. An act relating to the administration of the Glacier National Park Fish Hatchery, at Creston, Mont., and for other purposes;

S. 1710. An act to authorize the sale and conveyance of certain property of the estate of Jackson Barnett, deceased Creek Indian; and

S. 1877. An act to transfer Georgetown County, S. C., from the Florence division to the Charleston division of the eastern judicial district of South Carolina.

The message also announced that the House had passed the following bills of the Senate, each with an amendment in which it requested the concurrence of the Senate:

S. 218. An act to authorize relief of disbursing officers of the Army on account of loss or deficiency of Government funds, vouchers, records, or papers in their charge; and

S. 267. An act relating to marriage and divorce among members of the Klamath and Modoc Tribes and Yahooskin Band of Snake Indians.

The message further announced that the House had passed the bill (S. 963) relating to the imposition of certain penalties and the payment of detention expenses incident to the bringing of certain aliens into the United States, with amendments in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 56) authorizing the acceptance of a bust of Hon. Cordell Hull, former Secretary of State.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H. R. 1744) to provide Government protection to widows and children of deceased World War veterans.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4917) conferring upon the State of Montana authority to exchange for other lands certain lands selected by the State of Montana for the use of the University of Montana for biological station purposes pursuant to the act of March 3, 1905 (33 Stat. 1080).

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 126. An act to authorize the Secretary of the Interior to sell certain lands, and for other purposes;

H. R. 1033. An act to suspend the effectiveness during the existing national emergency of the tariff duty on coconuts;

H. R. 2448. An act to provide that nationals of the United States shall not lose their nationality by reason of voting under legal compulsion in a foreign state;

H. R. 3442. An act to amend sections 1, 2, and 3 of the act entitled "An act to punish the willful injury or destruction of war ma-

terial, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918, as amended (40 Stat. 533; U. S. C., title 50, secs. 101, 102, and 103);

H. R. 4502. An act to amend the act of Congress approved May 20, 1935, entitled "An act concerning the incorporated town of Seward, Territory of Alaska," as amended;

H. R. 4626. An act to declare a portion of the Illinois & Michigan Canal an unnavigable stream;

H. R. 4642. An act to amend the Nationality Act of 1940;

H. R. 4665. An act authorizing the Secretary of the Interior to convey certain lands in Powell town site, Wyoming, Shoshone reclamation project, Wyoming, to the University of Wyoming;

H. R. 4782. An act to authorize the sale of certain lands of the Tulalip Tribe of Indians, State of Washington;

H. R. 4852. An act to insure the preservation of technical and economic records of domestic sources of ores of metals and minerals;

H. R. 4892. An act relating to clerical assistance at post offices, branches, or stations serving military and naval personnel, and for other purposes;

H. R. 4910. An act authorizing the Atchison, Topeka & Santa Fe Railway Co., or its successors, to convey to the States of Arizona and California, jointly or separately, for public highway purposes, an existing railroad bridge across the Colorado River, formerly known as the Red Rock Bridge, near Topock, Ariz.;

H. R. 4919. An act to amend the act authorizing postmasters in Alaska to administer oaths and affirmations;

H. R. 5062. An act to authorize certain transactions by disbursing officers of the United States, and for other purposes;

H. R. 5221. An act to eliminate as uncollectible certain credits of the United States;

H. R. 5248. An act to amend an act entitled "An act to extend the time for examination of monthly accounts covering expenditures by disbursing officers of the United States Marine Corps," approved December 26, 1941, so as to extend the time for examination of monthly accounts of disbursing officers and special disbursing agents of the Navy and Coast Guard;

H. R. 5464. An act to amend the law relating to the authority of certain employees of the Immigration and Naturalization Service to make arrests without warrant in certain cases and to search vehicles within certain areas;

H. R. 5496. An act to amend section 401 (a) of the Nationality Act of 1940;

H. R. 5551. An act to transfer certain land in Nacogdoches County, Tex., to the United States Forest Service; and

H. R. 5563. An act to authorize the Administrator of the Farm Security Administration to exchange certain land of the United States within the Angostura irrigation project, Hot Springs, S. Dak., for certain land owned by the city of Hot Springs, S. Dak.

## 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	Buck	Chandler
Austin	Burton	Clark, Mo.
Bailey	Bushfield	Connally
Ball	Butler	Cordon
Bankhead	Byrd	Danaher
Bilbo	Capper	Davis
Brooks	Caraway	Downey

Eastland	Lucas	Shipstead
Ellender	McClellan	Stewart
Ferguson	McFarland	Taft
George	McKellar	Thomas, Idaho
Gerry	Maloney	Thomas, Okla.
Gillette	Maybank	Thomas, Utah
Green	Mead	Tunnell
Guffey	Millikin	Tydings
Gurney	Murray	Vandenberg
Hall	Nye	Wagner
Hatch	O'Daniel	Wallgren
Hayden	O'Mahoney	Walsh, Mass.
Hill	Overton	Walsh, N. J.
Holman	Radcliffe	Weeks
Jenner	Reed	Wheeler
Johnson, Calif.	Revercomb	Wherry
Johnson, Colo.	Reynolds	White
La Follette	Robertson	Wiley
Langer	Russell	Willis

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from West Virginia [Mr. KILGORE] are absent from the Senate because of illness.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Utah [Mr. MURDOCK] are detained on official business for the Senate.

The Senator from Florida [Mr. PEPPER] is absent on important public business.

The Senator from Kentucky [Mr. BARKLEY] and the Senator from New Mexico [Mr. CHAVEZ] are unavoidably detained.

The Senator from Florida [Mr. ANDREWS], the Senator from Idaho [Mr. CLARK], the Senator from Nevada [Mr. SCRUGHAM], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. WHERRY. The following Senators are necessarily absent:

The Senator from Maine [Mr. BREWSTER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from New Jersey [Mr. HAWKES], the Senator from Oklahoma [Mr. MOORE], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Iowa [Mr. WILSON].

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

## REPORT ON UNITED STATES PARTICIPATION IN U. N. R. R. A. OPERATIONS

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read by the legislative clerk, and, with the accompanying report, referred to the Committee on Foreign Relations:

*To the Congress of the United States of America:*

I am transmitting herewith the first quarterly report on U. N. R. R. A. expenditures and operations in accordance with the act of March 28, 1944, authorizing United States participation in the work of the United Nations Relief and Rehabilitation Administration.

The enemy has been driven out of all or virtually all of the Soviet Union, France, Greece, Belgium, and Luxembourg. Parts of the Netherlands, Yugoslavia, Poland, Czechoslovakia, and Norway, as well as the Philippines, New Guinea, New Britain, and Burma have been liberated by the armed forces of the United Nations. Those forces—more powerful each month than the month before—are now striking addi-



tional blows to complete the task of liberation and to achieve final victory over Germany and Japan.

U. N. R. R. A. was established by the United Nations to help meet those essential needs of the people of the liberated areas which they cannot provide for themselves. Necessary relief stocks are being acquired and the personnel recruited to assure efficient and equitable administration of relief supplies and relief services. As rapidly as active military operations permit, U. N. R. R. A. is undertaking operations in the field. U. N. R. R. A. representatives are already in or on the way to liberated areas of Europe and are preparing to go to the Pacific and Far East. The colossal task of relieving the suffering of the victims of war is under way.

The conditions which prevail in many liberated territories have proven unfortunately to be fully as desperate as earlier reports have indicated. The enemy has been ruthless beyond measure. The Nazis instituted a deliberate policy of starvation, persecution, and plunder which has stripped millions of people of everything which could be destroyed or taken away.

The liberated peoples will be helped by U. N. R. R. A. so that they can help themselves; they will be helped to gain the strength to repair the destruction and devastation of the war and to meet the tremendous task of reconstruction which lies ahead.

All the world owes a debt to the heroic peoples who fought the Nazis from the beginning—fought them even after their homelands were occupied and against overwhelmingly odds—and who are continuing the fight once again as free peoples to assist in the task of crushing completely Nazi and Japanese tyranny and aggression.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, December 5, 1944.

DECEMBER 5, 1944.

To the Senate:

The above-mentioned committee hereby submits the following report showing the

#### EXECUTIVE COMMUNICATION

The VICE PRESIDENT laid before the Senate the following letter, which was referred as indicated:

##### DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of the Departments of the Treasury, War, Post Office (2), Navy, Agriculture, Commerce, and Labor (2); and the Government Printing Office which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. BREWSTER members of the committee on the part of the Senate.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H. R. 4446. A bill to exempt certain officers and employees within the Office of Scientific Research and Development from certain provisions of the Criminal Code; with amendments (Rept. No. 1305).

By Mr. WHEELER, from the Committee on Interstate Commerce:

H. R. 1997. A bill to repeal section 3 of the Standard Time Act of March 19, 1918, as amended, relating to the placing of a certain portion of the State of Idaho in the third time zone; with amendments (Rept. No. 1306).

By Mr. BILBO, from the Committee on the District of Columbia:

S. 2205. A bill to authorize the dissolution of the Women's Christian Association of the District of Columbia and the transfer of its assets; without amendment (Rept. No. 1307).

By Mr. BAILEY, from the Committee on Commerce:

S. 1159. A bill creating the City of Clinton Bridge Commission and authorizing said commission and its successors to acquire by purchase or condemnation and to construct,

#### COMMITTEE ON APPROPRIATIONS

names of persons employed by the committee who are not full-time employees of the Senate or of the committee for the month of November 1944, in compliance with the terms

maintain, and operate a bridge or bridges across the Mississippi River at or near Clinton, Iowa, and at or near Fulton, Ill.; with amendments (Rept. No. 1308).

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

S. 1817. A bill authorizing the appointment of an additional judge for the district of Delaware; without amendment (Rept. No. 1309).

By Mr. THOMAS of Utah, from the Committee on Education and Labor:

H. R. 4159. A bill to amend section 33 of the act of September 7, 1916, as amended (39 Stat. 742); without amendment (Rept. No. 1310).

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

S. 1882. A bill to increase the compensation of employees in the Postal Service; without amendment (Rept. No. 1312).

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

H. R. 4311. A bill to authorize the appointment of two additional Assistant Secretaries of State; with amendments (Rept. No. 1314).

#### ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, December 5, 1944, that committee presented to the President of the United States the enrolled bill (S. 2004) to amend the act entitled "An act to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes," approved June 11, 1942.

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

The VICE PRESIDENT laid before the Senate a monthly report of the acting chairman of the Committee on Appropriations made in response to Senate Resolution 319, agreed to August 23, 1944, relative to persons employed who are not full-time employees of the Senate or any committee thereof, which was ordered to lie on the table and to be printed in the RECORD, as follows:

of Senate Resolution 319, agreed to August 23, 1944:

Name of individual	Address	Name and address of department or organization by whom paid	Annual rate of compensation
John F. Feeney.....	1425 Rhode Island Ave. NW.....	General Accounting Office, Washington, D. C.....	\$6,400
Harold E. Merrick.....	906 Aspen St. NW.....	do.....	4,800
Thomas J. Scott.....	3500 14th St. NW.....	Federal Bureau of Investigation, Department of Justice, Washington, D. C.....	4,800
Mrs. Mamie L. Mizen.....	1434 Saratoga Ave.....	District of Columbia Government.....	3,500

#### BILLS INTRODUCED

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

By Mr. MCFARLAND:

S. 2210. A bill to authorize the Secretary of the Interior to modify the provisions of a contract for the purchase of a power plant for use in connection with the San Carlos irrigation project; to the Committee on Indian Affairs.

By Mr. HATCH:

S. 2211 (by request). A bill to amend Public Law 603 (77th Cong., ch. 404, 2d sess.), entitled "An act to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for

other purposes"; to the Committee on Banking and Currency.

#### HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles and referred or ordered to be placed on the calendar, as indicated:

H. R. 1.6. An act to authorize the Secretary of the Interior to sell certain lands, and for other purposes; and

H. R. 4782. An act to authorize the sale of certain lands of the Tulalip Tribe of Indians, State of Washington; to the Committee on Indian Affairs.

H. R. 1033. An act to suspend the effectiveness during the existing national emergency

of the tariff duty on coconuts; to the Committee on Finance.

H. R. 2448. An act to provide that nationals of the United States shall not lose their nationality by reason of voting under legal compulsion of a foreign state;

H. R. 4642. An act to amend the Nationality Act of 1940;

H. R. 5464. An act to amend the law relating to the authority of certain employees of the Immigration and Naturalization Service to make arrests without warrant in certain cases and to search vehicles within certain areas; and

H. R. 5496. An act to amend section 401 (a) of the Nationality Act of 1940; to the Committee on Immigration.

H. R. 3442. An act to amend sections 1, 2, and 3 of the act entitled "An act to punish

KENNETH McKELLAR, Acting Chairman.

the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918, as amended (40 Stat. 533; U. S. C., title 50, secs. 101, 102, and 103); to the Committee on the Judiciary.

H. R. 4502. An act to amend the act of Congress approved May 20, 1935, entitled "An act concerning the incorporated town of Seward, Territory of Alaska," as amended; to the Committee on Territories and Insular Affairs.

H. R. 4626. An act to declare a portion of the Illinois and Michigan Canal an unnavigable stream; to the Committee on Commerce.

H. R. 4665. An act authorizing the Secretary of the Interior to convey certain lands in Powell town site, Wyoming, Shoshone reclamation project, Wyoming, to the University of Wyoming; to the Committee on Public Lands and Surveys.

H. R. 4852. An act to insure the preservation of technical and economic records of domestic sources of ores of metals and minerals; to the Committee on Mines and Mining.

H. R. 4892. An act relating to clerical assistance at post offices, branches, or stations serving military and naval personnel and for other purposes; and

H. R. 4919. An act to amend the act authorizing postmasters in Alaska to administer oaths and affirmations; to the Committee on Post Offices and Post Roads.

H. R. 4910. An act authorizing the Atchison, Topeka & Santa Fe Railway Co., or its successors, to convey to the States of Arizona and California, jointly or separately, for public highway purposes, an existing railroad bridge across the Colorado River, formerly known as the Red Rock Bridge, near Topock, Ariz.; to the Committee on Interstate Commerce.

H. R. 5062. An act to authorize certain transactions by disbursing officers of the United States, and for other purposes; to the Committee on Banking and Currency.

H. R. 5221. An act to eliminate as uncollectible certain credits of the United States; to the Committee on Expenditures in the Executive Departments.

H. R. 5551. An act to transfer certain land in Nacogdoches County, Tex., to the United States Forest Service; and

H. R. 5563. An act to authorize the Administrator of the Farm Security Administration to exchange certain land of the United States within the Angostura irrigation project, Hot Springs, S. Dak., for certain land owned by the city of Hot Springs, S. Dak.; to the Committee on Agriculture and Forestry.

H. R. 5248. An act to amend an act entitled "An act to extend the time for examination of monthly accounts covering expenditures by disbursing officers of the United States Marine Corps," approved December 26, 1941, so as to extend the time for examination of monthly accounts of disbursing officers and special disbursing agents of the Navy and Coast Guard; ordered to be placed on the calendar.

#### RIVER AND HARBOR IMPROVEMENTS—AMENDMENTS

Mr. BILBO and Mr. WAGNER each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 3961) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. OVERTON (for Mr. PEPPER) submitted five amendments intended to be proposed by Mr. PEPPER to House bill

3961, supra, which were ordered to lie on the table and to be printed.

#### ACCUMULATED OR ACCRUED ANNUAL LEAVE DUE CERTAIN GOVERNMENT EMPLOYEES—AMENDMENT

Mr. WALSH of Massachusetts. Mr. President, I submit an amendment intended to be proposed by me to House bill 4918, which I request may be appropriately referred, printed, and printed in the RECORD; and I also present an explanatory statement of the amendment which I ask to have printed in the RECORD.

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

The amendment intended to be proposed by Mr. WALSH of Massachusetts to the bill (H. R. 4918) to provide for the payment to certain Government employees for accumulated or accrued annual leave due upon their separation from Government service, was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 2, section 2, strike out line 25 and insert in lieu thereof the following: "shall be paid, upon the establishment of a valid claim therefor, in the following order of precedence:

"First, to the beneficiary or beneficiaries designated in writing by such employee and filed with the employing agency;

"Second, if there be no such designated beneficiary, to the estate of such deceased employee."

The explanatory statement presented by Mr. WALSH of Massachusetts relating to the amendment is as follows:

#### EXPLANATION OF AMENDMENT TO H. R. 4918, SECTION 2, LINE 25

Section 2 of the bill as passed by the House and as reported to the Senate provides that, upon the death of an employee of the Federal Government or of the government of the District of Columbia, compensation for all of such employee's accumulated and current accrued annual or vacation leave which such employee would have received had he remained in the service until the expiration of such period, shall be paid to his estate.

Under the proposed amendment, the employee is given the right to designate a beneficiary or beneficiaries to receive such compensation upon his death upon the establishment of a valid claim therefor. The amendment would thus make possible the speedy payment of the amount determined to be due by the employing agency and would, in those cases not otherwise requiring the probate of an estate, eliminate the necessity for probate and the expenses attendant thereto. The cost of probate, in relation to the amount involved, might well prove to be an onerous and expensive burden to the widow and children of the deceased employee.

In section 724 of the Civil Service Retirement Act, as amended (5 U. S. C. 724), Congress recognized the principle of permitting an employee subject to the Retirement Act to designate a beneficiary to receive, on his death, the amount to his credit in the civil service retirement and disability fund. The proposed amendment would thus be in accord with that principle and also with the recommendation in the Sixtieth Annual Report of the United States Civil Service Commission (fiscal year ended June 30, 1943), page 67, paragraph 38, where it is stated:

"38. Legislation should be enacted to permit the lump-sum payment for accrued annual leave to the estate or survivor of a deceased Federal employee." [Italics supplied.]

#### ASSISTANT CLERK, COMMITTEE ON EDUCATION AND LABOR

Mr. THOMAS of Utah submitted the following resolution (S. Res. 342), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That Resolution No. 14, agreed to January 27, 1941, authorizing the Committee on Education and Labor to employ an assistant clerk, to be paid from the contingent fund of the Senate at the rate of \$2,880 per annum, hereby is continued in full force and effect until the end of the Seventy-ninth Congress.

#### ADDITIONAL CLERK, COMMITTEE ON EDUCATION AND LABOR

Mr. THOMAS of Utah submitted the following resolution (S. Res. 343), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That Resolution No. 251, agreed to June 4, 1942, authorizing the Committee on Education and Labor to employ an additional clerk, to be paid from the contingent fund of the Senate at the rate of \$1,800 per annum, hereby is continued in full force and effect until the end of the Seventy-ninth Congress.

#### HEARINGS BEFORE COMMITTEE ON EDUCATION AND LABOR DURING SEVENTY-NINTH CONGRESS

Mr. THOMAS of Utah submitted the following resolution (S. Res. 344), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Education and Labor, or any subcommittee thereof, is authorized, during the Seventy-ninth Congress, to send for persons, books, and papers; to administer oaths; and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject referred to said committee, the total expenses pursuant to this resolution (which shall not exceed \$5,000) to be paid out of the contingent fund of the Senate; and the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

#### PAYMENT TO HOWARD B. SMITH

Mr. AIKEN submitted the following resolution (S. Res. 345), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That notwithstanding the limit of expenditures contained in Senate Resolution 197, Seventy-eighth Congress, agreed to December 9, 1943 (authorizing an investigation by the Committee on Agriculture and Forestry of the administration of the Rural Electrification Act), as modified by Senate Resolution 238, Seventy-eighth Congress, agreed to February 8, 1944, there is hereby authorized to be paid from the contingent fund of the Senate to Howard B. Smith, the sum of \$2,805 as compensation for stenographic services rendered to the Committee on Agriculture and Forestry in reporting and transcribing hearings held before such committee pursuant to Senate Resolution 197, Seventy-eighth Congress.

#### HEARINGS BEFORE MILITARY AFFAIRS COMMITTEE—LIMIT OF EXPENDITURES

Mr. REYNOLDS submitted the following resolution (S. Res. 346), which was



referred to the Committee to Audit and Control the Contingent Expenses of the Senate;

*Resolved*, That the limit of expenditures authorized by Senate Resolution 32, agreed to January 14, 1943, and Senate Resolution 179, agreed to October 27, 1943, authorizing the Committee on Military Affairs to hold hearings during the Seventy-eighth Congress, is hereby increased by \$5,000.

#### THE TREND OF THE TIMES—ADDRESS BY THE VICE PRESIDENT

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an address entitled "The Trend of the Times," delivered by Hon. HENRY A. WALLACE, Vice President of the United States, at an anniversary dinner in honor of Marshall Field and the Chicago Sun, at Chicago, Ill., December 4, 1944, which appears in the Appendix.]

#### THE SHOCKING TRUTH ABOUT RADIO—ARTICLE BY SENATOR WHEELER

[Mr. WHEELER asked and obtained leave to have printed in the RECORD an article entitled "The Shocking Truth About Radio," written by him and published in the November 6 issue of La Follette's magazine The Progressive, which appears in the Appendix.]

#### FREEDOM OF SPEECH FOR WHOM?—ARTICLE BY CLIFFORD JUDKINS DURR

[Mr. WHEELER asked and obtained leave to have printed in the RECORD an article entitled "Freedom of Speech for Whom?" by Clifford Judkins Durr, from the Public Opinion Quarterly for the fall of 1944, which appears in the Appendix.]

#### RAILROAD ACCIDENTS

[Mr. WHEELER asked and obtained leave to have printed in the RECORD an editorial from the Tulsa Tribune of September 20, 1944, and two editorials from the St. Louis Post-Dispatch, one of September 29, 1944, and one of October 9, 1944, together with a letter from C. H. Dalton, chairman of the Illinois legislative committee of the Order of Railway Conductors of America, having to do with railroad accidents, which appear in the Appendix.]

#### EDITORIAL TRIBUTE TO RUSH D. HOLT

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an editorial entitled "In Judgment of Rush Holt," written by Luther R. Jones and published in the Coal Valley News of Madison, W. Va., which appears in the Appendix.]

#### SURVEY OF SOUTH DAKOTA'S POST-WAR EXPENDITURES AND EMPLOYMENT

[Mr. BUSHFIELD asked and obtained leave to have printed in the RECORD an editorial entitled "Taking Soundings," dealing with a study of South Dakota's post-war expenditures and employment, published in the New York Sun of November 8, 1944, which appears in the Appendix.]

#### MARGARINE TAX—EDITORIAL FROM THE WASHINGTON POST

[Mr. MAYBANK asked and obtained leave to have printed in the RECORD an editorial entitled "Margarine Tax," from the Washington Post of December 5, 1944, which appears in the Appendix.]

#### RIVER AND HARBOR IMPROVEMENTS

The Senate resumed the consideration of the bill (H. R. 3961) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 22, beginning with line 1, it is proposed to insert the following:

Beaver and Mahoning Rivers, Pa. and Ohio; from the Ohio River to Struthers in accordance with the recommendations of the Chief of Engineers for this section of waterway, in the report submitted in House Document No. 178, Seventy-sixth Congress: *Provided*, That compliance with the conditions of local cooperation shall be limited to those features that are usable in this section of the waterway.

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Without objection—

Mr. OVERTON. I should like to present my views on the amendment.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. OVERTON. Mr. President, it would be personally very gratifying to me if river and harbor and flood-control bills could be reported to the Senate without any controversial projects carried in them. Whenever there is a controversial project it delays action and to some extent endangers the authorization of projects which are unquestionably meritorious, and concerning which there is no controversy at all—230 projects are in this bill, only 2 of which are opposed. If there were any way to avoid a discussion of such controversial projects before the Senate, I should certainly be very glad to avail myself of the opportunity to avoid such a discussion.

However, there is no way to do this. Such projects are laid before the committee, and the committee must take them into consideration and act as it deems best. If the committee should fail to report a project favorably it would not avoid the controversy, because the proponents of the project would offer an amendment to the bill, and so the controversy would be waged on the floor.

We spent 2 days in the Senate discussing the Tennessee-Tombigbee project. The Senate resolved against it. We have now before us another controversial project, the Beaver-Mahoning project. Personally I had no interest in the Tennessee-Tombigbee project, and I have none in the Beaver-Mahoning, and whatever the Senate determines shall be done, whether the project shall be authorized or whether it shall be disapproved, is agreeable to me. I make that statement because a number of Senators have asked me with respect to certain projects in the bill, and I have stated that I desire them to form their own opinion as to the merits.

The proposed Beaver-Mahoning project is 35 miles in length. It runs from the Ohio River at the mouth of Beaver River near Rochester, Pa., up to Struthers, in Ohio. Struthers is in the immediate vicinity of and adjacent to Youngstown, Ohio. Youngstown is one of the great steel-production centers of the United States. It produces one-tenth of the steel that is produced in the United States. This project was authorized in 1941. There was an unqualified authorization of it in a House bill. When in 1941 the House bill came over to the Senate there was language inserted under a Senate amendment—

Mr. BURTON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. OVERTON. I yield.

Mr. BURTON. The Senator from Louisiana referred to 1941. I think the Senator will recall it was 1935 when that action was taken; 1941 was a subsequent occasion when the bill did not actually get through the Congress. The action was taken in 1935.

Mr. OVERTON. That is correct, Mr. President.

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

Mr. OVERTON. I yield.

Mr. AIKEN. I understood the Chair to say that the amendment under discussion was agreed to.

The PRESIDING OFFICER. The Chair said "without objection," but there was objection, so the amendment was not agreed to.

Mr. AIKEN. There was objection?

Mr. OVERTON. Yes; I objected.

Mr. AIKEN. I thank the Chair for the explanation, and I thank the Senator from Louisiana for objecting.

Mr. OVERTON. I stated the amendment was controversial. I think the Senate is entitled to debate the amendment.

Mr. AIKEN. I think the Senate is entitled to a complete explanation of the project.

Mr. OVERTON. Mr. President, I stand corrected as to the date of the prior legislation. However that may be, there is in my opinion some doubt as to whether the project stands completely authorized today. That phase of the matter will be discussed by the Senators from Ohio who are proponents of the project, and the Senators from Pennsylvania who oppose authorization of the project. However that may be, the project is here now upon the recommendation of the committee that it be authorized in the language recommended by the Senate Committee on Commerce.

The story back of this project is, I think, rather interesting.

Mr. GUFFEY. Mr. President—

The PRESIDING OFFICER (Mr. DOWNEY in the chair). Does the Senator from Louisiana yield to the Senator from Pennsylvania?

Mr. OVERTON. I yield.

Mr. GUFFEY. Did the project receive the unanimous recommendation of the committee, or was a vote taken on it in committee?

Mr. OVERTON. I do not know whether it was unanimous or not. I think there were some votes against it.

Mr. GUFFEY. Was a record of the vote kept in the committee?

Mr. OVERTON. I do not know whether a record was kept.

Mr. GUFFEY. I think the Senate should know that.

Mr. OVERTON. I do not have the factual information to give. I simply know that at least a majority of the committee voted for it, and therefore the committee has recommended the authorization of the project.

Steel production was started in Youngstown, Ohio, about the year 1832. Steel plants were located there because there was plenty of coal available at that

time, and I think for the further reason that there then existed a series and system of channel improvements which extended from the Ohio River by various and devious routes to Lake Erie. Youngstown was on that canal system, and therefore had the advantage of it. As time went on, however, the coal became almost exhausted, and there is very little coal available now in that neighborhood for use by the Youngstown plants, and coal used in connection with the plants must be transported from distant areas of mining.

The canal system which was in use at the time of the establishment of the steel plants in Youngstown has been abandoned, and there is now no canal system in existence. Youngstown is an inland town with no river connection. It lies only 35 miles from the Ohio River, but there is no water connection except through the Mahoning and the Beaver Rivers, neither of which is navigable. The purpose of this project is to make those two streams navigable a distance of 35 miles up to the Youngstown district.

Back before the War between the States, and while the canal system was in operation and Youngstown was favorably located on the canal system, the railroads came. The railroads transported coal and other raw material necessary for the manufacture of pig iron and steel at fairly reasonable rates. The rates which applied to Youngstown and Pittsburgh were the same or practically the same. The railroads then absorbed the canal system. They absorbed it in this way. Either by way of acquisition or in some other manner they built their tracks along the canal routes and, as I understand, sometimes laid their tracks right along the beds of the canals. These canals, either on account of natural accretion or because they were filled up by the railroads, are now no longer in existence.

The equality of rates, or the approximate equality of rates that obtained as between Pittsburgh and Youngstown on raw products being shipped into both steel-producing cities continued until about the outbreak of World War No. 1, and then, under supporting rulings of the Interstate Commerce Commission, there arose various discrepancies in the rail rates between Pittsburgh and Youngstown in favor of Pittsburgh.

In the meantime the Congress of the United States, at considerable expense to the United States Government, directed the improvement of the Monongahela and the Allegheny Rivers so as to admit of easy transportation of coal and other freight down these streams into the Pittsburgh district. The result has been that Youngstown pays six or eight times the freight on the delivery of coal into Youngstown that Pittsburgh pays on delivery of coal into Pittsburgh, and it comes about in this way. Coal is transported by barge down the Allegheny and Monongahela and into the Ohio River, and when it gets opposite Youngstown, at the mouth of Beaver Creek, it must be unloaded from the barges, placed on the railroads, and transported into Youngstown by rail. The ex-river rate on coal for this short distance of 35 miles

is 90 cents a ton, plus  $5\frac{1}{2}$  cents unloading charge for unloading it from the barge to the railroad, making a charge of  $95\frac{1}{2}$  cents which must be paid by Youngstown in order to get the coal to supply its steel plants.

On the other hand, Pittsburgh gets its coal down the river, and it is my understanding that the rate is only about 3 mills per ton-mile. Therefore it gets its coal a great deal cheaper than does Youngstown. So this is largely a fight between the Pittsburgh steel interests and the Youngstown steel interests.

Youngstown was confronted with a serious situation. Its steel interests felt that unless something was done it would have to abandon the manufacture of steel in the Youngstown district. It applied to the Interstate Commerce Commission for a reduction in rates. That application was denied. The rate for that short distance is considerably greater than the average rate for the transportation of coal by rail in the United States. The Senator from Ohio [Mr. BURTON] will give the exact figures. I have them before me. However, it is sufficient for my purposes to show that the rate from the Ohio River by rail to Youngstown is several times greater than the average rate for the transportation of coal by class I railroads throughout the United States.

As I have stated, the Interstate Commerce Commission denied that application for a reduction of railroad rates. The President of the United States, Mr. Franklin D. Roosevelt, took cognizance of this situation at one time and requested the Interstate Commerce Commission to make a study of the whole situation to see what, if any, relief could be given to Youngstown as against the railway freight rates. The Interstate Commerce Commission replied that there could be no reduction in rates. So Youngstown said to the Congress of the United States, "Give us water transportation. If we get water transportation, we shall be on an equality with Pittsburgh, and shall be able to compete with Pittsburgh. If we do not get it, we shall have to abandon the mammoth production of steel at Youngstown."

The committee did not view this question from the standpoint of local interest. It did not approach it from the standpoint of Pittsburgh or from the standpoint of Youngstown, as relates to the controversy which existed between those two centers of steel production. The committee felt that steel was of general use and consumption throughout the United States. It was not a question of building up Youngstown against Pittsburgh, or destroying Youngstown for the benefit of Pittsburgh. It was a question of facilitating the cheap production of steel in order that steel might be sold more cheaply to the people of the United States.

The evidence convinced the Senate Committee on Commerce that if this channel improvement were constructed Youngstown would have the benefit of water transportation on its in-bound and out-bound tonnage, and steel could be sold and would be sold to the general con-

suming public throughout the United States at reduced prices.

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

Mr. OVERTON. I yield.

Mr. McKELLAR. If that policy is established, where will we stop? For example, whenever a city has the advantage of water transportation, should it be the policy of the Government to provide the advantage of water transportation for other cities which are conducting a like business, even if it becomes necessary to dig canals to the other cities? I am wondering where we would stop. Does the Senator think it ought to be done everywhere?

Mr. OVERTON. No; not everywhere. There must be economic justification; there must be a saving; and there must be a public interest involved. That is what we have here. Youngstown is a great steel-producing center, producing one-tenth of the steel produced in the United States. It is only 35 miles from the Ohio River, a part of our great inland waterway system. Here is a connecting stream which is not navigable. Shall it not be made navigable in order that raw material may go into this great steel-producing area and its out-bound products may be distributed, water-borne, along the Ohio and Mississippi River system in order that the public may have cheaper steel? That is the question. I believe that when we have a combination like that, and the engineers say that the project is economically sound, feasible, and practicable, and when, in addition to helping one particular locality, it would help all the people of the United States, we ought not to stop, as the Senator suggests.

That question involves comment on the value of inland waterway transportation throughout the United States. I believe that it is of tremendous value. I have already had occasion to comment briefly on it in the presentation of the river and harbor bill and the flood-control bill. Inland waterway transportation has grown tremendously. If it had not been for inland water transportation during the war in which we are now engaged, the United States would never have been able to carry out the great program which it has carried out. Steel was very necessary, and is today very necessary in the war effort. If we can produce steel more cheaply, and get the steel at lower prices to the consuming public and to the plants which use it, I think we ought to do it.

I wish to refer to certain testimony with reference to the difference in rates. According to the testimony, and according to Bureau of Railway Economics Statistical Summary No. 27, the average revenue per car-mile in 1942 for moving one loaded car 1 mile in the transportation of ex-river coal to Youngstown was \$1.40, while freight revenue per loaded freight-car-mile on all class I railroads in the United States was only 28 cents. Rephrasing it, by another method of calculation it appears that in 1939, which is the latest year for which statistics are available on the cost of coal transportation, the average railroad rate for coal transportation was 7.8 mills per



ton-mile, as against the Youngstown ex-river rate; that is, from the Ohio River to Youngstown, of 22 mills per ton-mile—an average rate of 7.8 as against a rate of 22 mills per ton-mile into Youngstown.

In 1939, according to the Army engineers, the annual savings in freight charges, if the Beaver-Mahoning project were authorized and executed, on 6,000,000 tons of assumed immediately prospective commerce, would aggregate \$3,120,400. Since 1931 there has been an increase in the aggregate in-bound and out-bound prospective water-borne commerce. In 1941, before we entered the war, it was estimated at six and one-half million tons. Hence, the savings to be realized from the construction of the Beaver-Mahoning project are well in excess of the \$3,000,000 per annum originally reported by the Chief of Army Engineers.

Mr. President, that briefly states the situation. The committee has approved the project because it thinks it is in the national interest to have cheaper steel reach the consumers, and to give this great producing area an opportunity, by the construction of this navigation channel, to obtain its in-bound coal and other raw materials at much cheaper rates, and also to send its out-bound products at cheaper rates to the consuming public. The project is a matter of national interest, not only during the present war effort but at all times. For that reason the Committee on Commerce has recommended its construction.

I repeat what I said at the beginning, namely, that personally this project is a matter—I will not say of utter indifference, but it is one for which I have no personal predilection. It is my duty to lay the project before the Senate. If the Senate deems it meritorious and thinks it should be authorized, as the Commerce Committee thought, I should be happy to have it authorized. On the other hand, if my colleagues think the project is one which should not be authorized, then I shall not be disappointed.

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

Mr. OVERTON. I yield.

Mr. WILEY. Let me inquire what is the reason why the Interstate Commerce Commission would not grant a reduction in the rail rates there.

Mr. OVERTON. I have not read through its report or its decision. I do not know why it did not do so. All I know is that it did not. Perhaps one of the Senators from Ohio can answer the question.

Mr. DAVIS. Mr. President, I should like to ask the Senator whether any evidence was presented to the committee to show that the Interstate Commerce Commission is now giving consideration to the freight rates by rail from the mouth of the Beaver River to Youngstown, Ohio.

Mr. OVERTON. I think there was one statement about that matter.

Mr. DAVIS. Does not the Interstate Commerce Commission now have that matter under consideration?

Mr. OVERTON. I do not know that it now has it under consideration, but I know it has twice had it under consideration, and has done nothing about it.

Mr. DAVIS. My understanding is that it now has the matter under consideration. I thought probably some information along that line had been conveyed to the committee.

Mr. OVERTON. Not that I recall. I think there was a suggestion or statement of some kind that either the Interstate Commerce Commission was going to take it up again or had taken it up again. But I think there would be very little hope of a favorable result, inasmuch as the Interstate Commerce Commission has twice denied relief.

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

Mr. OVERTON. I yield.

Mr. McKELLAR. During the war is the price of steel fixed by the Government? The Government now fixes the prices of most commodities. However, the price of steel was not fixed, was it?

Mr. OVERTON. I do not think it was.

Mr. McKELLAR. I do not think so either. I can understand why the project might be of tremendous interest to the steel companies in one location, but I do not know whether construction of the project would bring about a reduction in the price of steel to the entire country, as the Senator has suggested. I am simply asking for information, because I do not know what the facts are.

Mr. OVERTON. If the price of steel is an entirely wide-open matter, certainly construction of the project should result in a reduction in the price of steel, because if the steel mills can make steel more cheaply, they could sell it more cheaply. Of course, the Youngstown mills might simply pocket all the profits, and not sell the steel more cheaply to the public. We might be running some risk in that way.

Mr. McKELLAR. Of course, in peacetimes there would not be any fixing of prices.

Mr. OVERTON. No; there would not be any fixing of prices at all then.

Mr. McKELLAR. But it is peculiar that prices are not fixed on a product which is so important to us in the war.

Mr. OVERTON. I do not think they have been, although the Senator from Tennessee is just as able to answer that question as I am.

Mr. McKELLAR. I was merely wondering about it.

Mr. OVERTON. Nothing about that was said in the hearings.

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

Mr. OVERTON. I yield.

Mr. DAVIS. Was any information given to the committee that Youngstown itself had lower prices on other materials which go into the manufacture of steel, namely, iron ore, and had lower freight rates on one or two or three other items? I am told that is so. I do not know what they are, and I should like to have the chairman of the subcommittee give me his opinion regarding that matter.

Mr. OVERTON. Yes, Mr. President; some statements to that effect were inserted in the record. There was also some statement to the effect that the out-bound rail rates favor Youngstown, as against Pittsburgh.

Mr. DAVIS. That is correct.

Mr. OVERTON. However, that was answered by the Youngstown people, who said that on westbound freight rates they did have an advantage over Pittsburgh, because the haul was shorter, but that on eastbound tonnage the freight rates were in favor of Pittsburgh, for the same reason.

Mr. DAVIS. The able Senator has just pointed out what might be regarded as a fight, although I do not think it actually is, between steel companies in Youngstown and steel companies in Pittsburgh. However, it may be that there is not really a fight, because a number of steel companies—two to my knowledge, and the United States Steel Corporation is one of them—have large plants of their own in Pittsburgh and they are great beneficiaries in the Pittsburgh district by reason of the water transportation.

So, I think construction of the proposed Beaver-Mahoning waterway would help some of the steel mills in Pittsburgh. But I do not think there is a fight between the steel interests of Pittsburgh and the steel interests of Youngstown.

Mr. OVERTON. By and large that was the impression created in the minds of the members of the committee, because everything was going along smoothly and the engineers were in favor of the project and everything connected with it, and so were the people of Youngstown, but then there came before the committee representatives of the Pittsburgh area, and they brought up the matter of the steel rivalry which existed.

Mr. DAVIS. There is always competitive rivalry between the steel interests, just as in the case of every other sort of interest.

Mr. OVERTON. At any rate, I think the main industry which would be affected in both areas would be the steel industry. Steel is the principal commodity which would be affected in Pittsburgh, and it is the principal commodity which would be affected in Youngstown.

Mr. DAVIS. I do not understand that construction of the project would affect the price of steel at all, even though, as the Senator has pointed out, there is a differential on the coal freight rate, because that is a greater benefit to the people of Youngstown, inasmuch as it results in their having a lower rate on the products which are used in the manufacture of steel. So I think that sort of thing rather balances itself.

Mr. OVERTON. I understand the Senator's viewpoint.

Mr. BURTON. Mr. President, speaking on behalf of this amendment, the Beaver-Mahoning Canal project, I wish to express my appreciation of the attention which has been given to it by the chairman of the subcommittee, the distinguished senior Senator from Louisiana [Mr. OVERTON], who has just explained the fundamental issues involved in it and the reasons why it was approved by the Committee on Commerce. Likewise, I wish to express my appreciation of the attention given to this project by the senior Senator from North Carolina [Mr. BAILEY], the chairman of the Committee on Commerce.

There has been placed on the desks of Senators a publication issued by The Youngstown Vindicator. It explains Youngstown's case for the Beaver-Mahoning waterway. I wish to call particular attention to the map which appears at the beginning of the publication. The map shows more clearly than I could state in words that the project is merely an amplification of access to the headwaters of the Ohio River.

The Ohio River begins at Pittsburgh. It is formed by the confluence of the Allegheny River and the Monongahela River. Both of those rivers, therefore, improved by the Federal Government as they have been, are in the nature of dead-end canals reaching beyond Pittsburgh to their respective sources, one to the north and the other to the south.

The Beaver River is only 25 miles down the Ohio from Pittsburgh. Therefore, the creation of a canal up the Beaver River and the Mahoning River to Struthers, which is just below Youngstown, would give us three water routes of access to the headwaters of the Ohio River.

The proposal which I am submitting is not a new one. It has been repeatedly approved. What I am presenting is an amendment to retain in the construction program of the United States a project which was approved in 1935.

The amendment seeks to reaffirm, with minor modifications which have been approved by the Chief of Engineers, this repeatedly approved project to reach the headwaters of the Ohio River by the canalization of the Beaver and Mahoning Rivers for a distance of 35 miles.

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

Mr. BURTON. I yield.

Mr. McKELLAR. I am seeking information. It seems to me that there was a canal once extending between the river to which the Senator has referred and Youngstown. It was finally abandoned. The statement has been made that the railroads took charge of the canal, or were using it. If the canal to which the Senator refers would be an important one—I am merely asking for information—why was the old canal abandoned? Why would it not have been proper to have retained the old canal and continued it in operation?

Mr. BURTON. The Senator from Tennessee has raised a historically interesting point which takes us back to the days of State canals. The canal to which the Senator from Tennessee has referred was the result of the early canalization of the Beaver River. Such a canal was operated from about 1834 to 1875. There were canals on many neighboring streams. When the railroads came in they provided a better system of transportation than could be afforded by the canal under the conditions then existing, and the improvement in the natural water course which was made at that time was only slight.

Since then many things have taken place. The railroads supplied facilities in the area affected by the canal, and originally their rates were on what is known as an equalized basis, so that every shipper within a wide area received the

benefits of an equal rate. More recently, however, instead of maintaining the equalized rate the railroads have differentiated between various points on the railroads, and instead of adjusting the rates on the basis of the cost involved the rates were made what the traffic would bear. This has brought about extraordinary discrimination on the part of the railroads. Therefore the matter is now before Congress, and because of the extraordinarily high railroad rates charged to shippers today, the canalization of the river would result in providing much cheaper transportation. The old canal was one of the old State canals abandoned when the railroads came into the area in about 1875.

Mr. McKELLAR. I thank the Senator.

Mr. BURTON. Let us refer to the history of Congress itself in connection with this particular measure. I believe that its history will be a complete justification of the project.

The project was approved by both Houses of Congress in 1935. The total estimated cost was then \$47,000,000; \$37,000,000 from the Federal Government and \$10,000,000 from local interests. However, when the project passed the Senate it was made subject to approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors.

In 1939 that approval was given by the Board of Engineers with the further recommendation that the short canal to Struthers, just below Youngstown, be completed separately as the first step, and that further consideration be then given to the situation before completing the remainder of the much larger project, which would be over 100 miles long and would cost more than \$200,000,000.

The recommendation for the short canal reduced the total estimate of the cost of the project from \$47,000,000 to \$42,400,000, but increased the Federal share from \$37,000,000 to \$38,500,000. That is one reason for bringing the matter before the Senate at this time, namely, a change in the estimate of a million and a half dollars, which would be the only change involved in the Federal expenditure. The local contribution was reduced from \$10,000,000 to \$3,900,000. The total cost would be \$42,400,000 instead of \$47,000,000, and the Federal cost would be \$38,500,000 instead of \$37,000,000, or an increase of \$1,500,000. It is to cover this item of \$1,500,000, and the modification of some of the engineering features of the original plans, that the action of the Senate is requested as suggested by the Board of Engineers.

The action which we now ask the Senate to take would not take the project to Lake Erie. It would confine it clearly to the 35-mile project. It would be more, rather than less, conservative than the action already taken by Congress in 1935. It would be directly in line with the recommendation of the Chief of Engineers in 1935, and again in 1939. It would involve additional Federal expenditures of only about \$1,500,000 for the improved project, above that already authorized.

If the Senate wishes to sustain the repeated previous approvals of the project by various agencies it will not fail

to agree to the proposed amendment. I may well say "repeated previous approvals." The Board of Engineers examined the proposal for constructing the short canal, and approved it in 1934. The Chief of Engineers approved it in 1934. The House Committee on Rivers and Harbors approved it in 1934. The House of Representatives passed it in exactly that form in 1934. The Senate Committee on Commerce approved it in that form in 1935. The Senate approved it in 1935 with the request which I have mentioned, namely, for further report on its extension as a part of the larger project to Lake Erie. On that basis the Board of Engineers approved the expanded provision in 1939 with the recommendation that the first step to Struthers, be taken separately from the rest. The Chief of Engineers approved the project in 1939. It came up for consideration when the river and harbor bill was introduced in the House in 1941, and in that year the House Committee on Rivers and Harbors, after extended hearings, approved the project. Since then a new Chief of Engineers was appointed, and in the testimony taken before the Senate Committee on Commerce the new Chief of Engineers, through the testimony of his representative, approved the project in 1944. In 1944, this year, the Senate Committee on Commerce also approved the particular amendment now before us.

Therefore, Mr. President, this measure has been twice favorably passed upon by the Board of Engineers, three times by the Chief of Engineers, twice by the Committee on Rivers and Harbors of the House of Representatives, and twice by the Senate Committee on Commerce. It was passed once by the House of Representatives, once by the Senate, and is before us at this time for action as a part of the general post-war program.

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

Mr. BURTON. I yield.

Mr. DAVIS. This particular amendment is a Senate committee amendment, is it not?

Mr. BURTON. It is.

Mr. DAVIS. And it has not been passed upon by the House. It was not even submitted to the House, was it?

Mr. BURTON. It was not submitted to the House in the pending bill, but it was submitted to the House in 1941.

Mr. DAVIS. Yes.

Mr. BURTON. I am glad the Senator has brought out that fact. After the authorization of the project in 1935, subject to approval of the long canal through to Lake Erie, it was again recommended in 1939 by the Chief of Engineers.

The first river and harbor bill to come up after that was that of 1941. The proposal was put in the House bill in 1941. Extended hearings were held. It was approved by the House Committee on Rivers and Harbors in 1941. That bill never reached the floor of the House, and it died with the Congress.

In 1944 there again came up the proposal for a river and harbor bill. The question arose, Was it likely that this bill could pass at this session, since the bill in 1941 failed to get any action in the



House? The matter was discussed by the proponents of this measure, and it was decided, in order not to compel the House to go over again the whole ground it went over in 1941 when it approved this express measure, that the House would act on a bill practically without any controversial matters in it, and the bill went through the House in 1944 in that form.

When it came to the Senate there appeared to be a reasonable chance for it as a post-war program.

Mr. DAVIS. Mr. President, may I interrupt the Senator at that point?

Mr. BURTON. I yield.

Mr. DAVIS. As I recall, the Pennsylvania Republican delegation, I believe, practically unanimously adopted a resolution opposing this particular amendment which has been reported to the Senate by the Commerce Committee.

Mr. BURTON. There was no vote in the House in 1941.

Mr. DAVIS. There was no vote in the House, but I say that in a caucus—and I shall present the matter later—as I understand, every member of the Pennsylvania delegation disapproved of this item.

Mr. BURTON. As the matter stands on the record, it was approved by the House Committee on Rivers and Harbors, but the bill, as a war measure, died in the Congress at that time. It was not considered likely that many of these projects could be completed during the war, and the bill was dropped.

Mr. DAVIS. There is no question about that, but I am saying now that practically all the members of the Pennsylvania delegation and quite a number from Ohio disapproved of the project.

Mr. BURTON. I am not arguing what the Senator may know about a caucus; I have no information about that; but, whatever may be the case, the bill was proposed as a war measure at war prices, but it was never thought to have enough chance of passage as a war measure to bring it to a vote in the House.

Mr. DAVIS. I do not quite understand why the House did not submit it themselves.

Mr. BURTON. This entire bill comes to the Senate as a post-war measure, and, as I explained to the Senator, at the time it was before the House practically no controversial measures were put in the bill. No hearings have been held on these matters, from the time the bill went over in 1941 until it came to the Senate in 1944.

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

Mr. BURTON. I yield to the Senator from Louisiana.

Mr. OVERTON. I do not know whether I am correct about it, but it is my understanding that in 1944 the House committee had determined on the policy not to insert in the bill any project which was estimated to cost in excess of \$15,000,000. I think that is correct, and it will be found that the projects which were recommended were, for the reasons stated, war measures. They did not want any controversial items and I think no such items were recommended by the House committee the estimated cost of which exceeded \$15,000,000. I may be

wrong about that but I think I am correct.

Mr. BURTON. The amendment comes before the Senate as an original measure by action of the Senate Committee on Commerce.

I referred to the 1941 action merely to develop the whole story. Whenever the project has come to a vote it has been favorably voted upon either in committee or in Congress.

Now, to approach the proposition itself. I think it is necessary to give a brief description of it and then to trace its legislative history, its economic history, and its justification. The description, I think, has been probably sufficiently covered by the Senator from Louisiana and in the brief statement I have made; but in giving its legislative history it is important that we visualize what has been done with respect to this item and what has been said in connection with it. It appears as an amendment to House bill 3961, which is now pending before the Senate. The amendment is found on page 22. I read it for the reason that it shows that it is merely an amplification of a formerly approved project, in accordance with the recommendation of the Chief of Engineers. On page 22, in lines 1 to 8, the bill provides:

Beaver and Mahoning Rivers, Pa. and Ohio; from the Ohio River to Struthers in accordance with the recommendations of the Chief of Engineers for this section of waterway, in the report submitted in House Document No. 178, Seventy-sixth Congress: *Provided*, That compliance with the conditions of local cooperation shall be limited to those features that are usable in this section of the waterway.

That makes the short canal clearly a partial step in the longer program. It is to stand on its own feet and on its own basis and to stop there until further examination of its economic value before expansion of it can be made. This is as recommended by the Chief of Engineers.

The next preceding reference to the matter in its legislative history occurs in the report of the Senate Committee on Commerce. In that report the amendment is listed on page 3, item 12. I shall read it for the reason that it emphasizes in an official report to the Senate that the project involves a charge of only \$1,500,000 so far as Federal expenditure goes. Item 12 reads as follows:

12. Beaver and Mahoning Rivers, Pa. and Ohio: Clarifies previous legislation to enable the deepening of the Beaver-Mahoning waterway from the vicinity of Youngstown, Ohio, to the Ohio River, at Rochester, Pa., at an estimated increased cost of \$1,500,000.

In the committee report at page 100 there appears probably the best short and complete statement of the project itself. I read this also for the reason that it is vitally important that it appear in this manner in the RECORD, because it tells the story concretely and in good legislative form. At page 100 of the committee report this statement appears:

#### BEAVER-MAHONING RIVERS

(H. Doc. 178, 76th Cong.)

The Mahoning River has its origin in northeastern Ohio. It flows southeastwardly to a point near New Castle, Pa., where it is joined by the Shenango to form the Beaver River.

The Beaver River flows southwardly 21 miles to join the Ohio River at Rochester, Pa. The Beaver River and Mahoning River are not now improved by the United States. Youngstown, the center of an important steel-producing area, lies on the Mahoning River about 37 miles above Rochester, Pa. It does not have access to water transportation.

House Document No. 277, Seventy-third Congress, recommends the improvement of the Beaver-Mahoning Rivers as far as Struthers, Ohio (immediately below Youngstown), to provide a channel 12 feet deep and 250 feet wide in the Beaver and 12 feet deep and 200 feet wide in the Mahoning at an estimated Federal cost of \$37,000,000 and annual maintenance at \$630,000. The report shows that the annual benefits to be derived from the project are in excess of its annual cost.

The project was authorized in the River and Harbor Act approved August 30, 1935, by the following item:

"Beaver and Mahoning Rivers, Pennsylvania and Ohio; of the width and depth provided in House Document No. 277, Seventy-third Congress, as a Federal project and to continue to Lake Erie at or near Ash-tabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors."

In House Document No. 178, Seventy-sixth Congress, submitted after the above-quoted River and Harbor Act, the Board of Engineers for Rivers and Harbors and the Chief of Engineers recommended the construction of the Lake Erie and Ohio River Canal. The recommendation states specifically that the construction should be step by step, the first step being the construction of the Beaver-Mahoning Canal as far as Struthers. The Chief of Engineers in his report brings out that the improvement of the Beaver and Mahoning Rivers as far as Struthers, the first step, is justified as an independent improvement and as such would become an important arm of the Ohio River waterway system.

The two reports, for the section comprising the Beaver and Mahoning waterways, although basically the same, differ in the following important aspects:

The first report (H. Doc. No. 277, 73d Cong.), now authorized by the River and Harbor Act approved August 30, 1935, recommends a waterway 12 by 250 feet in the Beaver; a waterway 12 by 200 feet in the Mahoning; twin locks 56 by 360 feet; reconstruction, where necessary, of railroad bridges to be at the expense of the railroads; construction of the Berlin Reservoir for water supply; all at a total estimated first cost to the Government of \$37,000,000.

The second report (H. Doc. 178, 76th Cong.) recommends a waterway 12 by 250 feet for both the Beaver and Mahoning Rivers; single locks 56 by 720 feet; necessary railroad bridges to be constructed by the United States; no reservoirs (Berlin Reservoir and Mosquito Reservoir are now constructed), all at an estimated Federal cost of \$38,500,000.

Testimony before the committee has demonstrated that the annual benefits are considerably in excess of the annual costs and that the project, therefore, falls in the required category of favorable economic justification. The conditions of local cooperation adequately safeguard the interests of the United States and local interests. The additional estimated cost over the previously authorized cost is \$1,500,000.

Mr. President, referring to the history of the project, I would like to mention five outstanding high spots.

First. The investigation of the short canal, authorized in 1930, was completed in 1934, with a favorable report. This was published in House Document No. 277, Seventy-third Congress.

Second. That report resulted in a bill which passed the House as it was in 1924, then passed in the Senate, in 1935, with a proviso relating to an extension to Lake Erie.

Third. The examination of the proposal for the extension to Lake Erie was completed in 1939, with a favorable report to Congress. This was published in House Document No. 178, Seventy-sixth Congress. This recommended the through canal project with several steps in the construction, and certain minor changes in the plans for the original 35-mile lower section.

Fourth. In 1941 the project was approved by the House committee.

Fifth. In 1944 the project was approved by the Senate committee.

Taking this historical development in somewhat more detail in order that the record may show clearly the basis for all this, I refer first to what the Senator from Tennessee referred to recently, the fact that this area was long ago a canal area. There were old canals in existence on both the Beaver and Mahoning Rivers.

In 1834 a canal was built by Pennsylvania. It was in operation from Rochester to New Castle, connecting with the towns of Rochester, Brighton, Beaver Falls, New Castle, and Youngstown, which were canal towns. It remained in operation about 40 years.

Then we come to another step in the historical development of this project, which must be understood in order fully to understand its relation to the Lake Erie program. In 1919 the River and Harbor Act of March 2 contained an authorization for the study of different canal routes between the Ohio River and the Great Lakes system. This act authorized a survey of "the Miami and Erie Canal, Ohio, including a branch canal connecting the Miami and Erie Canal with Lake Michigan, and such other routes between Lake Erie and the Ohio River as may be considered practicable by the Chief of Engineers, with a view to securing a channel 12 feet in depth with suitable widths, or such other dimensions as may be considered practicable, including any recommendation for co-operation on the part of local interests."

This has been quoted from page 1 of House Document 178, of the Sixty-sixth Congress.

Following that authorization for a general examination of Lake Erie and Ohio Canal made in 1919, came the report of the engineers of February 16, 1922. This was published in House Document 188 of the Sixty-seventh Congress. That report recommended surveys of three routes. First, Pittsburgh to Ashtabula via the Beaver and Mahoning Rivers. I mention that as the foundation for the Beaver and Mahoning program now before us.

Second, a route from Portsmouth to Sandusky, via the Scioto and Sandusky Rivers.

Third, a route from Cincinnati to Toledo, via the Miami, St. Marys, Anglaize, and Maumee Rivers, and for a branch canal from Defiance connecting with Lake Michigan.

Following that report of February 16, 1922, came the River and Harbor Act of September 22, 1922. This marked still another stage in the plan for a canal from the Ohio River to the Great Lakes. It authorized a preliminary examination and report on a waterway from a point at or near Erie Harbor, Pa., by way of French Creek, Pa., to the Allegheny River and the Ohio River. Survey reports of these first three routes came in on March 19, 1925. The Board of Engineers later recommended a new survey of the three Ohio routes and also a survey of the additional Pennsylvania route, making four routes. This recommendation was dated April 25, 1933.

The next step in the history came when an application was made for an additional railroad on this route. This occurred in 1927. The application of the Pittsburgh, Lisbon & Western Railroad was made to put in a new railroad line, and to lower the rates between Youngstown and the river. This application was denied by the Interstate Commerce Commission in 1928, and a further decision in 1929. The discussion of this may be found in the 1941 hearings before the House Committee on Rivers and Harbors, at page 114. I may say that this litigation with the railroads in several forms consumed about 7 years, with never any relief resulting from that approach to the problem.

Mr. President, the next step was the River and Harbor Act of July 3, 1930. This act in 1930 authorized a preliminary examination and survey of the Beaver River, Pa.; Shenango River, Pa.; and the Mahoning River in Pennsylvania and Ohio. The survey recommended covered all three rivers, extending up the Beaver to its junction with the Shenango and the Mahoning, and up to Greenville, above Sharon, Pa., on the Shenango, and up to Warren, Ohio, on the Mahoning.

When the final report came in, it cut out the canal to Shenango, it cut out the Mahoning Canal to Struthers, below Youngstown, but it expressly approved as the foundation for the present program the Beaver-Mahoning Canal from the Ohio River up to Struthers. This revised project therefore was based upon the River and Harbor Act of July 3, 1930.

That brings us to the official report of March 3, 1934. This was published as House Document 277 of the Seventy-third Congress. Maj. Gen. E. M. Markham, then Chief of Engineers, approved the report of the Board of Engineers, submitted on January 30, 1934, by Col. W. J. Barden, the senior member of it.

Mr. President, the report of 1934 is vitally important today. I therefore read from the report of the Board of Engineers for Rivers and Harbors, at page 5, the syllabus of the report. This syllabus bears on the situation today. It reads as follows:

The Board finds that the Youngstown area is under a material handicap as compared with competitors in the matter of higher freight rates and that some relief is necessary if the district is to be allowed to prosper and its future welfare is to be secured. While it appears that substantial relief could be secured through lower ex-river rates, which would still be at a ton-mile cost greater

than that of the average in this region, local interests have been unable to secure such reduction in rates. Under these circumstances the Board recommends improvement by canalization of the Beaver and Mahoning Rivers, Pa. and Ohio, from the mouth of the Beaver to Struthers, Ohio, so as to provide a channel 12 feet deep and 250 feet wide in the Beaver and 200 feet wide in the Mahoning, increased to 300 feet on bends, with twin locks 56 by 360 feet, in general accordance with plans submitted by the district engineer, except for the omission of one reservoir and of the lower lock and dam in the Beaver River and the provision of 27 feet instead of 20 feet vertical bridge clearances, all at an estimated cost of \$37,000,000, with \$640,000 annually for operation and maintenance, subject to certain conditions of local cooperation. The Board further recommends that the exact location and details of designs of all structures be left to the decision of the Chief of Engineers.

That, Mr. President, is the result of the 4 years' study which is the foundation of the amendment presented today in a still further modified form based on further study.

As the next step in the history of this project I call attention to the report of the Chief of Engineers himself, also included in House Document No. 277, Gen. E. M. Markham, who says at page 4 of the report the following:

After due consideration of these reports, I concur in the recommendations of the Board. The proposed improvement is essentially a canal extending from the Ohio River into the heart of a highly developed industrial district.

The next step in this historical record of this project consists of the hearings which were held upon that report from March 19 to 23, 1934. Those were extended hearings before the Committee on Rivers and Harbors of the House of Representatives.

The next step came when in 1935 the House of Representatives passed House bill 6732 in the Seventy-fourth Congress. That was the first rivers and harbors bill that had come up in about 5 or 6 years.

The next step—and I call attention to these steps to show how fully this project has been considered at every point, and how the favorable action has been repeated time after time—the next step came in the hearings in the Senate Committee on Commerce from April 22 to June 4, 1935.

The next step occurred when the Senate committee made a favorable report following those hearings. This report is known as Report No. 893 of the Seventy-fourth Congress, a Senate committee report to accompany House bill 6732, and I read from that its brief statement giving its conclusions, still being directly in line with the proposals now presented. It appears at page 39, as follows:

The improvement proposed extends from the Ohio River at Rochester, Pa., up the Beaver and Mahoning Rivers to the Youngstown industrial district. In this district there is a population of 800,000. It contains 60 mills with a total annual capacity of over 30,000,000 gross tons. It is reported that the rail traffic from this district amounts to 74,750,000 tons per annum. The project adopted will provide a channel 12 feet deep from the mouth to Struthers, Ohio, to be secured by dredging and the construction



of locks and dams. The estimated cost is \$37,000,000, with maintenance estimated at \$630,000 annually.

The next step occurred when that bill, amended on the floor of the Senate, was passed by the Senate, and became the act of August 30, 1935. This act, insofar as it relates to this project, is quoted at page 17 of House Document 178 of the Seventy-sixth Congress. It is a short provision and is as follows:

Beaver and Mahoning Rivers, Pa. and Ohio; of the width and depth provided in House Document No. 277, Seventy-third Congress, as a Federal project, and to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors.

That was in 1935. That called for an investigation of the long waterway, the through waterway, a waterway to extend from the Ohio River to Lake Erie, and the engineers reported on that on January 23, 1939. That report is known as House Document No. 178 of the Seventy-sixth Congress. I wish to point out here, because it is the latest detailed examination of the subject and official report on the subject by the Engineer Corps, that the district engineer, Lt. Col. W. E. R. Covell, the division engineer, Col. R. G. Powell, the Board of Engineers, under the chairmanship of the senior member, Brig. Gen. M. C. Tyler, and the Chief of Engineers, Maj. Gen. J. L. Schley, agreed on this report from the beginning to the end, with but minor differences, and they first of all considered whether there might be another route for later development between the Ohio River and the Lake Erie system than the one on the Beaver and the Mahoning. They all selected the Beaver and Mahoning and Ashtabula route for the through route, and they recommended the building of the canal, not only the short canal but also the through canal, with an express recommendation, however, that the through canal be built in several steps. They recommended that the first step be the short canal now before the Senate, and that a further economic survey be made after its completion, before proceeding with the rest of it.

These two projects, Mr. President, must not be confused. The through canal, which is not under consideration here, would be inclusive, however, of the short canal. But instead of being 30 miles long it would be nearer 130 miles long. Its cost to the United States, instead of being \$38,500,000, as revised now for the first section, would be \$225,910,000 for the long canal. The cost to local interests, instead of being \$3,900,000 for the short project, is estimated for the through project at \$14,156,000. The over-all cost for the long project or through canal would be \$240,066,000, as against \$42,400,000 for the short canal. The annual cost to the United States for the maintenance and operation of the through canal would be \$1,730,000, as contrasted with an annual cost of \$630,000 for the short canal. It is found by the engineers that there would be a substantial excess of benefits over cost on the long canal, as well as on the short

canal, the estimate on the long canal being about \$8,000,000 a year. This was considered amply sufficient to justify the project.

