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Congressional Record

PROCEEDINGS AND DEBATES OF THE 81st CONGRESS, SECOND SESSION

SENATE

THURSDAY, SEPTEMBER 7, 1950

(Legislative day of Thursday, July 20, 1950)

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:

Our Father God, here at this noontide altar of devotion which our fathers builded and on which they cut deep with their founding faith the devout confession "In God we trust," we humbly bow with the deathless assurance that turns even tragedy into triumph: "The eternal God is our refuge, and underneath are the everlasting arms."

Facing the duties of demanding times in these mad and sad days, grant us sanity of mind and spirit and a glad hope which sees a shining ray far down the future's broadening way.

"Lord, in this hour of tumult,
Lord, in this night of fears,
Keep open, O keep open,
Our eyes, our hearts, our ears.
Not blindly, nor in hatred,
Lord, let us do our part;
Keep open, O keep open, dear Lord,
Our eyes, our minds, our hearts."

Amen.

THE JOURNAL

On request of Mr. GEORGE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 6, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

LEAVE OF ABSENCE

Mr. GEORGE. Mr. President, the Senator from South Carolina [Mr. MAYBANK] has been appointed an adviser to the Secretary of the Treasury, in his capacity as United States Governor of the International Bank for Reconstruction and Development, attending the fifth annual meeting of the Board of Directors of the International Bank and the International Monetary Fund, meeting in Paris. I ask unanimous consent that the Senator from South Carolina be excused from attending sessions of the Senate for an indefinite period for the purpose of attending this meeting.

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

CALL OF THE ROLL

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Anderson	Hendrickson	Malone
Benton	Hickenlooper	Martin
Brewster	Hill	Morse
Bricker	Hoey	Mundt
Bridges	Holland	Murray
Butler	Humphrey	O'Conor
Byrd	Hunt	O'Mahoney
Cain	Jenner	Robertson
Capehart	Johnson, Tex.	Russell
Chapman	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kerr	Smith, Maine
Darby	Kilgore	Sparkman
Donnell	Knowland	Stennis
Douglas	Langer	Taft
Dworshak	Leahy	Taylor
Ecton	Lodge	Thomas, Okla.
Ellender	Long	Thomas, Utah
Ferguson	Lucas	Thye
Frear	McCarran	Tydings
Fulbright	McCarthy	Watkins
George	McClellan	Wherry
Gillette	McFarland	Wiley
Graham	McKellar	Williams
Green	McMahon	Withers
Gurney	Magnuson	Young

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], the Senator from Colorado [Mr. JOHNSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Pennsylvania [Mr. MYERS], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness.

The Senator from New York [Mr. LEHMAN] is absent by leave of the Senate.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate on official business as an adviser to the Secretary of the Treasury in connection with the fifth annual meeting of the Board of Directors of the International Bank for Reconstruction and Development and the International Monetary Fund, which is being held in Paris.

The Senator from Florida [Mr. PEPPER] is absent by leave of the Senate on official business, having been appointed a member of the American group at the Interparliamentary Conference, being held in Dublin, Ireland.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from New York [Mr. IVES], the Senator from Colorado [Mr. MILLIKIN], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate on official business as a temporary alternate governor of the World Bank.

The Senator from Maine [Mr. BREWSTER] and the Senator from New Jersey [Mr. SMITH] are absent by leave of the Senate as representatives of the American group to the Interparliamentary Union.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. GEORGE. Mr. President, I ask unanimous consent that Senators be permitted to submit petitions and memorials, introduce bills and joint resolutions, and present routine matters for the RECORD, without debate.

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

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GEORGE, from the Committee on Finance:

H. R. 5226. A bill to amend paragraph 207 of the Tariff Act of 1930; with amendments (Rept. No. 2511); and

H. R. 7891. A bill to amend section 3224 (b) of the Internal Revenue Code, relating to the transportation of narcotic drugs; without amendment (Rept. No. 2510).

By Mr. JOHNSON of Texas, from the Committee on Armed Services:

S. 4118. A bill to increase the appropriation authorization for the Air Engineering Development Center; without amendment (Rept. No. 2512).

By Mr. McCARRAN, from the Committee on the Judiciary, without amendment:

S. 3329. A bill for the relief of Kiyomi Kitamura (Rept. No. 2513);

S. 3430. A bill for the relief of Martina Arnaiz Zarandona (Sister Blanca Eugenia) (Rept. No. 2514);

S. 4072. A bill for the relief of Ella Stufka and her son (Rept. No. 2515);

S. 4074. A bill for the relief of Pamela Bentley (Rept. No. 2516);

S. 4111. A bill for the relief of Southern Fireproofing Co., of Cincinnati, Ohio (Rept. No. 2517);

H. R. 4365. A bill for the relief of Fe R. Dumaguing (Rept. No. 2518);

H. R. 5810. A bill relating to the furnishing of accommodations at Klamath Falls, Oreg., for the United States District Court for the District of Oregon (Rept. No. 2528);

H. R. 5941. A bill to incorporate the Military Chaplains Association of the United States of America (Rept. No. 2519);

H. R. 6528. A bill for the relief of the Western Chemical & Manufacturing Co. (Rept. No. 2520);

H. R. 6990. A bill for the relief of Christina Karamanos Demas and Antonia Karamanos Demas (Rept. No. 2521);

H. R. 7095. A bill for the relief of Rosette Selina Romano, a minor (Rept. No. 2522);

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H. R. 7990. A bill to incorporate the American Society of International Law, and for other purposes (Rept. No. 2529); and

H. R. 9111. A bill to incorporate the United States Olympic Association (Rept. No. 2523).

By Mr. McCARRAN, from the Committee on the Judiciary, with an amendment:

S. 2099. A bill to reimburse the Stamey Construction Co. and/or the Oklahoma Paving Co., as their interests appear Rept. No. 2524);

S. 3484. A bill for the relief of Barbara Sugihara (Rept. No. 2525); and

H. R. 3012. A bill for the relief of the Wyoming National Bank of Wilkes-Barre (Rept. No. 2526).

By Mr. McCARRAN, from the Committee on the Judiciary, with amendments:

S. 3629. A bill for the relief of Joseph A. Myers, Hazel C. Myers, and Helen Myers (Rept. No. 2527).

INCLUSION OF COAST GUARD WITHIN PROVISIONS OF SELECTIVE SERVICE ACT—REPORT OF A COMMITTEE

Mr. SALTONSTALL. Mr. President, from the Committee on Armed Services, I report an original bill, to include the Coast Guard within the provisions of the Selective Service Act of 1948, and so forth, and I submit a report (No. 2530) thereon.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

The bill (S. 4136) to include the Coast Guard within the provisions of the Selective Service Act of 1948 and to authorize the President to extend enlistments in the Coast Guard, reported by Mr. SALTONSTALL, was read twice by its title, and placed on the calendar.

ADDITIONAL REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL PERSONNEL IN EXECUTIVE BRANCH

Mr. BYRD. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit an additional report on civilian employment in the executive branch of the Federal Government for the month of July 1950, and in accordance with the practice of several years' standing, I request that it be printed in the body of the RECORD as a part of my remarks, together with a statement by me.

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

FEDERAL PERSONNEL IN THE EXECUTIVE BRANCH, JUNE–JULY 1950, AND PAY, MAY–JUNE 1950

NOTE WITH REFERENCE TO PERSONAL SERVICE EXPENDITURE FIGURES

It should be noted that the latest expenditure figures for personal service shown in table I of this report are for the month of June and that they are compared with personal service expenditure figures for the month of May, whereas the latest employment figures covered in this report are for the month of July and are compared with the month of June. This lag in personal service expenditure figures is necessary in order that actual expenditures may be reported.

(Figures in the following report are compiled from signed official personnel reports by the various agencies and departments of the Federal Government. Table I shows total personnel employed inside and outside continental United States, and pay, by agency. Table II shows personnel employed inside continental United States. Table III shows personnel employed outside continental United States. Table IV gives by agency the industrial workers employed by the Federal Government. For purposes of comparison, figures for the previous month are shown in adjoining columns.)

PERSONNEL AND PAY SUMMARY

(See table I)

According to monthly personnel reports for July 1950 submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures:

Department or agency	Civilian personnel in executive branch			Payroll (in thousands of dollars) in executive branch		
	In July numbered—	In June numbered—	Increase (+) or decrease (−)	In June was—	In May was—	Increase (+) or decrease (−)
Total	1,985,139	1,968,400	+16,739	$562,767	$565,936	−$3,169
1. Agencies exclusive of National Military Establishment [1]	1,205,739	1,215,251	−9,512	347,910	352,801	−4,891
2. National Military Establishment	779,400	753,149	+26,251	214,857	213,135	+1,722
Within the National Military Establishment:						
Office of Secretary of Defense	1,759	1,750	+9	732	750	−18
Department of the Army	320,964	303,599	+17,365	86,760	80,837	+5,923
Department of the Air Force	156,737	154,453	+2,284	43,644	43,706	−62
Department of the Navy	299,940	293,347	+6,593	83,721	87,842	−4,121

[1] Includes temporary employees (enumerators, supervisors, and clerks) engaged in taking the Seventeenth Decennial Census as follows: June 12,450; July 8,403; a decrease of 4,047.

TABLE I.—*Consolidated table of Federal personnel inside and outside continental United States employed by the executive agencies during July 1950, and comparison with June 1950; and pay for June 1950 and comparison with May 1950*

Department or agency	Pay (in thousands of dollars)				Personnel			
	May	June	Increase	Decrease	June	July	Increase	Decrease
Executive departments (except National Military Establishment):								
Agriculture [2]	$22,845	$23,261	$416		[1] 87,326	85,464		1,862
Commerce [3] [4]	22,061	19,089		$2,972	60,772	56,169		4,603
Interior	18,123	18,761	638		65,698	65,551		147
Justice	10,149	9,450		699	26,552	26,717	165	
Labor	1,974	2,180	206		6,204	6,033		171
Post Office [2]	130,361	131,202	841		[1] 500,679	495,888		4,791
State	8,080	8,216	136		24,725	24,326		399
Treasury	30,510	29,790		720	88,324	87,586		738
Executive Office of the President:								
White House Office	135	143	8		313	327	14	
Bureau of the Budget	272	266		6	520	521	1	
Executive Mansion and Grounds	18	17		1	64	68	4	
National Security Council [5]	9	9			17	17		
National Security Resources Board	175	177	2		352	369	17	
Council of Economic Advisers	20	20			36	35		1
Commission on Renovation of the Executive Mansion	2	2			5	5		
Postwar agencies:								
Displaced Persons Commission	96	97	1		257	262	5	
Economic Cooperation Administration	1,596	1,688	92		4,805	4,663		142
Motor Carrier Claims Commission	12	11		1	19	20	1	
Office of the Housing Expediter	1,106	920		186	2,808	2,579		229
Philippine Alien Property Administration	12	45	33		79	57		22
Philippine War Damage Commission	197	326	129		493	506	13	
War Claims Commission	27	40	13		[1] 95	99	4	
Independent agencies:								
American Battle Monuments Commission	56	57	1		475	497	22	
Atomic Energy Commission	2,039	1,969		70	5,023	5,052	29	
Civil Aeronautics Board	282	265		17	629	620		9
Civil Service Commission	1,243	1,218		25	3,539	3,404		135
Export-Import Bank of Washington	68	65		3	130	129		1
Federal Communications Commission	541	538		3	1,286	1,276		10
Federal Deposit Insurance Corporation	420	402		18	1,068	1,067		1
Federal Mediation and Conciliation Service	198	188		10	336	327		9

[1] Revised on basis of later information.