Mr. President, that approval in 1939 of the through canal, in addition to the approval of the short canal, is of particular importance in the present situation for several reasons: First, by completing the review of the Beaver-Mahoning project as a part of the greater project, this report doubly checks and reestablishes the engineering feasibility of the canal. If it is a feasible route for the through project, it is certainly navigable and feasible for the shorter project. I may point out that the Beaver-Mahoning-Ashtabula route, including the Beaver-Mahoning as the first step, is chosen over three other competing routes as being the best of the four. Second, the Beaver-Mahoning-Ashtabula route for the through canal, including the Beaver-Mahoning as the first step, is found suitable and justifiable for a still greater movement of traffic than that on the short step alone.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Does the Senator from Ohio yield to the Senator from Missouri?

Mr. BURTON. I yield.

Mr. CLARK of Missouri. I am very much interested in what the Senator has said about the shorter route and the fact that the longer route has been approved as justifying the shorter route. As the Senator knows, I voted for this project in the Commerce Committee; but it does not seem to me that the fact that a through line would be justifiable also justifies a stub line.

Mr. BURTON. I thoroughly agree with the Senator, except from the engineering standpoint of the navigability of the short canal.

Mr. CLARK of Missouri. I am not disputing that at all; but it seems to me that the same principle which would apply to a railroad applies to this proposal, namely, that a through line might be entirely justifiable, whereas a stub line might not be justifiable.

Mr. BURTON. I agree with the Senator from Missouri that approval of the through line and the short line are quite separable; but one of the objections raised to the short canal is that it would not be sufficiently navigable to handle traffic on the short route. For that reason I think approval of the long route would certainly indicate that the short route would be navigable.

Mr. CLARK of Missouri. I am not undertaking to dispute the navigability of the short canal; but I do say that the fact that a through line might be justifiable does not necessarily justify a stub line.

Mr. BURTON. I am not attempting to base it on that argument.

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

Mr. BURTON. I yield.

Mr. GUFFEY. As I understood, a while ago the Senator quoted Colonel Feringa on the cost of operation of the canal.

Mr. BURTON. Is the Senator referring to the through canal?

Mr. GUFFEY. The Senator quoted some figures as to the total cost locally, in connection with the through canal.

Mr. BURTON. I quoted from the engineers' report, not from Colonel Feringa.

Mr. GUFFEY. The Senator stated that the annual local cost would be \$600,000.

Mr. BURTON. Six hundred and thirty thousand dollars as estimated for the short canal.

Mr. GUFFEY. What were the figures as to the annual cost of the whole canal?

Mr. BURTON. For the long canal, the cost for maintenance and operation was estimated at \$1,730,000.

Mr. GUFFEY. The testimony shows that the cost to the Federal Government would be \$2,275,000, and that the annual local cost would be \$600,000, making a total of \$2,875,000. I do not believe those were the figures the Senator used. I know the Senator would not wish to misquote anyone.

Mr. BURTON. I do not wish to misquote anyone. I should like to refer back to the engineers' report for a moment, which may clear up the matter. I was quoting from the engineers' report when I made my statement.

Quoting from page 10 of House Document No. 178, and quoting from the report of the Chief of Engineers there published, Major General Schley, in paragraph 25, says—

Mr. GUFFEY. I have used the figures in the subcommittee report, and the Senator has used figures from the report of the full committee.

Mr. BURTON. I am taking the figures from the engineers' report, for the actual maintenance and operation of the canal, not the total costs to be balanced against the total benefits. Let me make it clear. I read:

The Board accordingly recommends construction of the waterway at a cost to the United States of about \$207,000,000 for the new work and \$1,730,000 annually for maintenance and operation, subject to certain conditions of local cooperation.

That was the report of the Chief of Engineers in 1939.

Mr. GUFFEY. What were the figures representing local cost, which the Senator used in his statement?

Mr. BURTON. The cost which I am using for Federal maintenance and operation of the short canal is \$630,000.

Also, referring again to the value of the 1939 report on the short canal, it emphasizes the fact that the Beaver-Mahoning Canal is the first step, with slight modifications, expressly approved by the Board of Engineers as an independent step; and an express recommendation is made by the Board, really for the second time, that the project stand on its own feet. The Board recommends that the short canal be completed first, and that a survey then be made to determine whether it would be advisable to continue, or to stop there.

In this connection I wish to point out that I have noted that the through canal has at various times also been supported by the Pittsburgh and Pennsylvania interests as being of possible value to that area; but when the project was cut down

to a shorter canal, opposition developed. I quote from page 23 of the pamphlet entitled "The Taxpayers' Case Against Youngstown's Beaver-Mahoning Dead-End Canal," which was received by a Member of the Senate. This is a quotation from the Pittsburgh Sun-Telegraph of July 16, 1944:

The fight for the canal has been waged before Congress for a number of years. Originally part of the Ohio-Lake Erie Canal plan, favored by Pittsburgh interests, opposition grew by leaps and bounds when it became evident that its terminus would be at Struthers, Ohio.

I cite the Pittsburgh support to the extent that it indicated the engineering feasibility of such a route, although the Pittsburgh interests objected to stopping at a shorter point.

Mr. GUFFEY. Pittsburgh was always in favor of the through canal.

Mr. BURTON. Is Pittsburgh still in favor of the through canal?

Mr. GUFFEY. I do not know.

Mr. BURTON. If it favors the through canal—

Mr. GUFFEY. There will never be a through canal if we have very many such projects as this.

Mr. BURTON. Without getting into a by-pass in this discussion, I wish to emphasize that we cannot go all the way through without going part way first, and therefore the first part must be navigable.

Finally, on this particular matter, in view of the language of the act of August 30, 1935, which approved, and still stands as approving, the Beaver-Mahoning short canal as a Federal project, to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors, it is important to see exactly what that Board of Engineers did say, because the Board of Engineers having approved it, its action has really fitted in completely with the action of Congress already taken in 1935 expressly on the subject. I therefore turn to the action of the Board of Engineers in accordance with that express recommendation and direction of the Congress. On page 17 of House Document No. 178, which contains the report of the Board of Engineers, we find these important statements bearing on the project now before us. The Board of Engineers finds, in paragraph 11:

The first step of the work should consist of the improvement of the Beaver-Mahoning Rivers as described in House Document No. 277, Seventy-third Congress, second session, modified as proposed by the present plans, at an estimated construction cost of \$38,500,000 to the United States and \$3,900,000 to local interests. The prospective traffic and savings for this section justify its construction at the present time with one lock 56 by 720 feet at each lift, but no work should be started until local interests have furnished rights-of-way for the through canal as proposed hereafter. The extension of the waterway, in part or in full, to Lake Erie should be undertaken only if found advisable after the first section to Struthers has been opened to traffic and after a further determination of economic advisability, taking into consideration changes that result from the work already finished, and after the

Chief of Engineers has been assured that adequate terminals will be constructed by local interests.

There is a clear segregation of the first step from the rest.

In paragraph 12, the Board of Engineers stated:

Improvement of the Beaver and Mahoning Rivers was authorized in the River and Harbor Act approved August 30, 1935, as follows: "Beaver and Mahoning Rivers, Pa. and Ohio, of the width and depth provided in House Document No. 277, Seventy-third Congress, as a Federal project and to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project for the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors."

The Board then continued as follows:

The Board now concludes that the whole project from the Ohio River to Lake Erie, with certain modifications of the plans proposed in House Document No. 277, Seventy-third Congress, second session, is economically justified. Because of the large expenditure required for the project and in order that advantage may be taken of changes in economic conditions and of adjustments in transportation charges, the Board believes that construction should be undertaken in several steps as found advisable by the Chief of Engineers; that somewhat unusual requirements for local cooperation are justified; and that the Federal Government should pay for the reconstruction of existing railroad-company bridges spanning the Beaver and Mahoning Rivers. To carry out the work in accordance with these conditions it is necessary to secure additional authority from Congress.

Because of that statement by the Board of Engineers, we are here endeavoring to secure the additional consent of Congress to conform to the specific recommendation of the Board.

In paragraph 13 the Board continued as follows:

The Board therefore recommends step-by-step construction of the waterway extending from the Ohio River through the Beaver, Mahoning, and Grand River Valleys to Lake Erie, with minimum depth of 12 feet and generally 250 feet wide (minimum width 200 feet), at a cost to the United States of about \$207,000,000 for construction and \$1,730,000 annually for maintenance and operation, the exact alignment, location, program of construction, and details of design of all structures to be left to the decision of the Chief of Engineers; subject to the condition that before any construction on any part of the improvement is undertaken, local interests shall—

(a) Furnish free of cost to the United States title to all lands required for rights-of-way in and south of the city of Warren.

(b) Agree to furnish free of cost to the United States suitable spoil-disposal areas for initial work and for subsequent maintenance as required for the section in and south of Warren.

(c) Agree to hold and save the United States free from claims for damages in connection with existing water rights for power development and other purposes, and for other damages that may occur due to construction of the waterway.

(d) Agree to operate Milton Reservoir under the supervision of the Chief of Engineers for the primary purpose of increasing the low flow in the interest of navigation.

(e) Agree to make at their expense alterations, as required, of existing highway and steel company bridges spanning the Beaver and Mahoning Rivers, and necessary road changes in connection therewith.

(f) Agree to maintain at their expense all new public roadways, and maintain and operate all rebuilt and new bridges constructed incident to the improvement.

(g) Agree to make at their expense alterations as required in all sewer, water supply, and drainage facilities.

(h) Agree to provide at their own expense, and as required, suitable and adequate lake and canal terminals, and dredged harbor areas adjacent thereto shoreward of channel or harbor lines, in accordance with plans approved by the Chief of Engineers and the Secretary of War.

Finally, following the list of local requirements, the Board said that—

The Board further recommends that in view of the extraordinary enlargement of the river channels, required to provide a suitable through waterway, the Federal Government pay the cost, as determined by the Chief of Engineers, that is finally involved in making necessary changes in existing railroad company crossings, and track adjustments in connection therewith.

It is also important to note that at this point express approval is given by the Chief of Engineers himself, apart from the Board. Maj. Gen. J. L. Schley, in his report of May 23, 1939, as bearing specifically upon the short canal as a separate step justifiable in and of itself, apart from the final decision upon the completion of the through canal, made a statement. His statement appears on page 10 of House Document No. 178, and is material and important. In paragraph 24 of the statement General Schley said:

Because of the large expenditure required for the project and in order that advantage may be taken of changes in economic conditions and of adjustments in transportation charges, the Board believes that its construction should be undertaken in several steps, the first step consisting of the improvement of the Beaver and Mahoning Rivers as described in House Document No. 277, Seventy-third Congress, second session, with modifications as proposed by the present plans, at an estimated construction cost of \$38,500,000 to the Federal Government and \$3,900,000 to the local interests.

Then he added:

Extension of the waterway, in part or in full, to Lake Erie should be undertaken only if found advisable after further determination of economic advisability, taking into consideration rate adjustments and changes that result from the work already finished, and after the Chief of Engineers has been assured that adequate terminals will be constructed by local interests.

26. I concur with the Board that the Pittsburgh-Ashtabula route is the best route for a waterway between Lake Erie and the Ohio River, and that the savings in transportation charges and other benefits are sufficient to warrant the adoption of the project at this time.

27. I also concur with the Board that construction, if authorized, should start with the canalization of the Beaver and Mahoning Rivers to Struthers. This part of the proposed project is economically justified as an independent improvement and as such would become an important arm of the Ohio River waterway system. The commerce available consists largely of bituminous coal which now moves from points in the Ohio River Basin by barge to, and near, the mouth of the Beaver River, where it is transferred to rail lines for a short haul to points in the Youngstown area. After the construction of this section of the waterway the movements could be completed by barge



with a considerable saving in transfer and line-haul costs.

28. The through project to Lake Erie will save the shippers an average of 72 cents per ton in transportation charges on the prospective commerce, estimated as 28,000,000 tons per year. The total Federal and non-Federal costs resulting from the construction of the project would amount to a cost of 43 cents per ton, leaving a net average saving of 29 cents per ton. It seems important to call attention to the fact that if the waterway is constructed the railroads which now carry this commerce would have to meet a competitive water rate averaging 72 cents per ton below the present rail rates, or lose a large volume of traffic and revenue, while a permanent reduction in rail charges averaging 29 cents per ton, if put into effect prior to construction of the through waterway, would eliminate the justification for the project. Since it is impossible to determine at this time the extent and effect of future possible rail-rate reductions it is advisable that the completion of the waterway from Struthers to Lake Erie in part, or in full, be undertaken only after the section to Struthers has been opened to traffic and after a further finding by the Chief of Engineers of economic justification, taking into consideration trends in economic conditions, rate adjustments, and changes that result from the work already finished. It is advisable that the through project be authorized in accordance with the plans outlined by the Board and that the program of construction be left to the decision of the Chief of Engineers and the approval of the Secretary of War.

29. I therefore recommend the construction of a waterway extending from the Ohio River through the Beaver, Mahoning, and Grand River Valleys to Lake Erie with minimum depth of 12 feet and generally 250 feet wide (minimum width 200 feet), at an estimated cost to the United States of \$207,257,000 for construction and \$1,730,000 annually for maintenance and operation, the exact alignment, location, program of construction, and details of design of all structures to be left to the decision of the Chief of Engineers, subject to the condition that before any construction work on any part of the improvement is undertaken, local interests shall—

(a) Furnish free of cost to the United States title to all lands required for right-of-way in and south of the city of Warren.

(b) Agree to furnish free of cost to the United States suitable spoil-disposal areas for initial work and for subsequent maintenance as required for the section in and south of Warren.

(c) Agree to hold and save the United States free from claims for damages in connection with existing water rights for power development and other purposes, and for other damages that may occur due to construction of the waterway.

(d) Agree to operate Milton Reservoir under the supervision of the Chief of Engineers for the primary purpose of increasing the low flow in the interest of navigation.

(e) Agree to make at their expense alterations, as required, of existing highway and steel company bridges spanning the Beaver and Mahoning Rivers, and necessary road changes in connection therewith.

(f) Agree to maintain at their expense all new public roadways, to maintain and operate at their expense all rebuilt and new highway and steel company bridges, and to assume the cost of maintenance and operation of all new railroad company bridges, constructed incident to the improvement.

(g) Agree to make at their expense alterations, as required, in all sewer, water supply, and drainage facilities.

(h) Agree to provide at their own expense, and as required, suitable and adequate lake and canal terminals, and dredged harbor

areas adjacent thereto shoreward of channel or harbor lines, in accordance with plans approved by the Chief of Engineers and the Secretary of War.

I further recommend that in view of the extraordinary enlargement of the river channels, required to provide a suitable through waterway, the Federal Government pay the cost, as determined by the Chief of Engineers, that is finally involved in making necessary changes in existing railroad company crossings, and track adjustments in connection therewith.

There then follows an interesting side development of importance in the history of this matter. It is contained in a letter from Frederic A. Delano, chairman of the advisory committee of the National Resources Committee, to the President of the United States, written on February 16, 1939. The letter will be found on pages 17 and 18 preceding the report from which I have just been reading, in House Document No. 178. It reads in part as follows:

In view of (1) the previous general authorization for the project, (2) the possibility of delaying the allotment of funds for the project for some time after a perfecting authorization may be made, and (3) the ill-humored protest which almost certainly would greet any attempt to delay congressional consideration of such authorization, our advisory committee suggests that the report be transmitted to the Congress without comment by you. However, the committee recommends that you consider taking the following action at that time:

1. Request the Secretary of War to inform you before any allotments are made for actual construction of the project, if and when it is authorized in its modified form.

That refers to the full through canal.

2.—

This is of special importance here—

Request the Interstate Commerce Commission to review the report, when printed, in order to determine the need for the project in relation to present rail and highway facilities and to the effect which the construction of the project would have on the operations of rail and motor carriers \* \* \*. There is a possibility, of course, that the Commission may not wish to make this study and may suggest that the investigation involved is beyond their authority. It seems to us, however, that the question, if it arises, might well be faced on an important case like that of the proposed Beaver-Mahoning Canal involving over \$200,000,000.

The President, in transmitting the report to the Chairman of the Interstate Commerce Commission, followed that recommendation. I ask unanimous consent that there may be printed at this point in the RECORD the letter from Franklin Delano Roosevelt to the Chairman of the Interstate Commerce Commission, dated February 16, 1939, appearing at page 15 of House Document No. 178, carrying out that recommendation.

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

THE WHITE HOUSE,  
Washington, February 16, 1939.

Memorandum for the Chairman, Interstate Commerce Commission.

I recently have reviewed a report by the Chief of Engineers in which he concurs in the recommendations of the Board of Engineers for Rivers and Harbors for construction of a waterway through the Beaver, Mahoning, and Grand River Valleys at a cost to the

United States of \$207,257,000 and to local interests of \$12,472,000. The report is being transmitted to the Congress by the Secretary of War.

The Board states that "if the railroads would permanently reduce the rates by an average of 29 cents per ton prior to construction of the waterway, the through project could not be justified." The Board then goes on to say that—

"At the present time the Interstate Commerce Commission does not regard cost of service as the sole controlling factor in determining whether rates are just and reasonable (see 223 I. C. C. 657, p. 737), and hence it would be illogical to consider the present rates as the cost of providing the rail service, and it would accordingly be impossible for the Board to predict the extent to which rail-rate reductions will be put into effect either prior to or after the construction of the waterway. However, it is quite evident that if rail reductions are to be made, as is usually done to meet water competition, it would be advantageous to both the railroads and the United States for such reductions to be made before large obligations are incurred for construction work on the through canal."

In view of this report, I wish that the Commission would undertake an investigation of rail rates in the area affected and review the report, as soon as it is printed, so that the Commission may advise me on whether or not rate reductions of the magnitude and type noted above would be economically justified. I presume that such review would require consideration of the present railway and highway facilities in the area concerned, and of the effect which construction of the project would have on rail and motor carriers. These are problems which I should like to have examined before large Federal expenditures are made for the project.

FRANKLIN D. ROOSEVELT.

Mr. BURTON. Mr. President, under those circumstances we have the unique situation of a through canal much larger than the one now proposed being referred to the Interstate Commerce Commission for recommendation, in view of the great disparity existing between the railroad rates and the water-transportation rates, it being clear that there would be a saving of \$8,000,000 a year, or more if the water route went through.

Under those circumstances it would be conceivable that the railroads might voluntarily reduce rates. One would suppose, to meet a situation of that kind, where the Interstate Commerce Commission expressly found and showed that the rates do not depend so much upon cost to the railroads as upon what the traffic will bear, and that therefore they could be reduced. Throughout these communications the thought was expressed that perhaps voluntary reductions might be brought about. But I wish to emphasize—and this point is material to our present issue—that the railroads resisted all proposed reductions from the year 1927 on, at which time, as I pointed out, they resisted construction of an additional railroad to provide lower rates. The railroads are now resisting reduction of the rates, and they definitely declined to make voluntary reductions when they were sought in 1940 by the Youngstown interests, following the 1939 report, which would point toward their solution.

It is with this point in mind that I wish to call the attention of the Senate to the failure of the railroads to respond

to every effort of the Youngstown interests to bring about a voluntary reduction in rates on the long canal which was then under consideration by the Interstate Commerce Commission, or was about to be.

I shall now read from a brief recently filed in 1944 in a case pending before the Interstate Commerce Commission. It is Docket No. 28,825, entitled "Bituminous Coal to the Youngstown District," filed by the Youngstown Sheet & Tube Co., in which there is a review of the efforts to obtain voluntary reductions on this long route. I read from pages 8, 9, and 10, in part:

The construction of a canal connecting the Ohio River with Lake Erie has been actively advocated by various associations in the Pittsburgh district and in Youngstown and Mahoning and Shenango Valley districts for the past 50 years. This has been particularly so in the last decade.

In 1935 the Chief of Engineers, United States Army, recommended construction of a canal from Beaver, Pa., up the Beaver and Mahoning Rivers to Struthers, Ohio, just east of Youngstown. This improvement was authorized in the River and Harbor Act of August 30, 1935, "subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors." It will be noted that that portion of the project from Beaver up to Struthers is now shown on the official map of the War Department as an authorized section of the waterway. Following this authorization there was further study of the through project, and it was finally approved in the report of the Chief of Engineers dated January 23, 1939. This was the report which contained the reference to the economic effect of a possible rate reduction averaging 29 cents per ton by the rail carriers, and was the same report which was submitted by the President to this Commission and resulted in its report cited "Proposed Lake Erie-Ohio River Canal."

It was that report which, at page 763, contained the statement indicating that the Commission was unaware of the attitude of those carriers respecting the desirability of making a voluntary reduction in the rates.

The Youngstown interests undertook to develop what that attitude was, with particular reference to the all-rail and ex-river rates on bituminous coal to the Youngstown district. Negotiations were had between representatives of the Youngstown consumer interests and the traffic vice presidents of the Baltimore & Ohio, the New York Central, and the Pennsylvania Railroads, commencing in Youngstown on March 29, 1940. No definite proposal was made by the carriers in the course of that conference. The conference ended with the understanding, at least on the part of the Youngstown interests, that an affirmative proposal would later be made by the railroad representatives. That, however, did not eventuate.

Three months later, there was a further conference between Youngstown representatives and the same traffic executives of the three trunk lines, at which time the latter stated that they had not intended to make any proposal with respect to voluntary reductions. A further and last conference was had on August 5, 1940, at which time the carriers' position was stated about as follows:

"After a great deal of discussion and after giving the subject very full consideration and acting on the advice of counsel, that no change could be made in either the all-rail or ex-river coal rates to Youngstown without adversely affecting coal rates over a very wide territory, and particularly due to two important coal-rate adjustment cases now

pending before the Interstate Commerce Commission, these three railroads regret very much that no change can be made in the Youngstown coal rates at the present time."

This ended the conference. Insofar as it indicates the conceivable possibility of some later reduction in rates, it is indirectly hopeful; but insofar as actual results go, there have been no reductions in rates, and the situation stands on the voluntary refusals which I have stated.

But the striking thing is what the Interstate Commerce Commission did when it reported on the application to it for a reduction in rates. The Interstate Commerce Commission reported on the application on October 3, 1939. It reported to the President, and the report is published in volume 235 of the Interstate Commerce Commission Reports, page 753. It is also found at pages 128 to 153 of the hearings before the House Committee on Rivers and Harbors held September 30, 1941, to October 6, 1941.

Briefly, the answer of the Interstate Commerce Commission as to the possibility of requiring a reduction of railroad rates on the basis of potential water transportation on the through-canal was "No." It was stated, in effect, that under the present law potential water competition is not enough, but apparently actual water competition might be enough to secure reductions based upon competitive conditions.

The report does not deal with the short-canal issue, but solely with the through-canal issue. It is, however, of great value for at least two reasons. The report from the Interstate Commerce Commission demonstrates the futility of seeking rate reductions in the absence of actual water competition. Secondly, it demonstrates the general soundness of the engineers' report in estimating the benefits to be derived in savings from water transportation on the basis of the through canal. The report of the Interstate Commerce Commission therefore reflects favorably upon similar estimates previously made by the Board of Engineers on the short canal.

Therefore, the statement from the Interstate Commerce Commission has two distinct values to us. First, as indicating the futility of competitive reduction in rates based on potential water competition, and therefore looking toward actual water competition as the only means of securing the reduction; and secondly, as an expression of opinion from the Interstate Commerce Commission as to the reliability of the Army engineers in their estimates of rates and savings.

On the first point, that of the futility of seeking a reduction in rates on railroad transportation based on potential water competition, the Interstate Commerce Commission points out that the rates it approves for railroads do not depend wholly on costs, but evidently include also historical and actual competitive factors. It points out clearly that the railroad rates are not based wholly on costs. They are based on a multitude of things. Therefore, in many cases, as in the present one, it is clear that the rates do not depend in any substantial measure on

the cost of transportation between the Ohio River and Youngstown, but upon what the traffic will bear, and the ability to exact from consumers and shippers, in the absence of any other competition, a rate higher than that based on any cost factor.

In order to make this clear, I invite attention first to the provision of the United States Code, title 49, section 4. It is there stated that the charges for long and short hauls cannot be varied by the Interstate Commerce Commission merely because of potential water competition. The language is as follows:

And no such authorization shall be granted on account of merely potential water competition not actually in existence.

That means that the Interstate Commerce Commission, under the statute, does not have the right to modify certain railroad rates because of potential competition, but when actual competition occurs the situation is different.

I now read from the opinion of the Interstate Commerce Commission. I take the quotations from the opinions of the Commission as reprinted in the hearings held by the Committee on Rivers and Harbors of the House of Representatives from September 30, 1941, to October 6, 1941. The first quotation is on page 133 of those hearings. It bears upon the futility of action by the Interstate Commerce Commission. The Interstate Commerce Commission says in its report:

Section 4 prohibits the charging of higher rates to intermediate than to more distant points over the same line or route unless, under the conditions specified in the section, we have authorized such rates. We may not give such authorization if, among other things, the adjustment sought is justified by only potential water competition.

A little later in its report, on the same page, the Commission said:

In implementing the general standards set up in these four sections, we have never considered it practicable to make rail rates wholly with relation to the costs of transporting particular commodities between particular points. The reasons are in part the difficulty of ascertaining such costs but more importantly the fact that the rate structures with which we have had to deal have reflected the part and continuing efforts of the railroads to cope with competition and to preserve and to promote the traffic in which they are individually interested.

I may say, Mr. President, that we are there confronted with the situation that in this particular area we are handicapped by a lack of actual competition in railroad transportation and we therefore pay a higher rate for transportation costs because we are not in a position to provide the competition which would force rates down and the traffic is made to bear a high charge merely because it is unable to escape it.

Again on the same page 133 the Commission says:

The rise of motor transportation and the extension of water and pipe line competition have undone many of our efforts, and the rate structures of the country have become more complex as a result.

That certainly does not give us a basis for saying that the Nation should step in



and allow for the benefits of actual water competition at Pittsburgh, for example, and at other places which have actual water competition, and then refuse to step in and help to establish similar actual water competition at Youngstown. The rise of water competition is entitled to assistance just as much for the benefit of Ohio consumers and taxpayers as it is for the benefit of Pennsylvania consumers and taxpayers.

The Interstate Commerce Commission on page 133 again said:

We have made for the purposes of this report a general analysis of the costs of rail transportation of the traffic that directly and indirectly may be affected by the proposed waterway. This analysis has not been carried to a point which would enable us to determine whether the rates to Youngstown and other points interested in the project are in any particular out of line with other and related short-haul rates. Such a finding, which in any event would not be conclusive of the issues can best be made on a public record to which the interested parties would contribute. We can say, however, that the traffic in question is both short-haul and heavy loading, it is probable that, from a cost standpoint alone, some and perhaps most of these rates could be reduced without bringing them down to cost.

I wish to emphasize that although recognizing that these rates were substantially above cost and that they would be subject to be reduced, there was both an unwillingness and perhaps an incapability of reducing them in the face of merely potential water competition.

On page 134 the Commission states the alternative as follows:

We do not know what the attitude of these carriers is respecting the desirability of making a voluntary reduction at this time in preference to making a larger reduction in the event the project is carried through. As we now see the matter, they face the alternatives of attempting to make a voluntary reduction which could not, on present information, be confined to Youngstown and the other points which have figured in the Board's calculations, and the making of a larger competitive reduction after the waterway is provided. Under the law as it now stands and on the information now available, the railroads probably could not single out the specific rates which the Board has in mind.

That merely emphasizes the necessity of proceeding soon with the short canal construction or at least with its authorization, if there is to be any relief.

I go now to page 153 of the same report. In the summary of the Interstate Commerce Commission its first statement is as follows:

By the way of final summary, we wish to state (1) that permanent rate reductions of the type and magnitude specified in the inquiry directed to us would not be economically justified prior to the construction of the canal for the reason that, on the information now available, these reductions could not be confined to the traffic of those who would be expected immediately and directly to benefit by construction of the proposed waterway.

All that says is that obviously there is a basis for reduction; that competition will bring about reduction; that the general public would benefit from it, but that the Interstate Commerce Commission will not order a reduction in the

face of merely potential water competition. It leaves us but one alternative, the alternative so often used by the Federal Government throughout the Nation, namely, the construction of beneficial water transportation.

I may add at this point, as bearing upon the railroad rates of this Nation, an interesting statement made by the Board of Investigation and Research, which was created by the Transportation Act of 1940 to investigate the transportation situation and to make recommendations to the Congress for its betterment. That commission report is published in House Document 595 of this Congress, the Seventy-eighth Congress, 1944, page 6, the following:

Theoretically rate levels are related to the two factors of cost of the service and value of the service. Actually, however, the freight rate structure picture is a crazy quilt of inequalities and discrimination.

That is what has taken place in Youngstown, and the relief is to resort to a cheaper method of transportation which would eliminate the discrimination at that point.

Mr. President, this report of the Interstate Commerce Commission is important also as indicating an independent opinion of the reliability of the methods and procedure used by the Board of Engineers in their estimates of cost. I wish to point out that at pages 136 to 150 of this report the general soundness of the Board of Engineers' estimates of benefits are approved and especially its estimate of traffic and its estimate of savings in transportation costs. These cover in detail iron ore, coal, limestone, and costs of barge (line-haul) and terminal operations. The investigation points out that these estimates of the engineers are conservative. In order to emphasize that I quote from page 145 the opinion of the Interstate Commerce Commission. This, I believe, will be of interest to anyone who has in mind a criticism in any way of the procedure and the conclusions of the Board of Engineers and the present procedure. At page 145 the Commission said this:

Conclusion as to traffic estimates and effect on rail carriers: While we have not undertaken a detailed or field check of the tonnage estimates used by the Board—

That means by the Board of Engineers—

and have confined ourselves to certain general tests of their reasonableness, it appears appropriate to conclude that, if the waterway is constructed and if rail rates are not reduced, less iron ore and possibly more coal and miscellaneous commodities will move over it than are indicated by the estimates used by the Board. On the whole, therefore, it appears that at least 28,000,000 tons of rail traffic would be diverted, or held only by substantial reductions of rates. Furthermore, rate reductions probably would not be confined to those directly required to check the competition which the waterway would make possible. Carriers indirectly affected would endeavor to meet the situation by reducing their own rates.

There is no way of definitely foretelling how far the process would go, but, to obtain the true picture of the total tonnage that would be affected, the 28,000,000 tons included in the Board's statement of prospec-

tive traffic should be doubled and probably considerably more than doubled. Further, the reduction of rates necessary to hold this traffic would have to be well above the average figure of 29 cents per ton previously considered. The maximum reduction would be in the neighborhood of 72 cents. If 50 cents be used as an average figure, the revenue loss sustained by the railroads might well exceed \$35,000,000 per year.

I quote those figures for two reasons: First, because they indicate the conservativeness of the estimate of the engineers as to the savings resulting from water transportation as compared to rail transportation; and then I wish to emphasize that these figures relate to the through canal as a measure of railroad operation. Therefore, although while there may be reasons for hesitancy in providing the through canal under these conditions because of its major effects, these same reasons do not apply to the much smaller scope of the short canal. These conclusions indicate that the savings estimated by the Army engineers on the short canal are dependable. They also indicate that their total effect on the widespread operations of the railroads would be comparatively small. In other words they justify a lowering of the excessive railroad rates, and, unlike the situation on the through canal, such lowering of those rates can have only a comparatively minor effect in disturbing the general rate structure of the railroads.

Similarly, on page 150, we have the comment of the Interstate Commerce Commission bearing upon the cost, and this is important in view of the criticism which has been suggested from time to time as to the estimates of the engineers on the subject of costs. At page 150 the Interstate Commerce Commission said:

The other items included by the district engineer appear reasonable, and no item of cost seems to have been omitted.

It is concluded, therefore, that the line-haul and terminal costs seems to have been reasonably determined in the light of the various contingencies to be considered. These costs relate more or less to the present time. No one can definitely predict what they will be some years hence, though it may be presumed that, in general, rail costs will move in a considerable degree in unison with those of water transportation.

That brings me to the next historical step, which occurred in the Seventy-seventh Congress, when hearings were held in the House committee in 1941. I have been reading from those hearings because they included in them quotations from the Interstate Commerce Commission decision.

Following those hearings, which were held September 30 to October 6, 1941, there was an approval of the project by the House committee. This approval is found in Report No. 1431 of the Seventy-seventh Congress, House of Representatives. It is a brief statement, and I shall quote from it only in part. The approval appears at pages 83, 84, and 85 of the report. This is the latest approval by the House of Representatives of this project. This was an approval by the committee of the House rather than the whole House because it never reached the floor, but as late as 1941, under conditions which called for the construction

of this project as a wartime measure at a far greater cost than is now proposed, the committee found in favor of it, and found in favor of it with this language. I quote from page 84:

The authorization item in this bill for this project reads:

"Beaver and Mahoning Rivers project, Pennsylvania and Ohio, from the Ohio River to Struthers, Ohio, authorized in the Rivers and Harbors Act of August 30, 1935, and modified in accordance with the report of the Board of Engineers for Rivers and Harbors contained in House Document No. 178, Seventy-sixth Congress, first session."

This provision modifies the plan of improvement for the Beaver and Mahoning Rivers, Pennsylvania and Ohio, as authorized by the River and Harbor Act of 1935 (but upon which work has not yet been commenced), to conform to the plans for the improvement of this section of the Lake Erie & Ohio Canal as recommended by the Board and Chief of Engineers. The modified plan will provide a channel 12 feet deep and 250 feet wide by the construction of six locks, each 56 by 720 feet, from the Ohio River to Struthers, Ohio, a distance of 35 miles. The difference in this authorization and that authorized in 1935 is that the canal width is increased from 200 to 250 feet.

This stub-end canal is economically justified as an independent improvement and as such would become an important arm of the Ohio River waterway system. The commerce available consists largely of bituminous coal, which now moves from points in the Ohio River Basin by barge to and near the mouth of the Beaver River, where it is transferred to rail lines for a short haul to points in the Youngstown area. After the construction of this section of the waterway the movement could be completed by barge with a considerable saving in transfer and line-haul costs.

Other commodities which would move on this stub-end canal in large quantities are coke, scrap iron, fluorspar, sand and gravel, cement, pyrites, gasoline, fuel oil, pig iron, limestone, and manufactured iron, steel, and other products.

The extension of the waterway, in part or in full, to Lake Erie, should be undertaken only if found advisable after the first section to Struthers has been opened to traffic and after a further determination of economic advisability, taking into consideration changes that result from the work already finished, and after the Chief of Engineers has been assured that adequate terminals will be constructed by local interests.

I quote that as the last action from the House of Representatives, taken in 1941, by the House Committee on Rivers and Harbors. I believe that it is a sufficient guaranty that if the Senate adopts the pending amendment it will be accepted by the House committee, and the representatives of the House committee on the conference, and later by the House itself.

Since that occurred, in 1941, two reservoirs have been constructed in this area for flood-control purposes which have made the pending project more economical as a canal, and also have improved its feasibility.

Under the Flood Control Act of June 28, 1938, the Berlin Reservoir, costing \$7,250,000, was constructed for flood-control purposes, and under the act of June 28, 1938, there was also authorized the Mosquito Creek Reservoir, costing \$5,550,000. Both these have been built, and I understand both of them are now in operation.

The result is that the water in the Beaver and Mahoning Rivers is under better control, through this flood control, and therefore the previous proposal for pumping water up the river in order to provide this canal flow is not necessary.

The interesting point of this is that when the House committee approved the project, in 1941, it approved it in the absence of these reservoirs. These reservoirs being there now eliminate a substantial part of the difficulty from both an engineering and a cost standpoint, and therefore it is a much more attractive proposal than when the House had the bill before it in 1941.

Mr. President, this brings us to the year 1944, and to the pending bill, House bill 3961, before us today, which was passed by the House of Representatives on March 22, 1944. It did not then include any reference to the Beaver-Mahoning canal, nor was that matter discussed at any stage in connection with it, because, as was pointed out here previously, it was thought that presumably it should start in the form of an uncontroversial and smaller measure, and that the House would not have to take the time to go over those controversial matters unless there was probability of passage of the bill before the end of the present Congress.

Mr. DAVIS. Mr. President—

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Ohio yield to the Senator from Pennsylvania?

Mr. BURTON. I yield.

Mr. DAVIS. The Senator mentioned two reservoirs. Will he give us the location of them?

Mr. BURTON. They are the Berlin River Reservoir and the Mosquito Creek Reservoir. If the Senator from Pennsylvania will turn to the little map which he has before him on his desk he will see, just above Youngstown, the Mosquito Creek Reservoir directly north of Youngstown, and he will see to the west of Youngstown the Milton River, which is a local reservoir, and below that the Berlin Reservoir. All of them are in the upper reaches of the Mahoning River, or its tributaries, and therefore are helping to control floods and the flow of water through the steel areas, and, incidentally, they affect the canal.

Mr. DAVIS. Are any of those reservoirs used as sources of water supply by the people in the neighborhood?

Mr. BURTON. I understand the people in those neighborhoods draw some of their water supply from that river, and therefore incidentally there is a benefit from it for example at Beaver Falls and in the areas below it helps to control the steady flow of water.

Mr. AIKEN. Madam President—

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). Does the Senator from Ohio yield to the Senator from Vermont?

Mr. BURTON. I yield.

Mr. AIKEN. In looking at this map, there is one thing which puzzles me somewhat, that is, that the canal just goes to Youngstown and stops, or I would say goes not quite halfway to Lake Erie and stops. I was wondering why, in these

days, when we are appropriating billions of dollars, almost without giving much thought to it, the canal was dead-ended there, instead of going through to Lake Erie?

Mr. BURTON. That is precisely the matter I have been reviewing, and I can state the answer in a few words, in this way. When the proposal came before Congress in 1935 for the short canal to Struthers, the Senate, on the floor, inserted an amendment, subject to approval by the Board of Engineers, for a through-canal to Lake Erie. That resulted in a 4-year study of routes to Lake Erie. The Pennsylvania people urged a route to the east. The Ohio people suggested this and at least two other routes, to the west. The Board of Engineers analyzed all the routes, and concluded that the one I am now referring to was the route to be followed if there was to be any route through to Lake Erie. They recommended such a route, and recommended its approval at a cost of \$240,000,000. They then recommended that the canal as here suggested—and which is before the Senate now—should be completed as the first step, and that there should be a further survey of the economic conditions at the time of its completion, before proceeding with the expenditure of the rest of the money, because there might be quite an economic readjustment based upon the construction of the short canal.

Mr. AIKEN. The Senator expects then that eventually the canal will go through to Lake Erie?

Mr. BURTON. I am rather doubtful of that.

Mr. AIKEN. Why would the Senator be doubtful?

Mr. BURTON. Because there does not seem to be the same urgency for that as exists for the shorter canal. Controversy has been raised from time to time respecting the two proposals. I am urging the shorter canal on the basis of the recommendation of the Board of Engineers, and in any event this is a valuable contribution to a through canal, and it is a valuable contribution independent of it, on its own feet. There may well be a valuable contribution, as pointed out by the Interstate Commerce Commission, if there is actual water competition with rail transportation, which might make the high charge for the railroad transportation no longer justifiable, and even though the railroads have not yet offered to do so heretofore, they might then reduce their rates in the light of that actual competition.

Mr. AIKEN. How is the ore brought into Youngstown, Pittsburgh, and other places in that locality at the present time?

Mr. BURTON. The ore from the north comes down largely by rail after it reaches the southern shore of Lake Erie.

Mr. AIKEN. By rail?

Mr. BURTON. The ore does, yes; because it cannot come down otherwise.

Mr. AIKEN. From where? From the lake side?

Mr. BURTON. From different ports along the lake. I mean the ore comes down by boat from the iron mines to



Cleveland or other ports. It is then shipped by rail from there.

Mr. AIKEN. Even to Pittsburgh?

Mr. BURTON. Even to Pittsburgh.

Mr. AIKEN. I think that would put those places in decided disadvantage with the steel plants which are on the lake.

Mr. BURTON. That gives an advantage to the steel plants which are on the lakes, but they have a longer haul for their coal coming up the other way.

Mr. AIKEN. For instance, I discovered on a trip west that the ore was being transported from Duluth to the lake cities for about 90 cents a ton, or about 10 percent of the rail cost. It seems to me that if water transportation could be gotten through to these other places, for instance Youngstown and Pittsburgh, it would mean a decided saving and a lowering in the price of steel.

Mr. BURTON. That is precisely the argument that was presented in full in this interesting report of the engineers to the Seventy-sixth Congress, in which they say they feel that the through canal would result in an annual saving in transportation and economic benefits of about \$3,000,000 a year.

Mr. AIKEN. I think it might even result in business being done which otherwise would not be done.

Mr. BURTON. When the Interstate Commerce Commission made its investigation it thought that the estimates of the engineers were conservative, and probably should be doubled, but hesitated to make recommendation on the basis of merely potential water competition.

Mr. AIKEN. Could the Senator from Ohio tell what the effect of importation of foreign ores is going to have on these inland steel cities? As I understand, a great deal of Chilean ore is now being brought in on the Atlantic coast.

Mr. BURTON. That, I believe, brings the Senator from Vermont to the St. Lawrence seaway proposal, whereby some of that ore would come through the St. Lawrence seaway to the lake ports.

Mr. AIKEN. I think the completion of the St. Lawrence waterway would go a long way toward assuring efficient and economical transportation to Cleveland and other lake cities.

Mr. BURTON. There is a difference of opinion as to that on the part of the people of Cleveland and other cities.

I thank the Senator from Vermont. He has brought out the importance of the long canal and the shorter canal. Both projects stand on their own feet, particularly on the basis of the report of the engineers.

That, Mr. President, brings me then to the present hearings in the Senate Committee on Commerce. That is the last action that has been taken on this matter in the Congress. The hearings were held on May 1 and 2, 1944. I wish merely to emphasize official statements which were made on behalf of the Chief of Engineers at that time, because we have a new Chief of Engineers, and therefore in order to bring the third Chief in line with the others, I refer the Senate to the hearings before the Committee on Commerce on May 1, at page 105. The Sena-

tor from Louisiana [Mr. OVERTON] there said:

I would like to ask General Robins a question. In the absence of General Reybold, General Robins, I want to ask you, as Acting Chief of Engineers, as to whether or not it is your opinion that the Chief of Engineers—

That is General Reybold—

does recommend the construction of the Beaver-Mahoning project from Struthers down to the Ohio River, as set forth in Senator BURTON's amendment, with the modifications insofar as applicable to this part of the project contained in the report on the larger project extending from Lake Erie to the Ohio River; or, on the other hand, is it your opinion that the Chief of Engineers recommends the construction of the Beaver-Mahoning project with such modifications only in the event that the entire project is constructed?

Major General ROBINS. He recommends the entire project for authorization if Congress sees fit to authorize it. If Congress sees fit only to authorize the part of the project from Struthers down to the Ohio River, he recommends that and believes that that in itself is fully justified economically.

On page 106 the Senator from Louisiana [Mr. OVERTON] then asked:

Now, what I want to get at, to express it another way, is, Does the Chief of Engineers recommend this project from the Ohio River to Struthers as a separate, independent project, in accordance with the recommendations modifying the project, from the Ohio to Struthers, in that last report?

Major General ROBINS. In my opinion he does; yes, sir.

Then Major General Robins, in reply to a question raised by myself, said, also on page 106:

I was on the Board of Engineers for Rivers and Harbors when this project was up and helped prepare the report of the Board and also the report of the Chief of Engineers, and there was no doubt in the minds of the Board or of the Chief either that they wanted the Struthers-Ohio River section of this project built as an initial step, and that they did not want the complete project built until the first step was completed and in operation.

It was following this hearing that the Committee on Commerce itself joined in the favorable report, Report No. 903, to the Senate, which I have already read, and which is the basis of our action here today on the committee amendment.

The only other remaining step that is pending at this time, besides this bill, is the proceeding before the Interstate Commerce Commission, No. 28825, in which an attempt is being made to secure a reduction in railroad rates to 87 cents per net ton as an all-rail rate on bituminous coal from the Pittsburgh base district to Youngstown, instead of \$1.44; and a 55-cent per net ton as the ex-river rate on bituminous coal from Conway and Colona to Youngstown, instead of 90 cents. This would not equal the savings that would be made if there were a canal, but it indicates that every effort is being made to reach a fair result. The Senate owes it to itself and to the country and to the Interstate Commerce Commission to stand its ground on this canal proposition in order that it may be clear that actual competition will and can be provided that will produce at least these reductions in rates, if they are not available in any other manner.

Mr. President, that brings me to the end of the historical presentation of this case. I believe that the historical presentation proves the case. It is important also that there be in the record a justification of the case itself on its merits.

I want to say that the transportation that will be available through this canal is by no means solely for the benefit of one or two companies or a few people at Youngstown. Any project that reduces the cost of transportation in the production of steel or other products is of benefit to the entire country. When we speak in behalf of the canal we speak in behalf of the consumers, in behalf of the shippers and of the taxpayers, those who pay, rather than those who receive returns from these operations. These reports show that the canal would result in a reduction of the cost to the public as a whole.

In addition I wish to make this clear in the RECORD, that among others who would benefit from this canal directly, without looking to the indirect results throughout the Nation, there should be listed the following companies and businesses, among others. On pool No. 6 of the canal, the Republic Steel Corporation, its Youngstown plant, which makes up to 50,000 steel ingots per month, which are shipped to the Warren plant. Also on pool No. 6 the Struthers Iron & Steel Co., the Youngstown Sheet & Tube Co., and the Sharon Steel Corporation at their Lowellville plant.

On pool No. 5 of the canal, the Ohio Edison Co., using about 218,000 tons of coal in a year; the Bessemer Limestone Co., the Standard Slag Co., and the Carbon Limestone Co.

On pool No. 4 various companies located in New Castle. The engineers found that some 565,000 tons of traffic would move to New Castle on this canal.

On pool No. 3, the Crescent Portland Cement Co. at Wampum, Pa. The engineers found that some 75,000 tons of freight shipped to this company would be shipped by barge on this canal. The Pennsylvania Power Co., at West Pittsburgh, Pa., used 137,000 tons of coal in the year 1943, and would benefit from reduced rates on its transportation.

This brings me to the justification of the cost of this canal as presented by the engineers. It appears that the present estimate is \$38,500,000. This, I believe, is a thoroughly conservative estimate. In the original presentation, which is found in the 1934 report, House Document No. 277, the Board of Engineers, at page 12, paragraphs 27 and 28, breaks down in detail the estimates of the capital-cost involved. I ask permission to have printed in the RECORD at this point as a part of my remarks, without reading them, paragraphs 27 and 28 of the report, appearing on page 12, showing these figures.

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

27. Making these changes the costs to the United States and to local interests as estimated by the Board would be approximately as follows:

## United States:

Locks, dams, and appurtenances	\$14,721,000
Channel	9,917,000
Railroad bridges over new channels (2)	318,000
Highway changes and bridge over new channel	166,000
Raising railroads to give 7-foot elevation above pool	400,000
Contingencies, engineering, and legal costs at 20 percent	5,104,000
Total	30,626,000

## Local interests:

Railroad bridges, track changes, etc.	5,642,000
Highway bridges and road changes	1,525,000
Water rights	780,000
Right-of-way and flowage damages	430,000
Total	8,377,000

Grand total construction cost 39,000,000

NOTE.—Allowance for contingencies, engineering, and legal expenses is made in each item.

28. The district engineer states that construction prices were based on 1931 figures. The Board is of the opinion that if the work were to be undertaken under present conditions, the total cost to the United States would be increased to approximately \$37,000,000, and to local interests to \$10,000,000, making a total of \$47,000,000.

Mr. BURTON. These figures show that the capital cost to the United States would be \$30,626,000, and the Board of Engineers added a 20-percent safety factor, making it \$37,000,000 in order to cover the increase in costs between 1931 and 1934.

In 1939, we find the Chief of Engineers stating in his report, on page 17, that the first step, as modified, would cost the Federal Government about \$38,500,000. In the 1941 hearings we find Colonel North estimating, even as a wartime measure, as a measure to be constructed at the high cost of wartime operation, that it would cost \$48,179,000. In the present hearing we find Colonel Feringa, at page 103 of the 1944 Senate hearings, again stating that the cost as a post-war project would be \$38,500,000. This is highly conservative, particularly in view of the elimination of the reservoir which was referred to in the earlier estimates.

As to the capital costs to local interests, we again find these well within conservative estimates. At page 12, in paragraph 27, which has already been placed in the RECORD, we find that the estimated cost to the local interests, as found in House Document 277, for 1934, is \$8,377,000. The Board of Engineers, in order to afford a thorough safety factor, increased this estimate to \$10,000,000, in view of the possible increase in labor costs from 1931 to 1934. But today we find that it will not cost \$10,000,000, because a good deal of the cost has now been transferred from private interests to the Government, and the Government costs have been otherwise reduced. Today the capital costs to the local interests appear in the 1939 report as \$3,900,000, and that is where they stand in our present estimates.

We come now to the question of the saving in rates of transportation. These are the annual savings based upon the high railroad rates and the lower water rates, and allowing for a fair return upon the various capital investments which have been made. That is to say, in order to bring about the estimate which results in the recommendation of the Board of Engineers, there is not merely a comparison between what the water rate would be and what the railroad rate would be, but in addition there is included a computation of what the full cost to the public is, including interest on the investment and the other items to which I shall refer. So there is a full and fair comparison between railroad rates and water rates, and other costs to the public besides what it pays in water rates.

Madam President, there are two general kinds of cases in which water transportation is well justified. One is even more clearly justified than the other. The case before us belongs to the clearer and more urgent class. The first class is a case in which the railroad rates are based largely upon cost and a fair profit, so that the rates cannot be fairly reduced without going below cost and a fair profit, perhaps resulting in the transportation company going out of business. On the other hand, there is the other class of rates—and this is one of those cases—in which the railroad rate is far above the cost of service, and is based upon what the traffic can be forced to bear, and the railroad refuses to reduce its extraordinary rate.

Much of the coal which would be brought in by way of the canal would come from the captive mines owned by some of the steel companies in Youngstown. The railroad really "hijacks" the load, because it forces it off the river at the Ohio River, and onto the railroad as the only means of transporting it, and charges what the traffic will bear, which is so high a charge as to be far out of line with other charges for railroad services. I shall show later that the present rate is more than twice the average rate for such service, and the earnings per car-mile are about five times the average earnings per car-mile.

As the Senator from Louisiana [Mr. OVERTON] has stated, the rate being paid to Youngstown is \$1.23½ a ton, whereas it would be about 40 cents a ton by water. The railroads refuse to reduce their rates to any degree whatever in order to meet this situation. The Interstate Commerce Commission, in a hearing dealing with the whole situation, declined to reduce the rates, in view of potential water competition.

In such a case the answer, which has been given so many times in this Nation, is actual water competition for the benefit of the public. Neither the railroads nor competing interests now enjoying water rates can justly oppose the rights of the rate-paying and tax-paying public, who are entitled to reasonable rates, not only in this case but in other and similar cases.

The contrast in rates is easily shown in this manner: The Youngstown coal rate is the highest per ton-mile or per car-mile paid by any steel-producing dis-

trict in America. It is about 21.3 mills per ton-mile, and the average revenue in the United States per ton-mile in 1942 for all class I railroads was 9.32 mills. The Youngstown rate is, therefore two and one-third times higher than the general average rate. Furthermore, the average rate in the Nation for coal is even lower than 9.32 mills. It is only 7.8 mills. So the Youngstown coal rate per ton-mile is about three times higher than the average rate for coal. These figures are taken from the 1944 hearings before the Senate Committee on Commerce, at pages 116 and 127.

On page 116 we find that the average earnings per car-mile in this service are \$1.40 based on the Youngstown charge by the railroads. This is five times greater than the average earnings of all class I railroads in the United States for comparable service. The average is 28 cents. These figures are taken from Statistical Survey No. 27 of the Bureau of Railroad Economics, a department of the Association of American Railroads.

The Senator from Louisiana referred to the economic history of this area as showing how it came about that Youngstown suffered this disadvantage. When Youngstown first went into the steel business, as he so well stated, there was coal nearby. When that was used up, the coke was produced by the beehive process at the mines and transported by rail. However, when the by product coke process was developed instead of the beehive coke process, it then became possible for the Pittsburgh interests to bring their coal by water transportation to the coke ovens at Pittsburgh, for coal, unlike coke, was suited to such handling. On the other hand it was necessary for the Youngstown people to carry their coal to Youngstown by rail or partly by water and partly by rail. The advantage to Pittsburgh due to water transportation, as against a part-rail or all-rail rate to Youngstown, became increasingly great as the rail rates went up.

Even that was not so bad, so long as the rates were equalized. But when the system of rate adjustment in the country was changed, and the equalization of rates between areas was abandoned new rates were set up. Then Youngstown was put at a disadvantage. If the differentials had been based upon cost for service, there would have been less basis for complaint. But when the differential was put upon the basis of what the traffic will bear, then there developed the extraordinary result which has been described.

It now means a contrast of this kind: It costs, to transport coal to Pittsburgh, somewhere between 10 and 20 cents a ton; whereas if the coal goes to Youngstown, the water rate which must be paid to the mouth of the Beaver River is 28 cents a ton. Then the coal must be unloaded and placed on railroad cars, at a loading or unloading cost of 5½ cents a ton. Then it is moved by rail into the Youngstown district, at a rail rate of 90 cents a ton, so that the total Youngstown river-rail rate on Monongahela coal is \$1.235, as compared with 10 or 20 cents in Pittsburgh or the 40 cents which the



rate would be if the coal were carried by water to Youngstown.

That brings me to a further computation which appears in the pamphlet which has been placed on the desks of Senators. It is the cost of the assembly of a ton of iron. It appears on page 10 of the pamphlet.

Mr. HOLMAN. Madam President, will the Senator yield for an observation?

Mr. BURTON. I am glad to yield.

Mr. HOLMAN. It seems to me that the Senator is demonstrating the truth that the value of any commodity depends not so much on what it is as where it is, and that transportation facilities are absolutely a controlling factor in the determination of the cost of any commodity.

Mr. BURTON. I appreciate the Senator's remark, and I wish to emphasize that that fact has been recognized by the Government for many years, and that therefore, with regard to the navigable waterways of the Nation, the United States has attempted to equalize that differential as between those localities, and to assist in making the navigable waters of the Nation national highways, open to use by anyone who can use them. All that has been a great contribution to the development of the Nation and has yielded a great saving to the public.

Madam President, I now refer to the tabulation which I mentioned. It appears on page 10 of the pamphlet which has been placed on the desks of Senators, and it shows the assembly cost of making steel products. It appears that in Steubenville, for example, the total estimated assembly costs per ton are \$6.565, at Pittsburgh \$6.626, and at Youngstown \$7.741. That makes a margin of \$1.115 against Youngstown in favor of the Pittsburgh area.

We are not arguing for anything other than a fair adjustment based on the actual cost of transportation available by means of the available waterways. If the waterway were built or were available, the cost of assembly at Youngstown still would be higher than the cost of assembly at Pittsburgh; but instead of being \$7.741 it would be \$6.891, or still a handicap of about 27 cents, as against the assembly cost of \$6.626 at Pittsburgh.

Coming to the question of the demonstrated benefits, as shown by the Board of Engineers for Rivers and Harbors, let me say that a minority report was filed from the Senate Committee on Commerce, the minority consisting of the junior Senator from Wyoming [Mr. ROBERTSON]. His report considers the matter in some detail, and I might comment upon it by saying that it makes the following interesting observations:

The river and harbor bill is nominally a bill dealing with navigation and water transportation; deepening of channels; construction of piers and harbors, and generally those matters which make water transportation possible.

A vast system of federally constructed waterways, based on a channel 9 feet deep and some 300 feet wide, has been built with Federal funds and is maintained by annual Federal appropriations. In the central and northern areas these inland waterway systems are not subject to year around use, and consequently the areas they serve are forced to rely on other means of transportation during 2, 3, 4, or 5 months of the year—

depending on the location. No mention of this great handicap is made in the bill.

The result is that year-round transportation companies have to hold additional equipment in readiness for the short-period use of their systems.

It is evidently intended to refer somewhat to the pending project. Therefore, I should like to say that the average time which proposed waterways in the northern latitudes will be closed to navigation is estimated by the Army engineers from operating and weather records, and is published in their individual project reports forming the basis for river and harbor bills. Wherever these limitations exist, the effect of the seasonal character of the transportation is recognized in formulating the plans of operation and in computing the value of the benefits. The churning effect of passing tows and the progressive improvement in ice-breaking technique are constantly prolonging the open navigation season in these latitudes. For instance, the latest report recommending provision of the Beaver-Mahoning improvement, which has been singled out for criticism in the minority report, estimates the period of navigation at 350 days out of the year. I am referring to House Document 178, Seventy-sixth Congress, paragraphs 112, 354, 384, and 394. They indicate, I may point out, that whereas on Lake Erie a large period of the year—perhaps at the most 90 days—is to be allowed as a factor in these considerations, on the short canal, as distinguished from the long canal, no comparable period is to be eliminated. That is why the estimate is made by the engineers on the basis of 350 days. As a matter of fact, they said in their report that the full year can be used as the basis. The condition existing on the Beaver and Mahoning Rivers is substantially the same as that which exists on the Ohio River, on the Monongahela and the Allegheny waterways.

Materials adapted to water transportation, such as iron ore and other ores, limestone, raw chemicals, fuels, iron, steel, logs, lumber, pulpwood, cotton, grain, sugar, coffee, canned goods, and other staples making up the bulk of barge-borne freight on the inland waterways, readily lend themselves to seasonal transportation and to storage and stock piling against winter demands. They are not dependent to any considerable extent on other means of transport between water ports, and it is not necessary to maintain stand-by service to handle off-season movements. Traffic records show that the peak demand on the equipment and service of the northern railroads normally comes, not during the closed season for navigation but during the period from June through October, when waterway transportation is also at its busiest. The large-scale traffic in ore, coal, and grain on the Great Lakes, which is adjusted to an open season of only 8 months, is an extreme example of seasonal water movements that do not require or use stand-by overland carrier equipment to supplement vessel service between ports.

So far as the Beaver-Mahoning short canal is concerned, there is no necessity to maintain such equipment of railroads

to take care of the closed condition of the canal during the winter season, because the periods when it will be closed are so short, if any, that they would not require it, and in any event stock piling would take care of the situation with respect to practically all the products which would be transported on the canal.

I again refer to the minority report, which contains the following paragraph:

Various navigation projects calling for construction of new or of enlarging existing channels are approved by the committee on a basis of so-called benefits which are the rates charged for transporting freight on the subsidized inland waterways as compared with the rate charged for transportation on existing systems. In arriving at the rate-based benefit, which, in general, is that of estimated water-borne transportation rates as compared to existing railroad rates between the same points, but a fundamental and basic consideration in the water-borne transportation rate is omitted.

That is not a correct statement, because the computation of the benefits is not made merely on the basis of a comparison between the water rates and the railroad rates, but the other items are also taken into consideration, as I shall show in a moment.

The basis on which navigation projects are approved by the committee is the ratio of the annual transportation benefits to the full annual costs to both the Federal Government and local interests.

Annual costs include the expense of construction, amortization, maintenance, and operation of the waterways, with interest figures at the current rates at which the required funds can be obtained by the United States and local interests, respectively. Gross benefits are the estimated savings in transportation charges. They are derived from a comparison of prospective water-carrier charges via the proposed improvement on freight movements found economically adapted to barge transport, with prevailing charges via the most economical existing means of transportation, be it railroad, motor truck, pipe line, or other agency. Since the present transportation charges presumably provide for a reasonable income on the total investment of present carriers, the estimated charges by water likewise provide for a reasonable income on the total estimated investment of the water carrier.

Madam President, in the statement of minority views is the following paragraph:

Comparison is made between railroad rates and estimated rates on water-borne traffic. Railroad rates are based on the cost of construction and maintenance of the railroad bed and trackage and the operation thereon of power units and freight cars hauling freight on this railroad trackage, and the paying of vast sums in taxes and the supporting of hundreds of thousands of men and women receiving a good living wage and operating under regulated conditions. These factors go to the making of the rate of the railroads which, with their dependability and speed of movement of freight, have been not only invaluable but an absolute necessity to our great war effort.

That is the end of the quotation from the minority views at that point; but by way of comment the paragraph includes five more or less unrelated allegations

which may best be separated and dealt with.

First. That railroad rates cover full costs including rights-of-way, roadbed, and trackage.

It is true that railroad revenues must, in the aggregate, cover all expenses, including a return on investment, if the enterprise is to prosper. Railroad rates on specific commodity movements do not usually bear any direct relationship to the cost of carrier service. They are maintained, with the approval of the regulatory agencies, rather on the principle of the value of carrier service, which is the one way of describing the highest rates that the various shippers can pay without being driven to seek some alternative agency of transport.

Second. That railroads pay taxes. One of the essential characteristics of rail transportation is that the carriers own, occupy, and put to exclusive private use, extensive areas of valuable real property, which otherwise could be put to different useful purposes of a tax-yielding nature. On the other hand, one of the inherent advantages of water transportation is that commercial carriers do not occupy or need exclusive roadways for their line-haul operations, but instead share with other craft, and for other public purposes, the natural, traditionally tax-free water courses, improved by and belonging to the Nation at large. They do not pay taxes on those waterways because they do not own or monopolize them, and their occupancy does not withdraw those channels from any possible alternative use that would bring tax returns.

Third. That railroads support many employees at high wage rates. Water carriers also employ all the skilled labor needed for their operations on well-regulated hour schedules and at liberal and attractive wage rates.

Fourth. That rail carriers move freight at higher speeds than do water carriers. The speed of barge transport is, like its cost, much more moderate than that by rail. Perishables and other goods requiring speedy delivery normally seek airways, highways, or railways in preference to waterways. However, a large proportion of the Nation's freight burden does not need such expeditious handling, but is suited to barge transportation where it can be moved economically and efficiently; and where the desired commodity movements are so adapted, the savings in transportation costs are genuine and substantial.

Fifth. That railroads render indispensable service in wartime. The fact that railroads concededly render essential war service should not in any way preclude recognition of the essential character of waterway transportation service in war. The present emergency has shown the vital necessity for both kinds of transportation. Utilization of inland river boat yards for the construction of approximately 1,700 seagoing fighting ships and their movement downstream to the Gulf for placement in commission, when coastal shipyards were operating at capacity, made a contribution to the war effort sufficient by itself to justify the waterway system.

Madam President, the statement of minority views continues to discuss a number of matters of the same general type. In order to conserve the time of the Senate I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a copy of the quotations from the minority views. I have prepared such copy, as well as my comments upon the quotations involved, and I will supply a copy of them to the Senator from Wyoming [Mr. ROBERTSON] if he so requests.

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

#### MINORITY REPORT

In arriving at the transportation rates of water-borne traffic, no consideration is given to the hundreds of millions of dollars expended by the Federal Government to construct these waterways and no consideration is given to the millions of dollars of annual maintenance cost paid by the Federal Government. The only item taken into consideration in arriving at the estimated freight rates of water-borne traffic is the cost, maintenance, and operation of a towboat and a string of barges. On this basis the so-called benefits of water transportation are arrived at. The great costs for the construction and maintenance of waterways to the taxpayers are wholly omitted.

#### COMMENT

In arriving at the transportation rates of waterborne traffic the only items taken into consideration are the cost, maintenance, operation, and profit on the operations of the towboats, barges, and terminals because these are the only items that enter into the establishment of water rates. These rates, however, constitute only one element in weighing the justification of waterway projects. It is incorrect to say that the costs for construction and maintenance of the waterways to the taxpayers are omitted from the computations of net benefits.

Waterway costs include all the items stated but must necessarily be segregated according to the directives of Congress between water carrier operating costs and waterway improvement costs. (See River and Harbor Act approved March 4, 1913.) The water carrier operating costs include the capital cost, maintenance, and operation of towboats, and "strings of barges" as stated in the minority report. The Interstate Commerce Commission concurs in the method of computing these carrier costs, as indicated in its analysis of the Army Engineers' Lake Erie-Ohio River report, 235 I. C. C. 790, October 3, 1939, where it is concluded: "that the line-haul and terminal costs seem to have been reasonably determined in the light of the various contingencies to be considered."

The estimated cost for that improvement, which includes the construction, operating and maintenance cost of the waterway is given on page 17, House Document No. 178, Seventy-sixth Congress, first session. By means of the segregation, water-carrier operation costs are reflected in full in the barge-line rates, and the costs of the waterway improvement is set up against the savings in transportation charges. By the Army engineers' method all the items of cost are taken into account in weighing the justification of the project. A project is deemed economically justified and recommended favorably only if the annual savings exceed the annual costs. Within the annual costs are included all public costs such as interest, amortization, maintenance and operation of the navigation facilities as well as costs to local interest which result from provision of the improvement.

#### MINORITY REPORT

The Senator signing this minority report is not opposed to inland-waterways transportation, but does insist on a fair and equitable comparison of rates, based on cost of construction and maintenance, in addition to operation of the transportation system in question.

The minority is given to understand that no charges of any kind whatsoever are made to the owners of towboats and barges for construction and maintenance of these very expensive federally owned navigation channels, and the Government gets no return on its investment, and no arrangements are made for the eventual refunding of debt created.

#### COMMENT

The owners of commercial towboats and barges are not legally nor properly chargeable with the cost of improving natural public channels because they acquire no exclusive rights to their use, but merely share their occupancy with the rest of the public for other uses, and pass the benefits of their use along to the general public in the form of lowered transportation costs. (See D. P. Locklin's standard treatise on Economics of Transportation, chapter on Freight Rates and Prices, p. 98). The public thus gets adequate return in its reduced transportation bill on commodities in most general use.

In weighing the justification of projects, the Army engineers always include within the annual cost figures, interest and amortization on the investment sufficient to retire the facilities within the period of their useful life. The refunding of the public debt is considered to be accomplished by the public savings in transportation charges which must be great enough to offset all items of cost.

#### MINORITY REPORT

This demand for an equal basis of comparison applies to all inland waterway transportation projects, of which there are a number in this bill. One illustration alone will be sufficient, as it applies equally to all others.

The Beaver-Mahoning Rivers: This project envisions the construction of a 12-foot channel, 200 to 250 feet wide in the Beaver and Mahoning Rivers in the States of Ohio and Pennsylvania. It was the original intention that this project should connect the Beaver-Mahoning Rivers with Lake Erie, but that idea has been abandoned, at least for the present time. In this bill the project calls for the construction of a dead-end channel from the point where the Beaver-Mahoning Rivers enter the Ohio River, to a point 35 miles north at Struthers, Ohio, in the Youngstown area. The main object of this project is to provide a navigation channel from the Ohio River to Struthers, apparently to enable the large steel companies in the Youngstown area to obtain their coal supply by water transportation, in contrast to the present method of unloading the coal barges at a point on the Ohio River into railroad freight cars, and then hauling by railroad the 35 miles north to Youngstown. The estimated Federal cost of this project is \$38,500,000 and with an annual maintenance charge of \$630,000 for this 35-mile-long dead-end canal. There is a further cost of approximately \$30,000,000 to be borne by local contributions. In all, this project will need \$70,000,000 for construction, and an estimated \$630,000 for yearly maintenance.

#### COMMENT

The main object of the Beaver-Mahoning project is to afford means of moving cheaply by water, instead of expensively by rail, the materials essential to the industrial life of the Youngstown area. Rail charges on the movement of fuel and some of the other necessary raw materials into this area are levied at rates per ton-mile far in excess of the average charges for the service in this and other general industrial regions. The



steel companies operating in this area own large industrial developments in other areas already accessible to water transportation. In normal times, they are in a position to select the fields of their major manufacturing processes in accordance with the relative economic advantages of the several sites. The eight-hundred-odd thousands of population of the Youngstown area, together with their investments in accessory mercantile and business and urban development, however, cannot shift about from place to place but are dependent upon the maintenance of industrial activity in these particular localities. And in order to insure its continuance discriminatory inequalities in transportation rates on essential materials must be removed.

The waterway project is designed to extend the accessibility of barge transportation, already available to most of the steel industry in neighboring areas, to the Youngstown area with a further saving in transportation costs.

The latest report recommending this project estimates the costs to local interests at about \$3,900,000. If the larger figure used in the minority report is intended to cover the cost of terminal and other accessory facilities, it should be pointed out that terminal charges sufficient to cover the overhead and operating costs of the necessary terminals are included in the computations determining the benefits.

#### MINORITY REPORT

In figuring the estimated subsidized water transportation rates as compared with the existing railroad rates, it must be borne in mind that the railroad rates—as pointed out earlier in this report—are based on total construction cost and maintenance of railroad bed and trackage, plus equipment costs and operating charges, whereas the rates on subsidized waterborne traffic are based solely on floating equipment cost and their operating charges.

#### COMMENT

Rail rates are increased or depressed without compensating fluctuations in the cost of providing the service for the purpose of driving out competition wherever it is encountered. Rail rates are frequently depressed below service costs between existing waterway ports to discourage barge competition, the revenue burden being transferred to such portion of their rate system as is not subject to competition. This practice gives rise to such rate inequalities as now penalize the off-river Youngstown area to the advantage of industrial communities along the existing waterway system. Rates on coal to the Youngstown area run as high as 22 mills per ton-mile, while averaging in the neighborhood of 8 mills per ton-mile for the region as a whole.

On the other hand, water carriers have no such blocks of traffic not subject to competition and hence must maintain all of their rates on a fair compensatory basis. Savings in transportation by water result from the genuine economy in the cost of the service, and in providing waterways at public expense the taxpayers are but reducing the cost of commodities to themselves.

#### MINORITY REPORT

The Army engineers are the technical division planning all the various projects in this bill. They give the estimated cost of the various projects and an estimate of the supposed benefits based upon rate comparisons which totally disregard construction cost or the maintenance of the waterway system.

These inland waterways can be made an important and valuable adjunct of our transportation system, but to arrive at this desirable end, the Army engineers must put forward a comprehensive plan to cover all these subsidized inland waterways. There

was no such plan put forward at any of the hearings on this bill. The signer of this minority report asks that before these or any future subsidized inland waterways are authorized, that the Army engineers prepare a complete and comprehensive plan of the entire waterways of the United States, existing and projected, and that a copy of such complete plan be supplied to every Member of Congress. In view of the multiple-use nature of the water of the country to be used in certain of the projects in this bill, it is suggested to the Senate that a great comprehensive survey of all water supplies, existing and potential, throughout the United States be made by a joint body, consisting of reclamation engineers, Army engineers, and representatives of the Geological Survey. This is not only an urgent and vital matter to the arid and semiarid West, but to the generally water-complacent East and South, which obtain a large percentage of their water supply from underground sources.

A project is recommended by the Army engineers only if the annual benefits exceed the annual costs. Within the annual costs are included all construction costs, capital charges, maintenance and operation, depreciation, amortization, cost to local interests, and so forth. No cost is disregarded.

The Army engineers, in the surveys authorized by Congress in House Document No. 308, Sixty-ninth Congress, first session, 1927, formulated and put forward comprehensive plans for all major river systems. These "308" reports have constituted in major part, the foundation for all subsequent steps taken in cooperation by the various interested Federal agencies toward the formulation of comprehensive plans of development of all national water resources for beneficial public purposes.

From a transportation standpoint there is no common interest or connection between all of the elements of the Nation's watercourses. For instance, what connection is there between vessel traffic on the Columbia River, Oregon and Washington; fishing boat movements through Chincoteague Inlet, Va., and coal barge transportation on the proposed Beaver-Mahoning Canal? From a practical viewpoint no useful purpose is seen in calling for preparation of a single report on all the rivers of the country which would necessarily be voluminous and nothing more than a compilation of individual reports on individual waterways.

Comprehensive plans are of value only where there is a relation between the improvement and commerce on the different streams. This principle is observed in the surveys and reports of the Army engineers. Insofar as the Beaver-Mahoning project is concerned, a comprehensive study and report has been made of all feasible routes connecting the Ohio River with Lake Erie. No reason for further generalization of the problem is apparent.

Mr. BURTON. I now reach the end of my discussion of the minority views. These I believe are also well answered by a reading of the Orders and Regulations of the Corps of Engineers. Therefore, Madam President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a copy of the Orders and Regulations, Corps of Engineers, United States Army, chapter II, Navigation Surveys, paragraph 282.11, dealing with an analysis of the economic justification of the proposed improvements. These regulations provide in detail for the inclusion of interest on Federal investment, and the various factors which I have been discussing, and which can be discussed further if further question with reference to them is raised.

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

#### ORDERS AND REGULATIONS, CORPS OF ENGINEERS, UNITED STATES ARMY

Chapter II, Navigation Surveys. Paragraph 282.11. Analysis of economic justification of proposed improvements:

(a) Reports on proposed river and harbor projects, except preliminary examinations or reviews thereof, must present two distinct and separate estimates:

1. The estimated appropriation of public funds necessary for the execution of the project and for its subsequent maintenance.

2. An estimate of the entire economic cost of the project, including interest charges and amortization set against an estimate of the benefits from the work.

(b) The estimated cost of the proposed work as set forth in a recommendation for the adoption of a project should be that defined in subparagraph (1) above. Special care must be taken to avoid confusing the economic cost as defined in subparagraph (2) with the appropriation required.

(c) In the interest of uniformity, the economic cost, by which the economic justification is weighed, should be computed as an annual carrying charge and not as a capitalized sum; and the economic benefits should be computed on the same basis.

(d) The benefits from the further improvement of a going project should include only the increased return because of the further expenditures under consideration. The fact that an improvement already made is highly valuable in affecting transportation economies is not in itself sufficient grounds to justify expenditure for further improvement. Similarly, the fact that a past expenditure has not secured commensurate results is not a compelling reason against further expenditure if it can be shown that transportation savings will repay the cost of further improvement. The estimate of economic cost of further improvement will therefore not include costs already incurred by the United States.

(e) On large projects the following items should be included in the economic cost, so far as applicable:

1. Federal investment:

(a) Estimated expenditure by the Engineer Department for new work of construction and for lands, easements, and rights-of-way.

(b) Estimated expenditure by other Federal departments for new work entailed by construction, such as aids to navigation.

(c) Total Federal first cost.

(d) Interest during construction: 3 percent of item (c) for one-half of the estimated construction period.

(e) Total Federal investment.

2. Federal annual carrying charges:

(a) Interest: 3 percent on item 1 (e).

(b) Amortization of obsolescence and depreciation.

(c) Increased cost of maintenance and operation.

(d) Total Federal carrying charges.

3. Non-Federal investment:

(a) Funds to be contributed.

(b) Value of lands and rights-of-way to be furnished.

(c) Reconstruction or alteration of bridges or other structures (when not included under 1 (a)).

(d) Cost of new terminals to be provided by public agencies.

(e) Total non-Federal first cost.

(f) Interest during construction on item 3 (e) at 4 percent for one-half of estimated construction period.

(g) Estimated remaining value of works owned by local interests and scrapped on account of project.

(h) Total non-Federal investment.

4. Non-Federal carrying charges:

(a) Interest at 4 percent on item 3 (h).

(b) Amortization of depreciation and obsolescence.

(c) Increased cost of operation and maintenance of structures.

(d) Loss of taxes on lands and property transferred to Federal ownership.

(e) Gross non-Federal carrying charge.

(f) Net estimated return from public terminals, etc., included in investment cost (to be deducted).

(g) Net non-Federal carrying charge.

5. Total carrying charge (item 2 plus 4):

(f) Amortization: The item for amortization should be determined from a careful analysis of the useful life of the project and its major parts. Except at well-established ports having a general trade, the usefulness of channels and other apparently permanent works cannot be expected to extend indefinitely. Many works heretofore constructed for benefit of the lumber trade, for sailing vessels, etc., have been abandoned. It appears highly probable that improvements made on oil ports will cease to be useful at some future time. With few exceptions, the useful life of river and harbor improvements of a permanent nature should not be taken at more than 50 years and in many cases should be a shorter period. The life of movable parts of works and of steel and wood construction will ordinarily not exceed 25 years and may be less. The useful life of the various major parts of the structure, or of the work as a whole, should be analyzed, and the amortization determined for Federal works as an annual charge which, compounded at 3-percent interest as given in standard tables, will repay the cost of the project, less any amounts which may be recoverable from tangible property and structures at the end of the amortization period. Thus, for a lock and dam, the amortization charge might be:

Fixed parts, 40 years life: 1.33 percent annually.

Movable parts, 25 years life: 2.74 percent annually.

The estimated charge for parts which would have a shorter life than that of the whole project would be required for major replacements and should be combined with the estimated cost of maintenance and operation, (e) (2) c, to obtain the estimated appropriation of public funds necessary for the subsequent maintenance of the project, item (a) (1). The amortization cost to be included in non-Federal carrying charges should be similarly analyzed, but be based on 4 percent interest, compounded.

(g) On some projects certain of the items listed may not apply. Interest during construction need be included only when the anticipated construction period will exceed 1 year. On projects for the improvement of existing works, where the benefits will accrue as the work proceeds, the interest during construction should be omitted. A flat charge of 4 percent for interest and obsolescence and depreciation may be made on minor works.

(h) If the proposed improvement involves the advance replacement of an existing structure of a going project, the total Federal investment, item (e) (1) e, should be reduced by an amount equal to the estimated accumulated amortization charges for the existing structure, due consideration to be given to the original cost, period of service and useful life. The carrying charges for the new work will accordingly be estimated as the amount in excess of the carrying charges for the existing structure, and the benefits for comparison should include only the increased return because of the new improvement. The present value of advanced replacement, betterments, etc., should similarly be deducted from the non-Federal investment.

(i) The value of the benefits from an improvement must be based on sound judgment. Where the improvement is clearly justified in the interest of safety and convenience of established navigation, no at-

tempt need be made to set up a theoretical money value of the benefits. For example, the benefits from the removal of a hazard to shipping should not be measured by the average damage caused by such a hazard, but on sound business judgment as to whether the work is worth the cost. On the other hand, the benefits in the savings in the cost of transportation as set up by proponents of a project must not be blindly accepted, but must be analyzed and verified in the light of benefits actually realized in the use of similar improvements already made.

(j) When the improvement proposed is the establishment of a new route of inland waterway transportation, or a major extension of existing inland waterway routes or a new port, etc., an exhaustive survey and analysis of the amounts of commerce that would use the waterway must be made, and the savings in cost of transportation as compared with the cost by present routes determined. Only those commodities which experience shows will actually move by water should be included. In determining the amount of prospective commerce, due cognizance must be taken of the fact that for small shipments, the convenience, time, and assurance of delivery may outweigh the consideration of cost. When the prospective commerce includes movements over connecting waterways the report will include a full description of such waterways and of the type of traffic they carry and a statement as to their adequacy for the prospective commerce. If the proposed improvement will develop new waterway movements that extend to existing waterways, the estimated saving for the complete water movement will be included as a benefit, and no part of such saving should be deducted on the theory that it should be assigned to the connecting waterway. On the other hand, when a proposed improvement will result in the extension of waterway movements already developed, only the savings which result from the extension of the movements should be included as a benefit, and no part of the saving already being realized by movement on the existing waterway shall be included as a benefit for the new improvement.

(k) In the final analysis, the probable transportation charges by water should be compared with the present transportation charges actually paid by the public. Since the present transportation charges presumably provide for a reasonable income on the total investment of present carriers, the estimated charge by water should likewise provide for a reasonable income on the total investment of the water carrier. All terminal and transfer costs and any storage charges while awaiting transshipment should be included. The estimated water transportation charges should be fully checked against the actual charges under parallel conditions. The adequacy of the proposed waterway for the transportation of commodities at the costs set up in determining the benefits must be carefully verified.

(l) A favorable recommendation will be warranted only when the estimated benefits show a substantial margin over the total estimated carrying charges, due regard being had to intangible and collateral benefits. This margin should be sufficient to absorb the carrying charges which may accrue during the development of commerce on the improvement and leave a net return to the public because of the improvement.

Mr. BURTON. Madam President, I now direct my attention to the demonstrated benefits which would be experienced from operation of the proposed canal. In the engineers' report of 1934, at pages 12 to 14, the Board of Engineers states that the saving would be \$3,120,400. That sum represents the difference between railroad costs and water trans-

portation costs. But I wish to emphasize that not only would that be the saving as is shown by the computation, but that it is an extremely conservative one. In reaching the conclusion set forth in the report, separate public hearings were held before the district engineer, division engineer, and the Board of Engineers. They also sent representatives into the field who carefully checked the basis for each estimate. They excluded any shipments by shippers who have expressed opposition to the canal. They also limited their estimates to instances where a saving of at least 20 percent would be disclosed. These eliminated the close questions or doubtful cases.

Madam President, at the end of the pamphlet which has been placed on the desks of Senators there are shown several pages in detail on which these savings are based. Comparisons are made between the estimates made by various people. The result is a conservative one. For example, in the estimate of the tonnage which would be moved by the canal, the Youngstown Chamber of Commerce estimated 9,180,700 tons of freight. The United States district engineer estimated 5,605,000 tons. Colonel Barden, who made an independent investigation, estimated 6,350,000 tons.

In order to be conservative, the Board of Engineers made an estimate far below that of the Youngstown Chamber of Commerce—even below that of the independent investigator—and estimated the amount to be 5,970,000, or approximately 6,000,000 tons, which, under the circumstances, is an extremely conservative estimate. I again refer to the comment made by the Interstate Commerce Commission that the reports as related to the through waterway indicate that the estimates as made by the engineers would probably be doubled.

Furthermore, as appears on the last page of the pamphlet on the desks of Senators—

The above estimate is based on commerce during the years 1929 and 1930. Considering the rate of growth of the steel industry from 1900 to 1930 it seems reasonable to predict that by 1940 the tonnage and savings will be not less than 125 percent of that estimated above or 7,500,000 tons with savings from \$3,500,000 to \$4,000,000 annually.

The trend since then has been up, not down.

As further bearing upon the conservativeness of this estimate, in estimating what the cost of water transportation would be, the Board of Engineers used 5 mills per ton-mile as the cost of water transportation on the Ohio River and 7½ mills per ton-mile on the Beaver and Mahoning Rivers, whereas the Dravo Corporation, which is actually carrying on this kind of transportation at the present time, does it for 3 mills per ton-mile.

As bearing still further upon the conservativeness of the figures I cite the fact that in 1941 Colonel North, representing the Board of Engineers of the Army, when asked what the savings would be if the canal were built in that year, estimated them not at \$3,120,000 but at \$4,618,000. And in the 1944 testimony which was taken before us this



year, at page 107, Major General Robins, speaking for the Board of Engineers, said this about these rates:

Senator OVERTON. What have you to say as to the ratio of cost to benefit, General? Are they increased since this report, one way or the other? Of course we have the costs, now. The question is, are the benefits increased or decreased?

Major General ROBINS. I should say they are increased, Senator, because I think the need for this waterway has increased. The great development that has been made during the last few years in the vicinity of Youngstown, I think, emphasizes the importance of the project.

Senator OVERTON. There has been an increase of tonnage?

Major General ROBINS. There has been an increase of tonnage, and an increase in the importance of the tonnage to the country.

Also at the hearings in 1944, at page 108, in answer to a question that I asked Colonel Feringa, he further emphasized the conservativeness of these figures. My question was as follows:

In connection with your estimated prospective tonnage you base your estimates of the benefits upon, could you explain the basis used there to show whether it is a conservative basis of estimate or not?

Colonel Feringa replied:

I am talking from memory. That is given in the report in detail. It was very conservatively estimated. Like all our analyses of prospective tonnage, we got in touch with the prospective shippers. \* \* \* I think we took something like 60 percent of that prospective tonnage. The analysis was made during the years when there wasn't as much production as later, and we did not include in that tonnage the probable tonnage that the interests that are opposed to the canal will ship. I think the estimate is extremely conservative.

That brings me to the question of the estimates of cost. I have already placed in the RECORD the rules which govern the engineers in making these estimates. They are a guaranty of their conservative nature.

On page 15 of the pamphlet which appears on the desk of Senators there is a tabulation of annual costs. It is broken down in detail; it is taken from House Document No. 277, Seventy-third Congress, page 12, paragraph 29, and I ask unanimous consent that it may be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, the table will be printed in the RECORD.

The table is as follows:

Based on the total construction cost, the Board of Engineers estimated the annual cost as follows (see H. Doc. 277, 73d Cong., 2d sess., p. 12, par. 29):

To the United States:

Interest at 4 percent on first cost	\$1,480,000
Obsolescence at 0.42 percent of first cost	155,000
Maintenance of channel, 2½ percent of original cost	300,000
Maintenance and operation of seven locks and dams at \$40,000	280,000
Maintenance and operation of two reservoirs (Berlin and Milton)	20,000
Maintenance and operation of two railroad bridges	40,000
Total	2,275,000

To local interests:

Six percent interest on first cost (no maintenance or amortization included)--- \$600,000

Grand total----- 2,875,000

Mr. BURTON. There again I wish to comment on the extreme conservatism of the figures. The total is \$2,875,000, which is substantially lower than the \$3,120,000 I have just mentioned as the gross saving, and the figure, \$3,120,000 could well be moved up many hundreds of thousands of dollars on a fair basis and the figure \$2,875,000 could well be reduced.

I can demonstrate the conservativeness of these in many ways: It appears that interest is computed at 4 percent on first cost to the United States. The revised calculations of the engineers have now reduced that to 3 percent.

On the question of obsolescence, however, this change of interest has a reverse effect on that particular item. If, in computing an obsolescence item, the interest is to be compounded at 3 percent instead of 4 percent, the resulting annual allowance for obsolescence would have to be a little larger than that shown in the table. This increase, however, would not equal the reduction in the first item.

Coming to the next item, that of maintenance of channel at 2½ percent of original cost, I may point out that that is an extremely liberal maintenance charge, so liberal that in fact, in the opinion of the engineers, it eliminates the item of depreciation, because on that basis the canal would be in a hundred percent condition at all times.

On the next item, maintenance and operation of seven locks and dams at \$40,000 per lock and dam, the number of locks and dams has been reduced to six, and therefore it will be necessary to reduce that item by at least \$40,000.

For maintenance and operation of two reservoirs, the one at Berlin and the one at Milton, that item can now be omitted, because those reservoirs are to be operated for flood-control purposes, and will be otherwise charged.

Similarly, turning to the charge to the local interests, that is computed at 6 percent interest on the first cost. I may say that, under their procedure, the engineers now have reduced the 6 percent rate of interest here used to 4 percent. Also at the time this computation was made the capital cost to the local interests was estimated at \$10,000,000, whereas now it is estimated at about \$3,900,000.

This amply demonstrates the extreme conservativeness of the figures on this particular feature of the project.

Now I may point out that there were included in the construction costs items which are based upon 1938 and 1940 rates of wages and costs of construction. This is a sound basis for the estimate as a post-war project. As a matter of fact it is the estimate used throughout the engineers' reports. If it is to be criticized here as an estimate of post-war costs, then every project before the Senate would have to be modified accordingly.

When we come to the question of harbor facilities and facilities for unloading,

I point out that they are amply provided for in House Document No. 277. At paragraph 30 it is expressly stated that—

The cost of terminals and transfer facilities, which is not included in the above statements of cost, has been taken into account in estimating the savings by including in the costs of transportation by water, terminal and transfer charges sufficient to pay for interest and operation on these facilities.

The item of interest during construction is omitted in this case in accordance with the regular practice of the engineers on a comparatively small project or where substantial benefits accrue as the project is being built.

I have already listed many of the users who will benefit from this canal up and down the canal. Those benefits will accrue during the construction, thereby making this item an unnecessary one.

Similarly, capital investment in floating equipment is also figured into the estimates of the rates for transportation.

That brings us to the justification of the canal based on savings, showing that the savings are far in excess of those indicated in the official report, although the official reports themselves amply justify the project on an economic basis.

I now come to a brief statement on the effect of the project on the employment of labor. The question is whether or not the project will adversely affect labor. It has been claimed in some of the discussions of this canal that somehow or other its construction might reduce employment on the railroads, or at large in the country, to greater extent than it would create employment in the operation of the canal. That is not according to the estimate of the situation as shown in the hearings in 1941. I here quote from a brief filed by J. C. Arget-singer, of the Youngstown Sheet & Tube Co., as it appears at page 57 in the House hearings of 1941, held September 30 to October 6. He said he had looked into this matter of the effect on labor in detail. The statement concludes that the building of the canal would increase rather than decrease employment. I read a few sentences from page 57, as follows:

Let us assume that 5,000 tons of coal (the actual pay tonnage is more than 5,000) are hauled on the average coal train, 6,000,000 tons divided by 5,000 tons means 1,200 trainloads. The witness says that this movement can be accomplished in 8 hours, so divide 1,200 by 3 shifts and you have 1 train operating 400 days. To provide for holidays, Sundays, delays, and breakages, let us say that 2 trains per year are necessary. Thus from a labor standpoint the work of 2 crews per year will be lost, or in the language of the railroad's own witness, 30 employees times \$1,800 per year equals \$54,000 in lost wages.

Then, on page 58, the same witness compares this with the employment which would result from the operation of the canal. I quote:

On this basis the waterway furnishes employment for 60 lock employees, 16 repairmen, and 75 employees on the towing units, or a total of 147 jobs with a pay roll of \$258,000.

The railroad jobs lost for this line haul movement are 30 crew members with a pay roll of \$54,000.

The total employment picture is benefited by the waterway to the extent of 117 jobs and \$204,000 in pay roll.

The witness continues, however, as follows:

All of this becomes very unimportant and irrelevant, however, when we consider that the drying up of this district, even to the extent of 10 percent, because of inability to compete with low-cost water transportation already given to other districts, would throw 25,000 persons out of work, destroy over a hundred million dollars of investment, impair school, county, and State bonds, close churches and colleges, and create new problems of relief. Ours is a home-owning district (steel workers here are largely home owners) and I hate to think of 25,000 families losing their homes.

I wish to add also that there testified before the Senate committee in 1944 representatives of organized labor in the steel mills and in the community at large in Youngstown. They strongly endorsed the Beaver and Mahoning Canal.

Some reference has been made, in the literature on this subject, to whether or not the National Rivers and Harbors Congress has endorsed this project. I may point out that the president of that distinguished body is JOHN L. McCLELLAN, the distinguished junior Senator from Arkansas. Its national vice presidents are the senior Senator from Louisiana [Mr. OVERTON], and three Members of the House of Representatives, Mr. WHITTINGTON, of Mississippi; Mr. PETERSON, of Georgia, and Mr. CLASON, of Massachusetts. The chairman of the board is Representative SHORT, of Missouri. I may say that the National Rivers and Harbors Congress has endorsed this project. I read from a letter of November 16, 1944, addressed to me by William H. Webb, executive vice president, containing the following statement:

The Beaver-Mahoning waterway project was considered by the projects committee, composed of a waterway expert from each of the engineering divisions of the United States, at the first meeting after its organization in the year 1935. After careful consideration of the project the committee recommended unanimously that the project be put in class I—endorsed—which means the committee is convinced that the project is sound, needful, and sufficiently advanced in status, and should be promptly constructed in the public interest. The congress in convention assembled thereupon unanimously approved the recommendation of the committee.

At the several conventions of the Congress subsequently held, including the most recent session held in New Orleans, La., July 27-28, 1944, the Congress reiterated its previous endorsement of the Beaver-Mahoning waterway.

Under our procedure a project once endorsed by the Congress upon the recommendation of the projects committee retains its status until finally constructed, unless the Congress in the meantime rescinds such action.

Project Nos. 1 and 2 having been constructed, the Beaver-Mahoning waterway retains its status as the No. 1 and first project in our highest classification as an endorsed project.

Madam President, I wish to conclude this statement as I began it, by saying that this is a proposal to retain in the program of the United States for its post-war program a project which has been repeatedly and soundly approved. The project has been approved by two boards of engineers, by three Chiefs of Engineers, twice by the Committee on Rivers

and Harbors of the House, and twice by the Senate Committee on Commerce. It has once passed the House and once the Senate. It is before us now in a form which reiterates the previous authorization, modifying it only in accordance with the recommendation of the Chief of Engineers increasing the Federal cost by a million and a half dollars, and making the money available in accordance with the final recommendation, for future use, greatly needed, as demonstrated in this statement. It is a fair and reasonable part of any post-war program that may be passed by this Congress, and in view of its repeated endorsement in the past, I trust the Senate will again endorse it today.

#### AMENDMENT OF MUSTERING-OUT PAYMENT LAW — MENTALLY DISABLED VETERANS

Mr. REVERCOMB. Madam President, on behalf of the Committee on Military Affairs, I report back favorably without amendment House bill 5408, to amend the Mustering-Out Payment Act of 1944, to provide a method for accomplishing certain mustering-out payments on behalf of mentally disabled veterans, and for other purposes, and I submit a report (No. 1313) thereon.

The PRESIDING OFFICER. Without objection, the report will be received and the bill will be placed on the calendar.

Mr. REVERCOMB. Madam President, I ask unanimous consent for the immediate consideration and passage of the bill.

Mr. GUFFEY. I object.

Mr. LUCAS. What was the unanimous-consent request?

Mr. REVERCOMB. For immediate consideration of the bill. I shall be glad to make explanation of the bill if the Senator desires it.

Mr. LUCAS. I think we ought to have some explanation of the bill.

Mr. OVERTON. Madam President, may there be an explanation made of the bill before it is to be considered by the Senate?

Mr. REVERCOMB. I am proceeding to do that now, I may say to the Senator.

Mr. OVERTON. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. OVERTON. The subject matter before the Senate at the present time is an amendment to the river and harbor bill, and my question is: Can there be an explanation of another bill which is not before the Senate?

Mr. REVERCOMB. Of course, if there is objection, I cannot proceed.

Mr. OVERTON. Madam President, I am forced to object.

The PRESIDING OFFICER. Objection is heard.

Mr. REVERCOMB. Very well.

The PRESIDING OFFICER. The bill will be placed on the calendar.

#### RIVER AND HARBOR IMPROVEMENTS

The Senate resumed the consideration of the bill (H. R. 3961) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment at the top of page 22, relating to the Beaver and Mahoning Rivers, Pennsylvania and Ohio.

Mr. ROBERTSON. Madam President, the Beaver-Mahoning project calls for the building of a dead-end channel 12 feet deep and from 200 to 250 feet wide up the Beaver-Mahoning Rivers from the Ohio River in Pennsylvania to Struthers, Ohio, a distance of approximately 35 miles.

There are several interesting things connected with the project. The first is the 12-foot channel. The waterway is to be 12 feet deep and from 200 to 250 feet wide. Why this 12-foot channel? I think all the channels to date on the entire Mississippi water system have been 9 feet deep with the exception of some earlier ones which were made 6 feet deep and for which authorization has been sought to increase to the 9-foot depth. One of the arguments used to convert these 6-foot channels to 9 feet has been that a 6-foot channel on a 9-foot system is similar to a narrow-gauge railroad connection on a broad-gauge road. Would we be right in assuming that a 12-foot channel on the Beaver-Mahoning Rivers would throw the rest of the Mississippi canal system, that is the 9-foot channel, into the category of a narrow-gauge railroad, or is it notice that it is the intention of the promoters of inland waterways to convert the entire system into a 12-foot channel. If that is so, I think we have a right to know it.

The total cost of this canal to the Federal Government, and to the local communities, will be in round figures, \$70,000,000, of which \$38,000,000 is the proposed Federal contribution.

Why is this proposal being made and to what purposes will the proposed canal, if constructed, be put? By that I mean what is the type of freight to be hauled over it, and who are to be the beneficiaries?

As the Senator from Ohio [Mr. BURTON] stated a few moments ago, the Beaver-Mahoning project originally envisioned a canal going through to Lake Erie. That idea has apparently been abandoned in favor of this 35-mile dead-end canal. The dead end of this canal is at Struthers, Ohio; that is, in the Youngstown district, which is one of the large steel-producing areas of the country. The open end of the canal is at the mouth of the Beaver-Mahoning Rivers, where it enters the Ohio River. A little farther up the Ohio River is Pittsburgh, with its great steel industry, and most of the steel plants in the Pittsburgh area are located on the banks of the Ohio River.

Coal is a very important product in the manufacture of steel. Roughly the figures are that it takes 2 tons of coal to make 1 ton of steel. The great producing areas of the bituminous-type coal are in Pennsylvania, West Virginia, and Kentucky. In the case of the Pittsburgh area, the coal is taken by barge up or down the Ohio River—I am talking now of what happens at present—it is shipped by barge to railroad points near the mouth of the Beaver-Mahoning at places



called Colona, Conway, and Smiths Ferry, and then transferred to railroad cars and hauled up to Youngstown and Struthers. The freight rate on this coal is 95 cents per ton from Colona and Conway to Youngstown, which includes the lifting charge.

For a long time the steel companies in the Youngstown area have been seeking to reduce this freight rate and now they are asking authorization for a Federal and local expenditure totaling \$70,000,000 in order to help them do so. I am informed also that the steel companies feel that the construction of this \$70,000,000 canal would enable them to use more coal from their so-called captive mines than they are able to do at the present time.

The evidence during the committee hearings on this bill brought out and emphasized that the authorization of this canal has been sought to enable the Youngstown steel people to get their coal at cheaper rates. In fact, we have been asked to authorize the construction of this waterway for the benefit of some three or four big steel-producing concerns.

To bear out this statement, I will quote from the testimony of Mr. Kenneth M. Lloyd, secretary, Mahoning Valley Industrial Council, Youngstown, Ohio, one of the proponents of this project. On page 115 of the hearings on H. R. 3961, part II, Beaver-Mahoning Rivers project, Mr. Lloyd said:

The principal commerce to be moved on the proposed waterway is the so-called ex-river coal which is transferred from barges at Smiths Ferry, Conway, or Colona, appearing on the map right at the mouth of the Beaver River on the Ohio River, to the railroads for shipment into the Youngstown district.

There are four railroads that traverse this district: the Pennsylvania, the Pittsburgh & Lake Erie Railroad, the Youngstown & Suburban, which is the Pittsburgh Coal Company's private railroad, and the Baltimore & Ohio Railroad. There are, of course, also excellent highways which can be used for truck hauling.

I particularly call the attention of the Senate to the Youngstown & Suburban, which is the private railroad of the Pittsburgh Coal Co. It is important, in that, being a private railroad there are apparently no published freight rates, as the operation of this railroad is confined to the business of the Pittsburgh Coal Co. It is of interest and of great importance in the whole inland waterway set-up to know that this private railroad company was refused a certificate of necessity and convenience by the Interstate Commerce Commission. The decision of the Interstate Commerce Commission in refusing this certificate can be found on pages 43 and 619, volume 150 of the Interstate Commerce Commission Reports.

This has a very direct bearing on an amendment which I submitted regarding this very important question of necessity and convenience, which Senators will find on their desks, and which I shall move for consideration when the controversial committee amendments shall have been disposed of. However, as that question, at least of necessity does come into this

picture of the proposed 35-mile dead-end canal from the Ohio River up the Beaver-Mahoning to Struthers, let us compare this with the situation of a railroad asking to build a line over this 35 miles in order to provide a further transportation system. Before a railroad can make a line extension into new territory, it must first make a showing of necessity and convenience. It must conclusively prove that the area is not now adequately served by transportation. I fail to see why a canal system should not be called upon to show necessity and convenience when authorization is sought to construct a new means of transportation into a district. Here is a small river, for which authorization is being sought to make it into a transportation system; and yet on the banks of this river for the entire 35-mile distance, four railroads are operating. There has been no complaint that the service of these railroads is deficient. As a matter of fact, there is overwhelming evidence that the railroads are doing a splendid job and are completely filling the bill so far as the hauling of coal to the steel mills in the Youngstown area is concerned. Every project in this bill should be subject to the test of necessity and convenience, and if the Interstate Commerce Commission—and this in every way is interstate commerce—is prepared to grant a certificate of necessity and convenience, then, and only then, should the Congress be asked to authorize construction of such projects.

Back of this project is another angle which is interesting, as it reveals a further illogical reasoning as to why the United States Treasury and, therefore, the United States taxpayers, should construct this dead-end canal, in order to bring coal at a cheaper freight rate to the Youngstown steel industry. As I said a few moments ago, the steel mills at Pittsburgh get their coal over the Ohio River. The Youngstown steel people feel that the Pittsburgh crowd have an advantage over them.

Mr. Lloyd, in his testimony on page 119 of the hearings, stated:

We are not asking for anything which has not been provided to our principal competitors on the Ohio River. We have never appeared in opposition to any project designed to benefit our competitors by reducing their assembly costs on raw materials.

I call particular attention to the words "designed to benefit our competitors." Of course, the inference is natural, and the statement is clear, that the channels in the Ohio River were largely constructed for the benefit of the big steel companies.

Mr. President, in support of this contention I hold in my hand a magazine called *Waterways*. It was sent to me with the compliments of the National Rivers and Harbors Congress, and is a marked copy. I take it that the National Rivers and Harbors Congress is the organization to which the distinguished Senator from Ohio referred. The marking calls attention to page 11, and to some 6 succeeding pages. On those pages there are some excellent photographic reproductions of water transportation, and being naturally interested in this rivers and harbors bill, and all that had

been said about the great advantage which would accrue to the people from the construction of various waterways, it was most enlightening to read the caption under various pictures.

The first shows the Wheeling Steel Corporation's steam towboat *Carbon*, and barges.

The second shows the steam towboat *Charles T. Campbell* of the Campbell Transportation Co. My information is that the Campbell Transportation Co. was recently purchased by the Mississippi Valley Barge Lines, a common carrier barge service, and is, therefore, a carrier-owned barge line.

The third shows the *C. W. Talbot*, of the Union Barge Line, is a steam towboat of 775 horsepower, and we are advised in the caption that she is a sister ship of the *Sam Craig* and the *J. D. Ayres*. I am advised, according to the records of the Interstate Commerce Commission, that 87 percent of the stock of the Union Barge Line Corporation is owned by the Dravo Corporation, a large sand and gravel company engaging also in machinery and shipbuilding.

The fourth shows a Diesel towboat, *The Tri-State*, of the Ashland Oil & Refining Co.

The fifth shows a picture of the steam towboat *Titan* pushing a string of barges. The *Titan*, according to the caption, belongs to the Jones & Laughlin Steel Corporation.

The sixth shows the Carnegie-Illinois Steel Corporation steam towboat *Lamont Hughes*.

The last one shows a very big affair of 1,200 horsepower pushing 18 barges and called the *City of Pittsburgh*, of the Ohio Barge Line, a subsidiary of the United States Steel Corporation.

Madam President, we have a right to ask, For whom are these waterways being built? Who is benefiting by them? From the photographs in that article, I should say—and this article was sent to me by the Rivers and Harbors Congress—that if these photographs show a relatively correct proportion of the ownership of barges—and there is no reason to doubt that they do—then, on that part of the water transportation system on which they operate, the great majority of the towboats and barges are owned and operated by the big corporations.

Madam President, we have a right to ask and at the same time to consider most seriously, Are we going to build and maintain a Federal transportation system, and are we going to spend millions of dollars of taxpayers' money to build and subsidize a transportation medium for the benefit of large corporations operating in this country?

I repeat, Madam President, that I hold no brief for the railroads. I hold no brief for the trucking companies. The latter enter very little into this picture, as the type of freight hauled by water transportation is hardly the type that would be possible on the highways of the Nation. Be that as it may, in order to form a fair, just, and equitable comparison of rates of hauling as between any two systems of transportation, the initial costs and maintenance should very definitely be taken into

consideration, and particularly where in one case the cost of construction and maintenance of the transportation facility is undertaken by the Federal Government, as compared to the other case, where the transportation system has been built up over many years by private enterprise and devoted to public service.

As further evidence that this is purely a project for the benefit of the large steel companies, I again quote Mr. Lloyd. The chairman of the subcommittee, the Senator from Louisiana [Mr. OVERTON] asked Mr. Lloyd:

Well, now, what industries in and around Youngstown would be serviced by this channel?

Mr. LLOYD. I am very happy, sir, that you asked the question. I would like to say that, according to the American Iron and Steel Institute, the following companies are listed as basic steel-producing units in the Youngstown area: the Carnegie Illinois Steel Corporation, the Youngstown Sheet & Tube Co., the Republic Steel Corporation, the Sharon Steel Corporation, the Struthers Iron & Steel Co., the Copper Weld Steel Co. at Warren.

Mr. Lloyd further stated that the Copper Weld Steel Co. is an organization which uses electric furnaces and, as a result of that fact, it depends for its fuel on electricity. Mr. Lloyd further advised the committee that he was prepared to introduce a representative from each one of these companies as proponents of this project.

The first of these representatives of big steel companies to be introduced by Mr. Lloyd was one J. C. Argetsinger, vice president and general counsel, Youngstown Sheet & Tube Co., Youngstown, Ohio. Mr. Argetsinger had some most interesting things to say. I shall not take up the time of the Senate to go over his testimony to any great extent, but I do wish to call attention to a statement he made on page 127 of the hearings:

Competition, of course, is dog eat dog, every man for himself, and in this case it is simply one steel company fighting to see that another competing steel company does not receive the same advantages that he has.

The case referred to in this statement is, of course, the authorization for the building of this 35-mile long dead end canal on the Beaver and Mahoning Rivers.

Madam President, this project or the authorization for it has been sought for sometime previously, and House Document 277 of the Seventy-third Congress, second session, contained the reports of the man who at that time was division engineer, Col. R. C. Moore, and the man who then was district engineer, Maj. W. D. Styer. I should like to have the Senate listen what Colonel Moore stated in paragraph 28, page 23:

In my opinion, the Government should not undertake the improvement considered in this report. Even the total theoretical savings based on optimistic traffic prophecies are insufficient to justify the large expenditures involved. The assumption that the active available tonnage would be attracted to the rivers is untenable.

It would not be an attractive waterway. It would not afford facilities for navigation equivalent to those of the system embracing

the Monongahela, Allegheny, and Ohio Rivers. The waterway would be essentially an industrial basin serving a limited area and relatively a few industries. The improvement would be of little benefit to the general welfare of the Nation and it would not be productive of appreciable increase in national wealth through the development of national resources. It is recommended that the Federal Government not undertake improvement of the Beaver and Mahoning Rivers in accordance with the plan considered in this report.

Madam President, one very important factor to take into consideration in connection with this project is the fact that while the railroads operate year in and year out, this stub-end canal would be subject to ice, fog, and high velocity wind, so that there would be a limited operation of not in excess of 9 months. In other words, for 3 months of the year, and probably more, this means of transportation could not be utilized, and the big steel companies in the Youngstown area would again have to revert to use of the railroads to haul their coal. That would mean that the railroads would have to maintain their property and have in readiness locomotives, coal cars, and other operating units, in order obligingly to take care of the Youngstown steel companies during the period when their dead-end canal would be frozen up or otherwise out of use. But during the 8 or 9 months when the Federally subsidized transportation system would be available, the railroads, with their employees, their plants, and their equipment, would be told to stand aside.

Mr. BURTON. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. BURTON. I merely wish to make sure that the Senator appreciates the fact that the Board of Engineers for Rivers and Harbors in its final reports on the project has overruled the district and division engineers on the original report, and has pointed out in the final report that the lower canal would be open 350 days of the year, and therefore there would not be any necessity for the shut-down which is indicated by the authority to whom the Senator from Wyoming has referred. Furthermore, the type of freight which would be carried would be the type which could easily be stock-piled, and therefore the railroads would not be under the necessity of maintaining stand-by service for the short canal.

The long canal to Lake Erie is something else, but the short canal would be much more open in winter than the northern end would be, and the traffic situation is such that the materials could readily be stock-piled.

Mr. ROBERTSON. Madam President, I am interested in what the Senator from Ohio has said. I hold in my hand a magazine entitled "The Taxpayers' Case Against Youngstown's Beaver-Mahoning Dead-End Canal," and in this connection I am interested to see in the magazine a photograph bearing the following caption:

The Beaver River at Beaver Falls, Pa., on January 6, 1940, where skaters are taking advantage of the thick ice to enjoy their favorite sport. During periods of this kind of

weather, all traffic on the dead-end canal will, of course, be indefinitely suspended.

The photograph shows that the river is frozen solid from one side to the other.

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

Mr. ROBERTSON. I yield.

Mr. TAFT. Of course, the Senator knows that the question is chiefly one of the transportation of coal, with resultant great savings to Youngstown. Of course, the Senator also knows that the Great Lakes are frozen during winter, but all the coal which goes to the Northwest is shipped during a much shorter period—namely, a period of 9 months—and is stock-piled when it is delivered.

So, it seems to me that the very short period when the Beaver-Mahoning Canal would be frozen is certainly no objection. There is no question at all that the coal could be transported during the period when the canal would be open, as in the case of transportation on the Great Lakes.

Mr. ROBERTSON. Madam President, if this canal were for the general best interests, the project would be in a better position. But even at that it would be an unsound project. It is a plan for the financial betterment of a few large steel companies.

According to testimony presented at the hearings by Mr. Percy Tetlow, representing the United Mine Workers of America, the Youngstown Sheet & Tube Co. at Youngstown is the only plant in Youngstown of the great steel companies which could use that waterway, and that waterway alone, for transportation. Mr. Tetlow further said that the Republic Iron & Steel Corporation has great coal resources that can be moved down the Monongahela River and the Ohio River, and by this canal to Struthers, but it would not reach the Republic plants.

Mr. Tetlow continued as follows:

As an investment of money, either post-war, or now, or at any time, to my mind, it is uneconomical, unsound, and it will not be beneficial to all of the people in the communities reached by this canal. The steam coals or the heating coals that are available must be moved by rail into the city of Youngstown. This canal would not be available for that. There is approximately 7,000,000 tons of coal used in that area annually. This coal has heretofore, and now is, coming from the Ohio mines into Youngstown, either by rail or motortruck (800,000 tons).

Mr. Tetlow throughout his statement was insistent in regard to the shipment of coal that—

The shipment of coal to Struthers, Ohio, over that waterway will be almost exclusively, if it is shipped by water, to the Youngstown Sheet & Tube plants at Struthers.

What new towage or new wealth do these subsidized inland waterways produce? They produce none that I can ascertain. Their only function is to take away business, during a portion of the year, from some other transportation system which is well able to take care of that business. The railroad, as a common carrier, must at all times be prepared to accept shipments weighing from 1 ounce to a million tons. It is on the job in winter as well as in summer, in



flood time as well as in dry time, whereas in certain seasons the subsidized inland waterways may be frozen up and unable to function. They are very much a fine-weather transportation system. Even if the enemy were on our shores, and we needed additional transportation in the worst way, much of the subsidized waterways would be of no value to us during the winter months. Certainly the Beaver-Mahoning dead-end canal could not, by the greatest stretch of the imagination, be considered to be strategically important to the war effort.

The Beaver-Mahoning dead-end canal project differs from others which have been before the Senate in the past few days. In the discussions regarding the Tombigbee project, the question was raised as to justification, and in most cases the justification of costs was built up on a series of intangible assets. In the case of the Beaver-Mahoning project no intangible assets have been put forward for the simple reason that there are none.

Another striking difference between this project and practically every other project in the bill—both controversial and noncontroversial—is that this proposed 35-mile canal does not have the support of the Senators from Pennsylvania. Ninety percent of the waterway would flow through that State. The canal, as we have been told, would be approximately 35 miles long. Of that distance 31½ miles would be in Pennsylvania and approximately only 3½ miles in Ohio. I do not think it is the policy of this body to approve any canal project 90 percent of which is opposed by the Senators from the State through which the canal would flow.

I have earlier referred to the lack of intangible justification. There being no intangible assets to form the basis of a justification, let us see what are put forward as tangible assets. The approval of the committee of authorization for the construction of the canal is sought by the proponents in conjunction with the United States engineers on the basis of estimated benefits. Those benefits would be in the ratio of 1 to 1.08. That means, as I understand it, that if today it costs \$1.08 per ton to haul coal by rail from Conway, or Smith's Ferry, or Colona to the Youngstown Sheet & Tube Co., we are now asked to believe that by the construction of this \$70,000,000 canal, the water-borne freight rate on the coal from the mouth of the Beaver-Mahoning on the Ohio River up to the Youngstown Sheet & Tube Co.'s property at Struthers would be \$1, or a saving of 8 cents per ton, or in that ratio. But that in itself is definitely not sufficient to justify such a project, and particularly so when we realize the basis on which that figure is reached. The \$1.08, which is purely a ratio figure, is based, as are all railroad freight rates, on the proportional cost of the railroad bed, the rails, the locomotives, cost of maintenance, cost of loading and unloading, and the great number of men employed in such operations. In addition, there are tremendous taxes which the railroads of the country are called upon to pay. All those factors enter into the

making of the rate. On the other hand, the rate of \$1 is based apparently only on the costs of a tugboat, a string of barges, the operation and maintenance thereof, and the comparatively small amount of taxes which would be payable on a tugboat and barges, and no consideration whatsoever is taken of the \$70,000,000 investment, with an annual upkeep of more than \$2,000,000 a year, including \$630,000 for the local authorities.

As one very much opposed to unlimited Federal expenditures, I suggest that rather than approve this authorization, the Federal Government should build another railroad, paralleling the proposed 35-mile waterway. A very good double-track railroad could be built for between five and ten million dollars, and the annual upkeep of such a railroad would not exceed \$150,000 a year. It would be very much to the taxpayers' benefit to turn such a railroad over to the Youngstown steel mills, not charge them a cent for it, and keep it up for them at a cost of \$150,000 a year. In that way the Federal Government and local interests would save \$60,000,000 on original costs and at least \$1,800,000 annual upkeep costs as compared with the waterway.

I am not advocating the construction of such a federally owned railroad, but am merely using the suggestion for a comparison, to illustrate the inequality of the basis of calculation for freight rates as between the two systems.

The construction, maintenance, and operation of waterways in a country barren of railroads can be justified, but when it is proposed to spend vast sums on construction or deepening of a channel to permit water-borne transportation or a river, on either bank of which there is a modern railroad equipped to handle all available traffic, the justification is a different and much more difficult matter.

I hold no brief for the railroads, but with the vast majority of my countrymen I take my hat off to them—both management and labor—for the magnificent job that they have done and are doing.

We must never lose sight of the importance of our railroad system during wartime or great emergencies. No illustration is more convincing than that which happened to the Russian railroad system, particularly in view of the fact that Russia is frequently quoted as an example for expansion of inland waterway construction. Russia developed her waterways system because she lacked an adequate railroad system. Yet during the German army advance into Russia as far as Stalingrad, the limited railroads that are in Russia, and not the waterways, were the controlling strategic factor; in fact, so important were the railroads to their military operations that the German Army converted the Russian broad gage railroad track—approximately 5 feet—to the German standard gage of 4 feet 8½ inches in order to move their troops and equipment efficiently.

Reversing the picture, as the Russians gallantly drove the Germans back across the Dnieper and Dniester Rivers, it was

necessary for them to change the gage of their railroads back to their broad gage in order to supply their forces.

There is no finer railroad system in the world than that which we have in the United States. It is a system built up by private enterprise, and devoted to public service under Federal regulations.

I am an advocate of a powerful United States of America after this war. I advocate that we must maintain the framework of a great army, a great navy, a mighty air force, and a great merchant marine. I believe that possibly our greatest contribution in Congress is to make definite and certain that those four great vital forces of our Nation are backed by the greatest, most efficient system of railroads and highways throughout the country. I feel that the Congress of the United States would not be doing its duty if it permitted the passage of any legislation which would in the slightest degree reduce the efficiency and operative capacity of our railroads and highways.

Unnecessary paralleling, competing, part-time operating systems, constructed by the Federal Government, tend to weaken our great railroad systems, and anything that will weaken that integral part of our national defense system must be considered in the light of being unsound.

I am not arguing that a water transportation system cannot be made a valuable adjunct to our national defense and to a general economical transportation system, but I am opposed to vast sums from the Federal Treasury being used to construct and maintain a system in order to place the large corporations of this Nation in a favorable position as compared with their competitors or with small business. The federally subsidized waterways of this Nation are for the big shipper. The small businessman and the poor man have to rely on the railroads and the motortrucks for their transportation facilities.

Mr. President, I have no interest in Ohio or in Pennsylvania, beyond an admiration for two great States. I have no interest in any railroad company in this country or in any other country. I have no interest in any trucking company. As a member of the subcommittee of the Senate Commerce Committee appointed to conduct hearings on the pending river-and-harbor bill, H. R. 3961, I formed the very definite opinion that this project is not sound, no matter from what angle it is approached.

I wrote and submitted minority views dealing with the Beaver-Mahoning project and the Missouri River project, in the latter case, largely on the question of the beneficial use of waters in the arid and semiarid States of the West.

I was convinced during the hearings that the Missouri River question could be worked out to the satisfaction of all parties. Happily this was possible, and the amendments which were incorporated in the flood-control bill, H. R. 4485, dealing with this matter, are now incorporated in the pending river-and-harbor bill.

As I have said, the other part of my minority report dealt with the Beaver-Mahoning project. As a member of the

subcommittee, I attended practically every hearing and listened most attentively to everything that was put forward pro and con.

As a completely disinterested party, I came to the conclusion that this project could not be justified, and I ask the Senate to vote to reject it.

The PRESIDING OFFICER (Mr. WHERRY in the chair). The question is on agreeing to the committee amendment.

Mr. DOWNEY. Mr. President, I desire to make a request of the Senator in charge of the bill. I have two amendments to offer, involving merely survey items, routine matters.

Mr. HILL. The distinguished Senator from Louisiana [Mr. OVERTON], in charge of the bill, was called from the floor for a few moments on important public business. I wonder if the Senator would withhold his request until the distinguished Senator from Louisiana returns.

Mr. DOWNEY. Of course, I shall be glad to do so.

Mr. DAVIS. Mr. President, I shall be brief, because I believe the subject matter of the pending amendment has been discussed fully. I wish, first of all, to compliment the junior Senator from Wyoming [Mr. ROBERTSON] for the splendid way in which he has presented the minority views of the committee.

Mr. President, there is included in the pending bill an amendment to which I and the overwhelming majority of the people of Pennsylvania are unalterably opposed. I refer to the amendment which provides for the construction of the so-called Beaver-Mahoning canal, extending from the mouth of the Beaver River in Beaver County, Pa., to Struthers, Ohio, a distance of 36 miles, 31 of which miles lie within the territorial limits of the Commonwealth of Pennsylvania.

I have discussed this proposition with many interested parties, both within and without the State of Pennsylvania, and, in addition, I have received numerous letters, telegrams, and other communications, all of which embodied sound reasons for opposing the construction of this proposed canal at a cost to the American taxpayers of more than \$70,000,000.

The reasons for my opposition to the construction of the proposed canal are as follows:

First. The proposed canal would be prejudicial to the public interest and would benefit no one outside the Youngstown district.

Second. The Youngstown district and the two steel companies asking for this practically \$70,000,000 gift from the American taxpayers is preposterous. They do not need the canal in order to survive or to meet their competitors upon a basis of full economic equality.

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

Mr. DAVIS. I yield.

Mr. TAFT. Is not the Senator mistaken in referring to this as a \$70,000,000 project?

Mr. DAVIS. I think not; that was the testimony before the committee itself.

Mr. TAFT. But the canal we are discussing is a canal to Youngstown, which

is to cost thirty-eight and a half million dollars, not \$70,000,000.

Mr. DAVIS. No; I understand it will cost \$2,000,000 a mile, and the statement was made, as the record itself shows, that it would cost \$70,000,000.

Mr. TAFT. The Senator is referring to the canal which goes through to Lake Erie and which the Pennsylvania people were supporting.

Mr. DAVIS. No; the canal which goes through to Lake Erie would cost \$200,000,000. I think the Senator is not correct.

Mr. BURTON. Mr. President, will the Senator from Pennsylvania yield?

Mr. DAVIS. I yield.

Mr. BURTON. I think the record is incontrovertible that the report of the engineers showed that they estimated the Federal expenditure on the canal would be thirty-eight and one-half million dollars, and the local expenditure would be \$3,900,000. I understand that in the Pennsylvania literature it is estimated there would be some additional expenditures, but I do not know what they are. They were not of the Federal Government, but were of local interests.

Mr. GUFFEY. Mr. President, I should like to ask the Senator from Ohio a question.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield in order that his colleague may ask the Senator from Ohio a question?

Mr. DAVIS. I yield.

Mr. GUFFEY. Were not the figures the Senator quoted, the \$38,500,000, based on costs in 1938?

Mr. BURTON. That is correct.

Mr. GUFFEY. How much have they increased since then?

Mr. BURTON. The committee went into that in detail. It was pointed out that all the projects in the bill are post-war projects. They based the figures on the 1938 and 1940 rates of wages and costs, which are the ones on which they have based their post-war estimates. When this matter was up for consideration in 1941 as a wartime project, it was estimated by the engineers that the project would cost, at the wartime rates, about \$48,000,000, but all through the entire bill the rates are on the basis of 1938 and 1940, which are accepted by the Department of Labor as being substantially the same in both those years, and they are the basis of all estimates in connection with every project; we have had this project before us as a post-war project, not a wartime project.

Mr. GUFFEY. Mr. President, I agree with my colleague that the figure \$70,000,000 is nearer being correct than \$38,500,000.

Mr. DAVIS. Mr. President, there must also be taken into consideration the expense that will be placed on the people of Pennsylvania after the work has been completed. County after county will be bankrupted in attempting to pay the cost of this canal. I do not think \$70,000,000 would cover the cost of the canal.

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

Mr. DAVIS. I yield.

Mr. BURTON. I do not want to take the Senator's time, but it is not contemplated that any county would be bankrupted. If the local public interests do not bear the expenses the project cannot go ahead unless other local private interests guarantee these expenses. The Government is to be protected, and then the local public interests would not be affected by it. The local communities cannot be bankrupted by the canal, because it is a condition of this project that the project shall not go ahead unless the local expenditures are provided for.

Mr. DAVIS. Mr. President, I do not so understand the situation. The people of Beaver County and Mahoning County are of the opinion that they will be put to great expense, sufficient expense to bankrupt the counties, to meet the cost of the canal.

Mr. BURTON. The Senator should recognize this point, that if there is a local expense connected with the project, there is no way that the Federal Government can make the local communities put up the money.

Mr. GUFFEY. In other words, Mr. President, the proposal is that the Government build the canal and find out later whether the local communities will put up the money.

Mr. BURTON. I think it is perfectly clear that the Government will not proceed until the money is provided or guaranteed. That is very clear in the conditions set by the engineers.

Mr. DAVIS. Mr. President, I shall continue from where I left off.

Third. The per-mile cost of over \$2,000,000 a mile would be several times greater than that of any inland waterway ever authorized or seriously considered in the United States and should of itself condemn this project.

Fourth. The Army engineers have clearly indicated they never have been satisfied that the project is economically justified.

Fifth. The cost of assembling raw materials for the making of steel is no higher at Youngstown than at the plants of most of its competitors, many of which do not have Youngstown's other advantages.

Sixth. The contention of the Youngstown steel companies that their freight rates are unfair cannot be substantiated inasmuch as the Interstate Commerce Commission repeatedly has held that their rates are reasonable and nondiscriminatory. However, these rates are again under investigation at the present time by the Interstate Commerce Commission and all action looking to the canal's authorization should cease, at least until the Commission has handed down its decision. The Commission—and it alone—should pass upon the propriety of these rates.

Seventh. This is a bold and inexcusable attempt to circumvent the findings and decisions of the Commission, which is invested by law with exclusive jurisdiction in such matters. It is an attempt to use the Army engineers both as a threat to the Commission and as a court of appeal from its findings and decisions.



Eighth. The authorization and construction of this waterway would create a dangerous and unbelievably expensive precedent, which if followed logically, would justify the construction and operation of navigable waterways with public moneys to practically every industrial district in the United States.

Ninth. The proposed dead-end canal would be extremely dangerous from the standpoint of sanitation and health to whole communities, and would destroy the values of the properties along and near its banks for residential and commercial use.

Tenth. The proposed waterway would be a menace and not an aid to national defense.

Eleventh. The construction of the canal would actually cause the useless and unwarranted destruction of much valuable property, including mills, factories, and waterworks, as well as many costly and essential highway and railroad bridges. This of itself would cause the greatest inconvenience to the public and would result in a severe dislocation of public travel.

Twelfth. The canal could not be used continuously throughout the year. Temperature and weather conditions would of necessity cause it to stand idle and unusable for many weeks at a time.

Thirteenth. The railroads would lose a vast amount of tonnage and revenues. This of necessity would result in their substantially reducing their facilities and available service in the territory involved. When the canal was idle, this would make it impossible for the railroads to furnish the district with adequate service. The loss of railroad revenues because of traffic diversion to the canal would necessitate rate increases to other districts.

Fourteenth. The Federal, State, and local governments would suffer large tax losses because of the decrease in railroad operations and revenues, and would be forced to increase taxes or get additional revenue in some other way to finance the enormous cost of the construction, maintenance, and operation of the waterway.

Fifteenth. Labor—through no fault of its own—would be severely penalized through the loss of thousands of jobs in the railroad, motor trucking and off-river coal-mining industries—a fact to be considered most seriously in view of probable post-war problems of unemployment. It would be most illogical and unfair to build a canal for the express purpose of providing temporary employment to a relatively small number of men engaged in its construction, when the canal would destroy countless jobs which otherwise would be permanent.

Sixteenth. The proposal in effect is for indefensible and wholly unwarranted subsidy. The taxpayers of the Nation are asked to provide a private and personal toll-free waterway for two steel companies which do not propose to pass on any of their savings in transportation costs to anyone other than their stockholders.

Seventeenth. The project as urged would not be started during the war; and post-war conditions will probably change

the entire aspect of the situation. Therefore, further consideration of its possible authorization should be postponed at least until after the end of the war. In any event, it would be a poor make-work project as only a relatively small proportion of the cost would go to labor.

Mr. President, I am confident that upon a clear and sober consideration of these facts the Members of this great body will reject this outlandish proposal as being totally unnecessary, ill-advised, and unwarranted—a project which will contribute nothing to the welfare and protection of the Nation, and which will, if completed, cause irreparable damage to established industries, communities, and property values throughout a vast segment of the country.

Mr. President, during the time this matter has been under discussion the congressional delegation of Pennsylvania has considered it. The Republican delegation of Pennsylvania, and I may add the Democratic members as well—practically all the members of the Pennsylvania delegation—are opposed to the proposed waterway. I desire to read to the Senate a resolution adopted by the full membership of the Republican delegation at a caucus held during the time the bill now under consideration was being considered in the Senate committee:

Whereas the omnibus bill of the Committee on Rivers and Harbors, H. R. 3961, which passed the House on the 22d day of March 1944, is now being considered by the Committee on Commerce of the Senate; and

Whereas testimony and evidence have now been introduced in said hearings to include in this bill an authorization estimated approximately at \$75,000,000, to construct the so-called Beaver-Mahoning Canal extending from the mouth of the Beaver River in Beaver County, Pa., to Struthers, Ohio, a distance of 36 miles, and of which mileage approximately 31 miles are included within the territorial limits of the Commonwealth of Pennsylvania; and

Whereas during this session of Congress this provision was not included in said bill when it passed the House of Representatives, and no testimony on said project was produced before the Committee on Rivers and Harbors of the House of Representatives; and

Whereas the construction of said canal at this time is in our judgment unnecessary, ill-advised, and unwarranted for the reasons set forth by the various protestants and objectors who appeared before said Senate committee in opposition to said project: Be it now

*Resolved by the members of the Republican delegation from the Commonwealth of Pennsylvania, in the House of Representatives, at a meeting held at the Capitol in Washington on Tuesday, May 16, 1944, That we unanimously oppose the inclusion of this project in said river and harbor bill, and earnestly urge that it be not made a part of said bill for the reasons set forth above.*

HARVE TIBBOTT,  
R. L. RODGERS,  
THOMAS BYRON MILLER,  
Committee, Pennsylvania  
Republican Delegation.