[2] 4,209 employees from Post Office Department and 15 employees from Department of Agriculture transferred to General Services Administration on July 1, 1950, under Reorganization Plan No. 18.

[3] Exclusive of 630 seamen on the rolls of the Maritime Administration and their pay.

[4] Includes temporary employees (enumerators, supervisors, and clerks) engaged in taking the seventeenth decennial census as follows: June, 12,450; July. 8,403; a decrease of 4,047.

[5] Exclusive of personnel and pay of the Central Intelligence Agency.

TABLE I.—*Consolidated table of Federal personnel inside and outside continental United States employed by the executive agencies during July 1950, and comparison with June 1950; and pay for June 1950 and comparison with May 1950*—Continued

Department or agency	Pay (in thousands of dollars)				Personnel			
	May	June	Increase	Decrease	June	July	Increase	Decrease
Independent agencies—Continued								
Federal Power Commission	296	311	15		735	738	3	
Federal Security Agency [6]	10,180	10,358	178		33,761	32,970		791
Federal Trade Commission	308	304		4	642	646	4	
General Accounting Office	2,993	2,869		124	7,837	7,805		32
General Services Administration [2]	6,251	6,028		223	21,907	26,095	4,188	
Government Printing Office	2,581	2,524		57	7,028	7,115	87	
Housing and Home Finance Agency	4,931	4,801		130	13,600	13,673	73	
Indian Claims Commission	7	7			10	10		
Interstate Commerce Commission	906	860		46	2,112	2,087		25
National Advisory Committee for Aeronautics	2,575	2,486		89	7,513	7,446		67
National Capital Housing Authority	91	87		4	317	316		1
National Capital Park and Planning Commission	3	3			20	21	1	
National Capital Sesquicentennial Commission	17	24	7		125	233	108	
National Gallery of Art	89	87		2	322	331	9	
National Labor Relations Board	613	591		22	1,489	1,362		127
National Mediation Board	70	68		2	127	128	1	
Panama Canal	4,134	3,554		580	19,854	19,823		31
Railroad Retirement Board	730	705		25	2,276	2,297	21	
Reconstruction Finance Corporation	1,962	1,899		63	4,622	4,600		22
Securities and Exchange Commission	467	442		25	998	1,005	7	
Selective Service System	502	512	10		3,538	5,037	1,499	
Smithsonian Institution	187	192	5		577	554		23
Tariff Commission	107	110	3		219	218		1
Tax Court of the United States	61	65	4		124	121		3
Tennessee Valley Authority	4,126	4,229	103		13,923	14,006	83	
Veterans' Administration	55,987	54,382		1,605	188,946	187,468		1,478
Total, excluding National Military Establishment	352,801	347,910	2,841	7,732	1,215,251	1,205,739	6,359	15,871
Net decrease excluding National Military Establishment			4,891				9,512	
National Military Establishment:								
Office of the Secretary of Defense [7]	750	732		18	1,750	1,759	9	
Department of the Army:								
Inside continental United States	70,725	75,738	5,013		262,873	281,494	18,621	
Outside continental United States	10,112	11,022	910		40,726	39,470		1,256
Department of the Air Force:								
Inside continental United States	39,256	38,995		261	131,675	133,513	1,838	
Outside continental United States	4,450	4,649	199		22,778	23,224	446	
Department of the Navy:								
Inside continental United States	82,203	78,206		3,997	269,565	277,665	8,100	
Outside continental United States	5,639	5,515		124	23,782	22,275		1,507
Total, National Military Establishment	213,135	214,857	6,122	4,400	753,149	779,400	29,014	2,763
Net increase, National Military Establishment			1,722				26,251	
Grand total, including National Military Establishment	565,936	562,767	8,963	12,132	1,968,400	1,985,139	35,373	18,634
Net change, including National Military Establishment			3,169				16,739	

[2] 4,209 employees from Post Office Department and 15 employees from Department of Agriculture transferred to General Services Administration on July 1, 1950, under Reorganization Plan No. 18.

[6] Includes personnel and pay for Howard University and the Columbia Institute for the Deaf.

[7] Includes 18 employees assigned to North Atlantic Treaty Organization and 179 employees assigned to Munitions Board Cataloging Agency.

TABLE II.—*Federal personnel inside continental United States employed by executive agencies during July 1950 and comparison with June 1950*