Mr. President, I lived in this neighborhood the greater part of my early years. I believe I know these streams. I have fished along the banks of both the Ma-

honing and the Shenango Rivers, and along the Beaver River. There are times when, at certain places in the Beaver River, one can wade across the river, rolling up his trousers to his knees. I do not believe there is enough water there to construct a successful waterway, and I am sure that such a project would be a failure, even though the Government of the United States should go to this great expense to try to construct such a waterway. I am opposed to the amendment reported by the committee.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment at the top of page 22.

Mr. GUFFEY. Mr. President, I wish to say a word about one of the projects included in this bill which should be emphatically repudiated and eliminated by the Senate, because it is nothing but an adroit scheme to spend a very large amount of public money for the private benefit of two rich steel companies—the Republic Steel Corporation and the Youngstown Sheet & Tube Co.

The project to which I refer is the so-called Beaver-Mahoning stub-end canal, which we are told in the engineer's report would cost the Government \$38,500,000 for the purpose of converting two insignificant rivers, having a controlling depth of only 1 foot of water, into a canal 12 feet deep.

The pretended purpose of the proposed canal is to bring water transportation artificially to Youngstown, Ohio, which is located about 40 miles away from navigable water, and has grown to its present size and industrial importance purely as an inland city.

When the steel industry started at Youngstown, it had a very favorable labor market. The freight rate on coal was not a consideration. It had a much more favorable labor market than its competitor in Pittsburgh had at that time. I ask Senators to bear that in mind.

Now, for the benefit of the two great steel companies which I have named, and whose plants are located at Youngstown, this bill proposes to convert Youngstown into a port for water-borne commerce at the expense of the American people.

Since these steel companies, when they originally located their plants, did not have the foresight to go anywhere near the water, they are now asking to have the water brought to them by the American taxpayers.

However, the proposal is even more extraordinary when we lift the curtain and look for what is really behind this project.

It turns out that the two steel companies of Youngstown do not really want the canal for the purpose of using it. They do not really want it as an avenue of navigation, a highway of commerce. They want the Government to build it, and spend \$38,500,000 in doing so, but after it is built they are not primarily interested in floating cargoes upon it.

What they really want the canal for is to beat down the railroad freight rates on coal hauled to Youngstown by rail and

thereby gain for Republic and Youngstown Sheet & Tube a competitive advantage over other steel-producing localities, which the Interstate Commerce Commission has hitherto refused to give them on the ground that it would be discriminatory.

It is to get around this action of the Commission that the steel companies have devised this canal project. They want to use one department of the Government against another, and to have Congress, by appropriating \$38,500,000 of public money, defeat the policy of the body which Congress has set up to regulate rate relationships between localities, namely, the Interstate Commerce Commission.

All this comes out with perfect frankness and clearness from the testimony of the leading proponents of the Beaver-Mahoning Canal project before the subcommittee which conducted hearings on this bill.

I suggest that any Senator who is interested should read the testimony of Mr. Lloyd, secretary of the Mahoning Valley Chamber of Commerce, who admitted that he was speaking primarily for the two steel companies of Youngstown, and whose testimony is found at pages 113 to 125 of the printed hearings.

It is entirely plain from the testimony of Mr. Lloyd and other witnesses that this Beaver-Mahoning Canal project is not intended to make any contribution to the development of our great system of inland waterways, but is merely an attempt to get better railroad rates on coal for the Youngstown steel companies, in view of the refusal of the Interstate Commerce Commission to grant them such rates.

Mr. Lloyd's testimony and that of practically all the other witnesses for the proponents of the project is devoted to the question of freight rates.

He refers to the fact that the Youngstown steel companies, which are farther away from their coal supply than the producers in and around Pittsburgh, naturally have to pay more for hauling their coal than do the producers who are nearer to the source of supply.

Incidentally, however, he says nothing about the fact that the Youngstown steel companies are nearer to the supply of ore, which comes in from the lake ports, and that consequently, with respect to ore rates, the Youngstown companies enjoy an advantage over their Pittsburgh competitors.

Also, the Youngstown companies have a very important advantage in lower rates on their finished products to the great steel-consuming center in the Detroit area.

At present these advantages and disadvantages of the two localities approximately counterbalance each other and leave the Youngstown producers and the Pittsburgh producers in a fair competitive position.

However, the two great Youngstown steel companies are not satisfied with this fair competitive situation.

They of course wish to go on enjoying their lower rates on ore and on their finished products to the Detroit market, but at the same time they want lower

rates on coal, in spite of their greater distance from the mines.

This whole Beaver-Mahoning Canal project is nothing but an effort on the part of those companies to get lower coal rates.

The whole question is a coal-rate question which properly belongs in the jurisdiction of the Interstate Commerce Commission. It is not a waterway question at all.

The manner in which the waterway question was interjected into the controversy is shown by the report of the Interstate Commerce Commission on this canal project, which was made by the Commission on October 3, 1939, in response to certain inquiries from the President of the United States, and which is printed in volume 235 of the Commission's reports, at page 753.

In that report the Commission very clearly points out that the reduction in rates, which the Youngstown steel companies are demanding, would have a discriminatory effect on other localities, and that Congress, in section 3 of the Interstate Commerce Act, has prohibited such discriminations.

Reduction in the rates to Youngstown would, according to the Commission, result in far-reaching disturbances in the competitive relationships of industrial communities throughout the whole steel-producing area, and would not be economically justified merely by the private benefit that would result to the two Youngstown companies.

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

Mr. GUFFEY. I yield.

Mr. BURTON. I merely wish to ask the Senator whether it is not true that that decision by the Interstate Commerce Commission related not to the short canal, but to a question raised by the through canal which would involve a different rate question, of course, than the short canal would raise.

Mr. GUFFEY. Mr. President, I shall put the whole report into the RECORD, so that everyone may understand to what the Interstate Commerce Commission referred. I am not in agreement with what the Senator from Ohio has said.

The Commission then went on to say that under the law the only authority that it would have for authorizing such a reduction in rates would be for the purpose of meeting water competition.

In other words, under the act, if there was water transportation to Youngstown, there would then be a legal ground on which the Commission might, in the absence of economic justification, give the Youngstown steel companies the lower rates which they want. This is the reason why the Youngstown companies are now asking Congress to construct this Beaver-Mahoning canal. It is solely for the purpose of enabling them to go back to the Commission and get their coal rates reduced on the ground of water competition.

This was frankly admitted by Mr. Lloyd in his testimony before the subcommittee, to which I have already referred. He said, in effect, that every avenue for the two Youngstown steel companies to obtain lower coal rates from

the Commission is closed, except through the construction of this Beaver-Mahoning canal.

He referred to the fact that last year the Youngstown Sheet & Tube Co. paid \$24,000,000 in taxes to the Federal Government, and he seemed to assume that this fact should give that company the right to ask the Government to spend \$38,500,000 on a canal for the purpose of reducing the company's coal rates.

Since this is the admitted purpose, and the only purpose alleged, for the Beaver-Mahoning canal project which is contained in the bill now under consideration, it seems clear that the conclusion expressed before the subcommittee by Mr. Percy Tetlow, speaking for the mine workers, is thoroughly sound and justified.

Mr. Tetlow used the following language with respect to this project, as found at page 186 of the hearings:

The great beneficiary would be the Youngstown Sheet & Tube \* \* \* as an investment of money, either post-war or now, or at any time, to my mind it is uneconomical, unsound, and will not be beneficial to all of the people in the communities reached by this canal.

I should also like to bring to the attention of the Senate the following statement by the city solicitor of Pittsburgh, Miss Anne Alpern, who said at page 178 of the hearings:

The problem involved is the question of whether or not you can ask taxpayers to supply funds from all over the country to be utilized not for the general public benefits but for the private gain of a few industries. If the plan is for the financial betterment of the few, then it is for the disadvantageous position of many others.

Miss Alpern elsewhere in her testimony made the following point, which I submit is thoroughly sound and practical:

A bill of this character should not be utilized as a means of superseding the action of the Interstate Commerce Commission, which is established as a rate-making body. There are too many other problems involved in a rate case. The question of the character, the fixed charges to the point of origin and the point of destination, all the complicated, inherent characteristics of a rate case, and this method of appealing it is unsound and untenable (hearings, p. 177).

Therefore, I say that this Beaver-Mahoning canal project ought to be eliminated from this bill by the Senate.

It has no place in this bill.

It is not a real waterway project at all.

It is nothing but a way of defeating the policy of the Interstate Commerce Commission.

It is nothing but a proposal to spend \$38,500,000 for the purpose of reducing the coal rates of the Youngstown Sheet & Tube Co. and the Republic Steel Corporation.

It is an attempt to get Congress to buy that reduction for those two corporations with \$38,500,000 of the public money.

Since that is all that the project comes down to, it is entirely unnecessary to go into complicated matters of figures about the depth and width of the canal, the source of its water supply, the construction of reservoirs, and the prospective traffic volume, largely imaginary, which



have been brought into the discussion for the purpose of confusing the issue.

All of those complicated questions are not relevant, in view of the fundamental nature and purpose of the project.

It is highly significant that the project was opposed before the committee by practically every district, community, and municipality in the whole area along the Beaver, the Upper Ohio, the Monongahela, and the Allegheny Rivers, as well as by the spokesmen for coal-mining labor and railroad labor.

It is also opposed by the owners of practically all the inland coal mines in Pennsylvania, West Virginia, and Ohio, as well as by the public generally.

Possibly the advocates of the canal will attempt to make something of the fact that they have succeeded in obtaining a recommendation from the Army engineers in its favor. That recommendation, as shown by the testimony before the subcommittee, was based entirely on supposed economic considerations, and represents a complete misunderstanding of the economic factors involved.

The engineers would seem to be getting out of their province when they undertake to decide economic questions and to attempt to readjust the competitive position of different industrial areas.

The whole economic argument advanced by the engineers in supposed justification of the Beaver-Mahoning project rests upon the assumption that the present freight rates are too high and should be reduced, although the Interstate Commerce Commissions, the body charged by Congress with determining the reasonableness of rates, has held expressly to the contrary.

The whole argument of the engineers that the construction of the canal would result in a saving assumes that the two Youngstown steel corporations which would be the sole beneficiaries of the saving, are having to pay too much for the transportation of their coal.

Certainly it would not seem that the Army engineers are the proper agency of the Government to determine that question. It is a question for the Interstate Commerce Commission, not for the engineers; and as between the two, Congress should accept the view of the Commission.

There are many questions of detail with respect to which the adoption of this project would open up difficulties which have not been adequately faced, and which would entail embarrassing, expensive, and inconvenient consequences for the people of the communities through which the canal would pass.

Thus, the municipalities along the proposed route discharge their sewage into the rivers which are proposed to be displaced by the canal, and they would find themselves faced with the necessity of spending millions of dollars for the construction of new sewage facilities or else the canal would become an open sewer, highly dangerous to the public health. This matter was developed to some extent, but not as fully as it should have been before the subcommittee, but I shall not take time to elaborate on it here. I simply mention it as an illustration of the hasty and ill-considered way in which

the project has been put forward without giving full attention to many of the important public interests involved.

I will close with just a word as to the ineffectiveness and inappropriateness of this Beaver-Mahoning project as a means of giving employment to labor after the war. If that is the object of the projects which we are now authorizing—and it should of course be very directly the object—then a canal-building project such as this is an ill-advised and ineffective way of accomplishing the intended result. It is well known that relatively a smaller amount of labor is necessary for a project of this kind than in almost any other type of public work. A waterway of this kind would necessarily have to be constructed largely by dredges and other machines which require only a relatively small amount of human labor in their operation, and at the same time the project, if actually operated and not left to stagnate, would have the effect of taking away the work not merely of hundreds of railroad employees, but also of the miners who work in the off-river coal mines which would otherwise supply the Youngstown steel plants with a substantial part of their coal. This is shown by the opposition registered against the project by the representatives of the miners, the Brotherhood of Locomotive Engineers and the Brotherhood of Railroad Trainmen.

All these groups of labor would stand to lose by this project, while the only beneficiaries would be the Youngstown Sheet & Tube Co. and the Republic Steel Corporation. Certainly we ought not to authorize for any such purpose a project which would cost \$38,500,000 of the taxpayers' money.

Mr. MEAD and Mr. TAFT addressed the Chair.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment at the top of page 22.

Mr. GUFFEY. Mr. President, do I not have the floor? I wish to ask the Senator in charge of the bill whether he wishes to complete consideration of the bill today or let it go over until tomorrow.

Mr. OVERTON. I understand that a yea-and-nay vote has been requested. If we were to take a vote a quorum would first have to be developed.

Mr. HILL. Mr. President, I understand that the distinguished Senator from Ohio [Mr. TAFT] wishes to speak for about 10 minutes.

Mr. OVERTON. I understand that there will be no further speeches on this amendment after the Senator from Ohio shall have concluded.

Mr. GUFFEY. Will the Senator from Louisiana endeavor to get a vote tonight?

Mr. OVERTON. Not under the circumstances which I have stated.

Mr. HILL. I do not know how long it will take the Senator from Pennsylvania [Mr. GUFFEY] to conclude his address.

Mr. GUFFEY. I can take an hour or stop right now.

Mr. HILL. I believe that if the Senator from Pennsylvania were not to talk too long, and if the Senator from Ohio were to speak briefly, we could conclude the

debate tonight and tomorrow we could finish consideration of the bill.

Mr. OVERTON. I believe that could be done.

Mr. GUFFEY. I may offer some matter for the RECORD tomorrow. I now yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment at the top of page 22.

Mr. TAFT. Mr. President, I shall speak very briefly upon the subject before the Senate. I shall speak in behalf of the amendment offered by my colleague in the Committee on Commerce, and adopted by the committee.

I listened with considerable interest to the speech of the Senator from Wyoming [Mr. ROBERTSON.] If the arguments which he presented are valid there should have been no rivers included in the bill, because the arguments made were substantially that our railroad transportation is wholly adequate today and that we need no canals of any kind. It is necessary to deal with the argument because many times Congress has asserted an opposite view to that expressed by the Senator from Wyoming, and has proceeded to build waterways wherever they might be built and return economic advantage to the United States. The justification of the project under discussion is that by the proposed expenditure there would be constructed a canal which, according to the Army engineers, would bear a heavy traffic, and by the reduction in the cost of transportation thereby would return an economic advantage to the United States.

It has been said that this would be a dead-end canal, but if we have a river system surely the traffic need not be confined to a single river. It is sound policy to extend the traffic on the branches of a river where there would be reached by that means some center of industry or other activity which would return traffic justifying the necessary expenditure. The Army engineers have found in this case that this additional expenditure is justified by the tremendous traffic which will be produced between the Youngstown steel center and the Ohio River.

If we adopt the proposal of the Senator from Wyoming that a certificate of public necessity should be required for every river improvement, and that if there is rail transportation there can be no river improvement, it will prevent the development of all additional and new means of transportation in the United States. The same theory would have prevented us from building public roads upon which trucks might run in competition with the railroads. The same theory would prevent the development of air freight, and yet I feel that is going to be one of the great developments of the future.

The truth is that these different forms of transportation are useful for different purposes, and the peculiar advantage of river transportation is in the carrying of heavy material, gravel, coal, steel, and in this case the particular project offers a cheap mode for the transportation particularly of coal and steel between the Ohio River and Youngstown.

It is true that the Interstate Commerce Commission has refused a reduction of rail rates, presumably because rail transportation is more expensive, presumably because the rates cannot be reduced, since it would not be economical to carry this heavy material by rail at the lower rates which are requested, and at the lower cost at which they can be carried by water transportation. I feel, therefore, that the justification for this project is the economic justification of extending our river system wherever the traffic to be reached is sufficient to justify the expense involved.

It is strange that the opposition to this canal comes from the Senators from Pennsylvania. The Pennsylvania interests were well pleased with the canal when it was projected to run all the way through from the Ohio River to Lake Erie, because they figured that the expenditure would give them some slight advantage in the reduction of the price of their ore. They are opposed to this project, not because of any particular economic opposition to the canal, but because they think it would enable Youngstown steel companies to compete more successfully with the Pittsburgh steel companies. That probably is true, but it would not be an exclusive advantage to the steel companies in Youngstown. It would affect every one of 150,000 people who live in Youngstown. It would affect the labor unions of Youngstown, and every labor union there has endorsed it, and every interest in Youngstown has endorsed it.

The opposition to the proposal is not based merely on a desire that we not spend the money, but it is based on the fact that because this kind of extension can be made, and can be made with economic justification, it is going to give some advantage competitively to those who are reached by the extension as against others who already have the particular advantages of water transportation. I submit that is not a proper ground for opposition to a project which can in and of itself prove economic justification.

Mr. President, I wish to submit to the Senate that if we are to proceed with a billion-dollar public works program dealing with the rivers of this country, certainly we cannot exclude from the program a project which has more economic justification, which is better designed to carry the peculiar type of traffic for which water transportation is designed, than any other project in the bill.

Mr. President, I submit that the amendment of my colleague should be agreed to.

Mr. HILL. Mr. President, I understand that the Senators who desired to speak on the pending amendment have now all been heard. So far as I can ascertain, that is the situation. We desire to make as much progress as possible on the bill, and to dispose of the pending amendment the first thing tomorrow morning, if possible, and as we are about to go into executive session and then take a recess, I ask unanimous consent that the Senate vote on the pending amendment and all amendments thereto at not later than 12:30 o'clock p. m. tomorrow.

Mr. WHITE. Mr. President, could there not be an arrangement as to a division of the time between those who are proponents of the amendment and those who are opposed? I hardly think it would be fair to enter into such an agreement and then have one Senator secure recognition at 12 o'clock tomorrow and speak for half an hour.

Mr. OVERTON. There is no one else to speak on the amendment.

Mr. HILL. I do not know of any other Senator who wishes to speak on the amendment.

Mr. GUFFEY. The Senator from Kansas may desire to speak.

Mr. HILL. I understand the Senator from Kansas is willing to delay his remarks until after the amendment has been voted upon.

Mr. REED. What the Senator from Kansas will say will have general application to the bill. As a matter of fact, the Senator from Kansas expects to vote against the pending amendment.

Mr. WHITE. Mr. President, I have no personal desire to discuss the amendment, but it has been suggested to me by at least one Senator who is vitally interested that 12:30 is a little too early. A quorum call will consume a substantial part of that time, and I suggest as a compromise that the hour be set at not later than 1 o'clock. I think there will be no objection to that.

Mr. HILL. Mr. President, I modify my request, then, and ask that the Senate vote on the amendment and all amendments thereto at not later than 1 o'clock tomorrow afternoon.

Mr. CLARK of Missouri. Reserving the right to object, Mr. President, to the unanimous consent request, I want it understood that the Senator from Kansas is not going to deliver his speech against the Army engineers in this hour without my requiring at least a half hour to reply to it.

Mr. HILL. I understood the Senator from Kansas to state just a few minutes ago—and if I am in error, the Senator from Kansas will correct me—that he will delay his remarks until after the disposition of the pending amendment and all amendments thereto.

Mr. REED. The Senator is correct.

Mr. CLARK of Missouri. Then that is all right.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama that the Senate vote on the pending amendment and all amendments thereto at not later than 1 o'clock p. m. tomorrow? The Chair hears none, and the order is entered.

#### ADDITIONAL REPORT OF A COMMITTEE

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (H. R. 5062) to authorize certain transactions by disbursing officers of the United States, and for other purposes, reported it without amendment and submitted a report (No. 1311) thereon.

#### TRIBUTE TO JUDGE KENESAW MOUNTAIN LANDIS

Mr. MEAD. Mr. President, I wish to pause in the course of Senate business to pay tribute to the passing of a great American, Judge Kenesaw Mountain

Landis. Before he became associated with baseball, Judge Landis had lived a full and eventful life which was climaxed by an honorable career on the Federal bench. Always a colorful character, he attracted the attention of the Nation by his individuality and fearlessness in carrying out his judicial duties as a member of the Federal court.

When the great American pastime of baseball was threatened by the Black Sox scandal connected with the world series of 1919 between the Cincinnati Reds and the Chicago White Sox, baseball turned to Judge Landis and conferred upon him extraordinary powers to rule the game. Under the terms of the agreement made in January 1921 for 25 years, Commissioner Landis was authorized to rule the destiny of baseball with an iron hand. There were some who had considerable misgivings about reposing such great power over this American sport in one man for fear that the power would be abused; yet during each successive term of Judge Landis as commissioner, his honesty, integrity, and fair dealing with baseball players and club owners alike recommended the judge for succession in himself as commissioner.

That confidence in professional baseball was shaken before Judge Landis took office cannot be denied. Today it is on the highest level it has reached since its founding by Abner Doubleday. There are some who say that the "Sultan of Swat," Babe Ruth, saved the game, while others credit Judge Landis. There is plenty of room for glory for both of them. The incomparable Babe pleased the crowds in the stands and made the turnstiles click. Judge Landis maintained the integrity of the game and kept the machinery of baseball functioning smoothly.

In the global struggle in which we are now engaged we in America have created the mightiest Army in history. American competitive sports have played a great part in conditioning our youth and in filling them with the spirit to win.

Baseball has made its contribution to the war effort. It provides wholesome recreation in those theaters where the boys have a few leisure hours. In my trip around the world I attended baseball games in the "land of the midnight sun," as well as in the islands of the South Pacific. In all theaters we found the boys hungry for sports. They look for the baseball scores eagerly each day just as they did here at home.

Organized baseball has neither asked nor received preferential treatment for baseball players. Those who have answered their country's call are serving in all branches of the armed forces. While the ability of the players in organized baseball today may not be up to the pre-war standard because of the loss of many of the stars to the armed forces, nevertheless, the great American pastime is carrying on and is furnishing amusement and recreation for our war workers here at home.

We all look forward to renewed activities and expansion in this great American sport when the terrible conflict in which we are now engaged is brought to an end.



We can be grateful to Judge Landis for his distinguished career and for the fine example which he has set for the one who may be selected to carry on. He will long be remembered for his contribution to our way of life.

For his contribution to baseball Judge Landis has earned a place in baseball's Hall of Fame with the honor men of the history of the development of the game, including John McGraw, Connie Mack, Ban Johnson, and Albert Spalding, and with the other immortals of the diamond, Ty Cobb, Babe Ruth, Honus Wagner, Walter Johnson, Christy Mathewson, and their teammates enshrined at Cooperstown, N. Y.

Mr. President, I ask unanimous consent to have printed in the *RECORD* at this point as a part of my remarks several editorials relative to the passing of Judge Landis.

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

[From the Niagara Falls Gazette of November 28, 1944]

#### KENESAW MOUNTAIN LANDIS

One of the most picturesque, and certainly one of the most courageous, figures on the American scene died Saturday at the age of 78—Judge Kenesaw Mountain Landis, the commissioner of the country's national sport for 24 years.

He was a member of the celebrated Landis family which moved to Logansport at the close of the Civil War. There young Kenesaw spent his boyhood and early manhood. He delivered newspapers on the family horse, worked in a grocery, and started his career as a reporter on the old Logansport Journal. It was from that beginning that he stepped into court reporting and climbed the ladder to legal success.

As a Federal district judge at Chicago he won fame for his inflexible attitudes and with organized baseball needing so badly a ruler, he was the natural choice of the country. He took the baseball post on the same understanding that he presided on the bench—his word was law. Organized baseball accepted his terms. It proved wise, for under his 24-year commissionership the sport rose to its peak of popularity and acceptance.

He was literally a symbol of pioneer Americanism—thoroughly honest, sturdy, direct, and intensely active. The whole country will join in mourning the loss of one of its greatest sons.

[From the Atlanta Constitution of November 27, 1944]

#### KENESAW M. LANDIS AND HIS MOUNTAIN

Judge Kenesaw M. Landis died Saturday after several years of declining health.

Called to baseball to become its literal czar, he took over when the very foundations of the game were shaken by the notorious "Black Sox" scandal of 1919. In this series, played between the Cincinnati Reds of the National League and the Chicago White Sox of the American, the Reds won five games to three. The White Sox, great favorites to win, later were revealed to have had in their lineup men who had sold out to gamblers. In the next 2 years other players were discovered to be tainted with gambling associations.

Judge Landis, who had been a famous Federal judge, was called in and given totalitarian powers. He cleaned up the game, the fans having confidence in him. Babe Ruth came along and began hitting home runs and the fans forgot the "Black Sox" and baseball entered into its most prosperous era.

Georgia and Judge Landis had a special tie. The judge's father had been a soldier with Sherman's army and learned of the birth of his son shortly after the battle of Kenesaw Mountain, near Marietta. He named his son for the mountain. Judge Landis, on his visits south, always insisted on going out to see my mountain.

He rendered a real service to baseball and in his passing we have lost a national character and a man of positive force and integrity.

[From the Patriot, Harrisburg, Pa., of November 27, 1944]

#### HE SAVED BASEBALL

Judge Kenesaw Mountain Landis' death takes professional baseball's savior as well as czar and likewise ends the career of a notable judge. It was the vigorous, hardfisted record of Judge Landis on the bench that commended him for an analogous role with a commercialized sport.

In neither capacity did Judge Landis brook opposition. In both instances he was czar. Many an offender of the statute laws came to realize that just as did the players, managers and others under the blanket of big league baseball.

Many persons still find it impossible to understand why Judge Landis left the bench for the dais of sport. There was a substantial difference in income, to be sure. Baseball magnates, seeing their business crumble around them because of the taint and suspicion of gamblers, arranged the compensation to fit the title of czar.

But if to some persons Judge Landis' abandonment of law for sport seemed odd or eccentric such action may seem less so in view of the great hold which baseball has upon the American people, old and young, and how vital it is that even a commercialized sport which can command such loyalty and enthusiasm from its supporters should be a clean, decent game worthy of the devotion and idolatry it is given by its followers.

Judge Landis lived long enough to see professional baseball pretty well scoured clean of its old gambling stains and, little better, the Simon Legree handling of some of its players.

[From the Philadelphia Record of November 27, 1944]

#### SYMBOL OF INTEGRITY

Judge Kenesaw Mountain Landis was almost as well known to the last two generations of Americans as any President of the United States who served during his time.

And yet only a handful of people knew the judge intimately.

No back-slapper, no personality-plus fellow, he stood as a symbol more than as a flesh-and-blood human being. He was the symbol of integrity—first, on the Federal bench and second as high commissioner of baseball. Figuratively, he lived in an ivory tower, this czar who made honesty in our great national game a sportsman's religion.

So thoroughly did he clean up the notorious Black Sox scandal of 1919 that when crookedness occurred in some other activity, we'd say: "What it needs is a Judge Landis."

He was paid \$50,000 a year by the club owners to keep baseball on the level and to adjust, without appeal from his rulings every dispute that might arise. He was always fair to the players. He never hesitated to talk back in sharp language to the men who paid his salary when he felt they were wrong.

Baseball will have a tough job finding another Judge Landis.

[From the Washington Star of November 26, 1944]

#### JUDGE LANDIS

The death of Kenesaw Mountain Landis takes away a figure who had become as much a part of baseball as third base. For nearly

a quarter of a century "the Judge" ruled the national pastime, and, while an occasional edict stirred the fires of rebellion among club owners, discretion always managed to triumph, and the invariable end was a new contract for the high commissioner, whose \$65,000 salary almost equaled that of the President of the United States.

Judge Landis came to baseball when the multimillion-dollar industry faced an uncertain future because of the scandal which ultimately brought about the banishment of eight members of the Chicago White Sox for throwing games in the 1919 World Series. Before that time there had been some agitation for appointment of an overlord as a result of dissatisfaction with the administration of baseball's affairs by the old National Commission, but opposition proved too strong. The 1920 disclosures, however, threatening to give the game a permanent black eye, moved the club owners to act, and Judge Landis was brought into the picture.

To baseball Judge Landis carried the prestige of a reputation built up in the 15 years he had served in Federal District Court in Chicago. The general public knew him best because of a \$29,000,000 fine he had levied against Standard Oil of Indiana in a freight-rebate case, which later was nullified by a Supreme Court decision. Others more conversant with the routine of the courts knew him as a hard-working judge who was not bothered by precedent in his efforts to administer justice.

Throughout his long service as baseball's supreme ruler, Judge Landis continued to administer justice as he saw it, without regard for the eminence of the parties concerned. He let "Alabama" Pitts, former convict, have his chance in organized baseball—but there was no mercy for offenders against the probity of the game itself. Baseball will miss "the Judge."

[From the Duluth (Minn.) News-Tribune of November 27, 1944]

#### THEATRICAL BUT COURAGEOUS

Kenesaw Mountain Landis, who died in Chicago Saturday, is known to the present generation only as the "czar of baseball," and "czar" he was, for he ruled the national game with an iron hand. But history will record him as distinctly something else, despite the fact the most of his life's best known years were connected with sport.

The high point in Judge Landis' career came in 1907, when he levied a fine of \$29,240,000 on the Standard Oil Co., convicted of accepting rebates from railroads. The size of the fine, no doubt the greatest ever imposed anywhere at any time, attracted Nation-wide attention; the sudden emergence of a comparatively obscure United States judge, into the public limelight, brought him into focus at once and the unconventionality of his given names, "Kenesaw Mountain," nailed the attention of the public and forbade his being quickly forgotten.

Not only these things marked his career, but always it takes courage, even reckless daring, to take a stand or action against a corporation or combination that holds such high position and prominence in the financial world. Standard Oil was a name and a company to be considered in that period with care and tact. True it had been under attack for some time, and just about then another court's decision, confirmed by the United States Supreme Court, had caused it to split up into several sections; but that was only for legality, for its combined strength never changed.

It was the fact that Judge Landis was slapping the greatest fine in history on the greatest financial giant in history that attracted attention and admiration—some grudging, but nevertheless, admiration. From then on he was never lost to public sight, and when the baseball scandal of the early '20s broke out and the game came

close to the death rattle, Judge Landis was called in as the "physician" to restore it. He resigned from the bench in 1920 to take the \$60,000 a year job as dictator of the game, and proved worth it, for he not only saved the national sport, but cleansed it of crookedness, restored its standing in the confidence of the public, and has kept it there ever since. He has been a benevolent dictator, and an able one. With all his theatricalness, he has proved to American sport worth all that was paid him and all that was said of him. His successor, if one is named, has been set a record to equal that will be something worth emulating.

#### MARRIAGE AND DIVORCE AMONG KLAMATH AND MODOC TRIBES AND OTHER INDIANS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 267) relating to marriage and divorce among members of the Klamath and Modoc Tribes and Yahooskin Band of Snake Indians, which was, on page 1, line 10, after the word "marriages", to insert "with members of said tribes mentioned in section 1."

Mr. CORDON. Mr. President, with the consent of the chairman of the Committee on Indian Affairs, the Senator from Wyoming [Mr. O'MAHONEY], I move that the Senate concur in the amendment of the House.

The motion was agreed to.

#### RELIEF OF ARMY DISBURSING OFFICERS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 218) to authorize the relief of disbursing officers of the Army on account of loss or deficiency of Government funds, vouchers, records, or papers in their charge, which was, on page 2, line 3, to strike out all after the word "Office," down to and including "War;" in line 6.

Mr. JOHNSON of Colorado. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. WHITE. Mr. President, during the afternoon I have endeavored to contact minority members of the committee from which this bill came. I have found no objection on the part of any of those Senators to the motion of the Senator from Colorado.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado.

The motion was agreed to.

#### FARM LABOR PROGRAM

Mr. O'MAHONEY. Mr. President, the deficiency bill is now under consideration in the House of Representatives. Heretofore at the close of the calendar year, for several years, the Congress has made an appropriation for the recruiting of farm labor.

The appropriation has been made on a calendar-year basis. This year the Bureau of the Budget has requested that it be made on a fiscal-year basis. It seems to me that such a policy would have a rather disadvantageous effect upon the recruitment of labor for the growers of sugar beets. I have written a letter to the Director of the Budget urging that an estimate be submitted

immediately for the calendar year 1945 so that farmers who raise beets may have the earliest possible assurance that every effort will be made to secure a labor force.

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

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

DECEMBER 5, 1944.

HON. HAROLD D. SMITH, Director,  
Bureau of the Budget,  
State Department Building,  
Washington, D. C.

DEAR MR. SMITH: May I not invite your attention to the imperative necessity of an immediate appropriation for farm labor for the year 1945. The War Food Administration is emphasizing the need for large plantings of sugar beets in 1945 in order that, if possible, the production of beet sugar be increased. At this moment conferences are in progress here in Washington with representatives of the growers for the purpose of canvassing ways and means of expanding the planting of beets in 1945.

A great obstacle to the expansion program lies in the fact that it is difficult to secure labor for harvesting the beet crop and the War Food Administration has been obliged to contract for the importation of workers from Mexico and elsewhere. At least 60,000 workers should be brought into the United States next year, but with the funds it is proposed to make available through the pending deficiency appropriation bill the War Food Administration cannot make contracts for more than 15,000.

Obviously this will be a serious obstacle to any expansion program. Sugar-beet farmers must have some assurance now that labor will be available during the harvest; otherwise they cannot take the risk of planting sugar beets, the harvesting of which requires so much labor. The result will be the production of less domestic sugar than the War Food Administration deems necessary.

The estimate of November 27, 1944 (H. Doc. No. 783) provides for the postponement of a specific estimate for a complete farm-labor program until later in 1945. I cannot avoid the conclusion that this would be a serious mistake. The appropriations for farm labor have heretofore been made on a calendar year basis. To delay the full appropriation until the regular appropriation bill for the fiscal year 1946 would mean that sugar-beet farmers would lack the assurance that is necessary that a program for the importation of a sufficient labor force would be undertaken. May I not, therefore, urgently request the submission of a complete estimate now for the calendar year 1945.

Very sincerely yours,

JOSEPH C. O'MAHONEY.

#### EXECUTIVE SESSION

Mr. HILL. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. WHERRY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committee.

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

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations, conventions, and protocols were submitted:

By Mr. REYNOLDS, from the Committee on Military Affairs:

Sundry officers for promotion in the Regular Army, under the provisions of law; sundry officers for appointment, by transfer, in the Regular Army; and sundry officers for temporary appointment in the Army of the United States, under the provisions of law.

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

Sundry postmasters.

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

Sundry officers for promotion in the Diplomatic and Foreign Service;

Executive J, Seventy-eighth Congress, second session, a protocol dated in London, August 31, 1944, which has been signed on behalf of 16 governments, including the United States of America and the Commonwealth of the Philippines, to prolong after August 31, 1944, the international agreement regarding the regulation of production and marketing of sugar signed in London May 6, 1937, as enforced and prolonged by a protocol dated in London July 22, 1942; without amendment (Executive Rept. No. 5).

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

Executive G, Seventy-eighth Congress, second session, a convention between the United States of America and Canada for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties, signed in Ottawa on June 8, 1944; without amendment (Executive Rept. No. 3); and

Executive I, Seventy-eighth Congress, second session, a convention and protocol between the United States of America and France, signed at Paris on July 25, 1939, for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance in the case of income and other taxes; without amendment (Executive Rept. No. 4).

#### THE STATE DEPARTMENT

Mr. CONNALLY. Mr. President, from the Committee on Foreign Relations I report favorably the following nominations:

Joseph C. Grew, of New Hampshire, to be Under Secretary of State;

Nelson A. Rockefeller, of New York, to be an Assistant Secretary of State;

W. L. Clayton, of Texas, to be an Assistant Secretary of State; and

Archibald MacLeish, of Virginia, to be an Assistant Secretary of State.

The PRESIDING OFFICER. The nominations will be received and placed upon the Executive Calendar.

Mr. CLARK of Missouri. Mr. President, lest my acquiescence in the report of the nomination of Mr. Archibald MacLeish, the famous poet, supposed Librarian of Congress, which he has never been, may be considered to amount to my approval of that nomination, I desire to give notice at this time that it is my intention, when Mr. MacLeish's nomination is called on the calendar, which will probably be tomorrow, to move that his nomination be recommitted to the Committee on Foreign Relations with instructions to hold hearings as to his qualifications.

Mr. WHEELER. Did the Senator from Missouri have reference to the poet?



Mr. CLARK of Missouri. Well, he claims he is a poet. I never have been informed from sources which are reliable that he is.

Mr. WHEELER. I understood a poet was wanted in the State Department.

Mr. CLARK of Missouri. Did the Senator from Montana ever see any poems of his that were printed in the anthologies?

Mr. WHEELER. I never saw any of which I could make sense.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

#### THE ARMY—NOMINATIONS PASSED OVER

The legislative clerk proceeded to read sundry nominations in the Army, which nominations had been previously passed over.

Mr. HILL. Mr. President, in view of the fact that the Committee on Military Affairs today reported a number of nominations in the Army, which will be on the Executive Calendar for action tomorrow, I ask that the nominations in the Army now on the calendar be passed over, so that all the nominations in the Army may be considered together tomorrow.

The PRESIDING OFFICER. Without objection, the nominations in the Army will be passed over.

#### POSTMASTER—NOMINATION REPORTED ADVERSELY

The legislative clerk read the nomination of Rachel Elgiva McCracken to be postmaster at Galt, Mo., which had been reported adversely.

Mr. WHITE. I ask that the nomination be passed over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

#### THE JUDICIARY

The legislative clerk read the nomination of Aloysius J. Connor to be United States district judge, district of New Hampshire.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. HILL. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

#### THE NAVY

The legislative clerk read the nomination of Capt. Frederick W. McMahon to be commodore in the Navy, for temporary service, to continue while serving as chief of staff and aide to commander, Air Force, United States Pacific Fleet.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Capt. Howard B. Mcleary, United States Navy, retired, to be commodore in the Navy, on the retired list, for temporary service, to continue while serving as commanding officer, United States naval advance base, Espiritu Santo.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. HILL. I ask that the President be immediately notified of all nominations this day confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

#### RECESS

Mr. HILL. As in legislative session, I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, December 6, 1944, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate December 5 (legislative day November 5), 1944:

##### IN THE NAVY

Rear Admiral Donald Royce, United States Navy, to be a rear admiral in the Navy, for temporary service, to continue while serving as commanding officer, Naval Air Material Center, to rank from the 12th day of July 1942.

Rear Admiral Frederick W. Pennoyer, Jr., United States Navy, to be a rear admiral in the Navy, for temporary service, to continue while serving as fleet aircraft maintenance officer, on the staff of commander, Air Force, Pacific Fleet, to rank from the 21st day of July 1942.

Rear Admiral Arthur C. Miles, United States Navy, to be a rear admiral in the Navy, for temporary service, to continue while serving as Bureau of Aeronautics general representative, central district, to rank from the 2d day of December 1942.

Commodore Cyril T. Simard, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, Naval Air Bases, Thirteenth Naval District, to rank from the 20th day of October 1944.

Commodore Walter F. Boone, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, Naval Air Bases, Twelfth Naval District, to rank from the 20th day of October 1944.

Commodore William M. Angas (CEC), United States Navy, to be a civil engineer with the rank of commodore in the Navy, for temporary service, to continue while serving as officer in charge of a naval construction brigade, to rank from the 20th day of October 1944.

Commodore Andrew G. Bisset (CEC), United States Navy, to be a civil engineer with the rank of commodore in the Navy, for temporary service, to continue while serving as officer in charge of a naval construction brigade, to rank from the 20th day of October 1944.

Commodore John R. Perry (CEC), United States Navy, to be a civil engineer with the rank of commodore in the Navy, for temporary service, to continue while serving as officer in charge of a naval construction brigade, to rank from the 20th day of October 1944.

Commodore Harold M. Martin, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as chief of staff and aide to commander, Air Force, Atlantic Fleet, to rank from the 20th day of October 1944.

Capt. Leroy W. Busbey, Jr., United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, American naval forces, Aruba, Netherlands West Indies, and commander,

combined local defense forces, Aruba, Netherlands West Indies.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate December 5 (legislative day of November 21), 1944:

##### THE JUDICIARY

##### UNITED STATES DISTRICT JUDGE

Aloysius J. Connor to be United States district judge for the district of New Hampshire.

##### IN THE NAVY

##### TEMPORARY SERVICE

Frederick W. McMahon to be commodore in the Navy, for temporary service, to continue while serving as chief of staff and aide to commander, Air Force, United States Pacific Fleet.

Howard B. Mcleary, United States Navy, to be commodore in the Navy, on the retired list, for temporary service, to continue while serving as commanding officer, United States naval advance base, Espiritu Santo.

##### POSTMASTERS

##### KANSAS

Mattie V. Bohling, Fowler.  
Albert J. Anderson, Green.  
Clayton B. Barton, Ingalls.  
Louis W. Crady, Lecompton.  
Nellie L. Stark, Linwood.  
Della M. Bailey, Menlo.  
George B. Viney, Murdock.  
Robert L. Bever, Narka.  
Agnes Lennen, Partridge.  
Grace Benton, Robinson.  
Frank B. Kumberg, Sawyer.  
Joseph R. Hubbard, Waldo.  
Daniel B. Fogle, Williamsburg.

##### LOUISIANA

Eula M. Ewing, Batchelor.  
Eva A. Matlock, Bethany.  
Mary V. Bryson, Greenwood.  
Robert Hamilton Fuller, Hosston.  
Idella N. Trombino, Keatchie.  
Annie I. McCord, Keithville.  
Audrey Rowe, Longstreet.  
Cecile M. Germany, Loreauville.  
Nova V. Baker, McDade.  
Marcella E. Barbier, Painscourtville.  
Orren M. Peters, Quitman.  
Sherman H. McCarty, Roanoke.

##### MISSISSIPPI

Bessie Puckette, Chunky.  
Marshall Carson, Conehatta.  
Esta K. Campbell, Dennis.  
Mamie McGraw Whittle, Gholson.  
Lela Epps, Golden.  
Erie Riggan, Greenwood Springs.  
Nettye B. Eley, Harpersville.  
Euna Clower, Hillsboro.  
Herd E. Stone, Ludlow.  
Louise Burris, McCall Creek.  
Lyman W. Smith, Midnight.  
Luther D. Henderson, Preston.  
Nannie Bryant, Summerland.  
Joe G. Ishee, Stringer.  
Gertrude H. McGee, Vosburg.

##### PENNSYLVANIA

Arthur W. Ewing, Industry.  
James H. McConnell, Jackson Center.  
Sarah Mitchell, Kennerdell.  
Anna C. O'Mara, Laceyville.  
Nathaniel E. Lyons, Lake Lynn.  
Lawrence J. Wood, Lima.  
Joseph T. Qualters, McKeesport.  
Birtus B. McDowell, Mineral Springs.  
Wilbert R. Adams, New Kingstown.  
Margaret M. Watson, Parkland.  
Marshal E. Yost, Point Pleasant.  
Ruth K. Humphrey, Prospect.  
Jacob C. Reddig, Reamstown.  
Stephen E. Hornberger, Reinholds.  
Susan Breene, Reno.

## TEXAS

Ruth Finley, Aquilla.  
 Edmund B. Cummins, Cleveland.  
 Cecil Miracle, Eddy.  
 James E. Wallace, Flint.  
 Roe Sledge, Forestburg.  
 Isaac G. Malone, Goodlett.  
 Emma Annette Greer, Lake Jackson.  
 Tom Hazle Bivins, Longview.  
 Wilora Damuth, Magnolia.  
 William A. Harty, Marietta.  
 Sallie Hudson, Newark.  
 Catherine H. Bannister, Old Ocean.  
 Letha B. Gramer, Panhandle.  
 Mildred W. Carpenter, Pattonville.  
 Willie J. Allison, Pickton.  
 Faye Emberson, Pilot Point.  
 Mary V. Denton, Port Aransas.  
 Jesse M. Robbins, Raymondville.  
 William A. Ramirez, Roma.  
 Rua M. Arthur, Saltito.  
 Verna Appling, Shepherd.  
 John W. Wright, Thalla.  
 Gertrude B. Rabke, Tivoli.  
 Raleigh C. Spinks, Vera.  
 Nelson G. Hargett, Weslaco.

## VERMONT

Arthur C. Wells, Bakersfield.  
 Edward P. Kelley, Danby.  
 Anna H. Morrie, East Barre.  
 Lester L. Worthley, East Corinth.  
 Marguerite C. McKenzie, Hinesburg.  
 Edith M. Reed, Jacksonville.  
 Marion L. Grover, Londonderry.  
 Frances E. Rock, Ludlow.  
 Murray K. Paris, Lyndon.  
 Merlin B. Ward, Moretown.  
 Frank A. Curran, Newport.  
 Herbert J. Tute, Newport Center.  
 Harold G. Kennedy, St. Albans.  
 Olive E. Fullam, Westminster.  
 Raymond Taylor, Weston.  
 Oney B. Lafont, Wolcott.

## WISCONSIN

Ann J. Karth, Arlington.  
 Francis J. McCarty, Brownsville.  
 Leona R. Johnson, Danbury.  
 Wencel A. Mattek, Deerbrook.  
 Everett R. White, Glenhaven.  
 Gordon J. Cross, Larsen.  
 Marjorie M. Minten, Menomonee Falls.  
 Oscar R. Horn, Muskego.  
 Nora Flynn, Neopit.  
 Gertrude M. Heaney, Poy Sippi.  
 Florence M. Van Poucke, South Range.  
 James Ervin Casey, Star Prairie.  
 Glenn T. Anderson, Tripoli.

## HOUSE OF REPRESENTATIVES

TUESDAY, DECEMBER 5, 1944

The House met at 11 a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord God, Thou who didst come with the living word, we pray that our civilization may not wander between two worlds, one dying and the other struggling to be born. Let there come such an outrush of sacrificial and patriotic power in our country that our wearied armies shall feel the mighty impact and soon snatch redemption from the throes of ruin. Let there be heard again the words of hope and cheer which in the pain of parting they left amid tears, and the day of blessed fellowship renewed.

Blessed is the land whose God is the Lord which lifts its soul to pure air and broad view. If we are to exalt the cross of our Lord and Master, we must follow the path of helpful service and good will

based on fraternity and not on conflict. Thou hast woven us to other peoples by the shuttles of the Sermon on the Mount and the Golden Rule of Jesus; forbid that we should be a hermit nation, that the evangel of the Carpenter of Nazareth should be jostled aside and crowded out of the soul of America. Keep from us, our Father, that dangerous solicitude of wealth and gain and let the heart of our land rest on Christian ideals as we turn to a future of promise with a common love and a common purpose. O Christ, sanctify our homes, and may we forgive as we hope to be forgiven. In our Redeemer's name. Amen.

The Journal of the proceedings of Monday, December 4, 1944, was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 1744. An act to provide Government protection to widows and children of deceased World War veterans.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1471. An act for the relief of Mrs. Eugene W. Randall.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 2825) entitled "An act for the relief of Sigfried Olsen, doing business as Sigfried Olsen Shipping Co.", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. O'DANIEL, Mr. STEWART, and Mr. WHERRY to be the conferees on the part of the Senate.

## EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial; also to extend my remarks in the RECORD and include a statement made by the gentleman from California [Mr. VOORHIS] before the Committee on Rules.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

(Mr. ANGELL asked and was given permission to extend his remarks in the Appendix and include a newspaper article.)

## PRIVATE CALENDAR

The SPEAKER. The Clerk will call the first bill on the Private Calendar.

## ELIAS BAUMGARTEN

The Clerk called the first bill on the Private Calendar, H. R. 2148, for the relief of Elias Baumgarten.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That in the administration of the immigration laws, relating to the issuance of immigration visas for admission to the United States for permanent residence and relating to admission at ports of entry of aliens as immigrants for permanent resi-

dence in the United States, the provisions of section 3 of the Immigration Act of 1917 (39 Stat. 875), as amended (U. S. C., title 8, sec. 136 (e)), which exclude from admission into the United States "persons who have been convicted of or admit having committed a felony, or other crime or misdemeanor involving moral turpitude", shall not hereafter be held to apply to Elias Baumgarten, on account of a conviction in Austria while a youth for having been involved in the stealing of certain merchandise. If he is found otherwise admissible under the immigration laws an immigration visa may be issued and admission granted to Elias Baumgarten under this act upon application hereafter filed.

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.

## PEDRO JOSE ARRECOCHEA

The Clerk called the bill (S. 556) for the relief of Pedro Arrecococha.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Attorney General of the United States be, and he is hereby, authorized and directed to cancel deportation proceedings in the case of Pedro Jose Arrecococha, of Shoshone, Idaho, legally admitted as a seaman but who has remained in the United States longer than permitted by law and regulations, and that this alien shall be considered as having been admitted for permanent entry as of the date of his actual entry on the payment of the visa fee of \$10 and head tax of \$8. Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the Spanish quota for the first year that the said Spanish quota is available.

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.

## FILIP NICOLA LAZAREVICH

The Clerk called the bill (H. R. 4146) for the relief of Filip Nicola Lazarevich.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That in the administration of the immigration and deportation laws the Attorney General is hereby authorized and directed to cancel the warrants of arrest and deportation heretofore issued against Filip Nicola Lazarevich, of Dearborn, Mich., on the ground that he admits having committed a felony or other crime or misdemeanor involving moral turpitude prior to entry into the United States, to wit, perjury; and that hereafter he shall not again be subject to deportation for any offense heretofore committed in connection with his endeavor to be and remain in the United States. For the purposes of the immigration and naturalization laws, such alien shall be deemed to have been lawfully admitted to the United States for permanent residence as of May 23, 1938, the date on which he was admitted to the United States at the port of New York on a quota immigration visa.

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.

## RELIEF OF CERTAIN BASQUE ALIENS

The Clerk called the bill (H. R. 2626) for the relief of certain Basque aliens.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Attorney General of the United States be, and is hereby,



authorized and directed to cancel deportation proceedings in the cases of Cirilo Olavarri, Theodoro Asla, Antonio Urteaga, and Joe Buera, all of Salt Lake City, Utah, and Vidal Mezo, Marcial Aguirregoitia, Geromino Bilbao, Juan Tomas Mendiola, and Alejo Yraguen, all of eastern Nevada, legally admitted as seamen but who have remained in the United States longer than permitted by law and regulations, and that these aliens shall be considered as having been admitted for permanent entry as of the date of their actual entry on the payment of the visa fees of \$10 and head taxes of \$8 per person.

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct nine numbers from the Spanish quota for the first year that the said Spanish quota is available.

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.

#### ROY W. OLSEN

The Clerk called the bill (S. 1002) to compensate Roy W. Olsen for the loss of an eye on account of negligence of Work Projects Administration employees September 25, 1938, at Cranston, R. I.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated, the sum of \$3,500 to Roy W. Olsen, of the city of Warwick, county of Kent, State of Rhode Island, for damages resulting from personal injuries received by him on September 25, 1938, arising out of the alleged negligent action of certain employees of the Work Projects Administration, as a result of which the said Roy W. Olsen, an innocent bystander, permanently lost the use of his right eye, which eye was later removed and an artificial eye inserted, in full satisfaction of his claim against the United States therefor: *Provided*, That no part of the amount appropriated by this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with such claim and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction shall be fined in any sum not exceeding \$1,000.

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.

#### VODIE JACKSON

The Clerk called the bill (S. 1274) for the relief of Vodie Jackson.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That, in addition to the sum authorized to be paid to Vodie Jackson, of Obion County, Tenn. (post office address, Fulton, Ky.), pursuant to the act approved March 24, 1943 (Private Law 8, 78th Cong.), the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Vodie Jackson, the sum of \$3,686, in full satisfaction of his claim against the United States for further compensation for personal injuries sustained by him when his wagon, in which he was riding, was struck by a Civilian Conservation Corps truck near Fulton, Ky., on October 18, 1940, such injuries having proved to be of a more serious nature than appeared at the date of enactment of such act of March 24, 1943: *Provided*, That no

part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### MARIE THERIAULT

The Clerk called the bill (S. 1462) for the relief of Marie Theriault.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Solomon and Marie Theriault, of Caribou, Maine, the sum of \$4,000, in full satisfaction of their claim against the United States for compensation for the death of their daughter, Antonia Theriault, who was killed on June 26, 1943, by a United States Army airplane while she was riding on a wagon in a field at Presque Isle, Maine: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### JOEL A. HART

The Clerk called the bill (S. 1557) for the relief of Joel A. Hart.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Joel A. Hart, of Milton, Fla., the sum of \$300, in full satisfaction of his claims against the United States for compensation or damages sustained and expenses incurred by him as a result of his losing the use of his property when he was required to vacate such property pursuant to a notice erroneously served upon him in connection with the condemnation by the United States of certain land in Dixie County, Fla.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### ARTHUR M. SELLERS

The Clerk called the bill (S. 1732) for the relief of Arthur M. Sellers.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Arthur M. Sellers, of Baxley, Ga., the sum of \$5,000, in full satisfaction of his claim against the United States for compensation for the death of his son, Walter R. Sellers, who died as a result of personal injuries sustained by him when the passenger bus in which he was riding collided with a United States Army vehicle near Allenhurst, Ga., on April 24, 1943: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### DR. FRANK K. BOLAND, SR.

The Clerk called the bill (S. 1853) for the relief of Dr. Frank K. Boland, Sr.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dr. Frank K. Boland, Sr., of Atlanta, Ga., the sum of \$2,000, in full satisfaction of his claim against the United States for compensation for personal injuries sustained by him as the result of an accident which occurred when the automobile in which he was riding was struck by a United States Army truck near Mabelton, Ga., on February 11, 1943: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### MRS. MAMIE DUTCH VAUGHN

The Clerk called the bill (S. 1869) for the relief of Mrs. Mamie Dutch Vaughn.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Mamie Dutch Vaughn, of Tattnall County, Ga., the sum of \$5,000, in full satisfaction of her claim against the United States for compensation for the death of her minor daughter, Gladys Vaughn, who was killed on the night of April 23, 1943, in Liberty County, Ga., when the bus on which she was riding was struck by a motor vehicle driven by a soldier in the Army of the United States: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall

be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### MRS. SOPHIA TANNENBAUM

The Clerk called the bill (S. 1897) for the relief of Mrs. Sophia Tannenbaum.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Sophia Tannenbaum, of University City, Mo., the sum of \$5,327.45, in full satisfaction of all claims against the United States arising out of the death of her husband, Morris Tannenbaum, who died as the result of injuries sustained by him on February 13, 1943, when a United States Army truck struck another vehicle which struck the said Morris Tannenbaum: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### DR. E. S. AXTELL

The Clerk called the bill (S. 1942) for the relief of Dr. E. S. Axtell.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dr. E. S. Axtell, of Rantoul, Ill., the sum of \$398, in full satisfaction of his claim against the United States for compensation for services rendered the United States Engineer Office, Louisville, Ky., in conducting physical examinations of prospective civilian employees of the United States, such claim having been disallowed by the Comptroller General on the ground that payment for such examinations was not authorized by law: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### GORDON LEWIS COPPAGE

The Clerk called the bill (S. 1987) for the relief of Gordon Lewis Coppage.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to

pay, out of any money in the Treasury not otherwise appropriated, to Gordon Lewis Coppage, of Chicago, Ill., the sum of \$1,535.07, in full satisfaction of his claim against the United States for compensation for personal injuries and damage to personal property sustained by him when the truck which he was driving was struck by a Navy ambulance at the intersection of Bryn Mawr and Central Avenues in Chicago, Ill., on December 4, 1943, and for reimbursement of medical and hospital expenses sustained by him as a result of such injuries and damage: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### JACK STOWERS, B & O STORE, AND COTTON COUNTY POULTRY & EGG CO.

The Clerk called the bill (S. 1997) for the relief of Jack Stowers, B & O Store, and Cotton County Poultry & Egg Co.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jack Stowers, of Carter, Okla., the sum of \$247.45, to B & O Store, of Temple, Okla., the sum of \$240, and to Cotton County Poultry & Egg Co., of Walters, Okla., the sum of \$26.74, in full satisfaction of their respective claims against the United States for reimbursement of amounts erroneously collected from them by the Office of Price Administration on account of alleged violations of maximum price regulations relating to the sale of pecans: *Provided,* That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### HERMAN PHILYAW

The Clerk called the bill (S. 2008) for the relief of Herman Philyaw.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Herman Philyaw, of Tate, Ga., the sum of \$650, in full satisfaction of his claim against the United States for compensation for personal injuries sustained by him when he was struck by an Army vehicle as a result of an accident which occurred in Tate, Ga., on January 23, 1944: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding.

Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### NANCY FRASSRAND

The Clerk called the bill (S. 2042) for the relief of the legal guardian of Nancy Frassrand, a minor.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the legal guardian of Nancy Frassrand, a minor, of Winchester, Tenn., the sum of \$2,000, in full settlement of all claims against the United States for (1) compensation for personal injuries sustained by her as the result of an accident which occurred when an Army vehicle struck a mail box in front of her home, on June 21, 1943, and (2) reimbursement of medical expenses heretofore or hereafter incurred in her behalf as a result of such injuries: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### MORGAN CREAMERY CO.

The Clerk called the bill (H. R. 4224) for the relief of Morgan Creamery Co.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$920.64 to the Morgan Creamery Co., of Fargo, N. Dak., in full settlement of all claims against the United States as part of the excess cost alleged to have been incurred by the United States by reason of the failure of the Morgan Creamery Co. to perform under contract No. VA37r-935, entered into on June 25, 1942, with the United States Veterans' Administration to deliver fresh milk, cream, buttermilk, and cottage cheese to the Veterans' Administration facilities, Fargo, N. Dak., during the fiscal year ended June 30, 1943: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### MARJORIE E. DRAKE AND OTHERS

The Clerk called the bill (S. 1740) conferring jurisdiction upon the United



States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claims of Marjorie E. Drake, Edith Mae Drake, Minnie L. Bickford, and Irene M. Paolini.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That jurisdiction is hereby conferred upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claims of Marjorie E. Drake, Edith Mae Drake, Minnie L. Bickford, and Irene M. Paolini, all of Westboro, Mass., against the United States for compensation for personal injuries sustained by them when the horse-drawn wagon in which they were riding as passengers was struck by a United States Coast Guard vehicle on route No. 9, east of Park Street, in Westboro, Mass., on September 7, 1943, and for reimbursement of medical, hospital, and other expenses incurred by them as a result of such injuries.

SEC. 2. In the determination of such claims, the United States shall be held liable for damages, and for any acts committed by any of its officers or employees, to the same extent as if the United States were a private person.

SEC. 3. Suit upon such claims may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claims, and appeals from and payment of any judgment thereon, shall be in the same manner as in the case of claims over which such court has jurisdiction under the provisions of paragraph twentieth of section 24 of the Judicial Code, as amended.

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.

WILLIAM LUTHER THAXTON, JR., AND  
WILLIAM LUTHER THAXTON, SR.

The Clerk called the bill (S. 1756) for the relief of William Luther Thaxton, Jr., and William Luther Thaxton, Sr.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, (1) to William Luther Thaxton, Jr., of Houston, Tex., the sum of \$2,000, in full satisfaction of his claim against the United States for compensation for personal injuries sustained by him when he was struck by an airplane propeller at Meacham Field, Fort Worth, Tex., on November 3, 1942, while undergoing training under the Civil Aeronautics Administration civilian pilot training program, as a member of the Army Enlisted Reserve Corps, and (2) to William Luther Thaxton, Sr., of Houston, Tex., the sum of \$2,694.93, in full satisfaction of his claim against the United States for reimbursement of medical, hospital, and other expenses incurred by him on account of such personal injuries sustained by his son, the said William Luther Thaxton, Jr.: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### ALFRED FILES

The Clerk called the bill (S. 1899) conferring jurisdiction upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claim of Alfred Files.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That jurisdiction is hereby conferred upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claim of Alfred Files, of Westboro, Mass., against the United States for compensation for personal injuries sustained by him when the horse-drawn wagon in which he was riding was struck by a United States Coast Guard vehicle on route No. 9, east of Park Street, in Westboro, Mass., on September 7, 1943, and for reimbursement of medical, hospital, and other expenses incurred by him as a result of such injuries.

SEC. 2. In the determination of such claim, the United States shall be held liable for damages, and for any acts committed by any of its officers or employees, to the same extent as if the United States were a private person.

SEC. 3. Suit upon such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from the payment of any judgment thereon, shall be in the same manner as in the case of claims over which such court has jurisdiction under the provisions of paragraph twentieth of section 24 of the Judicial Code, as amended.

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.

#### ESTATE OF BERTHA L. TATRAULT

The Clerk called the bill (S. 1800) conferring jurisdiction upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claim of the estate of Bertha L. Tatrault.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That jurisdiction is hereby conferred upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claim of the estate of Bertha L. Tatrault, late of Westboro, Mass., against the United States for the death of the said Bertha L. Tatrault, as the result of personal injuries sustained by her when the horse-drawn wagon in which she was riding as a passenger was struck by a United States Coast Guard vehicle on route No. 9, east of Park Street, in Westboro, Mass., on September 7, 1943.

SEC. 2. In the determination of such claim, the United States shall be held liable for damages, and for any acts committed by any of its officers or employees, to the same extent as if the United States were a private person.

SEC. 3. Suit upon such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from and payment of any judgment thereon, shall be in the same manner as in the case of claims over which such court has jurisdiction under the provisions of paragraph twentieth of section 24 of the Judicial Code, as amended.

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.

#### FIRE DISTRICT NO. 1 OF COLCHESTER, VT.

The Clerk called the bill (S. 1953) for the relief of Fire District No. 1 of the town of Colchester, Vt.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Fire District No. 1 of the town of Colchester, Vt., the sum of \$10,562.07, in full satisfaction of its claim against the United States for reimbursement of expenses incurred by it in repairing damage to a sewer line, such damage having been caused by the negligence of Army authorities in the installation of such sewer line: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### CLIFFORD E. LONG AND LAURA C. LONG

The Clerk called the bill (S. 1967) for the relief of Clifford E. Long and Laura C. Long.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Clifford E. Long and Laura C. Long, both of San Diego, Calif., the sum of \$2,316.32. The payment of such sum shall be in full settlement of all claims of the said Clifford E. Long and Laura C. Long against the United States for damages sustained on account of the death of their daughter, Kathleen Mae Long, on or about August 18, 1943, as the result of injuries received when a United States Army airplane in the service of the United States Army crashed into the front yard of the home of the said Clifford E. Long and struck the said Kathleen Mae Long: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### ELIZABETH A. BECKER

The Clerk called the bill (S. 1968) for the relief of Elizabeth A. Becker.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Elizabeth A.

Becker, of Kalaloch, Wash., the sum of \$1,282, in full satisfaction of her claim against the United States for compensation for the loss of certain equipment owned by her which was destroyed, while in the custody of the United States Coast Guard, as the result of a fire caused by the negligence of Coast Guard personnel, which occurred in a building occupied by the United States Coast Guard at Becker's Resort, Kalaloch, Wash., on January 8, 1943: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### ESTATES OF JOSEPH B. GOWEN AND RUTH V. GOWEN

The Clerk called the bill (S. 1993) for the relief of the estates of Joseph B. Gowen and Ruth V. Gowen.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated (1) to the estate of Joseph B. Gowen, the sum of \$6,040.80, in full satisfaction of the claims of such estate against the United States (a) for compensation for the death of the said Joseph B. Gowen, (b) for reimbursement of funeral expenses incurred in connection therewith, and (c) for compensation for damage to personal property of the said Joseph B. Gowen, as a result of an accident which occurred when an Army airplane crashed near George Field, Ill., on December 30, 1943; and (2) to the estate of Ruth V. Gowen, the sum of \$5,275.50, in full satisfaction of the claims of such estate against the United States (a) for compensation for the death of the said Ruth V. Gowen, and (b) for reimbursement of funeral expenses incurred in connection therewith, as a result of such accident: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

J. A. DAVIS

The Clerk called the bill (S. 2066) for the relief of J. A. Davis.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to J. A. Davis, of Chandler, Ariz., the sum of \$2,000, in full satisfaction of his claim against the United States for compensation for personal injuries sustained by him when he was struck by a United States Army vehicle which crashed into his store at Norton's Corner, near Chandler,

Ariz., on November 21, 1943. *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

RICHARD H. BEALL

The Clerk called the bill (S. 2064) for the relief of Richard H. Beall.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Richard H. Beall, of Delray Beach, Fla., the sum of \$5,785.40, in full satisfaction of his claim against the United States for compensation for the death of his wife, the late Mary Juanita Beall, as the result of an accident which occurred when the automobile which she was driving collided with a United States Army vehicle in Delray Beach, Fla., on November 18, 1943: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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.

#### RELIEF OF LIEUTENANT COLONEL APGAR AND OTHER DISBURSING OFFICERS OF THE ARMY OF THE UNITED STATES

The Clerk called the bill (S. 2168) for the relief of certain disbursing officers of the Army of the United States, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of the following disbursing officers of the Army of the United States the amounts set opposite their names: Lt. Col. Theodore B. Apgar, Quartermaster Corps, \$3.88; Col. E. F. Ely (deceased), Finance Department, \$351.15; Maj. J. W. McManus, Finance Department, \$9.74; Maj. E. A. Muth, Finance Department, \$127.73; Col. M. F. W. Oliver, Finance Department, \$94.30; Col. H. R. Priest, Finance Department, \$3.04; Lt. Col. E. F. Rea, Finance Department, \$1.50; Special Disbursing Agent Clarence W. Ruland, Jr., \$3.36; Col. John L. Scott, Finance Department, \$21.66; Col. K. E. Webber, Finance Department, \$30; the said amounts representing erroneous payments of public funds for which these officers are accountable, as listed in letter of September 19, 1944, of the Secretary of War to the Speaker of the House of Representatives, such erroneous payments having resulted from minor errors in determining amounts due individuals and commercial firms.

Sec. 2. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Col. H. M. Denning, Finance Department, the sum of \$77, public funds for which he is accountable and which were destroyed by fire while in the custody of Special Agent Franklin C. Newman at a Civilian Conservation Corps camp: *Provided*, That the said Franklin C. Newman shall not be held pecuniarily liable for said sum of \$77 or any part thereof.

Sec. 3. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Col. Raymond B. Hatch, Finance Department, the sum of \$646.91, public funds for which he is accountable and which were stolen by a person or persons unknown while in the custody of his agent officer, Maj. (then captain) Harold F. Scariano, Corps of Engineers: *Provided*, That the said Maj. Harold F. Scariano shall not be held pecuniarily liable for said sum of \$646.91 or any part thereof: *And provided further*, That the said sum of \$646.91 shall be considered and accounted for as a charge against the appropriation "Finance Service, Army."

Sec. 4. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Col. F. Richards, Finance Department, the sum of \$241.56, public funds for which he is accountable and which were paid by him for newspaper advertising for and in behalf of the United States, said advertising having been published without the prior approval of the Secretary of War as required by Revised Statutes 3328 (44 U. S. C. 324): *Provided*, That Maj. Neil R. McKay, Corps of Engineers, shall not be held pecuniarily liable for said sum of \$241.56 or any part thereof.

Sec. 5. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Maj. Joseph J. Hickey, Air Corps, the amount of \$140, in full satisfaction of his claim against the United States for a like amount which was supplied by him from personal funds to cover a shortage which developed when, on account of adverse conditions, it was necessary for him to accept from a bank pay-roll funds in Brazilian money, without opportunity for verification.

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.

MRS. MARY VULLO

The Clerk called the bill (S. 616) for the relief of Mrs. Mary Vullo.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$2,000 to Mrs. Mary Vullo, of Independence, La., in full settlement of all claims against the United States for personal injuries sustained by her and for medical, hospital, and other expenses incurred by her when the automobile in which she was riding was struck by a United States Army truck on United States Highway No. 51, near Hammond, La., on August 8, 1941: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.



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.

#### QUEEN CITY BREWING CO.

The Clerk called the bill (H. R. 3614) for the relief of the Queen City Brewing Co.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Queen City Brewing Co., Cumberland, Md., the sum of \$3,062.25. Such sum shall be in reimbursement of a payment of an equal sum made by the Queen City Brewing Co. as tax on 510,375 barrels of fermented malt liquor, which liquor was returned from the company's bottling house to the brewery because of its unsalable condition resulting from a flood. A claim for such amount was filed by the Queen City Brewing Co. under section 3154 of the Internal Revenue Code but was disallowed because more than 90 days, provided by such section as the limitation period for filing such claims, had elapsed.

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.

#### HERMAN WEINERT, JR.

The Clerk read the bill (H. R. 3639) for the relief of Herman Weinert, Jr., M. D.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Herman Weinert, Jr., M. D., of Galveston, Tex., the sum of \$169, in full settlement of all claims against the United States for services rendered to the Corps of Engineers, United States Army, from July 1, 1942, to June 30, 1943, inclusive:

#### Committee amendment:

On page 2, line 3, insert the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. MADDEN. Mr. Speaker, that completes the call of the bills on the Private Calendar.

#### EXTENSION OF REMARKS

Mr. LANE. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD two newspaper articles.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to extend my re-

marks in the RECORD and include therein a statement from the National League of Women Voters.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### PENSIONS FOR WIDOWS AND CHILDREN OF DECEASED WORLD WAR VETERANS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 1744, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Strike out all after the enacting clause and insert: "The section 1 of Public Law No. 484, Seventy-third Congress, June 28, 1934, as amended, is hereby amended by repealing subsections (a) and (b) thereof and substituting the following:

"Sec. 1. (a) The surviving widow, child, or children of any deceased person who served in World War No. 1 before November 12, 1918, or if the person was serving with the United States military forces in Russia before April 2, 1920, and who was discharged or released from active service under conditions other than dishonorable after having served 90 days or more or for disability incurred in the service in line of duty, or who at time of death was receiving or entitled to receive compensation, pension, or retirement pay for service-connected disability, shall, upon filing application and such proofs in the Veterans Administration as the Administrator of Veterans' Affairs may prescribe, be entitled to receive pension as provided by this Act."

"Sec. 2. That section 2 of Public Law No. 484, Seventy-third Congress, as amended, is hereby amended to read as follows:

"Sec. 2. (a) That the monthly rates of pension shall be as follows: Widow but no child, \$35; widow and one child, \$45 (with \$5 for each additional child); no widow but one child, \$18; no widow but two children, \$27 (equally divided); no widow but three children, \$36 (equally divided) with \$4 for each additional child (the total amount to be equally divided)."

"(b) The total pension payable under this section shall not exceed \$74. Where such benefits would otherwise exceed \$74, the amount of \$74 may be apportioned as the Administrator of Veterans' Affairs may prescribe."

"Sec. 3. That section 3 of Public Law No. 514, Seventy-fifth Congress, May 13, 1938, is hereby amended to read as follows:

"Sec. 3. On and after the date of enactment of this act for the purpose of payment of compensation, or pension under the laws administered by the Veterans' Administration, the term "widow of a World War No. 1 veteran" shall mean a woman who was married prior to the effective date of enactment of this amendment, or 10 or more years, to the person who served: *Provided*, That all marriages shall be proven as valid marriages according to the law of the place where the parties resided at the time of marriage or the law of the place where the parties resided when the right to compensation or pension accrued: *And provided further*, That where the original date of marriage meets the statutory requirement, and the parties were legally married at date of death of the veteran, the requirement of the statute as to date of marriage will be regarded as having been met. Compensation or pension shall not be allowed a widow who has remarried, either once or more than once, and where compensation or pension is properly discontinued by reason of remarriage it shall not thereafter be recommenced. No compensation or pen-

sion shall be paid to a widow unless there was continuous cohabitation with the person who served from the date of marriage to date of death, except where there was a separation which was due to the misconduct of or procured by the person who served, without the fault of the widow."

"Sec. 4. This act shall be effective from the date of its approval: *Provided*, That notwithstanding the repeal of subsections (a) and (b) of section 1 of Public Law No. 484, Seventy-third Congress, as amended, contained in section 1 of this act, claims otherwise payable for a period prior to the effective date of this act may be adjudicated and placed on the roll and the benefits of this act shall be applicable to such claims and those claims now on the rolls."

"Sec. 5. Except to the extent they may conflict with the provisions of this act, the provisions of Public Law No. 2, Seventy-third Congress, March 20, 1933, the Veterans Regulations promulgated thereunder, and of Public Law No. 144, Seventy-eighth Congress, July 13, 1943, as now or hereafter amended, shall be applicable to this act: *Provided*, That no compensation or pension shall be reduced or discontinued by the enactment of this act."

"Sec. 6. The widow, child, or children of a veteran who served in World War No. 2 whose death is not due to service therein, but who at the time of death was receiving or entitled to receive pension, compensation, or retirement pay for disability incurred in such service, or who, having served at least 90 days during such war period or having been discharged for disability incurred in line of duty during such service, dies or has died from a disease or disability not service connected and at the time of death had a disability due to such service for which pension would be payable if 10 percent or more in degree, shall be entitled to pension in the amounts and otherwise subject to the conditions of Public Law No. 484, as amended: *Provided*, That for the purposes of this section the definition of the terms "veteran," "widow," "child or children" shall be those applicable to World War No. 2 as provided in Public Law No. 2, Seventy-third Congress, as now or hereafter amended: *And provided further*, That section 4, Public Law No. 312, Seventy-eighth Congress, is hereby amended accordingly."

Amend the title so as to read: "A bill to provide Government protection to widows and children of deceased World War No. 1 veterans, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, and I shall not object, because I think it is extremely important to pass this bill. The passage of the bill has been long delayed. A somewhat similar bill has passed the House several times. I know the gentleman from Mississippi will explain it. For years the distinguished chairman of our committee, the gentleman from Mississippi [Mr. RANKIN] and I have wanted to secure its passage. All the Senate version does is to increase the rate of compensation for the widows and orphans, which is a very important matter, due to the higher cost of living and to eliminate certain inequalities. It is only a small increase in any event. The House will vote unanimously for it.

Mr. RANKIN. Mr. Speaker, this is a bill I have been trying to get passed for at least 12 years. It passed the House by a vote of 316 to 16 in 1932. A similar bill has been passed by the House several times but did not get through the Senate.

I understand it was submitted to the Bureau of the Budget, and the Bureau of the Budget cleared it.

The bill as amended by the Senate simply raises the compensation to the widow with no child from \$30 a month to \$35; a widow with one child from \$38 to \$45 a month, with \$4 a month for each additional child. No widow but one child is raised from \$15 to \$18; no widow but two children is raised from \$22 to \$27; no widow but three children is raised from \$30 to \$36. Where the House bill provides that there shall be \$3 for each additional child the Senate raises that to \$4. Where the House bill provided a limit of \$64 a month for wife and children the Senate raised it to \$74, with the provision that where such benefits would otherwise exceed \$74, the amount of \$74 may be apportioned as the Director of Veterans' Affairs may prescribe; that is where there are a large number of dependent children.

This bill also changes H. R. 484, which was a bill providing that a veteran who had a service-connected disability at the time of death the widow and orphans should receive the compensation provided here. The Senate bill amends that provision so as to put nonservice connected on a parity with them.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. SMITH of Ohio. Let us take a specific case, that of a veteran who was receiving a statutory pension for arrested tuberculosis.

Mr. RANKIN. The gentleman means service connected?

Mr. SMITH of Ohio. Service connected; yes, of course. He dies, however, from a disease nonservice connected and leaves a widow. What would be her status?

Mr. RANKIN. She draws compensation under this bill of the amount provided here, \$35 a month to the widow. If she has one child she would get \$45; and then it is \$4 additional for each additional child.

Mr. MILLER of Connecticut. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. MILLER of Connecticut. Under this bill there is no requirement that the veteran must have any service-connected disability whatever; that is done away with.

Mr. RANKIN. That is correct, but the widow must have been married to the veteran prior to the enactment of this law or else have lived with him 10 years.

Mr. MILLER of Connecticut. There is no requirement that the illness causing death must be service connected.

Mr. RANKIN. No; this puts all those widows on a basis with the widows of the Spanish-American War, so far as that element is concerned.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield.

Mrs. ROGERS of Massachusetts. But if the widow has an income of over \$1,000 she does not get this?

Mr. RANKIN. That is right.

Mrs. ROGERS of Massachusetts. Compensation or insurance payments do not count.

Mr. RANKIN. In other words, she must have been dependent on him.

Mrs. ROGERS of Massachusetts. There is a dependency clause in the bill. If her income is over \$1,000 if she has no child or if she has an income of \$2,500 if she has children she does not receive the pension.

Mr. RANKIN. That is right.

Mr. SCRIVNER. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Kansas.

Mr. SCRIVNER. I offer this observation: This is justice too long delayed.

Mr. RANKIN. I agree with the gentleman from Kansas in that statement.

Mr. SCRIVNER. The Members of the House should bear in mind the fact that most of these widows now are past the middle forties and in fact many of the children who might have been benefited in earlier years are now fighting in World War No. 2. Most of the widows to be benefited are no longer employed. This, as I say, is real justice which we should have provided for these widows and orphans many years ago.

Mr. RANKIN. I agree with the gentleman from Kansas. I feel that way now and I felt that way in 1932, especially after the so-called Economy Act of 1933.

There were a great many of these men who came out of the service with incipient diseases, such as tuberculosis, cancer, and creeping paralysis, that did not develop until after 1925, when it was too late for them to come under the presumptive clause of the original Veterans' Act. There were also many of them who did not know of their rights and therefore did not make application until it was too late. There were many men who thought they could overcome their disabilities and who did not want to apply until they finally broke down and then it was too late. Then when they broke down they found they were precluded. Under the presumptive clause, those men who did come under that clause in many cases were stricken from the roll by the Economy Act of 1933 and placed back on the roll later at a smaller compensation as non-service-connected cases with the net result that when they died their widows and orphans got nothing.

I agree with the gentleman from Kansas [Mr. SCRIVNER] that this is not only justice now but it is belated justice. Many thousands of these widows who dragged their children through two depressions and struggled along to rear them as best they could now see those same children fighting on the various battle fronts of the world.

Mr. ANGELL. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Oregon.

Mr. ANGELL. This applies only to the widows and orphans of World War No. 1?

Mr. RANKIN. Yes. There is a provision in here that covers the veterans

of World War No. 2. That is where a veteran is discharged for disability and dies from some other cause. For instance, let us take a blind veteran discharged from this war. He starts across the street and is run over by an automobile. You cannot say he died of a service-connected disability, but his widow and orphans are taken care of under this bill.

Mr. ANGELL. I want to commend the gentleman for his action in bringing this bill up. I have had many inquiries from my own district, and I know my colleagues have, with reference to this legislation. We are doing a service to have this done by the present Congress.

Mr. RANKIN. I have done everything I could for the last 12 years to get this bill passed.

Mr. TARVER. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Georgia.

Mr. TARVER. I am in hearty accord with the views the gentleman has expressed, but in view of the fact this substitute for the House bill was adopted in the Senate only on yesterday and many of us have not had an opportunity to read it, I think the gentleman should make a little more clear the provisions of the Senate substitute. Particularly I would like to know just what the differences are between the rates of compensation for dependents of veterans of World War No. 1 who died from service-connected disability and the pension rate for dependents of veterans of World War No. 1 who died of non-service-connected disability. What are the differences in the rates of compensation and pension?

Mr. RANKIN. The rates are the same under this bill for the dependents of one who had a service-connected disability but who died of some other cause.

Mr. TARVER. There is no distinction?

Mr. RANKIN. No; not as to them.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. If I understood the gentleman correctly, he asked what the rates will be for service-connected disability, did he not?

Mr. RANKIN. Yes.

Mrs. ROGERS of Massachusetts. That is \$50, if he died from a service-connected disability and the compensation is more for the orphans.

Mr. RANKIN. That is true, I may say to the gentleman from Georgia.

Mrs. ROGERS of Massachusetts. And the rate for the orphans is also higher.

Mr. RANKIN. This does put them on a parity with the widows and orphans of men who had service-connected disability and died from some other cause.

Mrs. ROGERS of Massachusetts. If a man dies from a non-service-connected disability but had a service-connected disability at the same time, it raises the widow and orphans to the same level.

Mr. RANKIN. Yes.

Mr. CUNNINGHAM. Will the gentleman yield?



Mr. RANKIN. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. The enactment of this bill will put into law what the gentleman from Mississippi and all members of the Veterans Committee have contended for many years, namely, that the widow and child of a veteran who dies as the result of a non-service-connected disability or accident may be just as much in need of help or assistance from the Government as the widow of one who died from a service-connected disability.

Mr. RANKIN. Yes.

Mr. McCORMACK. Will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. May I congratulate the gentleman from Mississippi for his many years of consistent work and leadership, and also the members of his committee who during those years co-operated with him in bringing about the final passage of this bill.

It has been a hard fight but finally a successful one. I remember throughout the years the argument was advanced that direct service-connected disability causing death was a contributing factor. We started by a certain percentage of service-connected disability that might not have caused death and used that as a basis for compensation, and gradually it got down to 10 percent, as I remember; is that right?

Mr. RANKIN. That is right.

Mr. McCORMACK. The particular observation I desire to make is this: In addition to the Federal Government doing something that it should do at this time, if not prior to this time, the passage of his bill will take off the shoulders of local government a serious financial obligation that local government has been assuming for many years; is that not correct?

Mr. RANKIN. That is right, and the Federal Government should have had all the time.

Mr. McCORMACK. The Federal Government should have had it all the time but it is going to be of invaluable assistance to local government throughout the entire country.

Mr. RANKIN. That is right. Let me say another thing. This bill has the approval, as I said, of the Bureau of the Budget, and the veterans' organizations. May I say in this connection with reference to the members of this Committee on World War Veterans' Legislation, that there has never been any political division on that committee. Every member of the committee was in favor of the passage of this bill. Every member of that committee has worked diligently to see that those widows and orphans are properly cared for.

Mr. CARLSON of Kansas. Mr. Speaker, it gives me great pleasure to support H. R. 1744 which provides Government compensation to widows and children of deceased World War No. 1 veterans. Certainly those who will benefit by this legislation have just claims to compensations as provided by the act.

These widows who are provided for herein, in cases where the cause of death of the veteran was not a service-connected disability, have made untold sacrifices, and this provision of financial benefits for them and their children in their declining years will be of great assistance.

This legislation should have been enacted long ago. It is now 25 years since the World War No. 1 armistice, and there are thousands of cases of widows and children of veterans of that great conflict who are in sore need and who have received no recognition or help from the Government for the protection of which these veterans offered their lives.

Mr. Speaker, it is my hope that this measure will pass in the House without a dissenting vote. The House has passed similar legislation for several sessions. It is long overdue. I deem it a pleasure and a duty to do something for my comrade's widow and his children.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks which I expect to make today on the bill H. R. 5564, and to include certain excerpts and material, as well as the dissenting views of certain members of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. SLAUGHTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two editorials.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LECOMTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include two very short articles on the subject of freezing the Social Security Act.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to revise and extend the remarks which I expect to make in the Committee of the Whole in connection with the social-security freeze and to include certain excerpts and articles.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JUDD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

#### GENERAL LEAVE TO PRINT

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

#### COMMITTEE ON IRRIGATION AND RECLAMATION

Mr. WHITE. Mr. Speaker, I ask unanimous consent that the Committee on Irrigation and Reclamation may sit this afternoon while the House is in session.

The SPEAKER. The Chair will entertain the gentleman's request if permission is asked that the committee be permitted to sit only while the House is engaged in general debate, which will be 3 hours.

Mr. WHITE. Then, Mr. Speaker, I will amend the request to make it read that way.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent that tomorrow, at the conclusion of the legislative program of the day and following any special 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 Wisconsin?

There was no objection.

#### TAX UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT

Mr. SABATH. Mr. Speaker, I call up House Resolution 667 for immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5564) to fix the rate of tax under the Federal Insurance Contributions Act on employer and employees for the calendar year 1945; that after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. No amendments shall be in order to the bill except such as relate to the rate of tax for the calendar year 1945. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, later I shall yield 30 minutes to the gentleman from New York [Mr. Fish].

Mr. Speaker, this rule would make in order consideration of H. R. 5564, a bill to freeze the rate of tax under the Federal Insurance Contributors Act on employer and employees for the calendar year 1945 at 1 percent, thus postponing for the fourth time an increase of 2 percent of pay rolls on employer and employees. I presume it is generally known to every Member what this bill aims to do, namely, freeze the social-security tax in the act that was passed 8 years ago for the purpose of providing old-age and survivors benefits for the deserving people.

I, myself, hope we may soon extend the Social Security Act, because the country is in favor of it being broadened to cover more deserving people.

Personally, I am placed in a rather embarrassing position again this morning. My policy has been at all times to give all committees the right generally to bring before the House practically all the meritorious bills they report. I feel that each and every Member should, generally speaking, have the right to pass upon any worthy legislation agreed to in committee. However, at this time, as chairman of the Committee on Rules, I have the "pleasant" duty of reporting this rule—and I unsuccessfully offered that opportunity to several members of the committee—notwithstanding the fact that I am not in favor of the legislation that is proposed in the bill whose consideration would be made in order.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Tennessee.

Mr. COOPER. The Committee on Ways and Means unanimously agreed to request the Committee on Rules to grant a rule allowing 5 hours of general debate on this bill. I see that the rule provides for only 3 hours of general debate. Can the gentleman advise us why the 3 hours was granted instead of the 5 hours the Committee on Ways and Means had agreed to request?

Mr. SABATH. Yes.

Mr. DINGELL. And at whose specific request, if the gentleman will be good enough to state?

Mr. SABATH. The chairman requested 5 hours. Anyway, the Committee on Rules felt, in view of the fact that there are so many other important matters pending, and having in mind the desire of many Members, after nearly 2 years of hard work, to visit their homes for a few days before being called back here for another 2 years of hard struggle, we came to the conclusion that 3 hours should suffice, because it is believed by the Committee on Rules that general debate, as a rule, does not add much enlightenment on a bill; but it is better that a chairman be extremely liberal when a bill is taken up under the 5-minute rule, so as to give each and every Member an opportunity to be heard. Moreover, nearly all of the Members are present when a bill is considered under the 5-minute rule and very few of them are present during general debate. In short, the Committee on Rules is responsible for fixing the time provided in this proposed rule.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KNUTSON. As I understand, the rule does not place any limitation on the time that may be consumed under the 5-minute rule.

Mr. SABATH. No, not at all. The gentleman from Minnesota should know that also.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. COOPER. Mr. Speaker, the gentleman from Minnesota is entirely in error. The rule limits amendments to a very restricted and narrow channel. Of course it does affect debate under the 5-minute rule.

Mr. KNUTSON. Not as far as debate is concerned.

Mr. DINGELL. The gentleman from Minnesota will be the first one to raise objection to any extended debate under the 5-minute rule. He is not deceiving anyone. What I would like to ask is, has the Committee on Rules assumed that 2 hours is so important as to solve all the problems of Members going home for their Christmas vacations on an important matter of this kind? I think the action of the Committee is just plain arbitrary and that they disregarded the importance of the legislation when they clipped off 2 hours.

Mr. SABATH. Mr. Speaker, the unfortunate part of this is that you gentlemen who signed the minority report and who desired more time, did not appear before the Committee and press for the 5-hour general debate. And though the Chairman suggested 5 hours, in view of the fact that generally more time than necessary is asked for by Committees, we thought by reducing it to 3 hours no harm would be done.

Mr. DINGELL. The chairman of the Rules Committee did not so think, did he?

Mr. SABATH. Well, I am not so much given to general debate. I have been here so many years, and very seldom have I observed that general debate adds a great deal of light or changes the end result. What I favor is a liberal allowance under the 5-minute rule.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. HALLECK. I would like to say, as one member of the Committee on Rules, that I endorse what the chairman has said in respect to the attitude of the Rules Committee. I would like to add just this word: We have all had an opportunity to read about this proposition. We have heard it discussed before. We have all been studying it. I am quite sure that with the enlightenment we will get during the 1-hour debate under the rule and the 3 hours of general debate and then any debate under the 5-minute rule, all of us will be fully competent to pass on the merits of the controversy.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Tennessee.

Mr. COOPER. I would like for the distinguished chairman of the Rules Com-

mittee and the distinguished gentleman from Indiana [Mr. HALLECK] a most influential member of the Rules Committee, to explain to us how there is going to be an opportunity for such great debate under the 5-minute rule, when the rule itself provides that no amendment shall be in order to the bill except such amendments as relate to the rate of tax for the calendar year 1945.

Mr. SABATH. That is all the bill provides for.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MICHENER. The language of the rule is exactly what the gentleman from Tennessee [Mr. COOPER], and his committee asked for. The Rules Committee hesitated to grant a limited rule of that kind, but at the request and the behest of the entire Ways and Means Committee, the Rules Committee conceded, gave them the type of rule they wanted. Now, why complain about it on the floor?

Mr. COOPER. The gentleman is in error, because the gentleman from Tennessee did not even appear before the Rules Committee. The point I am making is why talk so much about liberal time under the 5-minute rule when the rule itself prohibits it? If you want to grant 3 hours general debate, say so, but do not get up here and talk about liberal debate under the 5-minute rule, because the rule does not permit it.

Mr. SABATH. It does under the provisions of the bill. There should be formality.

Mr. DINGELL. There is not going to be anything said in this debate that is going to change anybody on that side, because this was decided in caucus by you people the other day. You are not going to kid the country about that.

Mr. SABATH. That was another reason.

Mr. DOUGHTON of North Carolina. Will the gentleman yield?

Mr. SABATH. I yield to the chairman of the Ways and Means Committee.

Mr. DOUGHTON of North Carolina. I understand the Rules Committee granted precisely the type of rule that the chairman asked for, other than as to the time allotted.

Mr. SABATH. That is true.

Mr. DOUGHTON of North Carolina. That was the only change.

Mr. SABATH. The Committee on Rules always grants requests of committees wherever practicable.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MARTIN of Massachusetts. As long as there has been so much talk about the matter, let me say there was no action taken on this bill in the conference held by the minority. We discussed it, but there was no action taken binding any member, and there was no discussion about the rule.

Mr. DINGELL. Oh, well, we will get a few votes over there. I know that.

Mr. SABATH. I do not know whether there was a conference, or caucus, or any other meeting. I do not have time to follow all the activities of the minority.



Mr. MARTIN of Massachusetts. The gentleman knows it now after I have told him.

Mr. SABATH. Those on the other side are entitled to have their conferences and caucuses, but I hope when they do they will come to a conclusion, at least infrequently, to support legislation that is for the best interests of the whole country.

Now, I only have a few more minutes and therefore I cannot read to you the splendid minority report on this bill; but I hope the membership will obtain a copy of that report, which contains a great deal of splendid information. Also, I hope gentlemen will read the splendid statement of Mr. A. J. Altmeyer, Chairman of the Social Security Board, before the Committee on Ways and Means November 17, 1944, and certain articles by independent, able writers that I have read. If they do that I feel they would hesitate long before voting to freeze the tax rate a fourth time.

Mr. Speaker, I do not wish to take further time on the rule because I know the gentleman from North Carolina [Mr. DOUGHTON], chairman of the Committee on Ways and Means, will explain his viewpoint intelligently, as he always does, explain why the majority of that committee came to its conclusion. I am also perfectly satisfied that the gentleman from Tennessee [Mr. COOPER], as well as the gentleman from Michigan [Mr. DINGELL] will be able to bring home at least a portion of the forceful facts that are included in the minority report.

I feel very keenly that it is necessary from the standpoint of sound financing of a contributory social-insurance system that these automatic increases be permitted to go into effect. The Social Security Board believes, as I do, that the longer these necessary increases in the contribution rate are deferred the greater is the impairment of the financial soundness of this contributory social insurance system and the greater the impairment of the whole idea of contributory social insurance.

Now, when business and employees are making good money, is the time to add to these reserves. We do not know what will happen in the post-war period, and certainly the ability to contribute to this system will not be so great as it is.

Feeling there is no opposition to the rule, I conclude my remarks on this matter and ask your indulgence for a few minutes to call attention to something that is very near and dear and close to my heart.

IS THE FUTURE OF OUR FARMERS BEING ENDANGERED BY REASON OF GOVERNMENT AID AND ARTIFICIALLY CREATED PRICES?

Mr. Speaker, I shall now express my views to some extent on the matter which I called to your attention a few days ago, namely, the need for action in the interest of the white-collar workers. There are 22,000,000 of these workers in the United States, one-half of whom are earning less than \$25 per week and the other half less than \$20 a week. Notwithstanding these low wages, the cost of living and the cost of food has increased, making it impossible for these millions of forgotten wage earners to

make both ends meet. Therefore, I read with a great deal of interest a report that gentlemen from the Cotton States held a meeting yesterday to consider the dangerous situation which confronts the cotton farmer because of the fact that there are now in warehouses and storage facilities throughout the country over 12,000,000 bales of cotton on which high loans have been advanced by the Government, and, in addition, it is costing the Government hundreds of thousands of dollars in the payment of storage charges.

Mr. Speaker, due to Government support and loans cotton is being held at such a high price that it cannot be exported or sold in competition in foreign markets. These prudent men who called this meeting realized that these conditions are becoming dangerous to the cotton farmers. They recognize that the Government may not be able to give that financial aid that it has in the last few years, and consequently, this meeting was called to devise methods to safeguard the interests of the cotton farmer in the future and at the same time to protect the Government.

SETTING A SPLENDID EXAMPLE FOR THE WHEAT, CORN, AND OTHER GRAIN GROWERS

Mr. Speaker, this gathering of cotton men have set a splendid example for the wheat, corn, and other grain growers who have also been persistent in demanding higher and higher loans and guaranty of prices on their crops. They should remember that the Government beginning in 1930 and up to 1932 wasted \$500,000,000 in an effort to bolster and maintain high prices for wheat, but no sooner than the \$500,000,000 was expended immediately the market and the value of wheat began to sag, yes, crashed, so that in 1932 wheat was sold around 50 cents per bushel.

Many outstanding economists fear that the farmers and the country may experience the same unfortunate conditions that befell them and the country that unforgettable year from which they suffered for several years thereafter. Therefore, it behooves them in view of the great surpluses of wheat and corn that are on hand today that they follow the steps of these wise cotton men and begin to devise ways and means by which the Government will be relieved of the unnecessary burden and expense. The loans and guaranties may for a short time be beneficial to them, but in the long run they are bound to be destructive because Argentina, Brazil, several of the European countries, and other countries have tremendous surpluses of wheat and corn and, in fact, are disposing of their wheat and will continue to dispose of their grains at a much lower price than that prevailing in this country. I ask, Mr. Speaker, how will we get rid of our surpluses unless we meet the prices of the other countries? Oh, I concede that for the time being, at the expense of the Government, they are reaping a harvest, but what the future effect will be I hate to think about.

This condition is being aided by the manipulators, speculators, brokers, and hoarders who also have reaped and are reaping a harvest, performing in similar manner and method as did the stock-brokers and manipulators up to 1929.

Just yesterday I read an article appearing in the financial columns of a daily newspaper, headed "Serious farm slump after war predicted—demand to fall off, says Schultz."

The article carried a statement of Theodore W. Schultz, professor of agricultural economics at the University of Chicago and adviser to the United Nations Food Commission. The article, I feel, is too long for insertion in the RECORD, but in it Professor Schultz predicts a serious agricultural depression 2 years after Germany is defeated.

Mr. Speaker, similar warnings have appeared in the press throughout the country and in various trade journals and many economists believe that the slump may come before Professor Schultz's prediction, perhaps before the war is over.

Many calculating men believe that Europe will require and absorb our tremendous cotton and grain surpluses, but today's message of the President makes clear that Europe will require less than 10 percent of its needs for rehabilitation. Therefore, it will be to the benefit and to the best interests of all concerned that immediate steps be taken to save the situation and I feel, in view of these alarming conditions, the agricultural leaders will not urge and demand continuously additional subsidies. I hope that the War Food Administrator, the Secretary of Agriculture, and the heads of all the various agencies will give serious consideration to the approaching alarming conditions and will not yield to any influence that will clamor for ever-increasing prices on these items and other commodities which, in the long run will be at the expense of the grower and producer and to the despair of the consumer.

What applies to those groups having to do and urging the increase and maintaining of prices on these commodities also applies to meat, butter, egg, cheese, fruit, and vegetable exchanges and price manipulators. It is high time that Congress should cease in maintaining these artificially created high prices. I say this in the interest of the farmers themselves as well as in the interest of the country and the consumers among whom are numbered the 22,000,000 white-collar workers.

Mr. Speaker, some of the Members may recall my effort and fight in 1920 and 1921 to bring about a reduction in the high artificially created prices on sugar and other food commodities and the steps that were taken in those years in restricting loans for speculative purposes. Some of you may recall my fight against the stock exchanges in the summer of 1929 when I sought to bring about the suspension of all stock-exchange activities. Not succeeding, I continued to fight against the manipulators and short selling because I then feared that the professional short sellers were instrumental in depressing the value of stocks. They succeeded in doing so and it brought about the bankruptcy of most of the banks and the insolvency of many of the insurance companies, destroying the value of stocks and bonds held by millions of our investors and, in the midst of

plenty, brought about the greatest financial crash in the history of our country. The then president of the New York Stock Exchange, through the medium of newspaper and radio advertising and other publicity, sought to show that I did not realize or understand what I aimed to do but, unfortunately, I did know whereof I spoke. And now again, I am taking the privilege of a man well along in years who has gone through and witnessed the destruction wrought in five depressions to warn the Nation and those interested of the conditions that confront us and, at the same time, hope that I might be able to some extent to bring about relief to the millions of underpaid and undernourished working people of our country.

Mr. Speaker, I now yield to the gentleman from New York [Mr. FISH] the usual 30 minutes, reserving to myself the remainder of the time on this side.

Mr. FISH. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I am in entire accord with the chairman of the Rules Committee when he upheld the action of that committee in regard to limiting general debate on this bill to 3 hours. This certainly is one of the simplest issues that has ever come before the House of Representatives; a very clear-cut issue. It is simply whether you want to freeze the social-security tax at 1 percent or want it automatically to be increased to 2 percent on January 1, 1945, and to 2½ percent on January 1, 1946. That is the issue before the House. You may talk about it until doomsday but you will always get back to that same question: Do you or do you not want to freeze it at 1 percent or let it increase on January 1 to 2 percent?

It seems to me that 1 hour on the rule and 3 hours general debate are ample time for a discussion of such a simple matter. May I say to the chairman of the Rules Committee and to other gentlemen who raised the issue that the Republicans in their conference took no definite action. Any Republican Member may vote as he sees fit upon this bill.

Mr. Speaker, I confess I am guided in my opinion mainly by the action of the Ways and Means Committee, one of the most able committees in the Congress, headed by that great American, perhaps the greatest of them all, the gentleman from North Carolina [Mr. DOUGHTON] on the Democratic side. Under his able leadership that committee has recommended this bill to the House freezing the tax at 1 percent, and asking the House for time to study the issue further, to find out what the financial resources are, what the requirements are and, if necessary, in the next Congress come back with a report on what should be done; maybe increasing the tax at that time. But at least they have the right to ask for time on such a vital issue as social security and to study our resources and to know exactly where we are and where we are going and what is exactly and precisely needed for the future. Therefore, on that basis, I propose to support the bill introduced by an overwhelming majority of the Committee on Ways and Means.

Now that the election is over, I hope the Republicans and Democrats will put aside their partisanship and combine and cooperate on great fundamental principles and issues. One of those issues is social security. That has been accepted by the American people; all the people, Republicans and Democrats. A great many of them not only want the existing social-security law but they want it expanded to include the farmers, to include those in the hospitals and those in the schools. I am in favor of the expansion of social security.

Mr. SMITH of Ohio. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. What evidence can the gentleman present to the committee or to the House that the farmers want this program applied to themselves?

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, there is no question in the world but that the farmers of America hate regimentation and love freedom, perhaps more so than any other group in America. But I am inclined to think that social security is no longer regarded by the American people as part of a program of regimentation. They believe that it runs parallel with free enterprise, with private initiative and equal opportunities, and they believe, now that the rest of the country are provided with social security, that they too should be included. I am quite sure that if the farmers do not want it, they will not get it. I am sure, on the other hand, that those who are employed in the schools and in the hospitals want it. I am certainly in favor of giving it to the farmers if the farmers desire it, because I think it is a matter of right if the rest of the country have it. But I am not here testifying as to the viewpoint of the farmer himself. There are plenty representatives directly from the farm districts who will speak for them, and I can assure the gentleman that if the farmers are opposed to it, and if they do not want it, they will not get it.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Michigan.

Mr. DINGELL. The gentleman has expressed an interest in behalf of those in hospitals. I take it the gentleman's views on that are liberal enough to include people who are in need of health insurance.

Mr. FISH. I freely predict that in the not far-distant future the Congress will include health insurance and hospitalization. It is probably inevitable. I am not expressing my views right now as to what should be done today or next month or in the next Congress, of which I will not be a Member, but I am inclined to believe that in the course of events it is inevitable that the Committee on Ways and Means in a future Congress will recommend health insurance and hospitali-

zation, which have been in effect in the older nations of the world, even Germany, for the last 50 or 60 years, and in many other countries not as progressive or liberal or as rich as America. I think that day is coming. But it is no use discussing it now because we have only one simple issue before us, and that is the amount of the tax on social security, including old-age and unemployment benefits.

May I conclude by saying that I am in favor entirely of the social-security program as it exists today. It is accepted by all the people. Of course it will be amended and it will be extended. But may I point out that it is parallel to and not a denial of free enterprise. It is not a denial of private initiative or of equal opportunities, or the profit system which have made this country a great, rich, and free nation. There is no question that all people hate and loathe war-time regimentation and are only waiting for the day to come to get rid of it and get back to freedom and freedom of business initiative. But I do not think the American people have any idea of relinquishing social security. Social security has come to stay and will be expanded as the years advance and the needs require.

In the meantime, Mr. Speaker, I am in favor of this bill as it stands largely because the experts and the majority of the Committee on Ways and Means, those who have devoted their lives to the study of these questions and those who have sat in on these hearings, have recommended this bill to us in its present form and have stated openly that perhaps in the future when they have time to go into it and study the details and find out the financial status of the country they may recommend something different. So, Mr. Speaker, I am in favor of the bill as submitted and will vote for it, and I hope the rule will be adopted.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, realizing the limitation of time imposed by the rule, which will doubtless be adopted, I am constrained to say at this time what I might otherwise have said when the bill is being considered.

I think it important that the proposed tax freeze and its dangerous effect be taken into account, particularly by the business interests of this country. Provisions such as are intended under the Social Security Act with regard to old-age insurance are a safeguard and a stabilizer for business in that they provide freedom from fear on the part of our aging citizens. I think it goes without saying that anything we can do to eliminate the age-old fear of the poorhouse from our midst is the best thing in the world for the insured and for business. I think progressive, far-sighted businessmen realize that repeated tax freezing tends each time to undermine the social-security structure. My principal objection to the proposal, at the present time, of freezing the tax is one which I have raised in committee, time and again. In the first place, we



have already frozen the social-security tax on two previous occasions. Now we come before the Congress again with a similar proposal for a third time. I have argued for several years past, and the Members of the committee know it, that we ought to have a special, standing subcommittee to acquaint itself with the current and future needs of the social-security structure and we ought to go into the matter with the assistance of experts, very carefully. I hold to that view now. I cannot reconcile myself to any such proposal as this, which is before us now, to first freeze the tax and later to investigate. I think that the proper, the sound, the businesslike proposal would be to investigate first and then to freeze the tax, if investigation justifies it. So far as I can get the facts to date, there is no justification for freezing, because business is at its best and business would not suffer anything by the automatic imposition of the tax, as provided by law.

Mr. DISNEY. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield.

Mr. DISNEY. Even if we had raised the tax to 5 percent it would not have changed the benefits. The benefits would have remained the same until after we would meet next year and determine whether or not they would be changed.

Mr. DINGELL. It is not going to change the benefits, no, but it will affect the plan, in my estimation. I will say this to my friend from Oklahoma, and I think he knows it, it is going to be mighty easy to slash the tax, but very difficult to restore it. He is not going to be here to vote for its restoration, but I dare say, he is going to vote to cut it.

Mr. DISNEY. But it is clear that either the raising or the cutting or the leaving in statu quo, of the rate, will not affect the benefits under the bill.

Mr. DINGELL. Not immediately, no; but it will in the future. I just want to express this hope at the present time. Those of us who have been defending the social-security bastion, and who have been pushed from one line of defense to another, have this final hope, and I express it here now for whatever it might be worth, that if this legislation does pass in the House and in the Senate, regardless of whether it is wrapped in the mantle of the War Powers Act or not, the President will have the courage to veto it. I think that he will. I hope I am not making a mistake in that prediction.

Mr. DEWEY. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield.

Mr. DEWEY. I would just like to ask the gentleman to make a statement as regards title I of the Social Security Act. There is nothing in this bill, nothing in this rule, that has anything whatsoever to do with the so-called old-age pension.

Mr. DINGELL. Not the pure pension, no; that is, not those that are receiving a gratuity.

Mr. DEWEY. I just wanted to bring that out.

Mr. DINGELL. This affects the old-age insurance feature of the act which provides for old-age pensions, not as a gratuity but as a matter of right, to those who pay the insurance premium.

The SPEAKER. The time of the gentleman has expired.

Mr. SABATH. Mr. Speaker, does the gentleman from New York [Mr. FISH] wish to yield some of his time now?

Mr. FISH. Mr. Speaker, I yield 10 minutes to the distinguished gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, there is no question that this rule will pass. Consequently it would be useless to discuss the rule any further. I might say this, however, that usually when a rule is given for legislation from the Committee on Ways and Means, it is usually branded as being a gag rule. This rule is an exception in that respect. This rule is not a gag rule in any respect. The application of this bill is restricted within a very narrow scope, as has already been said. It deals with only one proposition. That proposition is, Shall we freeze the present rate at 1 percent for another year, or shall it be increased to 2 percent beginning with January 1, 1945?

This rule permits amendments within that scope. I hope there will be several amendments so that we shall have a fair chance to present the real issue to the House and the country. At that time, no doubt, the issue will be sharper and we will then be able to keep our remarks more to the point.

At this time let me discuss with you for a few minutes the general proposition of social security. The term "social security" is a very broad term. It is used to express many different ideas. In other words, in 1935 this Congress passed the social-security law. That was a great step in legislation. In fact, it was one of the most comprehensive pieces of legislation ever passed by Congress. That law includes 10 different titles, and it is very comprehensive. It deals with old-age pensions in title 1. In title 2 it deals with old-age insurance. Title 3 deals with unemployment compensation. And title 4 deals with aid to dependent children. Title 10 deals with pensions for the blind. As was brought out in the debate a moment ago, the first title deals with old-age pensions. This is an easy proposition in that it provides a grant for the aged needy to be matched by the States. That was the first time the Federal Government had ever entered the field of gratuitous pensions to the old people. Many of the States up to that time had passed old-age pension laws, but that was the first time the Federal Government took action with reference to Federal aid to the aged needy. The Government is still operating under that old-age pension law. It pays out to the States about \$300,000,000 annually, which the States match. When Congress passed the social-security law, title 2 of the social-security law was expected to be a corollary to the old-age pension section. The purpose of title 2 was to provide a system of compulsory insurance that would render it unnecessary to continue old-age pensions. If title 2 will work out as it was intended, in about 30

or 40 years the old-age pension section may not be necessary. If our people can provide themselves with personal security through this title 2 it will not be necessary to pay old-age pensions. In other words, if we did not pass title 2 at all, it will not necessarily bring about any calamity in this country, because we would still have title 1 to take care of the old people who reach 65 years of age by paying them an old-age pension.

So, we are not today experimenting with amending a plan that might jeopardize the bread and butter of anybody. What we are trying to do today is not absolutely a bread-and-butter proposition at all. But we are now dealing with a very important experiment in universal social insurance. That is what it amounts to. It is compulsory. Title I is not compulsory. It is voluntary. If a person does not want to draw an old-age pension, he need not do so. But title II is a tax. It provides for compulsory payments and when we deal with a tax we must be careful to make it uniform. We had better make it fair; we had better make it of such nature that there will be no revulsion in the country about it. There are 2 titles in the Social Security Act that are very compulsory. One of these is the title with which we are dealing today and the other is the title providing a tax out of which to pay unemployment compensation.

Title II provides that every employee in the country, except a certain few who have been exempted, such as domestics, farm labor, and casual labor, must pay 1 percent of his wages into a trust fund under the supervision of the Government. Every employee has deducted from his pay roll 1 percent of his earnings, and at the same time, from the till of the employer an amount equal to 1 percent of the wages of his employees is deducted. But you must remember when you take the 1 percent from the employee, you take it out of his own earnings. But when you take it out of the employer, you do not take it out of his profits. It is not taken out of the profits of the employer. It is a charge on his total receipts. If the employer is prosperous, it means that he just pays that much less income taxes. And if the employer is not prosperous, he must pay it whether he makes any profit or not. It comes out of the money he earns. It comes out of his business. He passes it on as an item of cost. You must remember that whenever you pass on an item of cost, it comes out of the consumer. Suppose a man is manufacturing shoes. One percent of all the wages he pays, is paid to the Government and is added onto the cost of the shoes. Very well. Who pay that cost? The consumer, of course, and that in some instances is very unfair. This is true when a person who is not protected by social security must pay that added cost. We have to be fair about it. We must give this matter very exhaustive study. In our complex industrial life it is difficult to give one person an advantage without working a disadvantage to another.

Take, for instance, a farm hand. He is excluded from the protection of the law. Most farmers desire to be excluded.

But the farm hand has to pay that increased price for his shoes because the price has been increased by the employer all along the line by that amount and perhaps it has been increased by the amount the employee pays—if the employer has been smart enough to add all its tax as a part of the cost.

So we are going to have to consider some of these days whether or not we are going to extend the benefits of the social-security insurance to some of these other people, to the white-collar workers, to school teachers, and many other people employed by the State and Federal Governments. They have to pay the extra price for their shoes just as these farm laborers do.

So the question arises then, if we do sometime in the future decide to include farm labor within the provisions of this law, how we can best do it? It cannot be applied to a farm laborer as easily as it can to those who work in a factory. It is difficult also to apply it to domestics who work only 1 or 2 days a week. Likewise it is difficult to apply it to a grass cutter or to one who works for himself as a plumber or a repairman.

Some day we shall have to face all these matters if we are to be absolutely fair to all. As I have already stated, most farmers are opposed to extending this coverage to farm help and most self-employed people are opposed to it.

In 1939 we amended this section of the original Social Security law, the section I am now talking about. It was not well put together. It could not have been well put together, because we had had no experience from which we could chart our course. We made a good start and expected to learn by experience and we did learn and in 1939 the Ways and Means Committee recommended and the House passed very striking amendments to this section. I cannot go into these extensively at this time. I refer you to the law. The principal amendments were to the effect that the benefits were made more acceptable to the families of the beneficiaries. The original social-security law did not give sufficient protection to the wife and children of those who paid in their money. It was loosely drawn because it was experimental legislation. I make these statements to show you that this legislation is very important and very far reaching. I think our Ways and Means Committee took a very wise course when a few days ago it adopted a resolution to the effect that the whole committee would, when time permits, enter upon an exhaustive study of this whole matter. From that study I hope we may find the solution of some of these important problems.

For instance, it is not wise for us to require our wage earners to pay into the Treasury of the United States the great surplus of \$6,000,000,000. The Government takes in about seven times as much as it pays out under this law. No insurance company would do that, no private individual setting aside a trust fund would set aside seven times as much as is necessary.

It has been said that in prosperous times we ought to collect these funds to

create a huge reserve against less prosperous times. I think we ought not to be piling up a surplus at the cost of today's workers to be paid to somebody 40 years from now. The Congress will be just as smart and patriotic 40 years from now as it is today. The workingman who has paid into this fund has a surplus now of seven and one-half times any reasonable demands that may be made upon it. Mr. Morgenthau, at the public hearings seeking to develop facts in 1939 said that a surplus of three times was enough—three times any reasonably anticipated draft upon the funds. Three times ought to be enough, but we now have seven times the necessary amount.

Why should the man who is now working be called upon to pay nearly a billion dollars more each year than is necessary? And if this is raised to 2 percent the workingman of this country will be called upon to pay over one billion and nearly a billion and a half extra money into this fund that is already seven and one-half times too large. I am moved to make this statement because I do not want the man who works to be misled into the belief that this increase is necessary for his security. It is not necessary. Every person who testified at our hearings, including Mr. Altmeyer, stated that the present surplus with the present payments would keep the fund solvent for 10 years.

Mr. DISNEY. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the distinguished gentleman from Oklahoma.

Mr. DISNEY. And this does not affect his benefits.

Mr. JENKINS. No; I was just going to come to that. If we increase this rate to 2 percent from the employee and also from the employer it does not give the employee any more money in case of death or accident. He does not get any more benefits; the benefits stay just as they are.

Mr. Speaker, it is absolutely unfair to compel those who labor to pay these exorbitant surpluses if there is no additional benefit to them. If we are going to increase these rates we should by all means increase the benefits.

From a standpoint of economy some say that we should not raise the benefits now in these prosperous times. The time they will need greater benefits is in less prosperous times. I say this just to show how confusing these arguments can be. I still say, however, that the benefits must be raised if the payments are raised and the big surpluses are maintained.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. JENKINS. Mr. Speaker, I yield the balance of the time to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, I do not wish to enter the field assigned to the committee inasmuch as those members will explain this bill and they will have sufficient time to do it. I suppose Members on both sides of the House will be bending and torturing statistics to bring about the desired result of an opinion they have predetermined. I will

not enter into that phase. You may, if you wish. My remarks will be general, but let no one translate them as being against real social security, because we all ought to be for that. It is the method I may wish to question in the very few minutes I have, and I wish to bring to you some fears that have been expressed to me.

Blessed be the man who expects nothing because he will not be disappointed; but the man who expects something and does not get it might well be disappointed.

Are we entering into a system of swindling posterity on a huge scale? Are we really collecting this money and spending it for the general purposes of government and not treating it as a trust fund? Can the Government spend trust funds for general expenses without challenge? I have here a letter that came to my desk this morning from a chamber of commerce, calling this method a swindle because we are spending these funds for the general expenses of the Government. I expect a reply to this on the floor this afternoon. I have spoken along this line several times before. I am frankly worried as to whether or not the Government is so different from individuals as the custodian of such contributions. If you as an individual hold my trust funds, do not buy an automobile for yourself. I am worried about the many comments of wise men who are critical of the road we are traveling. It is stated that the foremost superstition in the United States today is that we think that we can get social security by voting for it.

Mr. EBERHARTER. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I just want to call the gentleman's attention to the fact that the majority report of the committee, which all of his Republican colleagues signed, states that there definitely is a trust fund amounting to over five and one-half billion dollars. That is a trust fund upon which the membership who voted to pass out this bill depend.

Mr. GIFFORD. It is indeed a trust fund. Should it be spent for general purposes? This has been questioned. Maybe you will be able to reassure these critics. Here is a Government faced as it is with many billions of dollars to be paid out for subsidies and pensions in various forms after this war. Our Government is traveling fast in those directions. I have been giving as much thoughtful study as I can to post-war problems. We are told that wages must be even higher. Then we must subsidize the wage earner. We must continue to subsidize the farmers on a much greater number of their products. I read that \$290,000,000 have been used to support the price of eggs, alone.

Let us take into consideration the cost of subsidizing wheat, cotton, and other large crops. We are told that we must allow great quantities of goods to come into the country in order to be paid for our exports and the loans we must be prepared to make.



So I sometimes wonder if we are embarking upon plans the results of which would be to swindle posterity on a huge scale. Of course, some people think this money is in a trust fund. Perhaps it is. They think it has been set aside. Surely, they will have to be taxed again in order to get it. They will pay twice. "He who gives too soon will soon be asked to give again."

Mr. Speaker, I am not against social security, but I should watch the way and manner in which we are providing for it. I am expressing a warning that comes to you and me from people who are very much interested and very skeptical about these funds. They must be assured that their contributions are properly safeguarded. Should we not tell them that an investment in a Government bond—their own debt—is the safest possible investment? Again, do not translate this talk into the belief that I am against social security. But we are piling up a huge indebtedness. We have used all the letters of the alphabet in designating relief agencies which have been set up, both at home and abroad. A boy was asked in school to write a sentence containing every letter of the alphabet. I want to give it to you. He wrote:

New Deal quackery and extravagance have piled up a fearful debt upon all junior citizens, including myself.

You know I do not love the New Deal; neither do you. I distrust the New Deal; so do many others. I shall not be beguiled by the simple title "Social Security," if it is simply to get more money into the Treasury to be spent for something else. I have that warning. I have been beguiled more or less on many of these New Deal propositions, ostensibly for meritorious purposes. Proper administration of them is highly important and it is our duty to watch that. I have not attempted to discuss the presentation arguments of the Committee on Ways and Means. I took the floor at this time simply to express the fear of many people who have written to me and of others who have printed their fears and opinions for us to read. I hope we will get this social security, so-called, but it now appears that we will pay for it twice. There is an old saying, "Where every prospect pleases and only the ink is red."

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on December 2, 1944, the President approved and signed a bill of the House of the following title:

H. R. 5497. An act to provide for the continuation on the active list of the Regular Army for the duration of any of the wars in which the United States is now engaged, and for 6 months thereafter, of any officer on the active list of the Regular Army who has served as Chief of Staff during the wars in which the United States is now engaged.

#### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—FIRST REPORT TO CONGRESS ON UNITED STATES PARTICIPATION IN OPERATIONS OF U. N. R. R. A.

The SPEAKER laid before the House the following message from the President of the United States, which was read, and with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed, with illustrations:

#### To the Congress of the United States of America:

I am transmitting herewith the first quarterly report on U. N. R. R. A. expenditures and operations in accordance with the act of March 28, 1944, authorizing United States participation in the work of the United Nations Relief and Rehabilitation Administration.

The enemy has been driven out of all or virtually all of the Soviet Union, France, Greece, Belgium, and Luxembourg. Parts of the Netherlands, Yugoslavia, Poland, Czechoslovakia, and Norway, as well as the Philippines, New Guinea, New Britain, and Burma have been liberated by the armed forces of the United Nations. Those forces—more powerful each month than the month before—are now striking additional blows to complete the task of liberation and to achieve final victory over Germany and Japan.

U. N. R. R. A. was established by the United Nations to help meet those essential needs of the people of the liberated areas which they cannot provide for themselves. Necessary relief stocks are being acquired and the personnel recruited to assure efficient and equitable administration of relief supplies and relief services. As rapidly as active military operation permit, U. N. R. R. A. is undertaking operations in the field. U. N. R. R. A. representatives are already in or on the way to liberated areas of Europe and are preparing to go to the Pacific and Far East. The colossal task of relieving the suffering of the victims of war is under way.

The conditions which prevail in many liberated territories have proven unfortunately to be fully as desperate as earlier reports have indicated. The enemy has been ruthless beyond measure. The Nazis instituted a deliberate policy of starvation, persecution, and plunder which has stripped millions of people of everything which could be destroyed or taken away.

The liberated peoples will be helped by U. N. R. R. A. so that they can help themselves; they will be helped to gain the strength to repair the destruction and devastation of the war and to meet the tremendous task of reconstruction which lies ahead.

All the world owes a debt to the heroic peoples who fought the Nazis from the beginning—fought them even after their homelands were occupied and against overwhelming odds—and who are continuing the fight once again as free peoples to assist in the task of crushing completely Nazi and Japanese tyranny and aggression.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, December 5, 1944.

#### EXTENSION OF REMARKS

Mr. THOMAS of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### HOURLY MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### TAX UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5564) to fix the rate of tax under the Federal Insurance Contributions Act on employer and employees for the calendar year 1945.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5564), with Mr. McCORD in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill H. R. 5564, now under consideration, provides for the freezing of the tax on employer and employee for old-age and survivors benefits at the present rate of 1 percent for 1945, thus postponing an increase to 2 percent, which would otherwise result if the bill does not become a law.

In supporting this bill I desire to have my position clearly understood. Therefore I call your attention to the fact that I introduced and reported the original social-security bill in 1935 as well as the amendments to the social-security law of 1939. I was at that time and still am a firm believer and advocate of old-age insurance.

I take considerable pride in having my name associated with this great humanitarian law and yield to no one in my desire to maintain the system and the purposes of the act on a sound and secure basis. I would resist to the limit any effort that would, in my judgment, tend to weaken and undermine the stability of the system.

However, I am fully and firmly convinced, after a careful study of the subject, that the action taken by a substantial majority of our committee—about 2½ to 1—is fully justified and does not and will not undermine or weaken the financial structure of the system.

After studying all the testimony presented in the hearings recently conducted by our committee we arrived at a decision that the only practical and proper course to follow was to freeze the tax at 1 percent for the year 1945; and that is

all that this bill does. It has no reference or effect whatever upon the expansion of benefits or the extension of coverage under the Social Security Act. Neither does it affect, in any way, old-age pensions or benefits which are paid by annual appropriation out of the general fund of the Treasury and matched on a 50-50 basis by the States. It makes no change whatever in the basic purposes of the act.

The issue we have placed squarely before the House is whether the reserve in the trust fund is adequate at the present time and that it can be maintained within the reasonable limit of safety by retaining the tax at 1 percent during the year 1945.

In 1939 the law was revised and the basis of the trust fund was changed, after long and deliberate study, from a so-called full reserve to a contingent reserve to meet unusual conditions or emergencies. At that time the Social Security Board, with the help of experts and actuaries, estimated that the trust fund would be \$3,000,000,000 at the end of 1944. They estimated that it would be only that amount if the tax increases as written into the law should become effective. However, without the increases, instead of only \$3,000,000,000 we have, or will have at the end of 1944, approximately \$6,000,000,000 in the trust fund—or 100 percent more than was estimated. In other words we will have double the amount it was estimated we would have and we have built this reserve at a lower rate of tax than the social-security experts and actuaries used in their calculations for securing only \$3,000,000,000. Today, mark you, we are collecting more in taxes at 1 percent than it was anticipated we would collect at 2 percent, which amount we were told would be adequate to fully protect the system.

The opponents of this bill will contend that this is all due to the war, which we deny. Some of it is probably due to the war, but the estimates of receipts before the war were far from accurate. We have always collected more, both before and since the war, in taxes and paid out considerably less in benefits than was estimated. The Social Security Board estimated that in 1944 benefits paid out would be \$667,000,000, but actual benefits paid will amount to approximately \$200,000,000, or less than one-third of the amount anticipated.

The opponents of this bill also contend that the claims or liabilities against the fund have increased greatly. In the report they use the figures \$50,000,000,000, which as far as I can determine is the most extreme possibility that the human mind could imagine and not within the realm of any reasonable probability. Apparently they are assuming that every person who is now contributing to the fund will die within a short time. But surely no one, not even Dr. Altmeyer, is expecting this to happen. Also they forget to state that the survivorship benefits expire in a comparatively short time after a person who is covered by social security leaves employment. But we are undoubtedly going to see large numbers leave the system after the war.

The estimates on receipts and disbursements and the growth of the trust fund made by Dr. Altmeyer and his experts have fallen so wide of the mark up to the present that it is difficult for anyone to view with any reliance whatever estimates they make as to many, many years hence, which must necessarily be based upon economic conditions and human factors that can only be guessed at—and so far they have been the wildest guessers with whom I have ever attempted to work. I know that I cannot personally look into the future and tell what economic conditions and human factors will be 20, 30, or 40 years from now. So how can we, on the basis of such estimates and when the fund is adequate at present or within the reasonably near future, justifiably increase the already high tax burden on workers and employers. Even opponents of the bill admit that a tax of 1 percent will be adequate for 10 years, and I have no doubt it might be sufficient for 20 years.

The Secretary of the Treasury, who is also one of the trustees of the old-age and survivors' trust fund, and doubtless speaking with the knowledge and approval of the other trustees, testified before our committee in 1939, as follows:

Specifically, I would suggest to Congress that it plan the financing of the old-age insurance system with a view to maintaining for use in contingencies an eventual reserve amounting to not more than three times the highest prospective annual benefits in the ensuing 5 years.

The Congress incorporated the Secretary's recommendation into the law; at the same time instructing the trustees to report immediately whenever they believed the amount in the trust fund to be unduly small. The Congress put an alarm bell in the law, but to my knowledge the trustees have not rung that bell, warning us that the trust fund was unduly small for the very obvious reason that the fund is twice what they estimated it should be. The highest estimated benefits for any of the ensuing 5 years were from four hundred and fifty to seven hundred million dollars. So, as a matter of fact, the amount in the trust fund is now from 8 to 12 times the highest prospective annual expenditure in the next 5 years—8 to 12 times, instead of 3 times as recommended by Secretary Morgenthau, who must surely know, or should know, whereof he speaks.

If the Morgenthau rule is sound, and it has not been repudiated by the Secretary as far as I know, we then have a wide margin of safety. Under these circumstances and in view of the extremely high tax burden the people necessarily are carrying, how can we justify doubling the tax at this time? Remember, the trust funds is 100 percent greater than it was anticipated it would be and is from 8 to 12 times instead 5 times more than the highest anticipated benefit payments for any one of the ensuing 5 years, which was considered by Secretary Morgenthau to be necessary to maintain the system. So I repeat: How can we justify an increase of 100 percent in the tax at this time?

In the recent campaign, not only the platforms of both political parties, but

also the candidates and spokesmen, promised the people of the country relief from heavy tax burdens at the earliest possible moment; each trying to outdo the other in such promises. However, it is clearly evident with the mounting cost of the war, the taxpayers can look for little or no relief in general Federal taxes in 1945, but they certainly are justified in opposing any unnecessary increases, or increases that have not definitely been demonstrated to be necessary. They will, in my opinion, judging by the letters and telegrams that I received from all parts of the country and from people in all walks of life, resent any increases in tax burdens which are not proven to be absolutely necessary. Based on previous testimony and estimates of amounts required to keep this trust fund sound, a 100 percent increase in tax for this purpose can, in nowise, be justified.

We have taxes here, taxes there, taxes everywhere. Hundreds of thousands of small businesses have been forced to close as a result of the war and taxes, and thousands of white-collar people have not had their salaries increased commensurate with the increased cost of living. Upon these people a 100 percent increase in this tax would prove a grievous burden. It should be remembered that this tax is not a tax upon profits, but a tax on costs of the employer and must be paid even though the employer is in the red or just breaking even, and by the employee it must be paid out of sweat and toil of daily earnings, although such earnings may not be sufficient to provide a comfortable subsistence for the wage earner and his family.

Before any increase in this tax is permitted to become effective the entire subject of tax rates and the adequacy of the trust fund should be reexamined in the light and upon the experience of 9 years of operation of the law to date, as our committee proposes to do if this tax is frozen for the year 1945.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 5 additional minutes.

Mr. COLMER. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman, although my time is very limited.

Mr. COLMER. Do I understand it is the gentleman's view that business would find it more difficult to increase jobs in the post-war period if this bill were not enacted?