Department or agency	June	July	Increase	Decrease
Executive departments (except National Military Establishment):				
Agriculture [2]	[1] 84,487	82,709		1,778
Commerce [3 4]	56,590	52,091		4,499
Interior	58,323	57,889		434
Justice	26,072	26,238	166	
Labor	6,098	5,928		170
Post Office [2]	[1] 498,771	494,028		4,743
State	8,705	8,737	32	
Treasury	87,552	86,812		740
Executive Office of the President:				
White House Office	313	327	14	
Bureau of the Budget	520	521	1	
Executive Mansion and Grounds	64	68	4	
National Security Council [5]	17	17		
National Security Resources Board	352	369	17	
Council of Economic Advisers	36	35		1
Commission on Renovation of the Executive Mansion	5	5		
Postwar agencies:				
Displaced Persons Commission	90	87		3
Economic Cooperation Administration	1,160	1,176	16	
Motor Carrier Claims Commission	19	20	1	
Office of the Housing Expediter	2,785	2,556		229
Philippine Alien Property Administration	2	2		
Philippine War Damage Commission	6	6		
War Claims Commission	[1] 95	99	4	
Independent agencies:				
American Battle Monuments Commission	17	17		
Atomic Energy Commission	5,019	5,048	29	
Civil Aeronautics Board	615	605		10
Civil Service Commission	3,534	3,400		134
Export-Import Bank of Washington	129	128		1
Federal Communications Commission	1,259	1,250		9
Federal Deposit Insurance Corporation	1,068	1,067		1
Federal Mediation and Conciliation Service	336	327		9
Federal Power Commission	735	738	3	
Federal Security Agency [6]	33,422	32,690		732
Federal Trade Commission	642	646	4	
General Accounting Office	7,837	7,805		32
General Services Administration [2]	21,888	26,031	4,143	
Government Printing Office	7,028	7,115	87	
Housing and Home Finance Agency	13,529	13,599	70	
Indian Claims Commission	10	10		
Interstate Commerce Commission	2,112	2,087		25
National Advisory Committee for Aeronautics	7,513	7,446		67
National Capital Housing Authority	317	316		1
National Capital Park and Planning Commission	20	21	1	
National Capital Sesquicentennial Commission	125	233	108	
National Gallery of Art	322	331	9	
National Labor Relations Board	1,474	1,348		126
National Mediation Board	127	128	1	
Panama Canal	624	627	3	
Railroad Retirement Board	2,276	2,297	21	
Reconstruction Finance Corporation	4,608	4,587		21
Securities and Exchange Commission	998	1,005	7	
Selective Service System	3,455	4,894	1,439	
Smithsonian Institution	571	548		23
Tariff Commission	219	218		1
Tax Court of the United States	124	121		3
Tennessee Valley Authority	13,923	14,006	83	
Veterans' Administration	187,394	185,970		1,424
Total, excluding National Military Establishment	1,155,332	1,146,379	6,263	15,216
Net decrease, excluding National Military Establishment			8,953	
National Military Establishment:				
Office of the Secretary of Defense	1,748	1,757	9	
Department of the Army	262,873	281,494	18,621	
Department of the Air Force	131,675	133,513	1,838	
Department of the Navy	269,565	277,665	8,100	
Total, National Military Establishment	665,861	694,429	28,568	
Net increase, National Military Establishment			28,568	
Grand total, including National Military Establishment	1,821,193	1,840,808	34,831	15,216
Net increase, including National Military Establishment			19,615	

[1] Revised on basis of later information.

[2] 4,209 employees from Post Office Department and 15 employees from Department of Agriculture transferred to General Services Administration on July 1, 1950, under Reorganization Plan No. 18.

[3] Includes temporary employees (enumerators, supervisors, and clerks) engaged in taking the seventeenth decennial census as follows: June, 12,211; July, 8,232; a decrease of 3,979.

[4] Exclusive of 630 seamen on the rolls of the Maritime Administration.

[5] Exclusive of personnel of the Central Intelligence Agency.

[6] Includes personnel for Howard University and the Columbia Institute for the Deaf.

TABLE III.—*Federal personnel outside continental United States employed by the executive agencies during July 1950 and comparison with June 1950*

Department or agency	June	July	Increase	Decrease
Executive departments (except National Military Establishment):				
Agriculture	2,839	2,755		84
Commerce [1]	4,182	4,078		104
Interior	7,375	7,662	287	
Justice	480	479		1
Labor	106	105		1
Post Office	1,908	1,860		48
State	16,020	15,589		431
Treasury	772	774	2	
Postwar agencies:				
Displaced Persons Commission	167	175	8	
Economic Cooperation Administration	3,645	3,487		158
Office of the Housing Expediter	23	23		
Philippine Alien Property Administration	77	55		22
Philippine War Damage Commission	487	500	13	
Independent agencies:				
American Battle Monuments Commission	458	480	22	
Atomic Energy Commission	4	4		
Civil Aeronautics Board	14	15	1	
Civil Service Commission	5	4		1
Export-Import Bank of Washington	1	1		
Federal Communications Commission	27	26		1
Federal Security Agency	339	280		59
General Services Administration	19	64	45	
Housing and Home Finance Agency	71	74	3	
National Labor Relations Board	15	14		1
Independent agencies—Continued				
Panama Canal	19,230	19,196		34
Reconstruction Finance Corporation	14	13		1
Selective Service System	83	143	60	
Smithsonian Institution	6	6		
Veterans' Administration	1,552	1,498		54
Total, excluding National Military Establishment	59,919	59,360	441	1,000
Net decrease, excluding National Military Establishment			559	
National Military Establishment:				
Office of the Secretary of Defense	2	2		
Department of the Army	40,726	39,470		1,256
Department of the Air Force	22,778	23,224	446	
Department of the Navy	23,782	22,275		1,507
Total, National Military Establishment	87,288	84,971	446	2,763
Net decrease, National Military Establishment			2,317	
Grand total, including National Military Establishment	147,207	144,331	887	3,763
Net decrease, including National Military Establishment			2,876	

[1] Includes temporary employees (enumerators, supervisors, and clerks) engaged in taking the seventeenth decennial census as follows: June, 239; July, 171; a decrease of 68.

TABLE IV.—*Industrial employees of the Federal Government inside and outside continental United States employed by executive agencies during July 1950 and comparison with June 1950*

Department or agency	June	July	Increase	Decrease
Executive departments (except National Military Establishment):				
Commerce	1,524	1,381		143
Interior	7,263	7,048		215
State	533	527		6
Treasury	8,181	8,170		11
Independent agencies:				
Atomic Energy Commission	140	142	2	
General Services Administration	81	68		13
Housing and Home Finance Agency	19	20	1	
Panama Canal	1,558	1,551		7
Smithsonian Institution	16	16		
Tennessee Valley Authority	7,478	7,555	77	
Total, excluding National Military Establishment	26,793	26,478	80	395
Net decrease, excluding National Military Establishment			315	
National Military Establishment:				
Department of the Army:				
Inside continental United States	133,276	146,275	12,999	
Outside continental United States	23,059	22,112		947
Department of the Air Force:				
Inside continental United States	74,534	75,440	906	
Outside continental United States	16,891	17,171	280	
Department of the Navy:				
Inside continental United States	175,991	182,684	6,693	
Outside continental United States	17,146	16,390		756
Total, National Military Establishment	440,897	460,072	20,878	1,703
Net increase, National Military Establishment			19,175	
Grand total, including National Military Establishment	467,690	486,550	20,958	2,098
Net increase, including National Military Establishment			18,860	