Mr. DOUGHTON of North Carolina. Well, I did not make that statement, but I do say there are hundreds of thousands of small businesses that have already gone to the wall as a result of the war conditions and high taxes. Upon those this tax increase would be a very grievous burden. This is a tax not on profits, but a tax on the costs of business so far as business is concerned, and a tax on sweat and toil of daily earnings so far as the employee is concerned.

Mr. COLMER. I should like the benefit of the distinguished gentleman's good judgment on that question: What effect



would it have on employment in the post-war period?

Mr. DOUGHTON of North Carolina. It would certainly leave the employer in a much better condition to employ labor after the war, in my opinion.

Mr. COLMER. I thank the gentleman. The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, I have before me letters I have received opposed to the freezing of the tax and opposed to this bill. You will see that I have received only 14 post cards, all written in precisely the same language, mailed the same day and at the same post office and received by me at the same time—identical messages. I have received only three letters opposing the bill. I come from a great industrial district and a great industrial State. Not 1 telegram, not 1 letter, not 1 word of objection have I received from my district relative to freezing this tax by the enactment of this bill. From the rest of the country I received only 14 identical post cards, all propaganda, opposing it. As you can see by these telegrams I hold in my hand, hundreds and hundreds of them, I have received in favor of freezing the tax and passage of this bill. Here are hundreds and hundreds of letters, none of them identical, from men in all walks of life, and from all sections of the country, from men in all types of business, from labor, capital, industry, employer and employee. This is not propaganda. This is a free expression of the will of the people on this important subject and should have great value, in my judgment. It is an expression of the enlightened sentiment of this country opposed to the increase of this tax.

In my judgment the security and stability of the system will in no way be jeopardized by the enactment of this bill into law.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. KNUTSON. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the measure now under consideration would freeze the social security pay-roll tax at the present 1-percent rate for another year. Heretofore, social-security tax legislation has been handled in a more or less haphazard manner because we have not had sufficient information to act with full knowledge. It is the purpose of the appropriate committees of the two Houses to make a thorough and exhaustive study of the whole question after the first of the year. It will interest those on this side of the aisle to learn that the Republican members of the Ways and Means Committee unanimously supported the bill; also, that it was supported by a majority of the Democratic members of the committee. The measure was reported out of the Ways and Means Committee by a vote of 17 to 7.

Unless the Congress acts to freeze the rate at the present level, the tax will automatically increase to 2 percent on

both employer and employee on January 1, 1945.

When the Social Security Act was revised in 1939, Congress abandoned the so-called full reserve plan, under which a reserve fund of some fifty billions would eventually have been built up. This action was taken with the approval of the Treasury, in recognition of the fact that a full actuarial reserve is not necessary in a Government-operated insurance plan. The act, as revised, contemplated only a contingent reserve, and specified that a report should be made to Congress whenever the reserve fund exceeded three times the highest contemplated benefit payments in any year of the ensuing 5 years. This is the so-called Morgenthau rule.

According to Dr. Altmeyer, Chairman of the Social Security Board, the reserve fund on January 1 will be \$6,000,000,000. The annual benefit payments are now running around \$200,000,000, and the highest estimated annual payment in the next 5 years will be between \$450,000,000 and \$700,000,000. Thus the existing reserve is more than 8 times, rather than 3 times, the highest annual benefit payments in the next 5-year period, based on the highest estimate of payments. It is 13 times the highest annual payments, based on the lowest estimate of such payments.

Current receipts from the present 1 percent tax are approximately \$1,300,000,000 annually, or more than 6 times current outlays. The present reserve is 30 times the amount of current payments, and will continue to grow under the 1 percent rate, even if it were to be continued for a number of years. If the rate is automatically increased to 2 percent on both employers and employees on January 1 next, an additional and unnecessary burden of \$1,300,000,000 will be imposed.

The above figures conclusively show that the present 1 percent rate may safely be continued for another year, as provided in the bill reported by the Ways and Means Committee, without in any jeopardizing the trust fund. The scheduled increase to 2 percent on both employer and employee is wholly unnecessary and unjustifiable. The 1 percent rate heretofore in effect has built up a far greater reserve than Congress, in 1939, contemplated would be built up under a 2 percent rate by the year 1948.

Mr. MILLS. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Arkansas.

Mr. MILLS. May I remind the gentleman of the testimony given by Mr. Altmeyer in answer to questions propounded by the gentleman on that particular point:

Mr. KNUTSON. You have competent actuaries in your employ at the present time, have you not?

Mr. ALTMAYER. Yes.

Mr. KNUTSON. And based upon their findings, the present rate of income is sufficient to take care of the calls that will be made upon that fund during the next 20 years?

Mr. ALTMAYER. That is right.

That substantiates what the gentleman is saying.

Mr. KNUTSON. I am glad to have the gentleman's contribution, and without casting reflection on anyone I may say that representatives of the Social Security Board who appeared before the committee failed to make out a case. There was only one gentleman appearing who claimed to represent labor and when interrogated he admitted he did not know how much the reserve was; he also admitted that he did not know what the outgo was, and apparently lost some of his enthusiasm for the program he was espousing when he learned that the reserve fund is now eight times greater than the outgo.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Tennessee.

Mr. COOPER. I am sure the gentleman wants to convey the information to the House, as to the question read here by the gentleman from Arkansas and Dr. Altmeyer's answer, that if the increase goes into effect as provided on January 1, it will take it for 20 years.

Mr. MILLS. On page 10 of the hearings Mr. KNUTSON asked the question:

Based upon their findings, the present rate of income is sufficient to take care of the calls that will be made upon the fund during the next 20 years.

Mr. Altmeyer's answer was:

That is right.

He may be incorrect, but that is his statement.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from North Carolina.

Mr. DOUGHTON of North Carolina. Nobody can question that he did say definitely that it was all right for at least 10 years.

Mr. KNUTSON. There is no dispute about that.

Mr. DOUGHTON of North Carolina. There is no question about that.

Mr. KNUTSON. There is no question and no dispute that all the testimony adduced before the committee was to the effect that the present rate of 1 percent was enough to carry the fund in a solvent manner for the next 9 or 10 years.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from South Dakota.

Mr. CASE. Was there any testimony adduced before the committee that measured the effect of increasing the tax on the wage earner by 1 percent, on the cost of living, or upon the demand for breaking the ceiling on wages?

Mr. KNUTSON. Unfortunately the committee did not go into that phase of the question. I think that we should have given some thought to it. It is inflationary. If the increase goes into effect the Congress will merely vote to place another 1 percent tax on all pay rolls and pay envelopes. Naturally the employees will ask for an increase in pay to offset the additional load that will be placed upon their shoulders on January 1.

Mr. CASE. In other words, it will help to break down the "hold the line" order, so to speak.

Mr. KNUTSON. Exactly, and I am not so sure that that is not the reason why the administration seems to be for the increase. Of course, if Congress would conveniently provide the administration with an "out" so that it was justified in abrogating the so-called Little Steel formula, the Congress would be entitled to a vote of thanks from the administration.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KNUTSON. Mr. Chairman, I yield myself 5 additional minutes.

I wish the House to get this: The 1 percent rate now in effect has built up a far greater reserve than Congress in 1939 contemplated would be built up under a 2 percent rate by the year 1948; in other words, under a 1 percent rate we have by 1944 built up a greater surplus than it was contemplated could be built up by the year 1948 under a 2 percent rate.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from New York.

Mr. LYNCH. Is it not also a fact that, although the reserve has been built up in the manner in which the gentleman states, the liabilities of the fund have also increased?

Mr. KNUTSON. It would be passing strange if the liability of the fund did not continually increase. That is one reason why we should have a full study made. We should go into this subject exhaustively, not only by the Committee on Ways and Means, but also by the Finance Committee of the Senate, so that we may know without any doubt as to what should be done. The question of social security is not a debatable one. We all admit it is necessary. Where we disagree is upon how much of a tax we should levy. It is for the purpose of ascertaining what should be done that we propose, as the gentleman, who is an esteemed and valuable member of the Committee on Ways and Means, knows, to hold such a hearing after the first of the year. We feel that the present rate should be frozen until we have had an opportunity to go into the question completely from all angles.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from North Carolina.

Mr. DOUGHTON of North Carolina. Is not the solvency of the fund determined by the reserve?

Mr. KNUTSON. Precisely.

Mr. DOUGHTON of North Carolina. The reserve is 100 percent more than they said would be necessary for 1944. Of course, the liability would not increase to that extent; everybody knows that.

Mr. KNUTSON. The reserve is greater today under the 1-percent tax than the actuary said we would have in 1948 under a 2-percent levy.

Mr. DOUGHTON of North Carolina. So an increase in the tax rate would not be necessary.

Mr. LYNCH. Mr. Chairman, will the gentleman yield further?

Mr. KNUTSON. I yield to the gentleman from New York.

Mr. LYNCH. Is it not a fact that today, insofar as all the liabilities of the fund and the reserve are concerned, if payments were made to the beneficiaries who are entitled to them there would be a deficit of \$6,500,000,000?

Mr. KNUTSON. Does the gentleman mean to tell the House that the Social Security Board, which is dominated by his party, is gypping the people?

Mr. LYNCH. The gentleman and every member of that committee know it is costing more for these benefits than is being paid in, and that the minimum cost is 4 percent, by all authorities.

Mr. KNUTSON. We know no such a thing, and that is the reason we want to hold hearings.

Mr. LYNCH. Hearings have been held, and the testimony is that the minimum is 4 percent.

Mr. KNUTSON. The hearings that were held in 1939 are about as up-to-date as a last year's bird nest.

Mr. DOUGHTON of North Carolina. As to the amount of the reserve, we have taken in more than \$1,000,000,000 in 1944, and it is estimated that we have paid out only \$200,000,000.

Mr. KNUTSON. That is a juicy morsel for those who are continually pleading for the poor downtrodden, but no matter what you do today you are not going to increase or decrease by one penny the benefits that are being paid.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KNUTSON. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Arkansas.

Mr. MILLS. In order to prevent anyone's assuming that there is any attempt on the part of anyone to mislead the House or place erroneous information in the RECORD, based upon the hearings, I find on page 12, called to my attention by the gentleman from Tennessee [Mr. COOPER] that in response to his question Mr. Altmeyer indicates a different conclusion or result from that stated in response to the question of the gentleman from Minnesota. This is the testimony:

Mr. COOPER. Now, Mr. KNUTSON's questions clearly indicated that he thought the present 1-percent tax on employers and employees would be sufficient to last for 20 years. That is wrong, is it?

Mr. ALTMAYER. Yes, sir.

Mr. COOPER. That means, then, that if the 2-percent tax as now provided by law is permitted to go into effect on January 1, the fund is estimated to be sufficient to carry the system for 20 years.

Mr. ALTMAYER. Yes, sir.

Apparently Mr. Altmeyer misunderstood the question of the gentleman from Minnesota, or else there is a difference in his mind as to what the conclusion is, but I put this in the RECORD nevertheless.

Mr. KNUTSON. Mr. Altmeyer may have changed his mind between the time I interrogated him and the time the gentleman from Tennessee interrogated him.

Mr. MILLS. My point is this: In view of the erroneous conclusions that have

been reached by the Social Security Board heretofore, prior to the war, even, as to the amount of revenue and the amount of liabilities that will be incurred annually, and the uncertainty as to the size of the fund that will be needed in the future, it is clearly evident that the Committee on Ways and Means is right in unanimously deciding to go into this whole subject next year and determine how much is needed to carry on this program.

Mr. KNUTSON. The gentleman from Arkansas will recall that when the original social-security bill was before the Committee on Ways and Means, under the operation of the Treasury proposal a reserve of forty-eight or fifty billion dollars would have been built up, a sum that staggers the imagination and defies reliable analysis.

The fact that Congress, on three previous occasions, has found it necessary to set aside scheduled increases in the rate, and now finds it desirable to do so again, suggests the need for a restudy of the whole matter of social-security financing in order that revenues may be adjusted to the active needs of the program without requiring annual action by Congress. Pending such a study, it is advisable to set aside the wholly unnecessary increase scheduled for next January 1.

Let me again remind the House that if the increase goes into effect on January 1, you are, in effect, taking \$700,000,000 out of the pay envelopes of American labor. There is no more need of that than there is for the New Deal.

The same considerations which caused Congress to do away with the full reserve plan necessitate such action, as otherwise the reserve will grow to such unwieldy proportions as to encourage use of the moneys for all sorts of spending schemes. In fact, it must be kept in mind that the so-called reserve is nothing more than a paper reserve in any event, since the Treasury uses the social-security funds to meet current general expenditures, leaving only its IOU in the fund. Thus, the larger the fund, the more the Treasury will have to draw on, and the more must eventually be repaid when the IOU's come due.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. DONDERO. Did the gentleman's committee have before it actuaries of life-insurance companies who have had many years of experience, to testify as to what is reasonably necessary as a reserve?

Mr. KNUTSON. I yield to the gentleman from New York [Mr. REED] who may be able to answer that question.

Mr. REED of New York. Yes; we had testimony from several of them. If I can get time later, I may quote from the testimony of one of them.

Mr. DONDERO. Did they say the reserve fund was adequate to take care of the needs of the reserve fund?

Mr. REED of New York. Yes.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. EBERHARTER. There has been no testimony before this committee to



the effect that 1 percent is sufficient to carry the annual cost of these benefits, and neither has any actuary attempted to say that the reserve fund is sufficient for a longer period than perhaps 10 years. In other words, they are all agreed that the reserve fund is not sufficient to carry this system on through as was originally contemplated when the law was passed.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KNUTSON. Mr. Chairman, I yield myself 1 additional minute to answer the gentleman's question.

Mr. Chairman, we do know that the present rate is sufficient to carry the fund for the next 9 or 10 years. I agree with the gentleman that we do not know just what the rate should be in order to maintain a solvent reserve for the long-time future. That is the reason the majority of the Committee on Ways and Means wants to freeze the present rate until we can have an exhaustive study made of the whole question.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, it is with regret that I find I am unable to agree with the majority of my committee on the pending bill, H. R. 5564. I have always been grateful for the fact that it was my privilege to very actively participate in the drafting and passage of the Social Security Act. It was my privilege to serve as a member of the original subcommittee that gave much thought and study to the subject and to be a member of the second subcommittee that participated in the drafting of most of the original Social Security Act.

I mention that to try to convey the impression that I have always taken an active interest in this legislation. I happen to be the only Member of Congress who is still serving who was a member of those subcommittees that worked a long time on those measures.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. DOUGHTON of North Carolina. The gentleman overlooks the fact that the chairman of the committee was ex officio a member of the subcommittee and sat in on all of those deliberations.

Mr. COOPER. I am speaking only of the subcommittee. In 1935 the Congress enacted the Social Security Act, the greatest piece of legislation of its type ever enacted in the history of this or any other country in the world. It provided for old-age assistance or pensions, old-age benefits or annuities, unemployment compensation, aid to dependent children, maternal and child welfare, assistance for crippled children, vocational rehabilitation, public health, and aid to the blind.

In 1939, after 3 years of experience under the act, the Social Security Act was very materially amended. It was greatly expanded and broadened to take in thousands of additional people, especially with respect to old-age and survivors benefits. That is the part of the

program under consideration with respect to the pending bill.

In the 1939 act the Congress launched the greatest insurance program in history. It wrote the largest insurance policy of all time. Overnight it provided insurance of some \$50,000,000,000. It provided a method of paying the premiums on that large amount of insurance. It is on a contributory basis, the employer paying a tax, the employee paying a tax, thereby providing the fund to pay the benefits. Those benefits are provided as a matter of law. The people are entitled to them as a matter of right. There is no needs test applied at all. The solemn law of the land provides these benefits for the people.

I believe the action proposed in the pending bill will endanger the system. That is why I am opposed to it. I am confident that the increase in tax provided in existing law is essential for the protection of this system. All actuaries agree that at least 4-percent tax is necessary to provide a fund to pay the benefits, and some of them place it much higher. That is, 2 percent on the employer and 2 percent on the employee, which is provided in the existing law and will go into effect if the pending bill is not passed.

None of the witnesses appearing before the committee placed the average annual cost of this insurance system at less than 4 percent of the pay roll. Some of the estimates placed the average annual cost as high as 7 percent, and eventually an annual cost as high as 11 percent. Even if we accept the lowest estimate of 4 percent average annual cost, it may be said that the reserve fund of this system already has a deficit of \$6,600,000,000.

If we take the higher estimate of 7 percent average annual cost it may be said that the reserve fund already has a deficit of about \$16,500,000,000. I should like to point out the fact that Mr. M. A. Linton, president of the Provident Mutual Life Insurance Co. of Philadelphia, appeared before the committee in favor of freezing the tax, and when asked questions he stated that it would result in a subsidy having to be paid from the Treasury to pay for these benefits provided; and he very frankly stated that he favored that. He is in favor of a subsidy from the Treasury to help pay these benefits. That is nothing new to members of the Ways and Means Committee who have gone through all the proceedings on this matter. It was originally proposed by some people that there should be a three-way contribution, that the employer should contribute one-third, the employee one-third and the Government of the United States one-third. I present this only to point out the fact that if this freeze is accomplished it will endanger this fund and will require a subsidy to be paid from the Treasury of the United States.

I offer this simple illustration with the permission of my friend, the gentleman from Michigan: I do not believe it is fair to call upon the gentleman from Michigan as a general taxpayer of the Federal Government to pay me a special

benefit when no needs test is applied. I may be worth many times more than he, yet as a general taxpayer to the Federal Government he would have to be paying me a special benefit.

As I said a moment ago, the continuance of the present pay-roll tax rate, 1 percent on the employer and 1 percent on the employee, which is sought to be frozen and continued by the pending bill, will require an eventual Government subsidy. If the rate of contributions is continued at less than the average annual cost of this insurance system, it is a mathematical certainty that there will be one of the following three results: First, the future pay-roll tax rates will have to be much higher if the insurance system continues to be financed wholly by pay-roll taxes; or, second, the benefits promised will have to be reduced; or, third, the Federal Government will be obliged to provide a subsidy out of the general tax revenues.

Mr. ROESION of Kentucky. Mr. Chairman, will the gentleman yield for a little information at that point?

Mr. COOPER. I am sorry, but it will have to be very brief.

Mr. ROESION of Kentucky. When is it anticipated that this subsidy would have to be paid by the Government?

Mr. COOPER. It is difficult to tell. The gentleman knows there are thousands of people now in covered employment because of the emergency. The fact is that practically a million people have already retired and are now on the benefit rolls. One hundred and sixty-five thousand people who had retired and begun their benefits went back into employment during this period of high employment and high wages. There are about 650,000 people now employed who are already eligible for retirement and the beginning of the receipt of the benefits. When this enormous number of people leave present employment due to the ending of this emergency the contributions they are now making will stop, the fund will thereby stop increasing, but, on the other hand, benefits will begin to accrue—they will begin to receive benefits all the way from \$10 to \$85 a month.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield at that point?

Mr. COOPER. Very briefly.

Mr. KNUTSON. The gentleman will recall that it was testified that the demand on the funds next year would not exceed \$750,000,000. In some instances it ran as low as \$400,000,000.

Mr. COOPER. That is the main difficulty about this matter. Anyone who has his vision limited to 1 year cannot begin to understand the principles or the purposes upon which social security rests. It is the future that we must look to. We are building up these benefits that are provided by law. When people begin to work they start to pay their contributions because they are acquiring benefits every day that they are covered in employment. Benefits is the thing that must be taken into consideration if you are to get anything like an accurate view of the situation.

Mr. DEWEY. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Mr. DEWEY. The gentleman has mentioned the subsidies that might be necessary to be paid to carry out the system. Is it not a fact that at the present moment the Government is subsidizing to the extent of about \$700,000,000 annually the old-age pensions as a direct contribution, which is a subsidy? So there is nothing new in the matter when it becomes necessary.

Mr. COOPER. I am sorry the gentleman is trying to divert me from the subject under consideration. Old-age pensions has nothing to do with this bill. All that is paid under title I of the old-age system, commonly referred to as pensions, is a subsidy. Those people have not paid in anything and the Federal Government puts up dollar for dollar whatever the State is willing to put up; but bear in mind there is a need test applied. Unless the person is in need he cannot qualify for it. There is no need test applied at all under these benefits because this is insurance that people are paying for themselves and they are buying these benefits that they are entitled to as a matter of right.

Mr. McCORMACK. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Old-age assistance is only a temporary stopgap necessary to meet the problem of the aged people, based on need, whereas this is an earned annuity which goes to persons as a matter of right when they have met the requirements of the existing law.

Mr. COOPER. The gentleman is correct. The present value of the benefits payable to those now eligible now amount to approximately four and one-half billion dollars. I repeat, four and one-half billion dollars. Those are the benefits they are entitled to now. This figure represents only the liabilities which the Federal Government has assumed for those persons already eligible for benefits. Since the reserve fund on January 1, 1945, will be \$6,000,000,000, this leave only one and one-half billion dollars in the reserve fund to meet the liabilities which the Federal Government has assumed for the payment of benefits to the 69,000,000 persons who have accumulated wage credits but have not yet died or reached retirement age.

I want to invite attention to the fact that it must have been recognized that the freezing of the tax in the bill which became law over the veto of the President early this year endangered the fund, otherwise why did the Senate, after adopting Senator VANDENBERG's amendment to freeze the tax, then adopt Senator MURRAY's amendment providing that funds should be paid out of the General Treasury of the United States to pay benefits when the reserve became inadequate?

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. COOPER. Mr. Chairman, I want to call your attention to this provision which was inserted in the bill the last time this tax was frozen:

There is also authorized to be appropriated to the trust fund such additional sums as may be required to finance the benefits and payments provided under this title.

Certainly they were so apprehensive when they adopted that freeze that they realized it was necessary to also put a provision in the law providing for payment of these benefits out of the General Treasury of the United States. That is the law today. You keep freezing this tax, thereby not allowing the fund to increase to the point that is necessary to pay the benefits, and it simply means that those benefits will have to be paid out of the General Treasury of the United States. That is in the law today, and so far as this bill is concerned, will continue in the law.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I am looking for light. The gentleman from Minnesota [Mr. KNOTSON] said that there were I O U's in the Treasury for the money paid in by the workers in industry. Is that money used as a general revenue-raising measure, or is that money available for the worker when he needs it?

Mr. COOPER. I am sorry; I do not have time to go into all of that. Let it be stated that every person entitled to a benefit receives his benefit when it is due; when he makes application for it. This trust fund is handled exactly the same as the trust fund for the veterans' insurance plan of the First World War, the same as the veterans' insurance plan of this war, the same as the civil-service retirement plan, the same as the retirement plan for people in the Foreign Service of the United States, and every other trust fund of the Federal Government.

Bear in mind that in 1939 the Congress wrote into the law survivors' benefits to widows and orphans and dependent parents in lieu of lump sums that were then provided. I would like to point out again, as I stated a moment ago, let it be remembered that we do not now have a normal situation due to this emergency, due to the manpower situation, due to this war. We have thousands of people who have remained in covered employment and thereby are paying in the tax and continuing to make contributions to the fund who are already of retirement age. When this emergency is over, which we all hope and pray will be soon, thousands of those people will stop paying the tax, stop making the contributions, and thereby the size of the fund will decrease, and at the same time they will go on the rolls for benefits to be paid, and thereby draw from the fund these large amounts. That is the practical situation we have presented today.

So I say to you with all the sincerity of my being that, based upon the actuarial information presented upon the authority of the Social Security Board, upon the authority of actuaries not associated with the Government, there can be no doubt

that by further freezing this tax we endanger this fund and thereby jeopardize this insurance system.

Mr. CARLSON of Kansas. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Kansas.

Mr. CARLSON of Kansas. I think in all fairness it should be brought out, however, that we have about 20,000,000 people who left uncovered employment and went into covered employment and will probably go back to uncovered employment, and therefore the fund eventually will be the beneficiary of great benefits they paid in, and they will not receive a cent.

Mr. COOPER. There will be some accretions to this fund, there is no doubt about that. Bear in mind that every time people go into covered employment, they build up benefits. Every time you increase the size of the fund you are increasing the burden, the liability of the benefits that are provided.

Under leave granted to extend my remarks, I include the dissenting views of certain members of the Committee on Ways and Means:

#### DISSENTING VIEWS

The undersigned members of the Ways and Means Committee respectfully submit their dissenting views relative to H. R. 5584, which has been favorably reported by the majority of the committee.

We deeply regret that our considered opinion with respect to this bill is at variance with a majority of our colleagues and that we cannot concur in the recommendation that the bill should be reported favorably.

The bill reported by a majority of the committee will prevent the rate of contributions under the Federal old-age and survivors insurance system from increasing on January 1, 1945, in accordance with the schedule contained in the present law. We believe this action to be unwise and detrimental to the basic principles underlying a contributory social-insurance system. Our reasons are summarized as follows:

#### SUMMARY OF OBJECTIONS TO THE BILL

##### 1. The success of a contributory system of social insurance is at stake

We believe that the very success of this contributory social-insurance system which Congress established in 1935 is at stake and not merely the fixing of a tax rate in the usual sense of the term. The Congress of the United States in 1935 took a long step forward in undertaking to substitute for a hit-and-miss method of relieving destitution through a Government dole a systematic long-range method known as contributory social insurance. Under a system of contributory social insurance, benefits are paid as a matter of right without a means or a needs test and are related in an equitable manner to the length of time a person has been insured and the amount of his past earnings. An essential characteristic of any contributory social-insurance system is that the benefits are financed wholly or in large part from contributions made by or on behalf of the beneficiaries. It is just as true of a social-insurance system as of any insurance system that its security depends upon the certainty and soundness of the methods used to finance it. In financing a contributory social-insurance system it is necessary to make certain that the promises made today to pay benefits in the future can be and will be fulfilled. Under a social-insurance system providing old-age annuities based upon the length of time insured initial costs are low and ultimate costs are high. In the



case of this social-insurance system it has been estimated that the eventual annual cost will be 15 to 20 times what they are today.

**2. The cost of benefits promised is far in excess of the contributions being collected**

None of the witnesses appearing before the committee placed the average annual cost of this insurance system at less than 4 percent of pay roll. Some of the estimates placed the average annual cost as high as 7 percent and the eventual annual cost as high as 11 percent. Therefore, it is obvious that the actuarial soundness of this insurance system will continue to deteriorate so long as the current rate of contributions is kept at the present low level. Even if we accept the lowest estimate of 4 percent average annual cost, it may be said that the reserve fund of this system already has a deficit of \$6,600,000,000. If we take the higher estimate of 7 percent average annual cost, it may be said that the reserve fund already has a deficit of about \$16,500,000,000. The fact that we are collecting as much at the present 1-percent rate as it was estimated in 1939 we would collect at the 2-percent rate does not affect these estimates of cost and the size of the deficit, since the liabilities assumed by the insurance system have likewise increased.

One of the arguments advanced for not permitting the automatic increase in rate to take effect is that there should be a study made of the financing of this system and of social security generally. Another argument advanced is that Congress will soon consider the extension and broadening of the social-security law. These arguments lack validity, since the minimum cost estimate set forth above has not been disputed by any witness appearing before the committee and it is obvious that any extension and broadening of the social-security law will certainly not result in a reduction in cost. Therefore, there appears to be no good reason why present costs, which are not disputed, should not be properly financed.

**3. The continuance of the present pay-roll-tax rate will require an eventual Government subsidy**

If the rate of contributions is continued at less than the average annual cost of this insurance system, it is a mathematical certainty that there will be one of the following three results: (1) The future pay-roll-tax rates will have to be much higher if the insurance system continues to be financed wholly by pay-roll taxes, or (2) the benefits promised will have to be reduced, or (3) the Federal Government will be obliged to provide a subsidy out of general tax revenues.

There is of course a limit to the amount of pay-roll taxes that can be levied in justice to employers and workers. In the case of the workers the actuarial figures indicate that if the eventual rate is placed higher than 3 percent large numbers will be required to pay more for their benefits under this insurance system than if they obtained similar protection from a private insurance company. Since such a result would be clearly inequitable and since the repudiation by the Government of benefits promised is unthinkable, the only real alternative is an outright Government subsidy.

In making these statements, it should not be concluded that we are opposed to some eventual contribution by the Government to the social-insurance system out of general revenues, provided it is not caused solely by the fact that an unjustifiably low rate is levied in the early years of operation and provided there is complete coverage of the workers in this country. However, at the present time, there are some 20,000,000 individuals engaged in occupations which are excluded from the insurance system. We believe, therefore, that before any such contribution is made to the social-insurance

system out of general revenues consideration should be given to broadening the coverage of the insurance program.

**4. Freezing costs taxpayers more later on**

A major argument that has been made by persons in favor of the tax freeze is that it does not make any difference to the taxpayers of the future whether they are required to pay taxes to cover the interest on Government bonds held by the reserve fund or are required to pay taxes for an outright Government subsidy to this insurance system. This argument was completely disproved in the course of the hearings, since not only the Chairman of the Social Security Board but M. A. Linton, president of the Provident Mutual Life Insurance Co., who advocates the freeze, both agreed that the amount of taxes to be raised in the future if there is no reserve fund will be twice as much as if there is a reserve fund. Both of these witnesses agreed that the interest payable on Government obligations held by the reserve fund would otherwise have to be paid to private investors who would be holding these obligations and in addition a subsidy of an equal amount would still have to be made to the insurance system.

**5. Delay in automatic step-up will create future hardship for employers and workers**

It has been suggested that now is a difficult time for employers and workers to meet the additional 1-percent tax on pay rolls. We sympathize with the difficulties of meeting the present tax burden made necessary by the war. However, we are of the opinion that it will be far more difficult for employers and workers to absorb an increase in the rate a year from now or at any date in the near future. The profits of most employers are at a high level today. In fact, the majority of employers will be required to pay excess-profits taxes. Therefore, in most cases the increased pay-roll tax payable by employers will be partially offset by the reduction in the excess-profits taxes they will be required to pay. So far as the workers are concerned, the committee was informed that both the American Federation of Labor and the Congress of Industrial Organizations are in favor of permitting the automatic increase to take effect. As members of the Committee on Ways and Means, the committee which has the difficult task of raising taxes, we are impressed by the willingness of the workers of this country to pay their equitable share of the cost of these benefits. We wish to commend these labor organizations for their statesmanlike action which indicates that they truly understand and appreciate the value of this contributory social-insurance system, and therefore desire to maintain its financial integrity.

**6. Low contributions imply low benefits**

The real reason why many people advocate keeping the contribution rate at a level below the true cost of the benefits provided is that they fear the accumulation of a reserve fund will create a demand for an increase in the size of the benefits. However, in our opinion the continuation of the present unjustifiably low contribution rate has the effect of making people believe that the cost of the benefits provided is low and that the value of the benefits provided is inconsequential. As already pointed out, the real cost and value is far in excess of the rate of contribution now being collected. The survivors' benefits alone have a face value between \$3,000 and \$10,000 for most families and as high as \$15,000 for some families. The total amount of survivors' benefits provided have a face value of \$50,000,000,000.

Most people estimate the value of what they buy by the price which they pay. Therefore, we believe that an increase in the contribution rate will result in less extravagant rather than more extravagant demands being made upon the Congress for an increase in the benefits provided.

**7. Freezing not consistent with general congressional policy**

The policy embodied in the majority's recommendations to freeze the rate of contributions under the old-age and survivors insurance system is defended on the ground that only sufficient contributions should be collected to cover the cost of benefits currently being paid out. However, this policy is diametrically opposed to the policy which the Congress follows in the national service life insurance system for veterans of World War No. 2, the Government life insurance system for veterans of World War No. 1, the civil-service retirement fund, the Foreign Service life insurance fund, and several other of the retirement funds set up by the Congress. In completely departing from this principle for the Federal old-age and survivors insurance fund we believe that the Congress is making a grave mistake.

**CONCLUSION**

For the reasons outlined above, we oppose the freezing of social-security contributions at the present time. We believe that the action of the majority of the committee is unwise and unsound.

We believe that it is important to strengthen the social-insurance provisions of the Social Security Act. We cannot do so unless we assure the continuation of the social-insurance provisions on a sound financial basis that will guarantee to every American citizen that he will get his social-insurance benefits as a matter of right and not as a dole.

We do not believe that the present provisions of the Social Security Act are perfect. We believe that many of the provisions in the existing law should be strengthened and expanded. We believe that the Committee on Ways and Means should give consideration to a comprehensive review of all of the provisions of the Social Security Act. Only in this way can the contributions and the benefit provisions be seen in proper perspective. However, we do not believe it is wise, pending such consideration, to emasculate the proper financing of the admitted true cost of the benefits now provided. We are opposed, therefore, to the piecemeal consideration of one aspect of social-security legislation and favor a comprehensive study of the entire social-security program with a view toward broadening, expanding, and strengthening its provisions so that it will make its full contribution to the preservation of our democracy and our system of free enterprise in the difficult reconversion and post-war periods.

JERE COOPER.  
JOHN D. DINGELL.  
A. SIDNEY CAMP.  
WALTER A. LYNCH.  
AIME J. FORAND.  
HERMAN, P. EBERHARTER.  
CECIL R. KING.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. Chairman, notwithstanding the fact that seven members of the Ways and Means Committee filed a minority report on the pending bill to freeze social security pay-roll taxes at present rates for another year, there is no fundamental difference in objective between those who voted to report the bill and those who voted against doing so. Every member of the committee wants to make a success of a contributory system of

social insurance. Every member of the committee frankly admits that an indefinite continuance of a 2-percent tax will require eventual Government subsidy. Every member of the committee voted to make a study at an early date of what constitutes an adequate contingent reserve fund and the rates required to produce and maintain that fund on a sound financial basis. The essential difference between the divergent groups in the committee is that a majority of the committee wishes to approach the problem from the standpoint of what is an adequate contingent reserve fund and the minority from the standpoint solely of rates. It should be apparent to every thinking man that there can be no proper determination of rates prior to the determination of the basic question of the amount of reserve fund you seek to create.

The second paragraph of the minority report is headed: "The cost of benefits promised is far in excess of the contribution being collected." With all due deference to the testimony of the Chairman of the Social Security Board before our committee to that effect, it is only fair to point out that in the past he has been unable to give us any estimate on either collections or disbursements that have been reasonably accurate. No one can blame the so-called experts for being so far off in their estimates 9 years ago, before there was any experience with the system. Most of them frankly admitted that their estimates were just plain guesses that might be at least 50 percent wrong. Greater accuracy was expected in 1939 but failed to materialize. Government experts in that year predicted that the reserve would reach the sum of \$3,122,000,000 in 1944 after a 4-percent rate had been in effect for 3 of those years. The facts are that with a 2-percent rate throughout that period the reserve fund is now approximately \$6,000,000,000, and at the same rate will approximate \$7,250,000,000 by the end of 1945. In other words, in 1939 the Government experts missed their guess on what a given schedule of rates would produce by 100 percent. In 1939 Government experts declined to commit themselves to any specific contingent reserve fund, although most of them frankly admitted that a contingent reserve fund of forty-nine or fifty billion dollars, as contemplated by the original act, was not necessary to keep the system sound and on a contributory basis. The Secretary of the Treasury, Mr. Morgenthau, gave it as his personal opinion that the Congress would be safe in planning a contingent reserve fund which at all times would be not less than 3 times the highest prospective annual benefits in the ensuing 5 years. The 3 previous occasions on which the Congress has postponed the statutory increase in pay-roll taxes have not only been in keeping with that formula but that test of safety has been far exceeded. As pointed out in the committee report, the existing reserve is now from 8 to 10 times the highest expected annual expenditure. Therefore, the next sub-heading of the minority report which says: "The continuance of the present pay-roll tax rate will require an eventual

Government subsidy," is a definite repudiation of the Morgenthau formula.

It is significant to me that the section of the minority report dealing with the cost of benefits does not refer to the estimate of the Social Security Board, which is annually made in keeping with the Morgenthau formula. That last estimate of the Board is to the effect that the highest annual expenditure will be between \$450,000,000 and \$700,000,000 in the next 5 years. The difference between the low estimate and the high estimate is so great that the average layman is forced to the conclusion that the Board is just guessing. In the same section of the report, referring to the unexpected and unpredicted increase in receipts, it is said that the liabilities assumed by the insurance system have likewise increased. That, of course, is true, but neither the Social Security Board nor anyone else undertakes to tell our committee how much the liabilities have increased. They certainly have not increased as fast as the assets because of several factors, among which may be enumerated the fact that young people must be in covered employment for a total of 10 years before becoming entitled to annuity benefits; thousands of employees have come into industry who otherwise would have retired, and when they go back to retirement the Government saves the millions of dollars they would have received in retirement benefits but did not receive during the war; many have worked at higher wages during the war than they received before the war but their annuity benefits have not been measurably changed. The maximum benefit with respect to taxes paid is at the \$50 per month level and ends at the \$150 per month level. Covered employees making more than \$150 per month are profitable accounts. It is true that the Social Security Board now recommends that the benefits should be increased but that action as yet has not been taken by the Congress. The net result has been that the contingent reserve has increased faster than the contingent liability and the difference may properly be called a war windfall.

#### Section 4 of the minority report says:

A major argument that has been made by persons in favor of the tax freeze is that it does not make any difference to the taxpayers of the future whether they are required to pay taxes to cover the interest on Government bonds held by the reserve fund or are required to pay taxes for an outright Government subsidy to this insurance system.

I never have made that argument and few who voted to report this bill have ever made that argument. To me, nothing is more absurd than to say that a Government bond in the reserve of a private insurance company is a good bond and a safe investment for the reserve fund but that a similar bond in the trust fund of the Social Security System is nothing but a worthless I O U. Those bonds are of equal dignity, of equal value, and are the safest investment that can be made either of premiums paid on private insurance policies or premiums by way of pay-roll taxes paid on Government insurance policies. In each instance the interest paid by the Govern-

ment on those bonds is good money and a valuable addition to the reserve fund. If our Government had no debt and had no necessity to engage in deficit financing, the point might be made that we should not force the Government to go into debt through the investment of billions of pay-roll taxes in Government bonds. But our Government now has outstanding, mostly in the hands of private investors, over \$200,000,000,000 in bonds, and our Government is engaging in deficit financing on a large scale. As long as there is a necessity for the Government to borrow money and to evidence its obligation for that money by the issuance of bonds, the interest paid on Government bonds in the social-security trust fund is just that much less interest to be paid to private investors. The Government pays the total interest on its total debt only once, and the people of the Nation are taxed only once for the payment of that total interest debt. So far as the general taxpayer is concerned it is a matter of indifference to him whether the taxes he contributes for the payment of interest all goes to private holders of Government bonds, or a part to private holders and a part to the trustees of the social-security trust fund.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. ROBERTSON]. The gentleman is making a splendid statement.

Mr. ROBERTSON. I thank the gentleman very much.

But it makes a lot of difference to the trust fund whether it receives any interest or does not receive any interest, and it makes a lot of difference to the general taxpayers if, after paying taxes to carry the interest on the total debt of the Nation, they must also pay taxes to help support the payments to be made under the Social Security Act. It is my contention, and it is the contention I believe of every member of our committee, that the social-security system should be self-supporting and that we should have a pay-roll tax and a contingent reserve fund sufficient to make contributions to the system from general taxation unnecessary. There can be no doubt about the fact that we now have such a system, and there can be no doubt about the fact that the freezing of current pay-roll taxes for another year will not render the system unsound. The statement contained in paragraph 7 of the minority report that we defend the freezing on the ground that only sufficient contributions should be collected to cover the cost of benefits currently being paid out is not justified. There may be some who favor that plan but they are not members of our committee. At the hearings before our committee last year a labor representative based his opposition to the proposal to freeze the pay-roll taxes at the existing rates on the ground that his labor organization wanted to see the fund increased in order that it might be justified in asking for larger benefits.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?



Mr. ROBERTSON. I yield to the gentleman from Minnesota.

Mr. KNUTSON. If for any reason the proponents of freezing should lose out, those who vote to increase the tax will, in effect, vote to place an additional 1-percent tax on the American workingmen?

Mr. ROBERTSON. I was just coming to that. I thank my colleague, who so graciously yielded me 5 additional minutes, for his suggestion.

During the hearings it was pointed out to Dr. Altmeyer that the best way for the Social Security Board to prevent a raid on what might appear to be an unnecessarily large contingent reserve fund would be for the trustees of the fund to set up on their books a liability account along with the account of assets. So far that has never been done, and I fear one reason it has not been done is that the trustees do not know with any degree of accuracy what figure to enter on their ledgers as the liability account.

But that is information that those who voted to freeze the pay-roll taxes for another year earnestly desire. We have been proceeding in the dark. We know that an additional 100 percent of pay-roll taxes in 1945 will fall heavily upon many small business enterprises. We are told that 500,000 small enterprises have already gone to the wall during the war effort. Some months ago a bill was introduced in the Senate calling for the payment of millions of dollars in severance pay to war workers on the ground that there would be great unemployment and great hardship in war industries when the war with Germany ended. We hope and we believe the war with Germany will be ended before the end of 1945. We believe that the present imposition of an additional \$600,000,000 of pay-roll taxes principally on war workers will touch off either a demand for higher wages or for legislation similar to the Senate bill mentioned above. Under those circumstances, we deem it to be the part of wisdom to impose no unnecessary tax burden either on small business or on workers during 1945. Before the end of 1945 we will get the advice of the best experts in the country on what is necessary to put the social-security system on a sound basis and will act accordingly.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I really feel it is entirely useless and only drawing in the patience of a tired House for me to take the floor to discuss this issue, which reduced to its true proportions is simply: Shall we tax or not tax? Shall we freeze or not freeze? I have prepared a few remarks which may be useful at some future time when the question of increasing the social-security tax in pay rolls for old-age insurance is again presented to the Congress.

Mr. Chairman, the problem of freezing the social-security tax relates solely to the old-age and survivors insurance program, which is the only one under the act

entirely administered by the Federal Government. Benefits under the old-age and survivors insurance system are financed by an equal rate of tax on the employer and the employee. They are based on the employee's wages—exclusively of amounts in excess of \$3,000 received in any 1 year—and the employer's pay roll. The original Social Security Act of 1935 provided for the following tax rates:

Years:	Percent
1937-39	1
1940-42	1½
1943-45	2
1946-48	2½
1949	3

This schedule of rates was changed by an amendment to the social security adopted in 1939 to meet the change in the benefit structure. It was at this time that the 1½ percent tax rate for the years 1940, 1941, and 1942, was eliminated.

The 2 percent rate was to have become effective in 1943, but a provision in the Revenue Act of 1942 postponed the increase until the following year. This Congress froze the rate at 1 percent for 1943 and again at 1 percent for 1944. Unless this bill which is now being considered is adopted the rate of 2 percent will take effect January 1, 1945.

Why has the rate been heretofore frozen at 1 percent and why freeze the rate again at 1 percent? It is to prevent imposing an unnecessary and an unjust tax burden upon the employers and the employees alike. There is no necessity to increase the tax in order to protect the solvency of the old-age and survivors insurance system. Secretary of the Treasury Morgenthau presented the formula that should be followed to insure full protection to the beneficiaries of the system. I quote from the official recommendations made by Secretary Morgenthau to the Ways and Means Committee on March 24, 1939:

Specifically, I would suggest to Congress—

Said Secretary Morgenthau—

that it plan the financing of the old-age insurance system with a view to maintaining for use in contingencies all eventual reserve amounting to not more than three times the highest prospective annual benefits in the ensuing 5 years.

Now then, the testimony presented to the Ways and Means Committee in the hearings on this bill, shows clearly that the highest expenditure for benefits under the old-age insurance and survivors system will not exceed \$700,000,000 annually during the next 5 years, and in this connection the testimony is undisputed that the reserve last June 30 was \$5,450,000,000. There is no sound reason why a reserve should be built up under the pretense of protecting the old-age and survivors insurance benefit when in truth and in fact the reserve will be spent to finance Government expenditures and war. Let taxes for war fall upon the public generally, and not upon the pay rolls of employees and employers. The money collected as a pay-roll tax for old age benefits should not be poured into the General Treasury to be spent for whatever fantastic scheme may be incubated

within the inner circle of the boondoggling fraternity of the New Deal.

#### SUMMARY BACKGROUND OF SOCIAL SECURITY ACT OF 1935, AS AMENDED

The Social Security Act became effective upon signature by the President August 14, 1935. It was a combination of 10 measures relating to various aspects of public welfare and assistance. From the standpoint of public interest, at least, the 2 most important subjects dealt with in the act are old-age benefits and unemployment compensation. This summary is confined solely to old-age provisions of the act, particularly the financial aspects of the old-age benefit program.

The old-age program, in the original act, was founded upon the following tax rates:

Calendar years	Percent of earnings paid by workers	Percent of pay rolls paid by employer	Total percent of wages collected
1937-39	1	1	2
1940-42	1½	1½	3
1943-45	2	2	4
1946-48	2½	2½	5
1949 and thereafter	3	3	6

It was estimated at the time the act became effective, that at the end of the fiscal year ending June 30, 1944, under the foregoing rates, aggregate receipts for that year would total \$1,185,900,000 and that the cumulative total in the reserve fund resulting from the excess of receipts over disbursements, would reach a total of \$5,765,100,000. For annual estimates based upon original rate schedule, see Old Age and the Social Security Act, Thomas L. Norton, School of Business Administration, University of Buffalo, Buffalo, N. Y., 1937.

The act provided for the establishment in the Treasury of an old-age reserve account and authorized an annual appropriation to this account, beginning with the fiscal year ending June 30, 1937, an amount "sufficient as an annual premium to provide for the payments required under this title—old-age benefit payments—such amount to be determined on a reserve basis in accordance with accepted actuarial principles, and based upon such tables of mortality as the Secretary of the Treasury shall from time to time adopt, and upon an interest rate of 3 percent per annum compounded annually."

It was anticipated that the excess of receipts over appropriations to the special account a huge reserve would be accumulated reaching the staggering total of \$47,000,000,000 by 1980 and thereafter with income and outgo relatively stable, would remain at or near that figure. It is important to note that this reserve was not planned to be self-accumulating. The amount appropriated each year to the account depended upon the amount requested annually by the Secretary and upon action by the Congress. Tax receipts would reach the reserve only if the Secretary requested the necessary appropriation and Congress made the appropriation.

After 3 years of experience under the original act an Advisory Council on Social Security was appointed by the Senate Special Committee on Social Security—subcommittee of the Committee on Finance—and the Social Security Board to consider, among other things, the advisability of increasing the taxes less rapidly under title VIII, and the size, character, and disposition of reserves. During this 3-year period, the reserve fund had grown to \$1,180,302,000. Benefit payments had risen from \$5,404,000 in the fiscal year ending June 30, 1933, to \$13,892,000 in the following fiscal year.

In making its recommendations, the council observed:

The council believes that the contributory-insurance method safeguards not only the wage earner but the public as well. By this method benefits have a reasonable relation to wages previously earned, and costs may be kept in control relative to tax collections. Through careful planning, the continued payment of benefits can be assured without undue diversion of funds needed for other governmental services.

The council's financial recommendations centered on the theme of a contingent, as opposed to a full, reserve, and the use of tax revenues other than pay-roll taxes to supplement the receipts from the latter in future years. Specifically, the council said:

The financial program of the system should embody provision for a reasonable contingency fund to insure the ready payment of benefits at all times and to avoid abrupt changes in tax and contribution rates.

The council is of the conclusion that, in the financing of the insurance program, it is desirable to make provision for a contingency fund to insure ready payment of benefits at all stages of the business cycle and under varying conditions resulting from fluctuations in such factors as the average age of retirement, the total coverage under the program, and average wage rates.

With the changes in the benefit structure here recommended and with the introduction of a definite program of governmental contributions to the system, the council believes that the size of the old-age insurance fund will be kept within much lower limits than are involved in the present act.

In his testimony before the Ways and Means Committee in 1939, Dr. Altmeyer, Chairman of the Social Security Board, subscribed to the principle of Government contributions by saying:

It is possible to effect the changes I have outlined without increasing the eventual annual cost of the system; but the cost of

paying benefits in the early years would be materially increased. For the first 15 years or so, the taxes provided for under the present law would probably meet this increased annual cost, and would also provide for some reserve, which would of course earn interest. But it would eventually be necessary to provide additional funds—either by increasing the pay-roll taxes \* \* \* or by making up the deficiency out of other taxes. The Social Security Board believes it would be sound public policy to follow the latter course, utilizing preferably taxes like those on incomes and inheritance which are levied according to ability to pay. And the wider the coverage of the system the more extensive this general contribution might properly be. (See hearings, Ways and Means Committee, 1939, 76th Cong., 1st sess., Social Security, vol. 1, pt. 1, p. 64.)

In line with these recommendations of the council and the views of other economists and actuaries, including the Chairman of the Social Security Board, the employment-tax-rate structure was modified and the idea of a full-reserve fund was abandoned. The 1939 amendments continued the 1-percent levy on employers and employees from 1939 through 1942. The new rates were:

Calendar years	Percent of earnings paid by workers	Percent of pay rolls paid by employer	Total percent of wages collected
1939-42.....	1	1	2
1943-45.....	2	2	4
1946-48 <sup>1</sup> .....	2½	2½	5
1949 and thereafter <sup>1</sup> .....	3	3	6

According to estimates made in 1939—see report of Ways and Means Committee, 1939 amendments, page 15—the reserve fund on January 1, 1943 was expected to reach the sum of \$2,441,000,000 with benefit payments for the calendar year 1942 amounting to \$350,000,000. The actual figures were: Trust fund, \$3,227,194,000 as of June 30, 1942; benefit payments \$110,281,000 as of June 30, 1942.

Undoubtedly the influence of the war telescoped the past estimates to place the trust fund many years ahead of its scheduled proportions. Acting on the obvious fact that the fund was sound and thoroughly adequate, Congress again postponed any increase in the rate of tax, and in an amendment to the Revenue Act of 1942 established the following new rate structure:

Calendar years	Percent of earnings paid by workers	Percent of pay rolls paid by employer	Total percent of wages collected
1939-43.....	1	1	2
1944-45.....	2	2	4
1946-48 <sup>1</sup> .....	2½	2½	5
1949 and thereafter <sup>1</sup> .....	3	3	6

<sup>1</sup> Subsequent amendments did not affect scheduled rates for 1946 and thereafter.

The fund continued to increase far more rapidly than original estimates as war production swung into high gear. Annual benefit payments likewise reflected the diminishing number of unemployed and fewer retirements by older workers with the result that again in 1943 Congress froze the 1-percent rate, setting up the following rate structure in an amendment to the Revenue Act of 1943:

Calendar years	Percent of earnings paid by workers	Percent of pay rolls paid by employer	Total percent of wages collected
1939-44.....	1	1	2
1945.....	2	2	4
1946-48 <sup>1</sup> .....	2½	2½	5
1949 and thereafter <sup>1</sup> .....	3	3	6

<sup>1</sup> Subsequent amendments did not affect scheduled rates for 1946 and thereafter.

On June 30, 1944, the reserve fund had reached the sum of \$5,446,000,000. For the fiscal year ending June 30, 1944, benefits paid amounted to \$184,597,000. At the end of the calendar year 1944 it has been estimated by the Social Security Board that the reserve fund will approximate \$6,000,000,000, with benefit payments reaching the approximate sum of \$200,000,000.

As I have already pointed out, when the social-security tax was frozen for 3 years at the 1-percent level in 1939 upon the recommendation of the Secretary of the Treasury, he said:

We should not accumulate a reserve fund any larger than is necessary to protect the system against unforeseen declines in revenue or increases in the volume of benefit payments. Specifically, I would suggest to Congress that it plan for financing of the old-age insurance system with a view to maintaining for use in contingencies an eventual reserve amounting to not more than three times the highest prospective annual benefits in the ensuing 5 years. (Hearings, 1939 amendments, Ways and Means Committee, vol. 3, pp. 2113-2114.)

*Life-insurance companies, reserves and insurance in force, Dec. 31, 1943, selected large companies*

Company	Net reserve		Insurance in force paid for	Annuities in force—annual payments	Ratio, life-insurance reserves to insurance in force
	Life	Annuities			
Aetna Life.....	\$481,514,581	\$198,289,168	\$5,867,882,586, including group [\$3,808,246,867]	\$29,383,339	0.082
John Hancock Mutual.....	935,997,717	207,007,936	\$6,438,640,577, including group [\$1,114,758,137], and industrial [\$2,059,606,857]	36,615,353	.145
Metropolitan Life.....	4,703,115,700	670,731,145	\$29,180,396,994, including group [\$6,210,908,732], and industrial [\$8,684,764,531]	62,097,328	.164
Mutual Benefit.....	639,316,845	29,050,490	\$2,205,359,131	4,448,961	.290
Mutual Life, New York.....	1,071,962,414	189,981,846	\$3,659,982,397	22,518,104	.293
New York Life.....	1,955,522,802	435,357,437	\$7,340,581,744	48,976,926	.272
Northwestern Mutual.....	1,154,259,114	105,741,550	\$4,257,440,292	10,636,181	.271
Prudential, New Jersey.....	4,126,938,366	434,642,743	\$21,579,241,819, including group [\$2,153,231,607], and industrial [\$7,917,154,860]	62,804,516	.191
Sun Life, Canada.....	727,629,609	164,490,018	\$3,173,417,467, including group [\$995,980,580]	38,012,831	.229
Travelers, Connecticut.....	779,631,477	153,651,867	\$6,287,149,509, including group [\$3,313,514,447]	24,514,876	.124

Source: Unique Manual Digest, 1944.

Accident and Health Insurance:

A group of companies which write health and accident insurance were examined; their financial statements do not indicate the reserves attributable to health and accident insurance, or do not indicate the amount of such insurance; generally the companies which write health and accident insurance also write life or other insurance



ANALYSIS OF DISSENTING VIEWS ON 1944  
SOCIAL-SECURITY TAX FREEZING BILL,  
H. R. 5564

First. The first objection to the bill states that the success of a contributory system of social security is at stake. This is not true. The funds in the social-security reserve for the payment of old-age and survivors' insurance claims are secure and adequate. No one has advocated the abolishment of the reserve fund. At the end of the calendar year 1944 it is estimated by the Social Security Board and the Treasury Department that the reserve will amount to approximately \$6,000,000,000, and that benefits to be paid in 1945 will probably not exceed \$200,000,000.

The formula furnished by the Secretary of the Treasury requires a reserve fund equal to three times the highest estimated benefits to be paid in any one of the ensuing 5 years. The highest estimate of annual benefits to be paid between now and 1950 does not exceed \$700,000,000. Three times this amount is \$2,100,000,000. Therefore, the fund today is three times larger than Secretary Morgenthau has told the Congress it was necessary to be.

In the face of these facts, it is utterly misleading to state that the success of a contributory system of social insurance is at stake.

Second. Those who dissent from the report of the committee say that the cost of benefits promised is far in excess of the contributions being collected, and argue that for this reason the rates should be increased in 1945 to 2 percent on the employer and employee.

Not one witness appeared before the committee with competent proof of the ultimate costs of the present system. No one disputed the actuarial soundness of the present reserve fund or return of collections. The testimony that was furnished was entirely guesswork. It must be obvious that the true measure of liability in the future consists of the future annual benefits to be paid. These are not expected to go beyond \$1,000,000,000 for many, many years. The present rate of collections, although it may decline after the war, will not drop to such a figure as to endanger the payment of annual benefits.

Third. The continuance of the present pay-roll tax rate will require an eventual Government subsidy, and those who dissent say for this reason the rate should not go to 2 percent next year. In taking this position the dissenters are utterly inconsistent. It has always been contemplated until now by the Social Security Board and others, including some Members who signed the dissenting views, that the ideal system would require revenues from the employment tax, from interest on the reserve funds, and contributions out of the Treasury. As a matter of fact, the dissenting members admit that they may not be opposed to some eventual contribution by the Government to the social-insurance system out of general revenues. The Government already subsidizes old-age assistance programs. It is only fair for the Government, that is to say, the general taxpayer, to add assistance to old-age

programs, because the public interest demands that all taxpayers support it, since all taxpayers benefit directly or indirectly from its continuance.

Fourth. It is said that freezing the rate at 1 percent for 1945 will cost the taxpayers more later on. The premise of this argument is completely false and the reasoning behind it is utterly distorted. The theory is that by paying less now the taxpayer will have to pay more later on. This is true only if there is no reserve fund, but there will always be a reserve fund of sufficient amount to meet unexpected fluctuations in wage levels, benefit payments, and other contingencies. One of the major functions of the reserve fund is to counterbalance the amount of required revenues, to act as a governor.

Fifth. It is said that delay in making the automatic step-up in rates will create future hardships for employers and workers; that it will be more difficult for employers and workers to absorb an increase a year from now or at any date in the near future. The currently high profit levels of employers is cited and the support of labor organizations to the proposed increase in rate is also mentioned. It must be pointed out that labor did not appear before the committee to advocate the increase. Labor is not currently on record with the committee in support of the 2-percent rate. This added tax will mean that employers will have less money to use in creating jobs. It will hamstring our whole reconversion program. We might as well nail industry to the floor and command it to rise. The burden of this increase will be great, particularly among small employers. The big manufacturers and other corporations having large pay rolls and heavy taxes will not feel the shock to any extent. The men, however, particularly partnerships and individually owned businesses operating on a small scale, will be vitally and adversely affected.

Sixth. It is said that low contributions imply low benefits and that those who advocate the freeze fear the accumulation of a reserve fund as a stimulant to increased benefits. Those who dissent say that an increase in the contribution rate will result in less extravagant rather than more extravagant demands being made upon Congress for an increase in the benefits provided. It is interesting to note, however, that those who subscribe to this statement are the very ones who are foremost in the campaign to increase the benefits. The pressure is already being exerted to increase these benefits and the source of that pressure is the minority itself. The Social Security Board and every labor organization in the country, as well as many other reformers and dreamers, have been urging the increase of old-age and survivors' benefits for many years. How these people can argue now, in favor of increasing the rate of 2 percent on the grounds that it will adversely affect their own program is difficult to understand.

Seventh. It is said that freezing the rate is not consistent with general congressional policy as evidenced in the policy of Congress with respect to na-

tional service life-insurance system, civil-service retirement system, and other retirement programs under Government auspices. This is not true. The national service life-insurance system is a life-insurance program and should be administered as such. It is not social insurance. Neither is the civil-service retirement program. The policy of Congress as far as the freeze is concerned, must be measured by the past actions in freezing the rate at 1 percent consistently for the past 9 years and the attitude of Congress, the Treasury, and the Social Security Board heretofore with respect to the nature of the trust fund which supports the old-age and survivors' insurance program.

Originally that fund was regarded as a full reserve accumulation of assets, but in 1939 that concept was abandoned in favor of the theory of a contingent reserve fund large enough only to stabilize receipts and expenditures and avoid the fluctuations in economic conditions and unforeseen contingencies that would increase the demands made upon the reserve. It is unnecessary in an insurance program of this kind, sponsored by the Government, to maintain a full reserve system. As long as the Government has the power to tax, the system is secure.

Therefore, the argument of those who dissent that the continuation of the present freeze will render the system unsound is a specious and misleading contention. To freeze this tax for the year 1945 would certainly not "emasculate the proper financing of the admitted true cost of the benefits now provided" as stated by the minority.

The reserve fund, Mr. Chairman, is simply piling up beyond all bounds, and it simply means that if we do not hold this down to 1 percent, this money will be either boondoggled away, spent for the running expenses of the Government or for the prosecution of the war. As I said before, that is not fair to the employees, to throw this burden of financing the Government and financing boondoggling programs or running the war on them. They should not bear that load. They are being compelled to buy bonds. They are making a magnificent record in the purchase of bonds. Why should they be singled out for these special high taxes when they are not necessary for old-age security. The question of financing the Government should come under one tax bill, and the question of social security should come directly and exclusively under another set of taxes.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Has it occurred to the gentleman that they may want these additional funds as an additional source of revenue?

Mr. REED of New York. I do not have the slightest doubt that that is exactly the reason, so that when they come in with another revenue bill they will not be obliged to put on as high tax rates that they might be obliged to do if they did not throw this burden now on the employees of the country who come under old-age insurance.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include a few observations with reference to life-insurance company reserves and insurance practices as of December 31, 1943. I have selected a few companies to show how very small their reserves are compared to the benefits of the policies they have issued.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. KNUTSON. Mr. Chairman, I yield 5 additional minutes to the distinguished gentleman from Michigan.

Mr. DINGELL. Mr. Chairman, like my colleague from Tennessee, I too regret that it is necessary for me to take issue with my colleagues on the Ways and Means Committee concerning this question of the automatic increase in the tax rate under the Federal old-age and survivors' insurance system. I hope that nothing that I may say during the course of my address will be taken as blanket criticism of the motives that have animated our distinguished chairman and some of the other members of the committee who have voted to freeze this tax rate. However, with all respect for their judgment and integrity, I do feel that they have not fully appreciated the serious effect of the action that they have taken on the success of this great contributory social-insurance system which has barely gotten under way in this country and which all of us hope will be extended, expanded, and strengthened with all possible speed. I say this at the very outset because I shall be compelled in the course of my address to point out that most of the opposition to the automatic increase in the contribution rate now provided by law comes from the same individuals and groups within and without Congress who opposed the establishment of this great contributory social-insurance system in 1935 and who have opposed it more or less openly ever since its establishment. I realize that this is a serious charge and that it should be documented and I propose to document it in the course of my address.

I realize that the Members of this Congress, overburdened as they are with pressing war duties, cannot possibly be expected to study all of the technical considerations that are involved in the question that is before us for decision. However, I think it would clear up a great deal of misunderstanding on the part of the Members of this House and on the part of the public if all of us bore in mind constantly that what we are discussing is not merely a question of what a certain tax rate shall be but fundamentally a question of what premium is necessary to finance the benefits provided under this great contributory social-insurance system on a self-sustaining basis. If all of us thoroughly understood that it is an insurance premium and not a tax in the usual sense of the term that we are discussing there would be and could be only one

conclusion; namely, that this contribution rate must be permitted to increase on January 1, 1945, if this insurance system is to be maintained on a self-sustaining basis. I say that there can be only one conclusion, because not a single witness before the Ways and Means Committee has contended that it will cost less than 4 percent as an average annual premium to finance the benefits provided under this insurance system on a self-sustaining basis during the years that are ahead of us. I repeat, not a single witness has denied that at least 4 percent is necessary.

What has probably confused a great many persons is the fact that this insurance system at the present time is collecting more in contributions than it is paying out in benefits and that the amount it has collected in contributions is about twice as much as was originally estimated. However, there could be no confusion if it were thoroughly understood that any old-age annuity system which pays benefits in accordance with the length of time insured is bound to have a low annual benefit cost in the early years of operation and tremendously high annual benefit cost in the later years of operation.

Unless we average the cost of these benefits over a long period of time it means that the beneficiaries who retire in the early years will pay far less than the actuarial value of their benefits and the beneficiaries who retire years hence will be required to pay much more than the actuarial value of their benefits. M. Albert Linton, president of the Provident Mutual Life Insurance Co. and a foremost advocate of this freeze, apparently took the position that it is not necessary in a social-insurance system to collect premiums high enough to cover the cost. He insisted that there was a "great difference between voluntary insurance and a compulsory Government plan where everybody has got to come in and to stay in and pay taxes." These are his exact words. However, when the time comes, as it will inevitably come unless we collect adequate contributions in the early years of the system, that the Government would be faced with the necessity of collecting a premium higher than it would cost to obtain the same insurance from a private insurance company, I am sure that Mr. Linton and private insurance companies generally would not be slow to exploit that fact in making comparisons between the cost of the protection provided by the Government and the cost if the protection were provided by a private insurance company. Since it would be manifestly unfair to make future beneficiaries pay more for the Government insurance than they would have to pay for similar private insurance, if Congress does not collect sufficient premiums now it means that Congress is automatically pledging itself to provide a Government subsidy out of general revenues later and is thereby abandoning a self-sustaining, contributory social-insurance system.