TABLE V.—*Federal employees assigned to mutual defense assistance program*

Department or agency	Civilian personnel			Payroll (in thousands)		
	In July numbered—	In June numbered—	Increase (+) or decrease (−)	In June was—	In May was—	Increase (+) or decrease (−)
Total	20,474	14,752	+5,722	$5,301	$4,266	+$1,035
State Department	192	137	+55	76	60	+16
Economic Cooperation Administration	5	7	−2	2	4	−2
Office of the Secretary of Defense	37	36	+1	20	15	+5
Department of the Army	16,566	11,037	+5,529	3,033	2,501	+532
Department of the Air Force	908	891	+17	1,412	979	+433
Department of the Navy	2,766	2,644	+122	758	707	+51

TABLE VI.—*Federal civilian employment—World War II peak compared with postwar low (in the executive branch)*

Departments or agencies	June 1945	February 1950	Increase (+) or decrease (−)
Total	3,737,896	1,951,968	−1,785,928
Post Office Department	378,849	513,192	+134,343
National Military Establishment	2,634,078	745,227	−1,888,851
Veterans' Administration	66,471	196,436	+129,965
Other departments and agencies	[1] 658,498	[2] 497,113	−161,385

[1] There were 59 other reporting departments and agencies in June 1945.

[2] There were 55 other reporting departments and agencies in February 1950.

STATEMENT BY SENATOR BYRD

In connection with the report I should like personally to observe that civilian employment in the Military Establishment increased 26,251 in the first month after the Korean outbreak; the total for July was 779,400 as compared with 753,149 in June.

Among the component agencies of the Military Establishment, civilian employment by the Department of the Army increased 17,365, by the Air Force increased 2,284, by the Navy increased 6,593, and by the Office of the Secretary of Defense increased 9.

The increase in civilian employment inside the United States by the Military Establishment totaled 28,568. This was offset by a decrease of 2,317 in the number of civilians employed outside the continental limits.

Of the net increase in the Military Establishment, 5,669 were detailed by the military agencies to civilian jobs in the mutual-defense assistance program.

These increases in civilian employment by the Military Establishment were recorded today from monthly personnel reports by the 60 reporting agencies and departments (including Army, Navy, and Air Force Departments and the Office of the Secretary of Defense) in the executive branch of the Federal Government and compiled by the Joint Committee on Reduction of Nonessential Federal Expenditures.

Total civilian employment in the executive branch during July was reported at 1,985,139, an increase of 16,739 over the number of employees on the rolls in June. Employment by the civilian agencies decreased during the month by 9,512, to a July total of 1,205,739.

Principal decreases reported for the month were in the Veterans' Administration, the Federal Security Agency, and the Departments of Agriculture, Commerce, Post Office, and Treasury. Most of the decrease in the Commerce Department was accounted for in the expiration of temporary appointments for the seventeenth decennial census.

There were also notable net decreases totaling 2,876 in employment outside continental United States by both the civilian and the military agencies.

Of the 26,251 increase in the Military Establishment 19,175 were described as industrial employees, as distinguished from so-called white-collar personnel.

Incident to the outbreak of armed conflict in Korea, the records reveal that peak civilian employment in the executive branch during World War II reached 3,737,896 in June 1945. The postwar low of 1,951,968 was recorded in February 1950. In June 1950 the total was 1,968,400.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. THOMAS of Utah:

S. 4132. A bill for the relief of Dr. Cheng Ye; to the Committee on the Judiciary.

By Mr. TYDINGS:

S. 4133. A bill for the relief of Dr. Fernand Van Den Branden to the Committee on the Judiciary.

By Mr. YOUNG:

S. 4134. A bill for the relief of Joubran A. Abou Joubran; to the Committee on the Judiciary.

By Mr. GURNEY:

S. 4135. A bill to authorize the President to appoint Gen. Omar N. Bradley to the permanent grade of General of the Army; to the Committee on Armed Services.

(Mr. SALTONSTALL, from the Committee on Armed Services, reported an original bill (S. 4136) to include the Coast Guard within the provisions of the Selective Service Act of 1948 and to authorize the President to extend enlistments in the Coast Guard, which was ordered to be placed on the calendar.)

By Mr. KEFAUVER:

S. 4137. A bill for the relief of Dorothy Kilmer; to the Committee on the Judiciary.

By Mr. LODGE:

S. J. Res. 204. Joint resolution granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in providing for civilian defense; to the Committee on Armed Services.

ESTATE OF JAMES FRANCIS LINNANE

Mr. McMAHON submitted the following resolution (S. Res. 343), which was referred to the Committee on Rules and Administration:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to the estate of James Francis Linnane, late an employee of the Senate, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

FUEL SUPPLIES IN NEW ENGLAND

Mr. BENTON. Mr. President, I submit for appropriate reference a resolution dealing with fuel shortages in New England, and I ask unanimous consent that a brief statement prepared by me be printed in the RECORD.

The VICE PRESIDENT. The resolution will be received and appropriately referred, and, without objection the statement will be printed in the RECORD. The Chair hears no objection.

The resolution (S. Res. 344) was referred to the Committee on Interstate and Foreign Commerce, as follows:

Resolved, That the Select Committee on Small Business, or any duly authorized subcommittee thereof, be authorized and directed to conduct a full and complete inquiry into the adequacy of fuel supplies in New England now and for the coming winter, particularly with reference to the needs of small and independent business.

SEC. 2. The committee shall report its findings, together with its recommendations for such legislation as it may deem advisable, to the Senate at the earliest practicable date but not later than December 15, 1950.

SEC. 3. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable, and is authorized, with the consent of the head of the department or agency concerned, to utilize the services, information, facilities, and personnel of any of the departments or agencies of the Federal Government. The expenses of the committee under this resolution, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The statement presented by Mr. BENTON is as follows:

STATEMENT OF SENATOR BENTON ON FUEL SHORTAGES IN NEW ENGLAND

Memory is oftentimes short. Three winters ago there gathered in the Senate Committee on Interstate and Foreign Commerce at the request of the capable junior Senator from New Hampshire [Mr. TOBEY] some New England public officials and a great number of representatives of petroleum producers and distributors. They met together to discuss what could be done to remedy the plight in which New England then found herself, caught in the midst of a severe winter without adequate fuel supplies. At that time much of the inadequacy was attributed to a dearth of iron pipe for use in petroleum production.

Last winter in New England was relatively mild and little was heard publicly of the problem. In fact, some petroleum companies even claimed that it was necessary for them to increase the price of gasoline to offset the decrease in income from the sale of fuel oil in this region.

But who can say what the coming winter in New England will bring in the way of severe weather? Who can predict that, in view of the uncertain international scene, we may not again be confronted with a shortage of pipe to operate oil wells, and a shortage of cars and tankers to transport the fuel to New England? Who would deny that any shortage of fuel supplies in New England this winter would mean not only discomfort and exhorbitant prices to home dwellers but also a serious barrier in the way of enabling New England, with its large reservoir of skilled labor, to contribute its essential part to the industrial production needed to assure the safety of our Nation?

I have recently returned from attending three forums for small and independent business which I sponsored in Connecticut. These forums achieved success beyond expectation in acquainting small and independent businessmen with Federal needs and procurement methods. But their benefits will be wiped out if these and other businessmen are not able to obtain at reasonable prices the fuel supplies they need for industrial production and if the efficiency of their management and employees is necessarily cut down because of a lack of adequate fuel supplies in their homes.

Immediate introduction of a supply of natural gas to New England would make the probabilities of a fuel shortage less acute. I urge that a decision on this problem be made soon enough to start the flow of natural gas into New England this winter.

With these thoughts in mind, I am submitting a resolution calling for an investigation of the adequacy of fuel supplies in New England and urging that appropriate precautionary steps be taken to avoid a shortage of fuel in New England during the coming winter.

SEATING OF COMMUNIST CHINA IN ORGANS OF UNITED NATIONS

Mr. TYDINGS (for himself and Mr. O'CONOR) submitted the following resolution (S. Res. 345), which was referred to the Committee on Foreign Relations:

Whereas the forces of freedom and democracy, bound together under the Charter of the United Nations, are engaged in bloody conflict against the forces of totalitarian aggression; and

Whereas by its constant intransigence and complete disregard for the provisions of the Charter of the United Nations and the fundamental principles of international law, Soviet Russia has continuously flouted the desires of the great majority of the member states of the United Nations and impeded the orderly operations of the organs of the United Nations; and

Whereas Communist China, an unlawful puppet and satellite of the Soviet Union, is seeking to be seated in the organs of the United Nations; and

Whereas if Communist China be seated in the organs of the United Nations an additional disrupting and unlawful influence would be added, serving to impede further the orderly processes designed to maintain peace in the world; and

Whereas it is the sense of the Senate of the United States that the seating of Communist China in any of the organs of the United Nations would constitute sanction by that body of acts of international piracy and brigandage which make mockery of the aims and purposes of the United Nations, its organs and its agencies; and

Whereas the Senate of the United States reaffirms its faith in the United Nations as a means of maintaining international peace and security: Therefore be it

Resolved, That the President is hereby requested to instruct the delegation of the United States to the United Nations, its organs, and agencies to take all possible appropriate steps to insure that representatives of Communist China not be seated in any of the organs or agencies of the United Nations.

Resolved further, That the President is hereby requested to instruct the United States representative in the Security Council to exercise the veto on any proposal to admit Communist China to membership in the United Nations.

Mr. O'CONOR subsequently said:

Mr. President, I have cosponsored with my colleague the senior Senator from Maryland [Mr. TYDINGS] a resolution requesting the President to direct the United States Delegate at the United Nations to use every means at his command, including the veto, to prevent the seating of representatives of the Chinese Communist regime.

Certainly no one who has followed Russia's course of aggression throughout the world, or its ruthless use of the veto in the United Nations to force its own ends, could be under any illusion as to what effect the admission of Chinese Communist delegates would have upon the United Nations.

In the functioning of the world organization it would tip the scales further on the side of Russia and its satellites, who, up to this time, have been able to block major attempts to bring about world peace and international justice.

Psychologically, likewise, it would be a blow to the prestige of the United Nations in that it would be an admission that force rather than international justice is governing the composition of that

body. By all the laws of justice and morality it is indefensible that a nation which has instigated revolution and been primarily responsible for the overthrow of an independent government should be permitted to set up a puppet government and practically force the admission of that clique to a world body dedicated to nonaggression and to peace.

It would be a world calamity if the United States did not use its prestige and its persuasive powers with the other nations to prevent such a tragic occurrence.

INTERNAL SECURITY ACT OF 1950—AMENDMENT

Mr. CONNALLY submitted an amendment intended to be proposed by him to the bill (S. 4037) to protect the internal security of the United States and for other purposes, which was ordered to lie on the table and to be printed.

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. GEORGE, from the Committee on Finance:

Stephen E. Rice, of Florida, to be a judge of the Tax Court of the United States for the unexpired term of 12 years from June 2, 1944, vice William W. Arnold, resigned;

Charles I. Lafferty, of Atlantic City, N. J., to be comptroller of customs with headquarters at Philadelphia, Pa. (reappointment); and

Howard H. MacGowan, of Seattle, Wash., to be collector of customs for customs collection district No. 30, with headquarters at Seattle, Wash. (reappointment).

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

Louis E. LeBlanc, of Louisiana, to be United States marshal for the western district of Louisiana.