I submit that the Members of this Congress have not been fully informed as to the seriousness of the effect on the contributory social-insurance system of con-

tinuing to collect less in insurance contributions than the cost of the benefits promised. I submit that the Members of Congress have not been sufficiently warned that in continuing to collect less in insurance contributions than is necessary to finance the benefits promised they are pledging this Congress to provide an outright Government subsidy out of general revenues. I believe that if the Members understood this fully they would not hesitate in permitting adequate insurance contributions to be paid as provided in the present law.

I am sure that all of the Members of this Congress have had the same experience that I have had, namely, that they have been able to get a good idea of the true merits and significance of pending legislation by the respective individuals and groups who support and oppose such legislation. Since it is impossible for the Members of this House to study thoroughly all of the technical questions involved in the financial operations of a contributory social-insurance system, I suggest that it would be worth while for them to at least consider who are supporting the necessary automatic increase in contribution rates and who are opposing this increase. After all, this contributory social-insurance system was created to protect the workers of this country against the hazards of loss of wages due to premature death and old age. Are these beneficiaries urging that their rate of contributions be kept at the present inadequate level? By no means. On the contrary, the two great labor organizations are urging that Congress permit the rate of contributions to increase as provided by law, just as they have urged that this be done on the three other occasions when Congress has prevented the automatic increase provided by law from taking effect. We all know that people do not like to pay any more taxes than they have to and that they do not like to pay any higher insurance premiums than they have to. Therefore, is it not significant that the beneficiaries of this system feel that it is necessary that this rate be increased and are prepared to pay their fair share of the increase as provided by law?

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield briefly for a question.

Mr. KNUTSON. Mr. Chairman, I do not recall that the great labor organizations asked to have the increased tax go into effect. It is true that Mr. Miller of the trainmen, did appear but upon interrogation it was conclusively shown that Mr. Miller's information on the subject was very, very limited.

Mr. DINGELL. Mr. Miller said he discussed the matter with authorized representatives of both the C. I. O. and the A. F. of L. and that they assured him they opposed the pay freeze. However, I will insert in the Record, a statement from Mr. Hutcheson of the American Federation of Labor and a copy of a letter which was sent to the chairman of the Committee on Ways and Means. I am glad the gentleman brought that question up. In that letter the president of the American Federation of



Labor says under date of November 30, to Hon. ROBERT L. DOUGHTON of North Carolina, in the very first paragraph:

Being advised that your committee has under consideration, the freezing of the social-security pay-roll deductions at 1 percent, I wish to advise that the American Federation of Labor is very much opposed to the freezing of the tax.

Mr. Chairman, I shall also insert in the RECORD, a similar expression from the C. I. O. That makes labor complete on its opposition and bears out the statement which I have made. I hope that covers the subject of the inquiry of the gentleman from Minnesota.

Mr. KNUTSON. Usually these labor leaders speak for themselves, rather than these organizations.

Mr. DINGELL. They speak with authority in this instance, I assure my friend. The letters I referred to are as follows:

NOVEMBER 30, 1944.

Hon. ROBERT L. DOUGHTON,  
Chairman, Ways and Means Committee,  
House of Representatives,  
Washington, D. C.

MY DEAR CONGRESSMAN: Being advised that your committee has under consideration the freezing of the social-security pay-roll deductions at 1 percent, I wish to advise that the American Federation of Labor is very much opposed to the freezing of the tax.

We sincerely hope that your great influence will not be used to aid in freezing the rate of pay-roll deductions at 1 percent, but that it will be directed to the fundamental problem involved, which is how to make the old-age annuities and survivors benefits worthy of the name "social security." The average primary annuity of June 1944 was \$23.46, which obviously ought to have been increased as quickly as funds were available.

It is common information that many persons receiving annuity benefit payments have responded to the call for war workers but will again apply for benefits. In addition, we know the proportion of older workers to the population is steadily increasing the number of potential claimants. Had funds been accumulated as planned by the law in this period of high employment, it would have been easier to pay decent annuities.

Labor thinks it is possible to enable persons who have been self-supporting to have annuities that will make them self-dependent when they are no longer physically able to work. Sometimes inability to work comes prematurely. This same fund should take care of these persons also. There are others now uncovered whose incomes are small, who should be given opportunity to have insurance against the emergencies that commonly force persons on relief.

Unemployment insurance should be improved and coverage extended. Medical care for all is also urgent.

A proposal has been made by Senator VANDENBERG to refer to a committee of citizens the task of studying the operation of the Social Security Act up to the present time, including fiscal policies for the purpose of recommending amendments to provide needed expansion in coverage and benefits. This seems to me to be a very wise suggestion and I feel that such a committee should include adequate representation for workers, employers, and the general public, as this is a proposal that vitally concerns employers, the workers, and the entire Nation.

While technical experts would be needed by such a committee, the groups mentioned have experience in their special fields which is essential to the determination of wise and sound policies. This committee should, therefore, employ experts and also have ac-

cess to all the information and records of the Social Security Board.

I hope that the contents of this letter will be laid before the entire committee in order that it may be considered.

Sincerely yours,

President, American Federation of Labor.

AMERICAN FEDERATION OF LABOR,  
Washington, D. C., December 1, 1944.  
Hon. JOHN D. DINGELL,  
House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN: The American Federation of Labor was not able to present its opposition to the freezing of the social-security tax at 1 percent before the Ways and Means Committee for the following reasons:

On November 27 I learned of the compromise proposal of setting the tax at 1½ per cent as of January 1, 1945, and as the American Federation of Labor has a special committee on social security which was to meet the first of this week in New Orleans at our convention, I immediately sent full information to President Green for transmittal to the committee, with the further request that I be immediately notified of any action taken.

On November 30 I received a wire from President Green in regard to the matter and immediately called the House Ways and Means Committee and learned that the hearings had been concluded the previous day.

Under the circumstances, a letter was sent by Mr. Green to Chairman DOUGHTON and I am pleased to enclose a copy of this letter for the information of all concerned.

With kindest personal regards and best wishes,

Sincerely yours,

W. C. HUSHING,  
Chairman, National Legislative Com-  
mittee, American Federation of  
Labor.

CONGRESS OF INDUSTRIAL ORGANIZATIONS,  
Washington, D. C., December 1, 1944.

MY DEAR CONGRESSMAN: Attached is a copy of the letter I wrote to Majority Leader McCORMACK and Minority Leader MARTIN of the House of Representatives stating the position of the C. I. O. on the freezing of the social-security contributions at the present levels. The attached letter clearly outlines the reasons of the C. I. O. for increasing the social-security contributions in January 1945, and it is my sincere hope that when this legislation is brought to the floor of the House for action you will refuse to go along with any weakening of the present social-security system.

Sincerely yours,

NATHAN E. COWAN,  
Legislative Director.

CONGRESS OF INDUSTRIAL ORGANIZATIONS,  
Washington, D. C., November 30, 1944.

MY DEAR CONGRESSMAN: The C. I. O. at its recent convention voted unanimously to oppose the freezing of social-security contributions and to support the increase in the old-age and survivors insurance contributions scheduled for next January 1.

Today the majority of the House Ways and Means Committee voted to freeze these old-age and survivors insurance contributions at previous levels, thus turning the clock back during these closing days of the Seventy-eighth Congress at the time when the country is looking to the Seventy-ninth Congress for forward motion on a broad social-security program. The C. I. O. favors early action on a sound and comprehensive social-security program as one of the necessary cornerstones for prosperity and for freedom from want in the post-war world. Full employment for those who can work must be linked with

social insurance for those who are unable to work and with insurance against the costs of medical care, if a basis is to be laid for a sound post-war economy.

The C. I. O. believes that a comprehensive and adequate social-insurance system should be financed through contributions of employers and employers supplemented by a contribution from the general tax revenue of the Government. The increase of the old-age and survivors-insurance contribution to 2 percent on employers and employees will be needed to cover the costs of the present benefits. That rate of contribution and more will be needed for a complete program, even if a part of the total income to the insurance system comes from general revenues.

If the Congress acts to prevent the automatic increase of social-security contributions next January, this will be the fourth time the planned gradual introduction of the contribution step-up has been set aside. This continued postponement injures the financial stability of the present system. The same groups who support the freezing of the contributions were also opposed to the original old-age insurance program in 1935 and have fought openly or through delaying tactics against the improvement or expansion of the present program. They do not speak for the workers of America; they are not the friends of social security for the American people.

Those who oppose the scheduled contribution step-up argue that total current income from social-insurance taxes is higher than was expected and is higher than current disbursements. But employment is higher than was expected; earnings are higher; social-security wage credits are higher and future benefits will be higher; and more workers are accumulating wage credits and rights to future benefits. All actuarial studies show that at least the 2-percent rate will be needed. When the disbursements rise in the future—as they must—because the benefit rights will mature in the course of time, we want assurance that the necessary premiums have been collected, that the trust fund has ample money, and that benefits will be paid to workers and their families as a matter of right. The workers of America will want the promised insurance benefits when they come due.

The C. I. O. wants the scheduled old-age and survivors-insurance increase to stand for the same basic reasons that it is actively supporting the Wagner-Murray-Dingell bill. The C. I. O. wants more and better social security and its members are paying their fair share of the cost. This is no time to undermine the social-security program. Both workers and employers can better absorb an increase now than they may be able to do a year from now. The added funds are needed for the present program; they will certainly be needed for the expanded program which the people of this country are determined to have for themselves and for their children. We strongly oppose the freezing of contributions and urge that the Congress refuse to go along with any weakening of the present social-security system.

Sincerely yours,

NATHAN E. COWAN,  
Legislative Director.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield.

Mrs. NORTON. Is it not a fact that both the A. F. of L. and the C. I. O., in convention, expressed themselves as being opposed to the freeze?

Mr. DINGELL. I understand they have taken definite action on that particular question in recent conventions.

Mrs. NORTON. That is my understanding.

Mr. DINGELL. There can be only one explanation of this attitude on the part of the workers of this country, and that is that they realize that unless this insurance system is adequately financed and unless they are willing to pay their fair share of the cost they cannot be sure that these benefits will be paid when due. They realize fully that if they are obliged to depend in future years upon a Government subsidy out of general revenues their benefits will by no means be as secure as if they are paid out of a reserve fund made up of Government obligations, the same sort of Government obligations that are being held by the banks and insurance companies and other private investors throughout the Nation.

Just where, then, is the opposition coming from against permitting this increase in insurance contributions from taking place? I said at the outset of my remarks that I would undertake to establish that the opposition to the collection of adequate insurance contributions comes largely from the same individuals and groups within and without Congress who opposed the original establishment of this social-insurance system. I shall now proceed to document that charge.

Let us go back to the establishment of this system in 1935. One of the groups now opposing the automatic increase in contribution rates is the National Association of Manufacturers. Just what attitude did the National Association of Manufacturers take in 1935? It opposed both the unemployment insurance and old-age insurance provisions. It questioned the constitutionality and urged that if Congress insisted upon taking action, at least it defer action for further study. A great amount of the present opposition to the automatic increase in the contribution rate comes from the Ohio Chamber of Commerce and its affiliates. What attitude did the Ohio Chamber of Commerce take in 1935? Perhaps it is well for me to quote the exact language of the statement submitted by George B. Chandler, of the Ohio Chamber of Commerce, to the Ways and Means Committee. Here is the statement that Mr. Chandler submitted:

1. Ohio business protests against the coercion of the States by the Federal Government as represented by the assessment on pay rolls and in other ways. This procedure is repugnant to American institutions, destructive of the historical relationships between State and Nation, and calculated in the end to do permanent harm and little immediate good.

2. Ohio business believes that legislation of this class will permanently weaken the fiber of the American people. Self-reliance has been the key to American success. It has been the initiative, thrift, and self-sacrificing foresight of the individual and the family which has brought this country to its proud position. This legislation starts this country on a pathway from which there will be no retreat in the course of the next two generations. When the time comes—as it surely will—to reverse these policies incalculable harm will have been done to the character of the population.

Time will not permit me to discuss all of the individuals and groups who opposed the contributory social-insurance provisions in 1935 and who now oppose the necessary increase in the contribu-

tion rate. Before turning to a discussion of the 1935 opponents in Congress, I should like to observe that, while practically all of the opposition comes from employer groups, I believe there is a great difference between the motives actuating big business and small business. Big business can easily pay its share of the increased contribution rate. In fact, a representative of big business testified before the Ways and Means Committee that about half of the employers' contribution was probably offset by a reduction in the excess-profits tax. Therefore, the opposition of big business to this increase cannot be explained on the basis of hardship to business but upon continued opposition to the fundamental principle of contributory social insurance. However, in the case of small business unquestionably there are many instances of individual hardship. But, even so, I believe that small-business men would be more willing to pay their share of the contributions if they themselves could also enjoy the protection of this great contributory social-insurance system. And I for one shall do everything in my power to extend its protection to them. In many small businesses the proprietor is just as much exposed to the hazards of premature death and old age as are his workmen, and I see no good reason why he should not enjoy the same protection.

Now, let me turn to the opponents of contributory social insurance in Congress. What attitude did the minority party members of the Ways and Means Committee take in 1935 toward this old-age insurance system? So that there can be no question about the attitude that the minority party members took, I think it is best for me to read the exact language they used in a report which was signed by all and only minority party members of the committee:

Title II provides for compulsory old-age annuities, and title VIII provides the method by which the money is to be raised to meet the expense thereof.

These two titles are interdependent, and neither is of any consequence without the other. Neither of them has relation to any other substantive title of the bill. Neither is constitutional. Therein lies one of the reasons for our opposition to them.

The Federal Government has no power to impose this system upon private industry.

The best legal talent that the Attorney General's office and the "brain trust" could marshal has for weeks applied itself to the task of trying to bring these titles within constitutional limitations. Their best effort is only a plain circumvention. They have separated the proposition into two titles. This separation is a separation in words only. There is no separation in spirit or intent. These two titles must stand or fall together.

The learned brief submitted by the Attorney General's office contains in its summation the following weak, apologetic language:

"There may also be taken into consideration the strong presumption which exists in favor of the constitutionality of an act of the Congress, in the light of which and of the foregoing discussion it is reasonably safe to assume that the social-security bill, if enacted into law, will probably be upheld as constitutional."

We also oppose these two titles because they would not in any way contribute to the relief of present economic conditions and might in fact retard economic recovery.

The original bill contained a title providing for voluntary annuities. This was another attempt to place the Government in competition with private business. Under fire this title has been omitted. It was closely akin to title II. In fact, it had one virtue that title II does not possess in that it was voluntary while title II is compulsory.

These titles impose a crushing burden upon industry and upon labor.

They establish a bureaucracy in the field of insurance in competition with private business.

They destroy old-age retirement systems set up by private industries, which in most instances provides more liberal benefits than are contemplated under title II.

Some of the gentlemen who were minority members of the Ways and Means Committee in 1935 are still members of that committee. I know that in 1935 many of the minority members joined with the majority members in the final vote that was taken on the Social Security Act. However, some who did not are still members of the Ways and Means Committee. I know that by 1939 they had abandoned their open opposition to this contributory social-insurance system. Perhaps they benefited by the fact that their Presidential candidate in 1936 chose this contributory social-insurance system as a focal point of attack on the Democratic administration and was overwhelmingly defeated as a result. Mr. Landon, you may recall, alleged that this contributory social-insurance system was "a fraud on the workingman" and "the saving it forces on our workers is a cruel hoax."

Let me also remind you that during the last 2 or 3 weeks of the 1936 campaign the industrial division of the National Republican Campaign Committee, under the chairmanship of A. R. Glancy, formerly vice president of the General Motors Co., sent out millions of pay-envelope inserts, a photostatic copy of which I hold in my hand. This pay-envelope notice is headed "Deductions from pay start January 1," and reads as follows:

Beginning January 1, 1937, your employer will be compelled by law to deduct a certain amount from your wages every pay day. This is in compliance with the terms of the Social Security Act signed by President Franklin Delano Roosevelt, August 14, 1935.

The deduction begins with 1 percent, and increases until it reaches 3 percent.

To the amount taken from your wages, your employer is required to pay, in addition, either an equal or double amount. The combined taxes may total 9 percent of the whole pay roll.

This is not a voluntary plan. Your employer must make this deduction. Regulations are published by—

And then in large letters at the bottom of the page—

Social Security Board, Washington, D. C.

Apparently in order to give the impression that this was an official notice sent out by the Social Security Board in Washington. As you may also recall, the Chairman of the Social Security Board at that time was John G. Winant, three times Republican Governor of the State of New Hampshire and at present Ambassador to Great Britain. Mr. Winant was so outraged that he resigned from office in order that he might be free



to defend the Social Security Act. In his letter of resignation he stated:

Today we know that both the Republican platform and the Republican candidate have definitely rejected the constructive provisions of the Social Security Act, only to fall back upon the dependency dole—a dole with a means test, which in my State includes the pauper's oath and disenfranchisement.

To combat this kind of misleading and reprehensible propaganda I was called upon to prepare the folder which I hold in my hand and which was circulated in large numbers in many States.

**WORKERS! LEARN THE TRUTH ABOUT THE SOCIAL SECURITY ACT—LEARN WHY SOME EMPLOYERS ARE OPPOSING IT AND SPREADING FALSE PROPAGANDA AGAINST IT**

(By JOHN D. DINGELL, Member of Congress, Fifteenth District)

For old-age benefits on a salary of \$100 per month for example:

For your benefit you pay per month:  
 Year 1937----- 1 percent or \$1  
 Year 1949----- 3 percent or \$3

Your employer pays per month:  
 Year 1937----- 1 percent or \$1  
 Year 1949----- 3 percent or \$3

Unemployment insurance on a salary of \$100 per month for example:

For your benefit you pay per month:  
 Year 1937----- nothing  
 Year 1938----- nothing  
 Year 1939----- nothing

Your employer pays per month:  
 Year 1937----- 1 percent or \$1  
 Year 1938----- 2 percent or \$2  
 Year 1939----- 3 percent or \$3

Thus it is evident your employer pays in 1937 for old-age benefits and unemployment insurance \$2 per month for your benefit to which is added your \$1.

Therefore an employer of 100,000 employees pays monthly to both funds 100,000 times \$2, or \$200,000, or \$2,400,000 per year. In 1949 this same employer will pay for your benefit three times \$2,400,000 or \$7,200,000 per year. This example proves why the employer is opposed.

While you pay only \$12 in 1937, this employer pays for the benefit of you and your fellow employees \$2,400,000.

While you pay only \$36 in 1949, this employer pays for the benefit of you and your fellow employees \$7,200,000.

There are several big employers in the United States who employ more than 100,000 employees. Thus the total amount which they will pay will be correspondingly larger.

Under the old-age benefit plan, a young man 35 years of age who starts paying his premium on January 1, 1937, and remains in the system for 30 years will receive a monthly pension of \$42.50 for the remainder of his life if his average monthly wage has been \$100. An older man who was 60 years of age when he entered the system on January 1, 1937, and retires 5 years later would receive a monthly pension of \$17.50, based on an average monthly wage of \$100. The young man during the course of his life would have contributed \$900 and his employers would have contributed \$900, but if he lives out a normal life expectancy, he would receive as much as \$6,000. The older man would have contributed only \$72 and his employer an equal sum, but he would receive in benefits, if he lives out his normal life span, a total of \$2,500.

Under the unemployment-insurance plan, if laid off through no fault of his own, the employee will receive half pay for a maximum of 16 weeks and will receive assistance in securing another job.

This is not, strictly speaking, a tax: it is an insurance premium, and you get all of the benefit. Any statement that the money may

be used for any other purpose is absolutely false.

Republicans are trying to scare the beneficiaries of the plan by pointing out that their individual accounts will have to be designated by numbers. This is a common business practice today in automobile and manufacturing plants. Public utilities assign numbers to designate their customers. The Veterans' Administration uses numbers to designate veterans' claims. The use of numbers, case histories, and maternal names will be essential to correct and effective handling of the largest roll of registered employees ever compiled.

Since the employer puts away in a special fund large sums of money each year for depreciation of buildings, equipment, and machinery, why should he not be required to provide for the depreciation of the human being whose life is being used up in production?

This Social Security Act provides security and comfort in old age, removes the haunting specter of the poorhouse, and provides unemployment benefits. It provides aid for the crippled, blind, and the handicapped; benefits for dependent children, for widows, and orphans; maternal assistance and hospitalization.

The act is the strongest plan ever devised for man's present and future security.

The most progressive elements of employees, such as school teachers, city firemen, policemen, postal employees, and civil-service employees, to say nothing of the railway brotherhoods, and other trade-unionists, instituted their own security and pension plans and voluntarily taxed themselves as high as 5 percent for the same purpose.

A large number of employees at the present time are being taxed by deductions from their pay by employers for company pension plans, many of which are little better than worthless.

The problem of social security was thoroughly studied by the President's Cabinet committee, consisting of the foremost economists, sociologists, insurance executives, insurance actuaries, and men and women who have devoted their lives to social and economic problems. These studies extended over a period of 9 months before the report was presented to the Ways and Means Committee of the House and to the Finance Committee of the Senate. Both committees devoted many weeks to public hearings and additional weeks in executive session in the perfection of the bill. Every safeguard was invoked. Yet in spite of the expert advice, the Roosevelt administration and the Congress concede that the operation of the act will disclose certain minor weaknesses, which can easily be corrected. The plan, however, is fundamentally sound.

It is significant that on final passage of the bill only 16 Republican Congressmen in the House and 5 Republicans in the Senate voted against the bill. More significant to the people of Michigan is the fact that of the entire Michigan delegation in both Houses, only one Republican Congressman, CLARE E. HOFFMAN, voted against it. Republican Minority Leader Snell, of the House of Representatives, and Congressman MARTIN, eastern manager for Governor Landon, voted for the bill. The arch critic of social security in Michigan, Senator VANDENBERG, voted in favor of the act.

As the beneficiary under the Social Security Act you should sustain and support President Roosevelt as a matter of self-defense. Alfred Landon and the Republican Party are committed to the destruction of the social-security plan. For your protection vote straight Democratic.

JOHN D. DINGELL,  
 Member of Congress,  
 Fifteenth District of Michigan.

Now, if we turn to the United States Senate, whom did we find opposing this contributory social-insurance system there? We found the Republican Senator from Delaware, the Honorable Daniel O. Hastings, who, as you know, was, and I have no doubt is still, closely identified with the du Pont interests. At that time Senator Hastings was a member of the Senate Finance Committee, and this is what he said at the hearings held by the House Ways and Means Committee:

My fear is that when the Federal Government undertakes the job of social security, through direct taxation for that purpose, it has taken a step that can hardly be retraced. I fear it may end the progress of a great country and bring its people to the level of the average European. It will furnish delicious food and add great strength to the political demagog. It will assist in driving worthy and courageous men from public life. It will discourage and defeat the American trait of thrift. It will go a long way toward destroying American initiative and courage.

Now, just what position did the Republican Senators take at that time? Their position is fully revealed in a vote which was taken on an amendment offered by Senator Hastings to strike out the old-age insurance titles from the Social Security Act. Of 15 votes in the Senate to support the Hastings amendment, 12 were cast by Republican Senators. And let me point out to the Members of this House that one of the Republican Senators who joined with Senator Hastings in his attempt to remove the old-age insurance provisions from the Social Security Act was the Honorable ARTHUR H. VANDENBERG, of my State, who has taken the lead in advocating these successive freezes in the rate of contributions.

Now, I dislike to recount this history of the attitude of the Republican Party, since I feel that the question of social security should be considered on a non-partisan basis. I think increasingly the Republican Party has accepted social security as necessary and inevitable. Certainly their last Presidential candidate seems to have done so when he advocated the extension of this contributory social-insurance system which we are discussing to the 20,000,000 persons not now insured. However, the Republican Party itself has made a partisan issue of this necessary increase in the rate of contributions, when the Republican steering committee voted to instruct the Republican members to vote against the increase. I hope that the Republicans and Democrats alike will join in the enactment of an extended, expanded, and strengthened social-security system. Therefore, I hope that nothing I have said on the floor today will be taken as a personal affront or an advance indictment of their future attitude. However, I felt that in justice to the Members of this House and in view of the vital effect any further action to delay the collection of adequate insurance contributions will have upon this contributory social-insurance system, it was necessary for me to point out that consciously or unconsciously a great deal of the opposition may be due to what

one might call a hang-over of an attitude of opposition to the basic idea of contributory social insurance. Therefore, I wish to plead with my friends on both sides of the aisle to reappraise their thinking and search their consciences before they make a final decision as to how they shall vote in this important matter. In my opinion, whether we realize it or not, we are deciding the whole future course of social security in this country—whether we shall have a genuine contributory social-insurance system where benefits are paid as a matter of right or whether we shall have a system of Government handout or dole, requiring the taking of a pauper's oath.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. Dewey].

Mr. DEWEY. Mr. Chairman, I ask unanimous consent to proceed out of order for a very brief period.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DEWEY. Mr. Chairman, this is probably the last time I shall rise in the well of this House to speak on a major issue as a member of the Ways and Means Committee, I therefore take this opportunity to pay my respects to the Speaker of the House of Representatives, to the chairman of my Ways and Means Committee and all my colleagues, thereon, and also to all my colleagues in the House of Representatives of the United States.

I wish only that my fellow citizens throughout our land during these troublous years knew with what honesty of purpose and what industry, with what high mindedness you cared for their affairs and the affairs of the country. It will always be one of the greatest honors of my life and one of its most pleasant memories that I could work so closely with you.

Mr. Chairman, in this matter that is before the committee there has been a good deal of talk pro and con as to a large reserve. Let me say without any equivocation whatsoever that I, as I believe are all of you, am squarely behind an old-age and survivor insurance system as a national policy. The only thing I think all of us are attempting to do is to see that it is sound in every respect.

I have heard several of the speakers refer to the social-security systems employed in foreign countries. I understand some countries have had old-age benefit systems for 60, 70, and even more years. I believe, therefore, it might be wise to consider their experience.

One of the witnesses before the Committee on Ways and Means, Mr. Albert Linton, president of the Providence Mutual Life Insurance Co., of Philadelphia, referred to an Englishman who has given great study to old-age pensions and social security, Sir William Beveridge. In referring to the requirements of a reserve fund, Mr. Linton quoted a statement made by Sir William Beveridge, and I will read that quotation:

In providing for actuarial risks, such as those of death, old age, or sickness, it is nec-

essary in voluntary insurance to fund contributions paid in early life in order to provide for the increasing risks of later life, and to accumulate reserves against individual liabilities. The state with its power of compelling successive generations of citizens to become insured, and its power of taxation, is not under the necessity of accumulating reserves for actuarial risks, and has not in fact adopted this method in the past.

From my own study I am convinced that there must be a contingent reserve. One can never tell when low employment will reduce the income from the tax on wages, no matter what may be the rate. But I want to direct to your attention the difference, because some of my colleagues on the Ways and Means Committee made a comparison, between the voluntary insurance reserves of our great insurance companies and a contingent reserves under Federal old-age insurance.

There is this difference: When an insurance company writes an insurance contract it does but one thing. It promises to pay back the number of dollars mentioned in the insurance policy to the insured. It has no obligation whatsoever to the insured with reference to what kind of a dollar it does pay back—whether that dollar will buy 1 bushel of corn as it does today or will only buy 1 peck of corn 10 years hence. As long as it is a soundly run insurance company it meets its obligation by returning legal dollars.

When we enter into a contributory insurance system, such as set up under social security, we have a double obligation to the beneficiaries. Under the present law they, like the insured under an ordinary insurance policy, will receive a number of dollars of benefits, but we must go further, we the Congress, and we must see that those dollars are either kept stable so that they will at all times buy the same quantity of goods or we must be prepared to change the benefit to compensate for any decline in the purchasing power of the dollar.

Hence I am not so sure that any reserve fund we may set up today would be adequate. I do know that over the years the actuarial accountants have made estimates up to the year 2000. Who can tell what will happen in the year 2000? Who can tell what will happen 10 years hence? It was only in 1939 that Members of this House and the other body considered and amended the act. We all know the difference in prices and the value of the dollar today as compared with 10 years ago when its gold content was changed. How do we know what will be the price level after this terrible war, with the rise in wages, the increased costs and so forth? Will the benefit payments remain the same. No. They will be changed and brought up to the level of future values.

So in speaking here today and in speaking in favor of this freezing of the tax at 1 percent for another year, I do not think it will in any way harm the system, nor do I think we are doing anything but upholding the best principles of social security. Even if the people covered are fully employed and capable of paying, it is unwise to take that extra 1 percent until we know a little bit more

about what the level of values is going to be after the transition period back to peace.

From the arguments made here by various speakers, it is evident that the present reserve fund is adequate, many times adequate to pay any possible calls there may be for benefit payments. But when peace has come, and we may look forward to what is ahead of us, then we can set our tax rates and decide what should be the reserve fund for a foreseeable period. I think then we will have a more honest and a sounder system of social security for old-age retirement and benefits.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. KNUTSON. Mr. Chairman, I yield the gentleman an additional minute.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. Is this not an additional distinction between this sort of insurance and insurance by a private company, that a private insurance company is not permitted to invest in its own obligations? What is happening here is that the Government is investing in its own obligations, and therefore the reserve is illusory, because the only security behind the Government promise to pay is the solvency of the Government itself, wholly aside from the particular specific obligations that are placed in this so-called reserve.

Mr. DEWEY. I think the gentleman has made a very important point. Not only is what the gentleman has stated true as to the policy of the private company, but politics might enter into the use of Federal reserves. It has been known that there have been raids on swollen Federal funds, and that may occur again.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from New York.

Mr. LYNCH. What higher security could there be than the bonds of the Government of the United States?

Mr. DEWEY. None whatsoever; the gentleman is perfectly correct. Yet the dollars represented by those bonds are subject to the will of political bodies, and this is a political Government. Further, those who set up the reserves might decide possibly to use what they may consider excessive reserves for other purposes.

Mr. LYNCH. Despite all politics, has there ever been any default on United States Government bonds?

Mr. DEWEY. There has never been a default on United States bonds and I hope and pray that there never will be.

Mr. VORYS of Ohio. Is not the promise of the United States Government to pay a legal and binding contract just as valuable as a Government bond?

Mr. DEWEY. Of course it is. The Government bond, or the contract made. But it might be that if we should build up reserves running, as has been mentioned in the testimony, as high as \$50,000,000,000, now deemed necessary to meet beneficial payments 75 years hence,



in stringent times the Congress might find it expedient to use some of those funds for emergency purposes, expecting to replace them later on.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. CAMP].

Mr. CAMP. Mr. Chairman, I deeply regret that I find myself at variance with a majority of the able gentlemen on the Ways and Means Committee and that I cannot concur in their recommendation that this bill pass.

I, like most of us, have had a very large number of telegrams, letters, and telephone calls from my constituency urging me to vote to freeze the present rate of 1 percent on the employer and 1 percent on the employee as the premium to be collected for the old-age and survivors insurance as provided under the Social Security Act. I have talked to many owners of small businesses, retail merchants, automobile garages, and other businesses that employ a small number of men, and I realize that the amount collected from them is a burden on them especially at this time when taxes of every kind are at such a high rate. Then, too, these smaller businessmen are not embraced within the provisions of this act, and that upon reaching the age of 65 they will not draw any annuity as their employees will although they probably will need it as much or more. I wish that the present premium rate of 2 percent was sufficient to pay for the annuities guaranteed under the act, and no Member of this House would derive more genuine satisfaction from a vote to freeze this rate than I would. However, after giving this subject the most careful thought and study of which I am capable, I have reached the conclusion from the testimony of expert insurance actuaries and men experienced in the administration of this act that a premium of 2 percent will not cover the cost of the benefits guaranteed to these workers under the Social Security Act and that even a rate of 4 percent will be insufficient.

All of us who have had any experience with life insurance know that the cost of insurance can be figured and is figured mathematically correct by actuaries, who base their computations upon the American experience table which is worked out from the data obtained each decennium from our census. We all know that these accountants and actuaries have been so successful in figuring these costs that the American life-insurance companies are the marvel of the business world and are stronger than any other like companies in all the world. I believe that the cost of this old-age and survivors insurance should be borne by the employer and employee and that sufficient premiums should be collected as we go along to meet any and all payments guaranteed under the law to these beneficiaries. If sufficient premiums are not collected and the fund at some future date is not sufficient to meet the demands upon it by those legally entitled to receive annuities and payments, then, of course, under the amendment which was

adopted the last time these rates were frozen, the General Treasury of the United States will have to augment the fund, as under the present law the Government is guaranteeing the integrity of this insurance fund. That would mean, my friends, that the general taxpayers, which will include you and me and all others who do not have any right to any benefits under the Social Security Act, would have to pay for a part of the cost of this vast insurance system. If we do not collect sufficient premiums to pay for this insurance as we go along, it means that when the peak load is reached, which has been estimated by the actuaries to be about the year 1966, our children and our grandchildren will then be taxed to make up the deficit.

Personally, I have reached the conclusion that we have already voted and passed on to our posterity sufficient public debt. They will do well to pay the taxes to take care of our disabled veterans of this tremendous and vast war in which we are engaged, and to pay that part of the war which we do not pay as we go along. I shudder to think of the load that we have already placed upon the shoulders of our coming generations, and regardless of the clamor that is being made at this time for the freezing of these insurance premiums, my conscience will not permit me to pass on to posterity any part of the cost of this vast insurance system.

In the beginning of these remarks I stated I have received a large number of telegrams, letters, and phone calls from my constituency asking that these premium rates be frozen at the present rate. During the recess I had many of these businessmen to personally talk to me on this subject. To each of them I asked this direct question: "Do you think the general taxpayers should pay anything into this fund?" Without exception every one of these businessmen answered, "No; I think the premium should be collected from the worker and his employer and if the present rate is insufficient to pay the cost of it, either the benefits should be lowered or the premium rates raised."

And that, my friends, is the position I am taking here today. If our people do not feel able to pay more than the 2 percent now being collected then we should amend the Social Security Act and cut down the benefits guaranteed under the old-age and survivors' insurance section of it. If we are not willing to collect adequate premium rates we should by all means do this. On the other hand, if we do not desire to cut down the benefits then, as I see it, we are all conscience-bound to collect adequate premium rates and not pass this burden on to the General Treasury. In closing I want to give a concrete example, which I think illustrates my point better than any argument I can give.

We will take the case of a young man beginning work at the age of 20 and receiving a salary of \$250 per month. At the present rate of 1 percent, he would pay into this fund \$30 each year and his employer would pay a like amount, making a total of \$60 per year. If he continued in employment without diminu-

tion of wages and without interruption in work until he is 65 years of age, which age under the law is the retirement age, there will have been paid into this fund by this young man and his employer the sum of \$2,700. To this sum would be added the interest the Government pays on the securities owned by the Old Age and Survivors' Insurance fund and invested by it in Government bonds and debentures. The present rate of interest is 2.18 percent, and this \$2,700 compounded at that rate would yield in the 45 years approximately \$2,600. So at the present premium rate, the fund will have to the credit of this man when he reaches retirement age the sum of \$5,300. Now, under the present law, this man would be entitled to receive, if he is single at 65 years of age, the sum of \$58 per month or \$696 yearly. When he reaches the age of 65 if he is married and has a wife 65 years of age, he would draw 50 percent more, or \$87 per month or \$1,044 per year. According to the American mortality experience table, this man at age 65 would have a life expectancy of 12.08 years to live. If he lived his expectancy, he would be entitled to draw from the fund, if single, \$8,407.68 whereas the amount of money to his credit is only \$5,300. If he is a married man and lives his expectancy, he would be entitled to draw from the fund \$12,611.52, whereas the fund only contains \$5,300 to his credit. In other words, according to actuaries' figures and the American mortality experience table, the present fund is just about 50 percent sufficient to carry this load. I have used for this example the minimum case. The amount of benefits paid to men who draw less than \$250 per month is figured on a more liberal basis and in any other illustration you might use, the result will be a more flagrant deficiency because benefits paid to smaller wage earners are at a higher proportion.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMPSON of Pennsylvania. I yield 2 additional minutes to the gentleman.

Mr. CAMP. In conclusion, Mr. Chairman, I wish to state that knowing these facts from the testimony of some of the best experienced life-insurance actuaries in America and from the testimony of those in charge of the fund, I do not feel I can conscientiously vote to cut this rate, thereby placing a burden upon the future taxpayers of this country. It is true that this fund is not insolvent at the present time. There are many valid reasons for that as the peak of the load has not been reached and there are thousands upon thousands of men 65 and over who are working in war plants and not drawing their annuities. But when this present level of employment is over, you may rest assured all of them will file their claims and draw upon this fund.

I cannot vote to place a tax load upon the future taxpayers of this country, which should be collected as we go along.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LYNCH].

Mr. LYNCH. Mr. Chairman, I regret very much that I must disagree with a

majority of the committee, but I am opposed to freezing for another year, the social-security tax of 1 percent on the employer and the employee. It is not sound legislation. To my mind it tends to weaken the whole structure of the social-security insurance system. Certainly it is not sound business. When the reserves of an insurance company are impaired, a prudent executive will raise the rates. We know that if the present rate on employee and employer is maintained, the reserves of the social-security fund will be impaired within 9 or 10 years. Although under the original law the tax was to be stepped up from 1 percent in 1937, 1938, and 1939 to 1½ percent in 1940, 1941, and 1942, and 2 percent in 1943, 1944, and 1945, it has since been frozen at 1 percent since 1939, even though it has been definitely known that the benefits provided by law cannot be met by the 1-percent tax.

The best authority in the country maintains that the benefits cannot be maintained at less than 6 percent, and all authorities agree on a minimum of 4 percent. When payments to beneficiaries exceed income, then the meager payments made now, will either be further reduced, or the Congress must make up the deficit by appropriation. That will be the end of the social security as a matter of right, and the beginning of a dole.

The national income today is the greatest in the history of the country and out of that income, industry and employees should now make adequate provision for the old age of employees, and not put that burden on the 11,000,000 men and women who today are in the armed forces of the United States, but who will be the taxpayers 10 years hence. That is exactly what we will be doing—we will be putting the burden that should be carried today by industry and employees upon those who will be the taxpayers 10 years hence, if we maintain this rate of 1 percent.

It has been stated that we should study this matter further; that we do not know the real facts about the case. If we do not know the real facts about the case, why in heaven's name do we try to change the law? Keep the law as it is until you are certain that it is wrong. Do not change it simply for the sake of changing. Do not change it because a year or 2 years ago some other Congress changed the law without further study. We know definitely, as I said before, that every single authority has stated that these insurance benefits cannot be maintained at less than 4 percent unless the Government makes an appropriation to make up the deficit.

This theory of social security has been based upon an annuity as a matter of right, not by the needs test. Yet as soon as we get into a position where the Government must make an appropriation to make up the deficit, you can rest assured that the needs test will be put into effect, because certainly a poor man is not going to pay a tax, if he can help it, in order that a man more wealthy than he may get some benefits from the social security.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KNUTSON. Mr. Chairman, would the gentleman like a little more time?

Mr. LYNCH. One minute would be enough.

Mr. KNUTSON. Mr. Chairman, I yield 2 minutes to the gentleman from New York.

Mr. LYNCH. I thank the gentleman from Minnesota.

Mr. Chairman, when this social-security program was put into effect it was determined that if they could raise the rate of insurance premiums first from 1 percent to 1½ percent after 3 years, and so on, until 1948, when the rate was supposed to be 3 percent upon employee and employer, the fund would be self-sustaining; that with the income that would be derived from taxes and the interest on the reserves there would be adequate funds to pay the benefits that were promised. Those benefits were promised by the United States Government as a matter of law and it was intended that those who were to receive those benefits should receive them because they had paid into the fund sufficient to obtain an annuity for the years that were to come. It was never intended that they should be the recipients of a dole, and I doubt very much whether the American people want a dole. I believe they are firmly sold on the idea that they want a self-sustaining social-security fund that will pay back to them in their old age an annuity based upon the amount they themselves have contributed or which has been contributed in their behalf.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON of Kansas. Mr. Chairman, I think the debate here this afternoon and the hearings before our committee should convince any and every Member of this House that this matter needs further study. Very able arguments have been presented by both the proponents and the opponents of this particular bill. I for one—and I believe I can speak for every Member here—want a sound social-security program; but there are some things I believe that should be studied.

I have been a little amazed today to notice that everyone who seems to speak for increasing the rate say they are doing it to benefit the laboring people. I wonder about that. I was interested to note that not a representative of the C. I. O. appeared before our committee, not a representative of the A. F. of L., not a representative of the United Mine Workers appeared before our committee and asked that this bill be defeated or that the freeze be not granted. Only one representative of labor appeared, a representative of the Brotherhood of Railroad Trainmen, and their organization is not covered under this program; they have their own, the one set up by the Railroad Retirement Act. I wish to call the attention of these folks who are always coming to the defense of labor to the fact that the situation this year is

different than it was in 1935 and 1939. When these rates were adopted in 1939, for instance, I think I can safely say that not a single one of these folks who are paying social-security taxes today paid a Federal income tax. How can I say that? In 1940 only 3,000,000 people paid personal income taxes in the United States, and today there are 50,000,000 personal income-tax payers, and the lowest rate they pay, each and every one of them, is 23 percent. Yet you want to double the social-security tax on them. I hope the Members will think about that a little. Let us take the employee who makes \$1,680 a year, \$140 a month. How much tax is he paying to the Federal Government today? He is paying \$337.90. I contend that is a real tax burden. He is paying \$16.80 social-security tax, yet you today want to make it \$33.60. We seem to speak here today as though we were going to double the tax with scarcely any burden on the employee or the employer. Coming from my district I certainly should be the last one to oppose it, but I believe in all fairness to the working people of this country somebody ought to take the floor here this afternoon and talk about the burden these people are carrying.

It may be that some of you folks think a withholding of \$330 on an individual with an income of \$1,680 is not much of a tax. It may be that the doubling of this tax does not amount to much. But I contend these folks are having a very difficult time, especially the millions of white-collar workers of this Nation, and I am not going to let this go through without speaking a word for them.

I was interested to learn since I came on the floor this afternoon, and this will appear in tomorrow's Record, that an employer in Iowa, with a small factory, presented two petitions to his employees. He put it where they could sign it when they went in and came out of the factory. He asked them to sign whether they favored an increase in the social-security tax or they favored freezing the rates. An analysis of this expression of opinion will be in the Record tomorrow. Look it over and see how many of these workers want to increase the tax. We ought to think a little about this.

Then there is another angle. I want to discuss it from the farm standpoint, because I represent a farming district. It was stated by Dr. Altmeyer that 20,000,000 people are paying into this fund every day and that 12,000,000 of them are people who left the farms and went into war work. Millions of them are going back to the farms after the war. They are going back to uncovered employment and they are not going to get 1 cent benefit unless they later get back into covered employment. Now, you gentlemen want to double the tax on these people.

The hearings on the pending bill and the debate in the House this afternoon emphasize the confused thinking that is prevalent over the various aspects of social security.

The country needs a clarification of the various ideas presented by pro-



ponents and the opponents of the pending legislation.

I heartily approve the action of the Ways and Means Committee, which assures Congress and the country a thorough analysis and report early next year. Nine years of experience with social security should develop trends that require study. We should reexamine our entire social-security program. It should now be possible to secure information on:

First. The cost of social security.

Second. The true significance of the reserve fund.

Third. The distinction between insurance and the relief of need.

It is my contention that the present social-security program is so unfair to millions of our people that it cannot honestly be called national in scope. Yet millions of people must pay directly and indirectly for a social security which is limited in coverage.

Years ago the battle cry was, "No taxation without representation." The modern version might well be, "Taxation without benefits."

In addition to this group, we have millions who contribute indirectly to the fund through increased cost of commodities they purchase. These people cannot benefit from the program we are considering today. Shall we double the tax on them?

We need to analyze the social-security program from the standpoint of accrued liability. All actuaries which have appeared before our committee seem agreed that at some point in the future the benefits will exceed the income. There is no unanimity as to when this will occur.

In 1939, when Congress changed the basic policy of individual concept to group or family concept, it practically destroyed the original program. Few people realized what happened at the time, and many do not understand the change as yet. It is for this further reason that I believe we must make a thorough study.

The freezing of the present rate for another year will in no way affect social-security payments to those who are receiving benefits under title 1, or the old-age assistance section. These payments are made through grants-in-aid by the Federal Government in cooperation with the States. At the present time this amounts to about \$700,000,000 annually.

The freezing of the rates under the pending bill will in no way change the payments or benefits under title 1 or the old-age and survivors insurance section. This fund has a reserve of about \$6,000,000,000, and in 1944 increased one and one-quarter billion dollars at the 1-percent rate.

When Congress overhauled the Social Security Act, and adopted a revised financial plan, it was estimated the reserve, with a 2-percent rate for 1943 and 1944, the fund would be \$3,122,000,000. It has now reached \$6,000,000,000 at the 1-percent rate.

The war and unexpended revenues, plus a conservative estimate in the first place, were responsible for this. In fact if Congress collected no social-security taxes for the years 1945, 1946, 1947, and

1948, and if benefits should be paid equal to the highest current estimates of the board of trustees, the fund would be as large as originally planned in 1943.

No one, of course, would suggest repeal or suspension of the tax. Regardless of this favorable picture of the reserve fund we must keep in mind accruing liability.

The additional tax burden would be severe on thousands of small employers. These small businessmen have been fighting to keep their doors open against great odds. The addition of another 1-percent tax on their pay rolls might easily be the factor which would close their doors. This increase would, in a number of instances, require changes in our price structure that could become general over the entire economy. It is a poor time to vote this increase.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. ROSSION].

Mr. ROSSION of Kentucky. Mr. Chairman, the Social Security Act, passed by Congress in 1935, in favor of which I spoke and voted, provides that beginning January 1, 1945, the employers and their employees shall pay a tax of 4 percent, 2 percent each for the employer and 2 percent for the employees, to maintain the Federal insurance for the employees as provided in said act. The present tax, collected from the employers and employees, is 2 percent, 1 percent paid by the employer and the other 1 percent by the employees.

H. R. 5564, before us for consideration, does one thing, and one thing only, and that is it amends the Social Security Act and freezes and continues the present tax at 2 percent for the fiscal year 1945. This bill does not increase or decrease any of the benefits provided for the employees as set forth in the Social Security Act. This bill does not amend the Social Security Act in any particular, except, and only, that it continues the present tax rate at 2 percent, one-half to be borne by the employers and one-half by the employees, as provided in said act. The one, and only, important question to be determined is, Will this 2 percent-tax be sufficient to provide a reserve that will fully protect the employees under said Social Security Act. There is no good reason why the tax should be increased from 2 to 4 percent at his time. This increase would double the tax. It would mean a hundred percent increase. The Ways and Means Committee that initiated this legislation in 1935 and has had charge of it ever since decided that this increase was not necessary, and by a vote of 17 to 7 favorably reported this bill to hold the tax at its present level, 2 percent, for the year of 1945. Not only an overwhelming majority of the committee voted in favor of this bill but a majority of the Democrats, including the able chairman and all of the Republicans, voted favorably. Knowing the chairman and the 16 other members of the committee who voted with him and their interest in social-security legislation, I am led to believe that there is no good reason why we should double this tax on the workers as well as the employers for

1945. The committee, in its report, is fortified by the facts. Of course, some of those connected with the administration urged this increase from 2 percent to 4 percent. Now let us examine the facts. What is necessary to make this trust fund solvent? The Secretary of the Treasury of the United States is a very important member of the trust-fund committee. He testified before the Ways and Means Committee in 1939 as follows:

Specifically, I would suggest to Congress that it plan the financing of the old-age insurance system with a view to maintaining for use in contingencies and an eventual reserve amounting to not more than three times the highest prospective annual benefit in the ensuing 5 years.

The present 2-percent tax brought to this trust fund in 1944 approximately \$1,350,000,000. All benefits paid out of this trust fund to the beneficiaries under this Social Security Act in 1944 amounted to less than \$200,000,000. In other words, the present 2-percent tax in 1944 brought in over six and one-half times as much money as was necessary to pay out to the beneficiaries under this act in 1944.

The tax rates that have prevailed under this act since 1935, there will have been accumulated in this trust fund by the end of 1944, \$6,000,000,000, and Dr. Altmeyer, Chairman of the Social Security Board, stated that the 2-percent rate would be adequate to meet all contingencies for the next 9 or 10 years, and if we increase the rate to 4 percent, one-half to the employer and one-half to the worker, it would provide a fund that would take care of all contingencies for the next 20 years. You observe that Mr. Morgenthau, Secretary of the Treasury, stated that there should be a reserve, that this reserve fund should amount to not more than three times the highest prospective annual benefits in the ensuing 5 years. The amount of the annual benefits for the year 1944 are less than \$200,000,000 and the present reserve, therefore, is 30 times the amount of the annual benefits for 1944. Some persons contend that during the next 5 years, the benefits to the workers arising under this act may reach as much as four hundred fifty million, while the extreme figure is seven hundred million. If we adopt the \$450,000,000 annual benefit as the yardstick, then the present reserve would be 12 times the annual benefits. If we adopt the \$700,000,000 as the extreme yardstick, the present reserve of \$6,000,000,000 would be more than 8 times the annual benefits, while the Secretary of the United States Treasury stated the reserve should not amount to more than 3 times the highest prospective annual benefits in any one of the ensuing 5 years. With these facts staring the Ways and Means Committee in the faces, it is no surprise that a majority of the Democrats and the chairman and all the Republicans voted to report favorably this bill and with these facts, I do not see how I can consistently vote to put this additional tax burden on the workers and upon the employers of the country. I strongly favored this legislation, spoke for it, and voted for it, and I want to see such a reserve fund

provided and maintained that will fully protect the workers.

The amendment to the Social Security Act of 1939 provides that if the trustees of this reserve or trust fund should find that the fund was inadequate they should so advise the Congress. They have not said to the Congress that the reserve fund is not sufficient or that the 2-percent tax for employers and workers is not sufficient.

I have received many letters from workers and employers residing in my district urging me to support this bill. I have not received a single letter, telegram, or other expression of opposition, to this bill from anyone residing in my district. Most of them understand that this bill does not affect, in any way, the present so-called old-age pension where the Federal Government without contribution from the beneficiaries or States, puts up one-half and the States the other half of the pension paid to the needy aged, the needy blind, and the needy widows and children.

#### WHAT BECOMES OF THE TAXES PAID INTO THIS FUND?

All the taxes that have been paid in and that will in the future be paid in are intended to create and maintain a reserve or trust fund to be paid out to the beneficiaries as their claims to part of this trust fund accrue. All of the taxes that have been paid by the workers and the employers into this trust fund up to this time and including the \$6,000,000,000 of reserve have been from day to day transferred to the general fund in the Treasury and in the place of the tax money there is placed the I O U of the Federal Government, and the money paid out of these funds has not been limited to the beneficiaries, but it is expended by the administration for almost every and any activities of the Federal Government. This social-security tax money may be spent, and part of it, no doubt, has been expended for a lot of the boondoggling projects of the Government, and other parts of it have been squandered and wasted. It is handled the same as other tax money paid into the Treasury.

It is no secret that the administration desires through these taxes to build up a so-called reserve or trust fund amounting to approximately \$50,000,000,000, and, of course, the administration will, in the future as in the past, in my opinion, place this money in the general fund and spend the money as it comes in, and there will be nothing in its place except the I O U and bonds of the Federal Government. This is where the Government takes the tax money of the workers and the employers and turns over to itself and gives I O U's and bonds. When we realize the great desire of this administration to tax, squander, and spend, it is easy to understand why they complain, because this so-called trust fund is only \$6,000,000,000. These taxes roll in day by day, and it affords the administration an easy way to get billions of dollars without going out and publicly borrowing the money and selling the bonds.

This surplus reserve fund is already 8 to 12 times as much as the estimated outlay for benefits to the workers for any 1 year for the next 5 years, when Secretary Morgenthau stated that this reserve should not amount to more than 3 times the highest prospective annual benefits in any one of the ensuing years. The Social Security Board and the administration now urge that this tax must be increased. We cannot give too much weight to their prediction. They told the Congress some years ago that under the tax as provided in the act we would have a reserve or trust fund of \$3,000,000,000 at the end of 1944, when, as a matter of fact, we have \$6,000,000,000 in this reserve or trust fund. They also predicted that in 1944 we would be paying out approximately \$667,000,000, when as a matter of fact in this year of 1944 we will pay out in benefits less than \$200,000,000. This Board was 100 percent wrong in estimating the reserve or trust fund that would be on hand in 1944 and 267 percent wrong in estimating the amount of benefits that would be paid out in 1944.

There is quite a difference of opinion on a number of these important matters. We are told by the Ways and Means Committee that by unanimous vote they agreed at an early date in the Seventy-ninth Congress to launch a thorough and searching investigation of this whole subject. Some persons talk as if today is the last day that this or any Congress will ever meet. The people have already elected the Seventy-ninth Congress and will elect other Congresses. We have amended the Social Security Act heretofore and as the years come and go it will likely be amended in other respects that will be necessary and helpful. I have no doubt but what the Congress will watch this reserve or trust fund carefully so that so far as it is practicable under the present administration the rights of the beneficiaries under this legislation will be fully protected. I have no doubt but what it is protected today so far as the amount of money that has been paid in and no harm can come to this reserve fund during this investigation in 1945. If this reserve fund is weakened, it will be due to the improvident spending and wasting of the present administration.

It is generally admitted that our national debt will be three hundred billion or more at the end of the war. Only a few years ago the number of income taxpayers was less than 3,000,000. Today they number 50,000,000 or more. With the 20 percent withholding tax and the many concealed Federal taxes the workers of the Nation as well as the employers are carrying a heavy load. This load should not be increased unless it is clearly necessary. Firmly believing that it is unnecessary to increase this tax 100 percent to the workers as well as to the employers, I feel constrained to cast my vote in favor of the bill to hold the tax as it is for the year of 1945. If this thorough and searching investigation should disclose the necessity for an increase in this tax in order to preserve the rights and benefits of workers under this legislation, I shall be very glad to support such increase as may be necessary.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, to me, the main issue is whether or not we want to continue the policy that was decided upon in 1935 and again in 1939 when we established this Social Security System based on a contributory basis; in other words, it is not this afternoon merely a question of fixing the rate of taxation for the year 1945 on both the employer and the employee, it is a question of whether we want to get away from the policy of operating the Social Security System on a full reserve basis and not on a contingent reserve basis, or on a basis of annual subsidy out of general taxation.

I call your attention to the fact that we have in operation now four or five insurance systems by the Government. We have a national insurance system for veterans of World War No. 2. We have a Government life-insurance system for veterans of World War No. 1. We have a civil-service retirement fund, we have the Foreign Service life-insurance fund, and several others. In all of those funds we are operating on the basis of a full and adequate reserve, and that is the policy this Congress decided on in 1935 and 1939 with respect to the Social Security System. If we today do as we did last year, we are going to be getting away from the adequate-reserve, full-reserve principle.

They say that the reserve now is sufficient. There has not been a single bit of testimony before this committee by any actuary and there has not been a single actuary who has either publicly or privately stated that a tax of 1 percent is sufficient to carry the annual cost. We must remember that we have been working under abnormal conditions in this country since 1940. Naturally the reserve will be somewhat larger than we contemplated it would be 3 or 4 years ago. But when the actual cash reserve is greater at this time, it also means that we have increased our liability by just so much, because millions of persons have become entitled to receive benefits; in other words, the Government promises these people that when it taxes them they will receive certain benefits in the future.

It is well known by everybody familiar with insurance that the initial costs of any system are low and that the ultimate costs are quite high. We are only in the initial stages of the operation of this Social Security System. It has been said that the ultimate cost may run as high as fifteen or twenty times what the early costs are. Every actuary who submitted any figures whatever did not deny the fact that it would at least take a 4-percent tax. We already know that much, anyhow.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Is the gentleman satisfied that the present rate of annuity payments and benefit payments under title II is sufficient?

Mr. EBERHARTER. I certainly am not satisfied that it is sufficient. The



contingent reserve may be sufficient for 6, 7, 8, or even 10 years, but it certainly is not sufficient for the future, when the cost will be high. As it was testified, the cost will ultimately be perhaps 15 or 20 times as much.

Mr. KEEFE. The gentleman did not get my question. My question is, Is the gentleman satisfied that the annuity payments provided under the social-security law today and the survivors' and benefit payments provided under the law are ample and sufficient, or is the gentleman of the opinion that the Congress will be called upon within a short time to raise the amount of these benefits?

Mr. EBERHARTER. It may be possible that we will be asked to, but we are basing our figures and our decision today on the benefits that are already promised under the present law and not taking into consideration the extension or broadening of the benefits.

There is no time better than the present to create an adequate reserve. I submit it would not be a hardship on either the employer, nor on the employee. Just remember that the employer is allowed to deduct as a business expense whatever amount he pays to the Government in pay-roll taxes to the Social Security Board. Furthermore, it is estimated that the value of this insurance to an employee is on the average from \$3,000 to \$10,000, and for some families, valued at \$15,000. This is the time to strengthen the social-security system instead of weakening it, and I submit in conclusion, Mr. Chairman, that those who believe in a strong social-security system operated on a sound basis will vote against this bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I think that anyone who thinks about social security and the question of the reserve must recognize that we are worrying about a situation which may arise some 40 or 50 years from now, in 1990 or the year 2000. It is probable that it will approach that date before, on the basis of the present tax payment and the tax payment we all agree must be made by way of increases, following the examination into the matter by the Committee on Ways and Means, there will be occasion to worry about the reserve. We forget, however, that between this year and that distant year many Congresses will change this law, year after year, increasing the benefits and coverage, for as pointed out but a moment ago, it is undoubted that the payments being received by many today are far less than necessary to properly maintain one's livelihood. So, I think as we are in the war, and as we face the reconversion period in this country, we can, with entire safety, consider the facts as we find them today and determine on the situation today—whether we cannot with safety delay this increase next year. It is unquestioned but that there are ample

funds in current collections at 1 percent to meet all liabilities which will arise during the coming 9 years. I am struck also by the fact that imposition of this additional tax in January will bear most heavily upon the people of our country whose wages are frozen at their present rate of income. Their income is frozen today by the laws and regulations of the Government which prohibit increases in their pay. I refer to the white collar worker, the man who is today, beyond all others, pinched between the rising cost of living and the limitation which has been placed upon his chances for any pay increases whatever. Though his employer wants to increase his pay, he dare not do so. It is the man who is today living at just about the margin between income and outgo who cannot afford to pay the additional 1 percent. The proposed increase to him is not a trivial one—it is a serious matter. I think that until the period of reconversion is over we should delay this increase on this tax.

Then I am thinking too, of the returning soldier, the man who upon his return to this country, will, I believe, solve the question of reemployment of his comrades of today. As we think of reemployment in the post-war years, of the returning soldier, we all too often forget that there are some millions who will become the employers of that day. The man who returns from the Army and becomes an employer by opening a small store or gasoline station, who hires one or two of his comrades, will in my opinion, take up a large part of those who would otherwise be unemployed. But when that returning soldier considers the question of whether he shall become an employer in that future day, he is all too apt to consider the tax burden which would be placed upon him as an employer as being too great, and he might take the course of least resistance and simply not provide the jobs for his comrades.

So I think that inasmuch as the reserve fund is today ample to take care of any possible contingency which may arise within the coming 10 years, without any increase in tax, we would be foolish, in this day, to impose a further burden upon the small businessman, the employer of today.

Five hundred thousand small businesses have closed their doors in recent years. They could not make ends meet or Government regulations forced them to shut down. Will they reopen after the war, or is their place to be taken permanently in our economic system by the large employer?

Only as we lessen the burden of fixed charges on the small businessman can we insure his success in the competitive business world, and only as he succeeds can there be reemployment of all returned soldiers.

Until there is proof of the need for increased social-security tax collections to meet the fund's obligations we only hinder and delay peacetime employment by the collection of unnecessary taxes.

We must not forget that this tax is an "income tax." It comes from the income of every covered worker, and is taken

from him entirely without regard to his ability to pay. It violates this basic principle of income tax legislation. There are no exemptions, no deductions. The tax is taken out of your income, no matter how small your earnings or how great your family's needs are.

Certainly we cannot justify an increase in this tax at this time, when only one-fifth of this year's collections are required to pay this year's liabilities.

I think, Mr. Chairman, we will do far better to freeze the tax at the present rate of 1 percent on the employer and 1 percent on the employee, and to await the results of the investigation promised by the House Ways and Means Committee.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. CANFIELD. The New York Times editorializes on this subject today, and closes with this summation:

The case against increasing the social-security tax at this time is a strong one.

Mr. SIMPSON of Pennsylvania. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield the remainder of my time to the gentleman from Oklahoma [Mr. DISNEY].

Mr. KNUTSON. Mr. Chairman, I yield the gentleman from Oklahoma the remainder of my time.

The CHAIRMAN. The gentleman from Oklahoma is recognized for 21 minutes.

Mr. DISNEY. Mr. Chairman, I shall not use very much of this time. I doubt the wisdom or propriety of intruding on the House any more figures than have been adduced. However, there are some to which attention should be called.

At the outset, when we cast our votes on this subject we must remember that this bill poses simply a question of revision of the rates. It does not affect the benefits of any man or woman within the Social Security System.

It seems to me we have been doing some blind financing by fixing the rates without first determining the size of the fund required for the reserve, if there should be a reserve. It seems to me that the Ways and Means Committee in this ensuing study, to which I am sorry in one way I will not be a party, should first find out by the best information available to it, how large a fund is necessary to maintain this system, if it first decides that a big reserve is necessary. There is a difference of opinion on that subject. Some schools of thought hold to the idea that a reserve is not necessary. The general thought is that a reserve is necessary, but it seems to me it would be wise first to decide how much the fund should be, and then levy the tax rates to conform to raising that fund, instead of blindly applying the rates and letting the fund accumulate in skyrocketing proportions.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. DINGELL. Why did not the Committee on Ways and Means heed my modest warning time and again to go into the question of social security to determine what are the needs, instead of now attempting to slash, and investigate it after you create a freeze?

Mr. DISNEY. The gentleman has as much information on that subject as I have, being a member of the Ways and Means Committee also, so I doubt if an answer is necessary.

Mr. DINGELL. I wondered if he might know, being on the opposite side of the argument, why that occurred.

Mr. DISNEY. The sources of information are equal to us.

Mr. DINGELL. That does not answer the question.

Mr. DISNEY. Now, to deal with some of these figures for a little while. Dr. Harley Lutz, of Princeton, a well-known and respected authority, at the instance of the Tax Foundation estimates that in 1945 we will have 2,498,000 people in the System, with receipts of \$2,306,000,000 per year and expenditures of \$268,000,000. Then he calculates that in 1960 there will be 6,500,000 people in the System, with annual receipts of \$3,600,000,000 and expenditures of only \$1,716,000,000. If those figures are correct, and they come from a reliable source, is there any reason to raise these rates until a complete study is made? He calculates that in 1980 we shall have 11,900,000 people in the System with receipts of \$4,077,000,000 per year and expenditures of \$3,435,000,000 a year. And yet a responsible Member of this House today made the statement that the fund now has a deficit of four and one-half billions. Why, if everybody in the Social-Security System should die today, there would, of course, be a deficit. Likewise if every insured person in a private insurance company died the insurance company would be in a bad fix; but why create that mare's-nest when we know nothing of that kind is going to happen? So those assertions are not argument, but speculation.

This statement is made in the Lutz report that struck me as very seriously material. Dr. Lutz says:

If the terms of the present law relative to tax rates and benefits operate without change, workers and employers will pay in taxes \$37,836,000,000 more by 1980 than the beneficiaries receive after meeting the administrative costs.