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

Ramon F. Marchante, and sundry other persons for appointment in the United States Air Force;

Vice Adm. Robert B. Carney, United States Navy, to have the grade, rank, pay, and allowances of an admiral while serving as commander in chief, United States naval forces, Eastern Atlantic and Mediterranean;

Admiral Richard L. Conolly, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as president, Naval War College;

Rear Adm. Matthias B. Gardner, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as commander, Second Fleet;

Lawrence E. Donegan, Jr., and sundry other persons for appointment in the Navy;

Stanhope C. Ring, Charles F. Coe, and Paul E. Pihl, officers of the Navy for temporary appointment to the grade of rear admiral;

Daniel N. Shockey and sundry other officers for permanent appointment in the Civil Engineer Corps of the Navy; and

William E. Riley, for permanent appointment to the grade of major general, in the Marine Corps; and

William S. Fellers, for permanent appointment to the grade of brigadier general, in the Marine Corps.

ADDRESS BY SENATOR KEM BEFORE STATE CONVENTION OF MISSOURI DEPARTMENT OF AMERICAN LEGION

[Mr. KEM asked and obtained leave to have printed in the RECORD an address entitled "Some of the Things We Must Do," delivered by him before the State convention of the Missouri Department, American Legion, at Kansas City, Mo., on September 3, 1950, which appears in the Appendix.]

GENOCIDE—EDITORIAL FROM GREENSBORO (N. C.) DAILY NEWS

[Mr. HOEY asked and obtained leave to have printed in the RECORD an editorial entitled "Genocide," published in the Greensboro (N. C.) Daily News on September 5, 1950, which appears in the Appendix.]

THE BOYS IN ROOM 1106—ARTICLE FROM MEDICAL ECONOMICS

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an article entitled "The Boys in Room 1106," by Dr. R. B. Robins, published in the August issue of Medical Economics, which appears in the Appendix.]

TAXATION BY EMOTION—EDITORIAL FROM NEW YORK TIMES

[Mr. HOLLAND asked and obtained leave to have printed in the RECORD an editorial entitled "Taxation by Emotion," published in the New York Times of September 7, 1950, which appears in the Appendix.]

FREE AMERICANS RECEIVE AN EXCITING INVITATION FROM THE DOCTORS

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an advertisement issued by the American Medical Association and published in the United States News and World Report, dealing with the achievements of our voluntary medical care system, which appears in the Appendix.]

GOVERNOR LEE, OF UTAH—ARTICLE FROM THE NEW LEADER

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an article relative to Governor Lee, of Utah, written by Mr. Gail Martin, from the New Leader, of July 8, 1950, which appears in the Appendix.]

A CHALLENGE TO AMERICA—ADDRESS BY SENATOR KERR

[Mr. CHAPMAN asked and obtained leave to have printed in the RECORD an address delivered by Senator KERR at the American Legion Convention, Department of Oklahoma, Oklahoma City, Okla., September 4, 1950, which appears in the Appendix.]

SOIL CONSERVATION AS EXEMPLIFIED BY JAMES G. SANFORD—ARTICLE BY TOM WALLACE

[Mr. CHAPMAN asked and obtained leave to have printed in the RECORD an article entitled "An Example of Soil Conservation," written by Tom Wallace and published in the Louisville Times, of Louisville, Ky., February 8, 1950, which appears in the Appendix.]

AIDING RUSSIA—EDITORIAL FROM THE WASHINGTON POST

[Mr. SALTONSTALL asked and obtained leave to have printed in the RECORD an editorial entitled "Aiding Russia," printed in the Washington Post of September 7, 1950, which appears in the Appendix.]

MEDAL HONORS CAROLINA HERO—ARTICLE FROM THE CHARLOTTE OBSERVER

[Mr. HOEY asked and obtained leave to have printed in the RECORD an article entitled "Medal Honors Carolina Hero," published in the Charlotte (N. C.) Observer, which appears in the Appendix.]

STATEMENTS BY SECRETARY OF THE INTERIOR CHAPMAN AND DELEGATE BARTLETT BEFORE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. O'MAHONEY. Mr. President, the Committee on Interior and Insular Affairs this morning held a hearing at which the Secretary of the Interior, the Honorable Oscar Chapman, and the Honorable E. L. BARTLETT, Delegate to the Congress from the Territory of Alaska, appeared. They testified under oath in response to certain allegations which were made in the Senate on Tuesday of this week, September 5. The subject is of such great public importance that I ask unanimous consent to have printed in the body of the RECORD the full text of the prepared statement made by Secretary Chapman, and I also ask unanimous consent to have printed in the body of the RECORD, following that statement, the similar statement made by Delegate BARTLETT.

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

STATEMENT OF SECRETARY OF THE INTERIOR OSCAR L. CHAPMAN MADE BEFORE THE SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE SEPTEMBER 7, 1950, IN REPLY TO SENATOR ANDREW F. SCHOEPPEL, OF KANSAS

I deeply appreciate this opportunity to appear before your committee to reply to and refute the statements made on the Senate floor by Senator SCHOEPPEL, of Kansas, on September 5. Your action in giving me this opportunity to be heard will be applauded by all Americans, who, I am sure, resent, as I do, the tactics which have been resorted to in this case and in others where the cloak of congressional privilege has been used to blacken the reputations of men in official life.

The loose and malicious charges and insinuations made by Senator SCHOEPPEL against me and some of my associates are, in reality, a last-ditch attempt to block statehood for Alaska. The forces opposing statehood are attempting, through Senator SCHOEPPEL, to destroy my reputation by presenting as facts what are no more than naked untruths and vicious rumors. By innuendo and sly insinuation, they are attempting to suggest that my motives in advocating statehood for Alaska are sinister and evil.

Senator SCHOEPPEL'S statement, so far as it concerns me, can be dismissed as malicious and irresponsible.

What motivated such a statement by a Member of the Senate I leave to the judgment of that body. I am sure that the great majority of Americans will recognize the Senator's statement for what it really is—another instance of the use of the smear technique which has become the stock in trade of little men in high places. Propagandists for Soviet Russia are not the only ones who are skilled in the use of the "big lie."

I know that the members of this committee deplore, as I do, the fact that assaults on the patriotism and honesty of men in public life are becoming a routine technique of political attack.