Do you want so enormous a fund? Now, I have quoted from an authority someone might designate is a private authority. Let me tell you what Mr. Altmeyer said on this subject. Here it is, from the hearings:

Mr. DISNEY. Can you give us some idea what the demands on the fund will be during that period of time?

Mr. ALTMAYER. Well—

Mr. DISNEY. You do not mean \$35,000,000,000 net; you mean the collections.

Mr. ALTMAYER. I mean the reserve probably would be that much, that is \$35,000,000,000.

Mr. DISNEY. When?

Mr. ALTMAYER. At the end of 20 years if the Congress never did cut this law as to rates of benefits.

So, if you leave it as it is, do not freeze this at 1 percent but let it rise to 2 percent in 1945, to 2½ percent in 1946, 1947, and 1948, then to 3 percent in 1949, and not raise the benefits, at the end of 20 years according to Dr. Altmeyer there would be a net of \$35,000,000,000 in the fund. Dr. Lutz says it amounts to thirty-seven to thirty-nine billions. Do you want that large a fund? The advocates of a fund of that size have one definite objective in mind, the raising of the benefits. Do not deceive yourselves on that subject; that is the objective, the raising of the benefits. That is for future Congresses to determine. It may be right, it may be wrong; it may be practical or it may be impractical when the time comes. We could safely say today that if the Ways and Means Committee did not in good faith intend to pursue a study of this subject, we could go blindly ahead and let the rates become accelerated. But the history of that committee does not justify such assumption. The only landmark we have now is that Secretary Morgenthau said the fund ought to be three times an average 5-year-cost of benefits. That is the only landmark we have now, and it is time to take stock of how things stand at present and what to expect in the future. So the study by the committee is the answer.

Gentlemen who had apparently never read the Social Security Act have made the assertion that all the new war workers who had come into the system and paid in benefits, paid in taxes for say a year or a year and a half, that all down through eternity they and their posterity would be entitled to that money back with interest. Not so. To be permanently entitled to a share in the insurance under this system you have to work for 10 years; you must have a backlog of 40 quarters of covered employment. If you work 5 years in covered employment and then never return to the system, the taxes you paid into this fund are gone forever; you never get them back, nor do your survivors get them back.

Mr. KNUTSON. That is 65 years of age.

Mr. DISNEY. I have tried to be very careful about the statement I am now going to make. I shall read it. This I prepared after communication with the social-security organization and it seems to me this is definite and pertinent. There are millions of dollars in this fund that will remain there to the benefit of the other taxpayers coming from those who go back to the farm, back to housework, back to uncovered employment.

If the worker has been employed in covered employment for 40 quarters, he has a permanent insurance status. If the worker leaves covered employment for a period greater than he spent in covered employment he loses his insurance status unless he has worked for 40 quarters. Recurring to my statement, if he works for 5 years and drops out, all he put into the fund belongs to the fund and the other people in the fund. He is out and his heirs and survivors are, forever. However, if this worker returns to

covered employment, and this is pretty well safeguarded, he regains his insurance status provided he works for a period equal to half the number of quarters previously spent in covered employment. In other words, the question whether an individual at any given time has an insurance status is a question of whether the time spent in covered employment equals or exceeds the time spent in uncovered employment.

If he works 40 quarters in a covered employment he has an insurance status for full benefits; however, if his employment is intermittent, even though he keeps his insurance status, his benefits are measurable by his actual covered employment. His average monthly earnings are the basis upon which his insurance benefits are computed and he has got to work at least half the time. He cannot come in once a year and work a quarter and still stay in the system. He has to devote at least half his time to covered employment. After the worker has acquired 40 quarters of covered employment, he has a permanent insured basis to the extent that he need not work further in covered employment, but still his benefits would accrue to him. If he reaches 65 years of age and desires to work in some other covered employment, he can work at that other employment provided it does not exceed his benefits. If his job pays him less than the benefits he is entitled to keep his job; also to draw the benefits. If he has a job that pays more than the benefits he is not entitled to have the benefits accrue to him.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Arkansas.

Mr. FULBRIGHT. Say that a man works 5 years, then dies; what happens to the money he pays in; does that accrue to him then?

Mr. DISNEY. To his heirs.

Mr. VOORHIS of California. Not if he dies at the end of the 5 years while he is still working on covered employment.

Mr. DISNEY. That is right.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. If a man is receiving this retirement annuity and earns over \$14.99 in any 1 month, he loses his annuity status?

Mr. DISNEY. Stated in general terms, yes; that is correct.

Mr. VOORHIS of California. He loses it for that period, but he does not lose it permanently.

Mr. DISNEY. No. That is right.

Mr. JENKINS. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Ohio.

Mr. JENKINS. We are talking about these benefits. Is this not the fact: Under the present law in order for a man to get the full maximum of \$85 a month, which is the maximum sum, he must commence when he is 21 years of age, he must earn at least \$3,000 a year, he must work from when he is 20 years old



until he is 65 years old in order for him to get the full maximum of \$85 a month?

Mr. DISNEY. Yes. That maximum is \$85 a month whether you make this 1, 2, or 5 percent today, until you change the benefits. It remains in that situation until the law is changed. This does not affect the benefits.

Mr. KNUTSON. Will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Minnesota.

Mr. KNUTSON. As a matter of fact, whether we freeze it or permit it to advance will not make 1 dollar's worth of difference to those who are receiving benefits now?

Mr. DISNEY. No. So we have time to have this study made, and I have confidence in the integrity of the Committee on Ways and Means that it will make a thorough study of the subject, because this is the first time in recent years, since 1939, that it has been put squarely before the Committee on Ways and Means. The proviso attached to the tax bill last year made this practically mandatory upon the Committee on Ways and Means to look toward a revision of the Social Security Act.

One further suggestion, and then I close. As I understand, both party platforms in the very earnest and feverish quest for votes this year require that the Congress, as Representatives of the people, shall place farm help and domestic help in the covered status, and that probably socialized medicine will be included. In every law there is an arbitrary place where you have to stop. Many men at 17 years of age are as capable of voting as men at 45, but 21 has been the arbitrary status for suffrage, and so in many, many other laws arbitrary standards are set. In this we stopped at the origin of the Social Security System, at the threshold of farm help and domestic help. Think well before you fly into the patience of the agrarian element of this Nation by reaching into the pocketbook of the farmer and requiring him to support farm help in later years. Consider seriously the implications of an extension to domestic help. Go slow on socialized medicine. At some place you have to stop.

I see no good in a nation, in a nation already distraught with domestic difficulties, by choking tedious and burdensome things down upon the throats of the American people. The benefits do not justify it, and the trouble, and the difficulty, and the annoyance of providing Social Security to farm help and domestic servants are a Pandora's box of problems, not in the long run, conducive to the personal or political contentment of the people.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc., That (a) clauses (1), (2), (3), and (4) of section 1400 of the Federal Insurance Contributions Act (section 1400 of the Internal Revenue Code, relating to the rate of tax on employees) are amended to read as follows:*

"(1) With respect to wages received during the calendar years 1939, 1940, 1941, 1942, 1943, 1944, and 1945, the rate shall be 1 percent.

"(2) With respect to wages received during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent.

"(3) With respect to wages received after December 31, 1948, the rate shall be 3 percent."

(b) Clauses (1), (2), (3), and (4) of section 1410 of the Federal Insurance Contributions Act (section 1410 of the Internal Revenue Code, relating to the rate of tax on employers) are amended to read as follows:

"(1) With respect to wages paid during the calendar years 1939, 1940, 1941, 1942, 1943, 1944, and 1945, the rate shall be 1 percent.

"(2) With respect to wages paid during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent.

"(3) With respect to wages paid after December 31, 1948, the rate shall be 3 percent."

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California:

On page 1, line 8, after "1943", insert "and." In line 9, strike out "and 1945."

After line 9 insert "With respect to wages received during the calendar year 1945, the rate shall be 2 percent."

On page 2, line 10, after "1943", insert "and."

In lines 10 and 11, strike out "and 1945."

After line 11, insert "With respect to wages paid during the calendar year 1945, the rate shall be 2 percent."

Mr. VOORHIS of California. Mr. Chairman, the effect of this amendment would virtually be the same as defeating the bill. What my amendment does is provide for a 2-percent rate of tax during the year 1945; in other words, my amendment simply would not let the freeze go into effect. My reason for offering the amendment is partially because it is the only way I know of to say some of the things I have been wanting very much to say here this afternoon.

I readily recognize the problem the Committee on Ways and Means has been up against, and I certainly do not begrudge any of the members of that committee the time they consumed, but I feel that this is a very crucial question.

In some of the debate I have listened to this afternoon it seems to me that what members of the Committee on Ways and Means have been doing has been criticizing the Social Security Act itself. I agree with some of those criticisms. I believe very earnestly, as the committee minority report points out with great vigor in the closing paragraph, that a study of the whole Social Security System should be made with a view to its improvement.

I do not personally believe that a person who works in covered employment for a short period of time should lose all the benefits that have been built up during that period of time, nor is it my understanding that under those circumstances a lump-sum payment is not made to that person or to his survivors. I may be mistaken about that, but it is my understanding that a lump-sum payment amounting to the amount paid in in taxes is paid to a person under those circumstances. Certainly that should be the case, and if it is not, the law should be amended.

Mr. CARLSON of Kansas. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Kansas.

Mr. CARLSON of Kansas. If the gentleman will check, he will find that that provision was in the 1935 act, but we changed it in the 1939 act. However, I do not believe the people of our country know what happened.

Mr. VOORHIS of California. I think it was wrong. I think they should be entitled to at least the amount of refund of taxes paid in. I hope that will be corrected.

In any case, those questions are not before us today. There is only one question before us today, and that is whether or not Congress is going to do the easy thing and freeze these taxes at 1 percent or whether it is going to do the courageous thing and let that tax increase to 2 percent at the most logical time in all the history of America to let the tax increase. The question I ask in the first instance in my speech today is, if this is not the time to permit that tax to increase, when will be the time? Will it be sometime later on when there is much less prosperity and less employment in the country than there is today? I do not think so. If there is ever a time to lay aside resources against a rainy day, it is when income is high, and that time is now.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Oklahoma.

Mr. DISNEY. Why not raise it to 5 percent, then?

Mr. VOORHIS of California. It might be a little bit severe to do that all of a sudden.

Mr. DISNEY. Then how about 3 percent?

Mr. VOORHIS of California. I am asking for 2 percent, and I am going to stand on that amount. We have set up here a contributory system of insurance. You can argue the question as to whether you want a contributory system or whether you want a general pension system. I think there are arguments on both sides. But if we want a contributory system, we ought to stand by our guns and make provision for the accumulation of a reserve when we know that the obligations of the system are going to require it in the future.

The question before us today is whether we are going to let those taxes increase now and pay now the taxes to accumulate that reserve, or shift the burden into the future and require those taxes to be paid in the future when it may be far more difficult than now.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the chairman, of course.

Mr. DOUGHTON of North Carolina. What would be the difference between voting for the gentleman's amendment and voting against the bill?

Mr. VOORHIS of California. Not a bit, I will say to the gentleman.

Mr. DOUGHTON of North Carolina. The gentleman just wanted to make a speech against the bill?

Mr. VOORHIS of California. That is all. Yes, sir; but I did not know any other way to do it. As the gentleman knows, there was hardly enough time for members of the committee.

I believe this system ought to be extended. I do not agree with the gentleman from Oklahoma. As I understand it, both political parties before the election pledged to the people of America that they were going to try to give social-security protection to the people not now covered. I think that ought to be done. I think exactly the same thing now as I did before the election.

Now then, the question is always raised as to what happens to this money? I ask this question: If John Jones buys a Government bond or buys a War bond today, are the gentlemen going to insist that a certain amount of cash be tagged with John Jones' name and deposited down here at the Treasury to wait until the time comes when John Jones' bond has to be redeemed? No; you are not. You are going to pledge the credit of the United States and make good on that bond when it becomes due. And the credit of the United States is going to be good then. It is exactly the same proposition with reference to the social-security obligations; exactly the same.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VOORHIS of California. Mr. Chairman, I ask unanimous consent to proceed for 4 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California.

There was no objection.

Mr. VOORHIS of California. Mr. Chairman, I am very much obliged to the Committee for this additional time. The credit of the United States is behind the obligations that are accumulating under Social Security and the bonds that are deposited to the credit of the old-age insurance trust fund are just as good as any bond this country issues. And that means they are good and are going to be paid. Now, it is argued that it makes no difference whether we have a reserve or not. Let us assume, if this bill is defeated, or if my amendment is adopted, that you would accumulate \$4,000,000,000 of additional reserve. I do not know whether or not that figure is right. Just assume that it would be \$4,000,000,000 in reserve, which you would not otherwise have. What would be the effect of that? It would mean when we paid interest on that \$4,000,000,000 we would not only be paying interest on that portion of the debt but we would be, at the same time, supplying money to pay the old-age pension obligation we have under the act. Now, if we do not increase the reserve, what situation would we have? That would mean that we would have to borrow more money now from banks, insurance companies or any other place we could get it and then we will have to pay interest on that portion of the debt, and will also have to raise money by taxing the American people to get the money to discharge the obligations under the Social Security Act. If we do not accumulate the reserve we

have to raise just exactly twice as much money in the future, to make good on all of the obligations as we would if we do accumulate the reserve right now. I do not know how many Members of the House are familiar with the distribution of the holding of the national debt at the present time, but I will give it to you very briefly. It is as follows:

Seventy-eight billion dollars of the national debt—only \$78,000,000,000, is held by individuals or to nonfinancial corporations.

Sixty-two billion dollars of it belong to commercial banks.

Twenty-one billion dollars to Government agencies.

Twelve billion dollars to Federal Reserve banks.

Seventeen billion dollars to insurance companies.

Ten billion dollars to mutual savings banks.

In other words, only \$78,000,000,000 out of \$200,000,000,000 of that debt belongs to individuals or to nonfinancial corporations. If this bill is defeated and the social-security tax is allowed to be increased, what we will be doing will be simply shifting a portion of this national debt so that we would actually owe it to the people of this country, who will have retired from active employment in the future under the Social Security Act. Let us spread the holding of this tremendous debt to as many people as we can instead of concentrating the indebtedness in the hands of a few holders of the national debt in a way that is not a sound policy. And that is our choice here today. The question is whether we are going to raise the money now or whether we are going to increase the taxes later, so that we will have to levy a heavier tax than the benefits justify, or whether you are going to repudiate the obligation of the Government under the Social Security Act. I am sure you are not going to do the latter of the three possible courses that I have mentioned. Therefore, if this bill passes today, what it amounts to is that you are shifting a portion of that burden to make good the obligations which this Nation and the Congress have assumed under the Social Security Act, to some time in the future when it may be very much more difficult to raise money than it is today.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, in view of the fact that the effect of my amendment would be exactly the same as the defeat of the bill, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KEEFE. Mr. Chairman, the Social Security Act first became law on August 14, 1935. Substantial amendments were made by the act of August 10, 1939. The law in its entirety is known as chapter 7 of title 42 of the United States Code. The law consists of 11 titles or subchapters. It is well to understand this in view of the proposal now before the House in order that our thinking in relation to the current proposal may be accurate.

It will be observed that the Social Security Act makes provision for two separate and distinct sorts of benefits for the aged. Title I of the Social Security Act sets up a program of old-age assistance to provide for those already past 65 at the time of the effective date of the act and for those who could not establish a reserve account under title II that would permit the payment of a subsistence annuity. Under title I, the organization and management of the plan is left directly to the States, and the Federal contribution consists of grants of funds to match State funds up to \$20 per month. The Federal contribution to these matching funds is secured from direct appropriations out of the Treasury of the United States. It should be borne in mind clearly that the aged people of this country who are receiving old-age assistance from the States under title I are in no way concerned with the proposal now pending before the Congress. Whether the pending legislation is passed or not, the assistance rendered to this class of our aged citizens will remain the same. No increase in the amount of monthly assistance given to them will accrue.

Under title II of the Social Security Act, provision is made for Federal old-age and survivors' insurance benefits. This system is managed entirely by the Federal Government. The schedule of benefits and annuities is specifically provided for in the law. The program contemplated that those workers covered by the act and their employers would be taxed to provide the funds out of which benefits would be paid upon retirement at age 65.

Title 8 contains the provisions with respect to these taxes upon employers and employees. It is interesting to note that section 1001 of title 42 is entitled "Income Tax on Employees." This law provides—

In addition to other taxes there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of wages (as defined in section 1011 of this title) received by him after December 31, 1938, with respect to employment (as defined in section 1011 of this title) after such date.

The law further provides that with respect to employment during the calendar years 1937, 1938, and 1939 the rate shall be 1 percent. With respect to employment during the calendar years 1940, 1941, and 1942, the rate shall be 1½ percent. With respect to employment during the calendar years 1943, 1944, and 1945, the rate shall be 2 percent. With respect to employment during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent. With respect to employment after December 31, 1948, the rate shall be 3 percent.



Section 1004 of title 42 provides for the tax on employers and is entitled "Excise Tax on Employers." The progressive rate of tax provided in this section is the same. It will be noted that by previous acts of the Congress the rate of tax on employer and employee was frozen at 1 percent. It is clear, therefore, that unless the Congress passes the pending legislation and the President permits it to become law, the rate of tax on employers and employees will rise to 2 percent on January 1, 1945. It is proposed to freeze the rate for another year at the existing rate of 1 percent.

It should be observed that the term "wages" against which the tax is imposed means the remuneration for employment including the cash value of remuneration paid in any medium other than cash up to the sum of \$3,000, received by an individual in any calendar year. Section 1011 of title 42 provides further for the exception of certain employees from the provisions of the act. These are: First, agricultural labor; second, domestic service in a private home; third, casual labor not in the course of the employer's trade or business; fourth, service performed as an officer or member of a crew of a vessel documented under the law of the United States or of any foreign country; fifth, service performed in the employ of the United States Government or of an instrumentality of the United States; sixth, service performed in the employ of a State, a political subdivision thereof or an instrumentality of one or more States or political subdivisions; seventh, service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Thus it will be seen that the original concept of title 2 of the Social Security Act was to provide for an old-age retirement system which would provide a decent annuity for the covered workers and for which the workers themselves would in part pay. The program contemplated organization as an insurance system to be operated by the Government. In the years that have intervened since the organization of this program, constant demands have been made for the extension of the system so as to include all or part of the workers not now covered. On this phase of the program, I am in hopes that the next Congress will adopt amendments that will extend the coverage of the act so as to include many of the groups that are now excluded.

The second contention that has arisen involves the reserve program. There is a definite school of thought in this country that effectively contends that the so-called old-age and survivors' insurance reserve is a myth and a delusion as presently operated. This school of thought insists that the program be maintained and extended largely on a pay-as-you-go basis, with each generation being called upon to pay for the

support of the people then living who have reached retirement age. Those who embrace this school of thought contend that taxes should only be levied at rates sufficient to bring into the Treasury each year the amount necessary to meet the current demands for payment, plus an additional amount to be set up in reserve to take care of unforeseen contingencies that might arise.

The other school of thought embraces the idea that pay-roll taxes paid into the Treasury of the United States can be spent for general Government activities, and that a reserve fund can be created consisting of Government obligations amounting to 100 percent of the tax collected and that the interest on such Government obligations will take care of the entire cost of the system. They contend that as the Government was setting up an insurance plan, it should follow the practice of private insurance companies and create a giant reserve fund to insure the financial soundness of the plan. This theory sounds completely plausible. They point out that the plan began in 1936, with employer and employee each paying 1 percent on pay rolls. No pensions were to be paid until 1942. Between 1936 and 1942, how did the plan work out in actual practice? The taxes were paid into the Treasury, and, aside from certain refunds and expenses of administration which were deducted, the Government used the money for general Government activities and reimbursed the trustees of the fund with Government obligations. Thus, the trust fund began to grow rapidly, and each year there has accumulated in the trust fund large blocks of Government bonds until the trust account has reached some \$5,600,000,000. It will continue to grow year after year, until by 1980 it is estimated that there will be approximately \$55,000,000,000 in this fund, represented by Government bonds bearing the average rate of bond interest. The Government, of course, will have to raise the money through taxation to pay the interest on these bonds, but will continue to borrow the liquid funds in the trust, whether acquired through payment of taxes or payment of interest, and substitute Government obligations therefor. Under this method of financing, the citizen has been taxed to create the reserve and must be taxed again to pay the interest.

This conclusion seems inevitable. If the interest on the trust fund is not sufficient to pay the maturing claims as years go on, even at the high rates of tax originally provided in the act, a direct subsidy to the program out of the Treasury will be necessary, requiring additional taxation. Bonds held by the trust may be liquidated, which again will require the Treasury to impose taxes in order to receive the funds with which to liquidate its obligations. It seems clear, therefore, that the Government cannot pay adequate pensions if it continues to borrow the old-age taxes and spends them to support current Government activities. The whole program is a clearly disguised income-tax levy upon the lowest income groups. As a matter of fact, the law itself, in section 1001 of title 2 of the United

States Code, clearly states that the tax levied upon employees is an income tax, whereas the tax levied upon employers is designated as an excise tax.

I have frequently wondered how this giant reserve program came into being and recently read an article appearing in *Harpers Magazine* in the issue of February 1939, in which the economist, John T. Flynn, gives the history of the enactment of this legislation. Because of its historic significance and bearing upon the question now confronting the House, I desire to quote from that article:

In the winter of 1934-35 a group of technical agents of the Cabinet Committee on Economic Security were bringing their labors to an end. The idea of a reserve had arisen somewhere but every actuarial and financial expert consulted opposed it vehemently. Messrs. O. C. Richter and W. R. Williamson were the actuarial consultants of this group. (Mr. Williamson is now actuary of the Social Security Board.) They opposed it as "quite beyond the realm of practical possibilities" and an "unsound departure from the principles that should govern social insurance." They are authority for the statement that "Representative of the Treasury and Federal Reserve System who acted as financial advisers to the committee were of the opinion that an old-age-pension plan which did not require a reserve would be preferable."

Four eminent actuarial consultants of the Cabinet committee were called. They were Mr. M. A. Linton, president of the Provident Mutual Life Insurance Co.; Prof. A. L. Mowbray, of the University of California; Prof. Henry L. Reitz, of the University of Iowa; and Prof. James W. Glover, of the University of Michigan. Mr. Linton writes me: "The actuarial consultants were unanimously opposed to a large reserve and expressed themselves clearly on the point." Says Dr. Reitz: "It is my recollection that the committee was unanimously against holding reserves on this basis. The members of our committee argued as strongly as they could against this feature of the plan in certain committee meetings of the larger group including representatives of the Treasury."

Finally the Cabinet committee adopted the advice of these consultants and in their report to the President expressly declared that "The plan we advocate amounts to having each generation pay for the support of the people then living who are old." It warned against large reserves and announced that "to keep the reserves within manageable limits we suggest that the combined rate of employers and employees be 1 percent for the first 5 years (against 2 percent for the first 5 years adopted in the act); 2 percent for the second 5 years; 3 percent the third 5 years; 4 percent the fourth 5 years, and 5 percent thereafter."

And upon this report, signed by four members of the Cabinet and Harry Hopkins, the Wagner-Lewis bill was framed.

But at this point a strange thing happened. The President, seeing the report of the committee, expressed apprehension at the fact that in 30 or 40 years general taxes would be required to supplement the old-age pay-roll taxes. He gave the matter a swift, glancing blow of his mind and decided that future generations ought not to be burdened. About this time, and perhaps hearing of this, an official of the Treasury Department called upon the President and spun him a whimsical yarn of fairy finance. He pictured how a great reserve might be created; how with this, which would belong to the poor, all the national bonds would be bought; how the interest being paid the rich would now be paid to the poor; how the grave problem of tax-exempt bonds would thus be solved, since the debt would be practically extinguished as a possession of the rich; how the old-age

system would thus become self-supporting and future generations would be emancipated from the drudgery of providing for their aged; and how, most delightful to contemplate, these immense old-age tax collections and the mounting reserves would become an almost inexhaustible reservoir of funds to meet Government deficits. Here was a miraculous contrivance of heavenly finance. It was a wondrous vision which could survive only upon one condition, a condition easily complied with, that it be not looked at too closely.

About this time the House committee was holding hearings on the bill as introduced by Messrs. WAGNER and LEWIS. The heat was on, and the administration managers were jamming it through the committees at the full speed then so easily managed. Except for administration spokesmen, witnesses were allowed only 5 minutes each. Only a few days remained, when one morning Secretary Morgenthau, who had signed the report against large reserves, walked into the committee chamber with a message. The Treasury, he declared, wanted the huge reserve, the \$47,000,000,000 device, put into the bill and the rates raised to make that possible. And so, with little or no thought about the matter, under the pressure of the Presidential "must," this grotesque fraud was railroaded through the committee. It got little notice. Later the bill was jammed through Congress. Some Members warned against it. The American Association for Social Security, which for years had fought the battle for social security, issued a solemn protest. But Mr. Vinson told the House the President wanted it. And it became a law. It remains in the law despite the fact that it has, so far as I have been able to find, the support of no first- or second-class economist, actuary, or finance expert either here or abroad and despite the fact that old-age insurance systems have existed for many years, even decades, abroad without anything more than small convenience reserves.

It must be remembered that this statement was made in 1939, before the Nation was confronted with the tremendous deficit financing incident to the war. I wonder, in view of present conditions, whether the President could have been sold on the idea of the giant reserve plan when faced with the prospect of a national debt of \$300,000,000,000. It seems clear to me that when the workmen of this country realize that they are to be asked to contribute a 100-percent increase in pay-roll taxes with no resultant increase in the annuities to which they and their families will be entitled under present provisions of law, they will begin to ask some questions about this program. I am a firm believer in social security and have long advocated the extension of coverage, not only under title 2 but also under title 3, providing for grants to the States for unemployment compensation. There is little doubt in my mind but that as the years go on, demands will be made, very properly, for increases in the annuity and benefit provisions under title 2 and for compensation increases under title 3. It seems to me that in view of this almost overwhelming demand for revision of the Social Security Act, that we should at the same time reexamine the whole philosophy involved in the reserve trust funds and that the present rate of tax, which will provide ample funds for years to come, should be maintained until opportunity is had to reexamine and explore the possibilities for revision of the entire act. Those who will be forced to

retire at age 65 in the next 15 years will be shocked to learn of the pitiful annuities on which they will be required to subsist. It seems to me that common honesty requires that this whole program, and especially titles 1, 2, and 3, be reexamined and reappraised now in the light of our experience under the system since 1936. We should reexamine the question involved in the accumulation of huge reserves of Government bonds in view of the present fiscal situation of the Nation. If we must raise taxes to take care of the aged and to pay suitable and proper annuities and unemployment compensation, we should do it directly through a system of income taxes instead of requiring the lowest income paid groups of the country to have levied upon them an income tax under the guise of social security all out of proportion in many instances to their ability to pay.

I trust that further piecemeal attempts to deal with the problem will be postponed and that the Ways and Means Committee will go into this whole subject matter again and bring before the Congress a completed and rounded piece of legislation that will attempt the solution of the complexities and problems that have arisen as a result of our experience with this law since 1936.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McCORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 5564, pursuant to House Resolution 667, had reported the same back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

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

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 262, nays 73, not voting 94, as follows:

[Roll No. 120]

YEAS—262

Abernethy	Bolton	Colmer
Allen, Ill.	Bonner	Cox
Allen, La.	Boren	Cravens
Andersen,	Boykin	Crawford
H. Carl	Bradley, Mich.	Cunningham
Anderson, Calif.	Brehm	Curlley
Andresen,	Brown, Ga.	Curtis
August H.	Bryson	D'Alesandro
Andrews, Ala.	Buck	Day
Andrews, N. Y.	Buckley	Dewey
Angell	Buffett	Dilweg
Arends	Butler	Disney
Arnold	Canfield	Dondero
Auchincloss	Carlson, Kans.	Doughton, N. C.
Baldwin, Md.	Carrier	Drewry
Barden	Carson, Ohio	Durham
Barrett	Carter	Dworshak
Bates, Mass.	Case	Eaton
Beall	Celler	Elliott
Beckworth	Chapman	Ellis
Bender	Chiferfield	Ellsworth
Bennett, Mich.	Church	Elmer
Bennett, Mo.	Clason	Engle, Calif.
Bishop	Clevenger	Fellows
Blackney	Cole, Mo.	Fernandez
Bland	Cole, N. Y.	Fish

Fisher	Kinzer	Reed, Ill.
Folger	Kieberg	Reed, N. Y.
Fulbright	Knudson	Rees, Kans.
Fuller	Kunkel	Richards
Fulmer	Landis	Rivers
Gamble	Lanham	Robertson
Gathings	Larcade	Robison, Ky.
Gavin	Lea	Rockwell
Gerlach	LeCompte	Rodgers, Pa.
Gibson	LeFevre	Rogers, Mass.
Gifford	Lewis	Rohrbough
Gilchrist	Ludlow	Rolph
Gillespie	McConnell	Rowe
Gillette	McCord	Russell
Gillie	McCowan	Satterfield
Goodwin	McGehee	Schiffler
Gossett	McKenzie	Schwabe
Graham	McMillan, S. C.	Scrivner
Grant, Ala.	McMillen, Ill.	Short
Grant, Ind.	McWilliams	Simpson, Ill.
Gregory	Maas	Simpson, Pa.
Gwynne	Mahon	Slaughter
Hazen	Manasco	Smith, Ohio
Hale	Mansfield, Tex.	Smith, Va.
Hall	Martin, Iowa	Smith, Wis.
Edwin Arthur	Martin, Mass.	Springer
Hall	Mason	Starnes, Ala.
Leonard W.	May	Stearns, N. H.
Halleck	Marrow	Stewart
Hancock	Michener	Stigler
Hare	Miller, Conn.	Sullivan
Harris	Miller, Mo.	Sumner, Ill.
Hays	Miller, Nebr.	Sumners, Tex.
Hebert	Miller, Pa.	Sundstrom
Heldinger	Mills	Taber
Hess	Monkiewicz	Talbot
Hill	Mott	Talle
Hobbs	Mundt	Taylor
Hoeven	Murray, Tenn.	Thomason
Hoffman	Murray, Wis.	Tibbott
Holmes, Mass.	Newsome	Towe
Holmes, Wash.	Norman	Troutman
Hope	Norrell	Vincent, Ky.
Horan	O'Brien, N. Y.	Vinson, Ga.
Howell	O'Hara	Vorys, Ohio
Jarman	O'Konski	Vurrell
Jenkins	O'Neal	Walter
Jensen	Pace	Weaver
Johnson,	Patton	Weichel, Ohio
Anton J.	Peterson, Fla.	West
Johnson,	Peterson, Ga.	White
Calvin D.	Philbin	Whitten
Johnson, Ind.	Phillips	Whittington
Johnson,	Pittenger	Wigglesworth
J. Leroy	Ploeser	Willey
Johnson,	Plumley	Wilson
Luther A.	Poulson	Winter
Johnson, Okla.	Powers	Wolcott
Jones	Pratt	Wolfenden, Pa.
Jonkman	Joseph M.	Woodruff, Mich.
Judd	Price	Woodrum, Va.
Kean	Ramey	Worley
Kearney	Randolph	Zimmerman
Keefe	Rankin	
Kerr	Reece, Tenn.	

NAYS—73

Anderson,	Granger	Murphy
N. Mex.	Harless, Ariz.	Myers
Bates, Ky.	Hart	Norton
Bloom	Hoch	O'Brien, Ill.
Bradley, Pa.	Hull	O'Brien, Mich.
Burchill, N. Y.	Izac	O'Connor
Burdick	Johnson,	Poage
Camp	Lyndon B.	Priest
Cannon, Mo.	Kee	Rabaut
Capozzoli	Kefauver	Ramspeck
Cochran	Kelley	Robinson, Utah
Coffee	King	Rowan
Cooper	Kirwan	Sabath
Crosser	Klein	Sadowski
Dawson	Lane	Sauthoff
Dingell	Lemke	Smith, Maine
Eberharter	Lesinski	Snyder
Engel, Mich.	Lynch	Spence
Feighan	McCormack	Tarver
Flannagan	Madden	Thomas, Tex.
Fogarty	Marcantonio	Voorhis, Calif.
Forand	Monroney	Weiss
Gale	Morrison, La.	Welch
Gordon	Morrison, N. C.	Wickersham
Gorski	Murdock	Wright

NOT VOTING—94

Baldwin, N. Y.	Byrne	Delaney
Barry	Cannon, Fla.	Dickstein
Bell	Chenoweth	Dies
Brooks	Clark	Dirksen
Brown, Ohio	Compton	Domeneaux
Brumbaugh	Cooley	Douglas
Bulwinkle	Costello	Elison, Md.
Burch, Va.	Courtney	Elston, Ohio
Burgin	Daughton, Va.	Fay
Busbey	Davis	Fenton



Fitzpatrick	LaFollette	Scott
Ford	Lambertson	Shafer
Furlong	Luce	Sheppard
Gallagher	McGregor	Sheridan
Gearhart	McLean	Smith, W. Va.
Griffiths	McMurray	Somers, N. Y.
Gross	Magnuson	Sparkman
Harness, Ind.	Maloney	Stanley
Hartley	Mansfield,	Stefan
Heffernan	Mont.	Stevenson
Hendricks	Merritt	Stockman
Herter	Mruk	Thomas, N. J.
Hinshaw	O'Toole	Tolan
Hollifield	Outland	Torrens
Jackson	Patman	Treadway
Jeffrey	Pfeifer	Wadsworth
Jennings	Pracht,	Ward
Johnson, Ward	C. Frederick	Wasielewski
Kennedy	Rizley	Wene
Keogh	Rooney	Whelchel, Ga.
Kilburn	Sasser	Winstead
Kilday	Scanlon	Wolverton, N. J.

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Elston of Ohio for, with Mr. Outland against.

Mr. Douglas for, with Mr. Baldwin of New York against.

Mr. Gallagher for, with Mr. Wasielewski against.

Mr. Smith of West Virginia for, with Mr. Fitzpatrick against.

Mr. Brown of Ohio for, with Mr. Barry against.

Mr. Daughton of Virginia for, with Mr. Fay against.

Mr. Herter for, with Mr. McMurray against.

Mr. Sasser for, with Mr. Somers of New York against.

Mr. Jeffrey for, with Mr. Torrens against.

Mr. Fenton for, with Mr. Rooney against.

Mr. McGregor for, with Mr. Delaney against.

Mr. Gross for, with Mr. Scanlon against.

Mr. Rizley for, with Mr. Dickstein against.

Mr. Griffiths for, with Mr. Byrne against.

Mr. Stefan for, with Mr. Keogh against.

Mr. Kilburn for, with Mr. Heffernan against.

Mr. Shafer for, with Mr. Merritt against.

Mr. Jennings for, with Mr. O'Toole against.

Mr. C. Frederick Pracht for, with Mr. Pfeifer against.

General pairs:

Mr. Bell with Mr. Dirksen.

Mr. Clark with Mr. Ellison of Maryland.

Mr. Winstead with Mr. Harness of Indiana.

Mr. Burch of Virginia with Mrs. Luce.

Mr. Sheppard with Mr. Wadsworth.

Mr. Kennedy with Mr. Hartley.

Mr. Bulwinkle with Mr. Wolverton of New Jersey.

Mr. Kilday with Mr. Thomas of New Jersey.

Mr. Sparkman with Mr. Chenoweth.

Mr. Cooley with Mr. Stockman.

Mr. Davis with Mr. Busbey.

Mr. Courtney with Miss Stanley.

Mr. Brooks with Mr. Compton.

Mr. Cannon of Florida with Mr. Stevenson.

Mr. Hendricks with Mr. LaFollette.

Mr. Domengeaux with Mr. Scott.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the bill was passed was laid on the table.

#### EXTENSION OF REMARKS

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to extend as part of my remarks, two letters from the A. F. of L., and one from the C. I. O., and one 4-page pamphlet.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### PURCHASE OF LOGS—FIVE CIVILIZED TRIBES

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to take from the Speaker's table, the bill (H. R. 2185) to authorize the Secretary of the Interior, in carrying out the purposes of the act of May 18, 1916 (39 Stat. 137), to purchase logs, lumber, and other forest products, with Senate amendment thereon, disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Chair appointed the following conferees: Mr. O'CONNOR, Mr. FERNANDEZ, Mr. MURDOCK, Mr. MUNDT, and Mr. GILCHRIST.

#### WATER-BORNE EXPORT AND IMPORT FOREIGN COMMERCE

Mr. BLAND. Mr. Speaker, I ask unanimous consent that the proceedings in the Committee on the Merchant Marine and Fisheries by which the bill, H. R. 5387, was ordered to be reported to the House be vacated, for the purpose of considering proposed amendments.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what is the request of the gentleman?

Mr. BLAND. It is a bill amending section 101 (a) of the Merchant Marine Act of 1936. The purpose is to vacate certain proceedings of the committee, which ordered the bill reported.

The SPEAKER. As the Chair understands, the committee ordered the bill reported, but it has not yet been reported, and the gentleman from Virginia desires it to go back to the committee for further consideration by the committee. Is there objection to the request of the gentleman from Virginia?

There was no objection.

#### LEAVE TO ADDRESS THE HOUSE

Mr. COFFEE. Mr. Speaker, I ask unanimous consent at the conclusion of the legislative business today and any other special orders I be permitted to address the House for 12 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### EXTENSION OF REMARKS

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to extend my remarks in two instances; one to include a short address by Gilbert Montague, and another by Edward J. Meeman, of the Memphis (Tenn.) Press-Scimitar.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

#### CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the call of the calendar on Wednesday, tomorrow, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### CONSENT CALENDAR

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it be in order on Monday of next week, December 11, to continue the call of the Consent Calendar, starting with the bill following the last bill that was considered on Monday last.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### EXTENSION OF REMARKS

Mr. SHORT. Mr. Speaker, I ask unanimous consent that I may insert three brief newspaper articles in the Appendix of the Record.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CARLSON of Kansas. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks on the bill, H. R. 1744, which we had under consideration this morning, and that they may appear at that point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include therein two short forms.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes today following the gentleman from Washington [Mr. COFFEE].

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leaves of absence were granted as follows:

To Mr. HARTLEY of New Jersey (at the request of Mr. EATON), for 3 days, on account of official business.

To Mr. KILDAY, for 3 days, on account of important official Government business.

To Mr. VINSON of Georgia, indefinitely.

To Messrs. HEFFERNAN, PRICE, ROWAN, WOLFENDEN of Pennsylvania, BLACKNEY, WARD JOHNSON, GRANT, McWILLIAMS, PLOESER, and Mrs. SMITH of Maine, on account of official business.

The SPEAKER. Under the previous order of the House, the gentleman from Washington [Mr. COFFEE] is recognized for 12 minutes.

#### A COMMENT ON THE CURRENT CRISIS IN GREECE

Mr. COFFEE. Mr. Speaker, Greece, after 4 years of dictatorship under Metaxas, and another 4 years of suffering, misery, exploitation, and murder under Nazi tyrants, deserves better of us than to have to continue shedding its blood for the democracy they so richly

deserve and which they want so much. They want it so urgently that they continue to fight for it now, despite the years of starvation and malnutrition which have weakened the nation so that it is almost a miracle that they are physically able, let alone willing, to fight for an ideal.

Now Churchill threatens that the Allies will not give Greece relief supplies "if Tommy guns provided for use against the Germans are now used in an attempt to impose by violence a Communist dictatorship without the people being able to express their wishes."

Every word of this statement can be disproved. It is sincerely hoped that Winston Churchill, although he has had ample opportunity to learn the facts from members of Parliament, who sought to correct him many times, is misinformed, instead of something worse.

Churchill speaks of guns being supplied to kill Germans, instead of being used to impose by violence a Communist dictatorship. The first guns used in the current struggle were, according to reports from two American eyewitnesses—M. W. Fodor, Chicago Sun correspondent, and the United Press Athens correspondent—used by Greek police against unarmed men, women, and children, who were attempting to demonstrate peacefully against the Greek Government's unfair edicts.

Unfortunately, some of the guns used by the Greek police may not even have been Allied because these same police who fired on Greek people Sunday kept order for the Germans in Nazi-occupied Athens. They were the ones used to keep down the Greeks who dared disagree with the Quisling ruler, Rallis, or his Fascist overlords. The guns which Churchill pledges the British to support may, in fact, be German lugers.

As to the attempt to establish a Communist dictatorship by force, authoritative reports state that no more than 10 percent of the E. A. M., national liberation movement and its military adjunct, the E. L. A. S., is Communist. The E. A. M. is strongly democratic; members of the Popular—Democrat—Party, the Popular Democratic Union, the Republican Union, the Agrarian Party, and some liberals and loyalists are also represented. Furthermore, John Chabot Smith, writing for the New York Herald Tribune from Athens, and Frank Gervasi of Collier's, specifically state that the Greek Communists are not similar to American Communists but more like our Democrats or even our Republicans; they are, in the term Stalin applied to the Chinese Communists, "margarine Communists."

In any event, only 10 percent of E. A. M. are Communists of any sort. Of course they are a politically alert minority, organized and able to operate more effectively than others. But every action of the E. A. M., up to the very present, shows that they did not want to take over the Greek Government by force.

After Papandreu, the Greek Premier, publicly insulted the E. A. M., representatives of that organization, of their own volition, came to Lebanon to confer with him, willing to lay aside their pride in

the best interests of the Greek people. They joined his government although they only have 5 ministers out of 23 in the cabinet—totally out of proportion to their actual political strength.

Several days before the British landed in Greece—using, by the way, colonial troops usually reserved for action in British colonies, instead of British regulars—the Germans had cleared out of the Peloponnesus and Athens. But the water works of Athens, the streetcars and electric power works were not blown up by the Germans as they left. Was this due to a sudden change of heart by the Germans? Did they decide not to blast Athens to shambles because they did not want to inconvenience the Greek people? They did not scorch the earth behind them because the people of Athens and the E. A. M. prevented them from doing it. They killed the Germans assigned to blow up the works or removed fuses after they left. The E. A. M. patrolled Athens and kept peace and order after the Germans left for almost 4 days before the British troops arrived to liberate the already free city.

A secret report by a British agent to the foreign office last year revealed that the Germans were deliberately fostering fear of Communism and I quote:

They (the Germans) have deliberately stressed the Communist bogey and instilled moderate opinion with the fear of a Communist coup on the liberation of Greece.

Has the British Prime Minister succumbed to this German propaganda?

Every report from Greece stated that, except for two small sections of the country, the E. A. M. was in full control of Greece. But the E. A. M. did not try to keep this control when the British and the Government in exile moved in. The National Liberation Movement, confident it could win a Democratic victory in a free election, had no reason to fear the Government in exile, so they willingly relinquished their power.

What did the Greek Government in exile, encouraged by a British Army, backed by a prime minister who specifically stated he wanted George II to return to Greece, do? Fearing E. A. M.'s strength, the reactionary members of the Government, some of whom had been connected with the Metaxas dictatorship, tried to abolish the E. L. A. S., military wing of the E. A. M.

In France, de Gaulle had to incorporate some of the guerrilla movement into his regular army, and Belgium is having to do that this very moment. But in Greece, where it had been agreed previously by representatives of the E. A. M. and Premier Papandreu that E. L. A. S. forces would be integrated with the Greek Regular Army, the Papandreu Government tried to sidestep this agreement.

When the Greek people tried to demonstrate against this lack of faith, Greek police backed up by British patrols, fired on them. That brings the entire story up to date.

The whole tragic mistake is pointed out by Frank Gervasi, former I. N. S. foreign correspondent, who was in

Greece recently, in his recent article for *Colliers* wherein he stated:

Even more disastrous to the future stability of Europe is the self-evident misreading of popular democratic upsurges in France, Italy, Yugoslavia, and now in Greece as manifestations of a Bolshevik or Communist trend linked to dark maneuverings of the Comintern. That's unmitigated rot.

And what is our own State Department's role in this drama?

The State Department says that they are taking no part in the present Greek crisis. In a statement issued today, they reiterated their policy to have countries of the United Nations "work out their problems of government along democratic lines without influence from outside." This statement is not enough—it must be implemented by telling Greece and Great Britain, as President Roosevelt said in a letter to the editor of the Greek National Herald, which censorship probably kept out of Greece, that the American Government will not refuse to aid Greece because of the government the people choose.

Democracy all over the world must have active support of the greatest democracy of the world, the United States of America.

#### PERSONAL ANNOUNCEMENT

Mr. BELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BELL. Mr. Speaker, a few moments ago, when H. R. 5564 was passed, I was absent from the Chamber on a matter of important official business connected with the Committee on Insular Affairs. Had I been present, I would have voted in favor of the bill.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

#### SHORTAGE OF WAR SUPPLIES

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have repeatedly urged, at home and abroad, that the American public be told the truth about the situation concerning the battle fronts. It is obvious that both the Japanese and the Germans have known very much more about our condition of supplies and war matériel than has the American public. Only by securing the whole truth, to my mind, will the manufacturers of America and the workers of America give us full wartime production.

May I read, Mr. Speaker, from an article which has the date line December 4, by Noel Monks, London Daily Mail correspondent with the United States Ninth Army in Germany:

I wish some of the American munition workers, who, thinking the war has been won, have quit their jobs to take up peacetime occupations, could have been beside me at a forward regimental command post today.

American infantry, launching the final attack on a German-held town from the outskirts, were counterattacked by the last German tanks remaining in the area.



The heavy fire of the tanks caught the doughboys as they came up an incline toward the town.

They had no tank support of their own, owing to enemy mines in the sector and the narrowness of their avenue of attack.

A call was put through for artillery support while the Yanks dug in.

I was back at the command post when the colonel passed on the request for artillery support. The reply I heard coming over the phone embarrassed me and I moved into a corner of the cellar.

A voice was saying: "Too bad, but we fired our quota of shells in the opening stages of the attack."

Without saying another word, the young colonel replaced the phone on its hook and slumped back in his chair.

With shaking hands, he lit a cigarette, and I could see emotion was running through him.

Then he said:

"Fired their quota. No use telling them the German tanks haven't fired their quota. My men are getting cut up for want of a few more American shells."

Mr. Speaker, I blame Winston Churchill for his optimistic reports of the end of the war; that the war would be over this year. General Eisenhower also made the optimistic statement that the war would be over at the end of the year or soon thereafter. Why those reports were made, Mr. Speaker, I cannot imagine, because on D-day, when our forces went in and were moderately successful, they knew exactly what the fortifications were in those towns; they knew the depth of the walls; they found that many of those fortifications could not be demolished by bombs dropped from airplanes, and still these optimistic statements by leaders were made. Mr. Speaker, no public request from the administration here was made for production; no description of the terrible need for production was made at that time. Many lives have been lost as the result of that. Today, Mr. Speaker, I have the requirements for the ammunition needed. This comes from the War Department and is a direct quotation:

"The requirements for small arms ammunition for 1945 have been greatly increased. The increased requirements have been brought about because of increased expenditures on the fighting fronts; the need for making good these expenditures is eating into our reserves at a rapid rate.

"This increase is also the result of battlefield experience, particularly in the European theater of operations."

The above statements by the Under Secretary of War give the basic underlying reasons for the changing requirements in virtually all categories of ammunition. It means that the methods of conducting modern warfare have evolved under actual fighting conditions, so that the original concept as to how much ammunition would be required has had to be revised. Although this condition was recognized some time ago, and new ammunition plants put under construction, during the period of expansion it has been necessary to seriously deplete our reserves. The current drive is to bring ammunition production up to the new requirements.

This is signed by the Director of Materiel, so it is an accurate description of what the War Department is needing. You will note it states there that the War Department recognized this condition some time ago, yet no public appeal was generally made for munitions of war ex-

cept by Mr. Patterson and General Somervell, who made repeated requests even when Mr. Nelson, of the War Production Board, was saying that they should convert to peacetime operation, and it was clear at that time that we would need this matériel. Anyone who was overseas, as I was, could see this need, and, of course, it was not just my opinion but the opinion of those who knew much more than I do about such matters.

Mr. CALVIN D. JOHNSON. Mr. Speaker, will the gentleman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Illinois.

Mr. CALVIN D. JOHNSON. The small arms munitions are being made in plants that were constructed for that specific purpose for the Government. As I understand, the cut-back was ordered by the War Department. In plants in the city of St. Louis and also in Alton, Ill., they curtailed the production of small arms ammunition some months ago. It seems to me the shortage should have been foreseen and they should have placed those plants back into production, because civilian requirements were not the cause of the curtailment of the manufacture of small arms ammunition inasmuch as those plants were built for a specific purpose and nothing else could be manufactured there; yet the plant operation was curtailed.

Mrs. ROGERS of Massachusetts. The gentleman is absolutely correct. Further, the War Department lost over a year of production at the beginning of the war. At Lowell, in my own district, they did not use existing facilities or the extremely fine labor we had. Much of that labor was already trained in the manufacture of small arms and of cartridges. They were made at Lowell during the last war. Finally, they did go into production of cartridges there, but there was a cut-back a year and a half ago, not only at Lowell, where the plant was eliminated, but also in St. Louis and elsewhere. I think six plants were closed down, some entirely.

The Lowell plant was closed entirely but later at Lowell some of the plant was used in the manufacture of wire. One reason I did not go overseas earlier was that they were not getting their priorities for the manufacture of wire. I was very anxious about it, as I was told by the War Department it was a critical war item. Finally, the priorities came through. On every front I visited there was a tremendous shortage of wire. Wire today is vitally needed. It is extremely tragic that the delay took place, because the shortage of supplies meant that the Germans had a chance to get strong again and to get reinforcements, while our own Army was waiting. I felt also that the supplies might have been moved up from some other area, but they were not moved up for a number of weeks.

As everyone knows, the fighting today is very much more difficult for our forces than it was when they were stopped in France last September. It is much colder. The rain, the snow, and mud are much worse. I was there and I know what the mud means. Even in September and October I saw our soldiers

wallowing around at the front. I saw our doctors and nurses slipping and sliding working in the mud in the tent hospitals. It is a much more serious condition than if General Patton and some of the other generals had been allowed to go ahead at the time they were stopped in September. I was over there when the drive was stopped.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. DINGELL. I deduct from the remarks of the gentleman that she shares the views, at least partially, which I hold, that General Somervell and some of the directors of warfare in the Army, seemingly try to make it appear that all of this shortage, so called, of heavy shells and heavy ordnance is the fault of those of us here on the civilian home front. My belief is that much of it is due to cut-backs and miscalculations on the part of General Somervell and perhaps General Echols, and others in the Army and that it is not a matter entirely which you and I are to be blamed for or the men and women on the home front.

Mrs. ROGERS of Massachusetts. No; I agree with the gentleman. We were not told the truth.

Mr. DINGELL. At least it can be said that they miscalculated grossly.

Mrs. ROGERS of Massachusetts. They miscalculated, I think, on the small arms. They must have known after D-day, and to be just about it, Mr. Patterson and General Somervell were asking for production but it was not backed up generally by the administration. You see, war production was not urged. I think there was great miscalculation on the small arms. I agree with the gentleman there, and also in the heavy shells and other war matériel. To my mind it was a great misjudgment.

Mr. DINGELL. But at least it ought to be made clear that it is a matter of misjudgment along with other things.

Mrs. ROGERS of Massachusetts. Undoubtedly that is true.

Mr. DINGELL. And it is not entirely the fault of men and women on the home front that certain plants were cut back or in some instances, completely shut down.

Mrs. ROGERS of Massachusetts. I agree with the gentleman thoroughly on that. And you cannot blame the manufacturers; they thought everything was all right. You cannot blame labor because labor thought there was enough production. That the war was practically over. They were not told the truth.

The SPEAKER pro tempore (Mr. WORLEY). The time of the gentleman from Massachusetts has expired.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 10 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. I stated before that I deeply regret that General Eisenhower made no public

appeal for arms at the time of the delay when General Patton and others were dashing forward into Germany, or prior to that at least after D-day, and I believe if they would have been allowed to go forward, they would have been in Berlin today. And thereby saved thousands of lives. There was a strange and very peculiar silence about the allocation of supplies. A public appeal should have been made then. I made an appeal from London. I made an appeal and spoke of the shortage to the press of the shells and of wire and of ammunition at a number of places along the front I made the same statement and I stated at the time, that there was no excuse for the delay in production. I made the same appeal to the press and to Government officials on my return to America. I am making this speech today because I feel that we should be told the whole truth at the present time as to exactly what our situation is, not only in the European theater of war, on the Italian front, and so forth, but also in the Pacific theaters of war. There is not an American citizen of this country today, I believe, that would not give everything he had in the way of labor and energy, in order to save our fine men and women. The story of the London correspondent is undoubtedly true. In September after our forces were stopped from advancing for a time I heard Mr. Winston Churchill in the House of Commons blame some of our press for their overoptimistic statements. They said that was the reason there was overoptimism, and so forth. Mr. Churchill made the first overoptimistic statement regarding the near end of the war. It is time that the people were told the whole truth. I have asked that General Marshal come before the Congress, not on the floor of the House, perhaps, he cannot come here, but to some meeting room, to tell us exactly what the situation is. It is horrible to feel that there is any loss of life because this country has not produced. I know the people of the country so well. I know they would make any sacrifice in order to help production.

Mr. CALVIN D. JOHNSON. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. CALVIN D. JOHNSON. I understand we have been lend-lease war materials to some 35 divisions in India. I do not know of any record of that many divisions fighting in that area. There is a possibility that the materials that have gone there may have been used to better advantage, if a check were made, in the European theater.

Mrs. ROGERS of Massachusetts. I have heard it said repeatedly. I know that abroad, my feeling was verified that we should get a very complete check from foreign countries of exactly what is being done on lend-lease and also from our own Government. I think the gentleman will remember that when lend-lease was passed, I felt that Congress should have a check and keep control of lend-lease in order not to have it give away too many supplies to other countries and thereby weaken our own.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. Certainly.

Mr. CALVIN D. JOHNSON. In 1943 we exported 7,198,000 tons of steel to foreign countries, and of that amount, if I remember correctly, 830,000 tons went into South America, and much of the material the gentlewoman is referring to was included, being wire in exports to noncombatant countries.

Mrs. ROGERS of Massachusetts. Yes; and I saw those American paratroopers in planes being towed by other airplanes going across to the tragic Arnhem disaster, and I realized the necessity for wire towlines then. I watched some of them going over, not to return. I saw that need at every front—at headquarters of every front, and every department—the great need for wire and also the great need for heavy shells.

Mr. DINGELL. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. Yes.

Mr. DINGELL. I do not want to impose on the gentlewoman's time, but since we are talking about ordnance, and the shortage of shells, and heavy guns, a subject in which we are all deeply interested at the present time, I am wondering what action the War Department and the War Production Board are going to take with regard to the utilization of certain still available plants. I saw the other day where Mr. Krug said it may be necessary to go on with the construction of additional plants—a plant-expansion program.

Mrs. ROGERS of Massachusetts. Building new plants. I saw that myself, and I cannot understand it.

Mr. DINGELL. I submit that there are still plants available that could be turned to that purpose, almost immediately. When the amortization plan was before my committee, I submitted a list of plants then available. I was assured on more than one occasion by the War Department officials, including Mr. Patterson, that this could be done, and yet it has been unfulfilled so far as one great big plant is concerned in my district. I refer to the old Studebaker plant, where perhaps 15,000 to 20,000 men, and necessary machinery, could be installed immediately for this purpose. It still stands for a great part idle, and yet they are talking about building additional plants in order to manufacture ordnance. It seems to me that Mr. Patterson and the War Department ought to find out first whether available plants are being utilized before talking about spending more money to build new plants.

Mrs. ROGERS of Massachusetts. Everybody over here ought to realize, that the fighting that is being done now is the most severe and the most difficult fighting done. The enemy is extremely fanatical. I saw a lot of German prisoners and they are very fanatical. I saw a lot of the German wounded, and those boys are fanatical looking. Now the Germans are fighting on their homeland. They know every inch of the way. They have been preparing it for

years and years, and everyone who knows the underground tunnels knows that the land naturally lends itself to tunneling. Then take the concrete that the Germans have used to reinforce them. It is impossible to have a bomb from the air do much in the way of abolishing some of them. You have to have heavy artillery. I was over there myself in the First World War, and I was down in the natural caves. I know the construction of them. I think the Germans could live for months underground if they have supplies. Probably they have many supplies in those underground tunnels now. I wish everyone could see the construction of the tunnels, and the fortifications, the pill boxes over there, 20 feet deep.

Mr. CALVIN D. JOHNSON. Does the gentlewoman feel that the fanaticism is caused by the statement made that their country was to be turned into small farms?

Mrs. ROGERS of Massachusetts. That may have had something to do with it, but I think the fanaticism was there even before that. Everyone fighting overseas must know it. The Germans have been preparing for years for this war. They knew when the war started it was probably their last chance to gain their objective. But undoubtedly the statement the gentleman referred to added to their fanaticism because they do not want just to have a farm-land country.

But then without that statement they would have been very ruthless, very cruel in their fighting. We shall have to travel every inch of the road to win the war. The Siegfried line is composed of hundreds of underground fortifications. These fortifications make it very difficult for our men to break through. Then there is the Rhine River.

And I repeat as I close, the importance of being told the truth. We shall have all the production we need if the truth be told and told us at once. The Army now is begging and begging for production. I was at a dinner where General Somervell spoke the other day at a meeting in Boston, and I myself spoke at the same meeting. Everyone agreed with me that we should be told the truth and the whole truth; that that was the important thing in order to have the production that would save human lives. We are losing many lives because we have not the supplies.

I said at Boston last Friday at the associated industries:

You industrialists here today would continue war production if you felt there was need.

You have sons and daughters in the service. You would not sacrifice them. That is equally true of the workers in industry. They are not cruel either. They, too, have sons and daughters in the service. It is un-American and incomprehensible that either labor or industry should stop war work and cut the life line of war supplies when the severing of that life line means the loss of thousands and thousands of lives. Already there have been many casualties because of delay of supplies at the front, because of false optimism about the end of the war—of accredited leaders at home and abroad.

There has not been perfect frankness about war equipment, and now it is claimed there



is a 40-percent lag in production on the home front. But even when I was in the European theaters of war in September, I was told there was a lack of supplies at the front and as I stated several times at London, and at the front, and after my return to the United States, that there was great need of ammunition and wire. After the optimistic statements by General Eisenhower and Prime Minister Churchill last summer that war would soon be over and there was no general appeal for war supplies, it cannot be wondered at, that industry began to give thought to reconversion and the workers began to think of peacetime jobs. If mistakes have been made in production it is largely due to the lack of frankness—this filtering of news—this less than the whole story that is given to the public. The public is losing faith in the stories of our victories. It is time that the half-truth stop and the public be told the whole truth.

It is the only way we shall secure full war production for our fighting forces.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has again expired.

#### EXPLANATION OF ABSENCE FROM ROLL CALL

Mr. PFEIFER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PFEIFER. Mr. Speaker, I wish to inform the House of the reason why I am not recorded on the vote this afternoon. The bells in my office failed to ring. I was on the floor until 3 p. m., but then had gone to my office. When I came over the roll call had been finished. Nevertheless, had I been present I would have voted "no."

#### ENROLLED BILLS SIGNED

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House on the following titles, which were thereupon signed by the Speaker:

H. R. 4366. An act for the relief of Alex Wylie and the estate of James Evans; and

H. R. 4917. An act conferring upon the State of Montana authority to exchange for other lands certain lands selected by the State of Montana for the use of the University of Montana for biological station purposes pursuant to the act of March 3, 1905 (33 Stat. 1080).

#### ADJOURNMENT

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

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Wednesday, December 6, 1944, at 11 o'clock a. m.

#### COMMITTEE HEARINGS

##### COMMITTEE ON REVISION OF THE LAWS

The committee will hold a hearing on Wednesday, December 6, 1944, at 10 a. m., in the committee room of the Committee on Agriculture, to consider H. R. 5450, to revise and codify the criminal laws of the United States and to hold public hearings thereon.

#### EXECUTIVE COMMUNICATIONS, ETC.

2060. Under clause 2 of rule XXIV a letter from the President of the United States, transmitting a report on the requirement for water for military and civilian use in San Diego County, Calif., was taken from the Speaker's table and referred to the Committee on Irrigation and Reclamation.

#### 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. LEMKE: Committee on the Public Lands. S. 209. An act authorizing the conveyance of certain property to the State of North Dakota; without amendment (Rept. No. 2019). Referred to the Committee of the Whole House on the state of the Union.

Mr. MURDOCK: Committee on Irrigation and Reclamation. H. R. 4795. A bill to authorize the undertaking of the initial stage of the comprehensive plan for the conservation, control, and use of the water resources of the Missouri River Basin; with amendment (Rept. No. 2020). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEMKE: Committee on Irrigation and Reclamation. H. R. 4808. A bill to amend the Fact Flinders Act; with amendment (Rept. No. 2021). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

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

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 4857. A bill to confirm the claims of Charles Gaudet under Spanish patents to section 18, township 11 south, range 5 east, and section 21, township 12 south, range 5 east, St. Helena meridian, Parish of St. James, State of Louisiana, together with all accretion; with amendment (Rept. No. 2022). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

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

By Mr. MURDOCK:

H. R. 5581. A bill to authorize the Secretary of the Interior to modify the provisions of a contract for the purchase of a power plant for use in connection with the San Carlos irrigation project; to the Committee on Irrigation and Reclamation.

By Mr. CASE:

H. R. 5582. A bill authorizing an appropriation to carry out the provisions of the act of May 3, 1928 (45 Stat. 484), and for other purposes; to the Committee on Indian Affairs.

By Mr. McMILLAN of South Carolina:

H. R. 5583. A bill establishing wage differential for leadingmen and quartermen at all naval establishments; to the Committee on Naval Affairs.

By Mr. WICKERSHAM:

H. R. 5584. A bill to enable the mothers, fathers, and widows of deceased members of the armed forces now interred in cemeteries outside the continental limits of the United States or in Alaska to make a pilgrimage to

such cemeteries; to the Committee on Military Affairs.

By Mr. PLOESER:

H. J. Res. 322. Joint resolution proposing an amendment to the Constitution of the United States limiting the tenure of office of President of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. JARMAN:

H. Res. 669. Resolution authorizing the printing of the prayers of the Chaplain of the House of Representatives; to the Committee on Printing.

#### PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CURLEY:

H. R. 5535. A bill for the relief of Evelyn DeNunzio, Mrs. Mary Capodanno, and the legal guardian of Vincent Capodanno; to the Committee on Claims.

By Mr. WILEY:

H. R. 5586. A bill for the relief of the estate of James W. Taylor III; 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:

6231. By Mr. ROLPH: Resolution of the Citizens Advisory Committee on Agriculture of the California State Reconstruction and Reemployment Commission, Sacramento, Calif., relative to making more equitable price stabilization provisions for agricultural production; to the Committee on Banking and Currency.

6232. Also, resolution of the Citizens Advisory Committee on Agriculture of the California State Reconstruction and Reemployment Commission, Sacramento, Calif., relative to dates for establishing ceiling prices on farm products; to the Committee on Banking and Currency.

## SENATE

WEDNESDAY, DECEMBER 6, 1944

(Legislative day of Tuesday, November 21, 1944)

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

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

O God, infinite in mercy, love, and power, we come knowing that all else is vanity, that all other cisterns are empty and broken and in Thee alone is the fountain of life. Thou knowest the stern responsibilities that confront us and the pathetic limitations of our knowledge. Thou knowest, too, our deep necessities and our unutterable desires. We can bring to Thee but unfulfilled aspirations and many a failure that makes us ashamed. When we foolishly endeavor to live our lives without Thee, we deny our reason, we blot out our hope, and destroy our joy.

Forbid that our lives should be so busy with the trivial traffic of the common days that, as in the Bethlehem inn of long