I will not attempt in this statement to answer point by point the Senator's broadside. Most of the answers will be found in the public records of the Congress. Others will be found in the hearts and minds of the members of this committee.

In his statement the Senator stressed the appointment of one John Hampton Randolph Feltus as public relations counsel for the Alaska Statehood Committee. He alleges that Feltus represented the Republic of Poland and so registered with the proper authorities. I have no knowledge of Mr. Feltus' connections with the Republic of Poland nor do I have any but a passing knowledge of his retention as the public-relations counsel for the Alaska Statehood Committee. I had nothing to do with his appointment to the position with the Alaska Statehood Committee.

In fact, and regardless of Senator SCHOEPPEL'S statement to the contrary, the statehood committee was established by the Alaska Legislature. The money to carry on its work was properly appropriated by the legislature and the Governor of Alaska was authorized to appoint the members of the committee. This required no approval by the Secretary of the Interior.

The Alaska Legislature is a legally constituted body; it has ample authority to conduct certain types of Territorial business without consulting the Secretary of the Interior.

A major portion of the Senator's statement is devoted to Feltus and through a maladroit weaving together of names, dates, and incidents he sums up the Feltus phase of his attack in an entirely false statement which I will give here and I quote: "I have been advised that the deal was arranged between Oscar Chapman, Secretary, and Governor Gruening. I have this fact on hearsay evidence and I am sure that a full disclosure of the matter is required for the public welfare as well as for the men involved."

Despite Senator SCHOEPPEL'S willingness to accept hearsay evidence, I emphatically and without qualification state that there was no deal arranged. The Governor informed me that he was appointing a Mr. Feltus as a consultant to the statehood committee. I had no reason whatever to question the propriety of such an appointment by the Governor.

Among other accusations, the Senator charges that I have attempted to sabotage the Government's policy in Formosa because the Bureau of Reclamation refused to loan one of its engineers, William Gardner, to a private concern to work on an irrigation development in that country.

This is a fantastic fabrication. Mr. Gardner was sent by the Department of State to Formosa previously to make a survey of the water resources of that country. He returned to his duties in the Bureau after making his report to the State Department.

Later a private concern requested that Mr. Gardner be assigned to Formosa to assist the company in carrying out a contract which it had received from the Chinese Government.

The Department of State, the Bureau of Reclamation, and the private concern agreed upon an arrangement by which Mr. Gardner went to Formosa and at the same time protected his status as a Federal employee. Mr. Gardner is now in Formosa and has been there some time.

I now turn to Senator SCHOEPPEL'S references to my alleged connection with certain organizations. I shall dispose of these allegations briefly, frankly, and without equivocation.

1. I was never a member of the American League Against War and Fascism.

2. I have no recollection of sponsoring, and can find no record of having agreed to sponsor, a meeting in 1940 under the auspices of the Washington Chapter of the Descendants of the American Revolution (which, incidentally, has never been designated by the Attorney General of the United States as a subversive organization).

3. I was chairman of the committee on arrangements for a dinner which the Southern Conference for Human Welfare and others gave on April 3, 1945, in honor of the Honorable Hugo L. Black, Associate Justice of the Supreme Court. This organization has never been designated by the Attorney General as subversive, and, certainly, the former Senator and present Associate Justice Hugo L. Black cannot be accused of being a Red. One of the honorary vice chairmen of the dinner on April 3, 1945, was Vice President (now President) Harry S. Truman. The toastmaster was Senator (now Vice President) ALBEN W. BARKLEY, and the principal speaker was the Honorable Fred M. Vinson, now Chief Justice of the United States.

4. My name appeared for a time as a sponsor of the National Council of American-Soviet Friendship. However, in a letter dated November 12, 1946, I withdrew the permission for the use of my name in that connection. My action was taken more than a year prior to the designation of this organization as a Communist front by the Attorney General on November 24, 1947. It might be mentioned, in this connection, that the list of sponsors of the National Council of American-Soviet Friendship also included the names of many loyal Americans.

If Senator SCHOEPPEL had really been interested in getting the facts concerning my alleged connection with the organizations mentioned above, he could have obtained them easily by consulting the printed transcript of the testimony which I gave under oath on January 20, 1948, before a special subcommittee of the Committee on Education and Labor of the House of Representatives. The fact that all this material has been a matter of public record before the Congress for more than 2 years emphasizes the unfairness of Senator SCHOEPPEL'S attack.

Senator SCHOEPPEL dwells at great length on the form of the oath I took at the time of my induction as Under Secretary of the Interior on March 27, 1946. He says that there was stricken from the Standard Form No. 61A, which I signed on that occasion, an affidavit of nonaffiliation with subversive organizations.

Standard Form No. 61A in 1946 combined (1) an oath of office, complying with section 16 of title 5 of the United States Code; (2) an affidavit of nonpayment of consideration for the appointment, complying with section 21A of title 5 of the United States Code; and (3) an affidavit of nonaffiliation with any organization advocating the overthrow of the Government of the United States by force or violence, indicating prima facie compliance with section 9A of the Hatch Act and related provisions in appropriation acts which prohibited the use of appropriated funds to pay the salary of any Government employee advocating, or belonging to an organization that advocated, the overthrow of the Government by force or violence.

My induction as Under Secretary of the Interior was a ceremonial occasion conducted by the Honorable Wiley Rutledge, Associate Justice of the Supreme Court. It is customary in the Interior Department for the inductor on such an occasion merely to administer the oath of office, leaving any necessary affidavits to be taken privately by the appointee. In getting ready for the ceremony, therefore, the Office of Personnel of the Interior Department, as a matter of customary practice, prepared for Mr. Justice Rutledge's use a Standard Form No. 61A, which consisted only of the oath of office, lines being drawn through the remainder of the form. I took the oath of office before Mr. Justice Rutledge, and he and I duly executed the Standard Form No. 61A to that effect.

The affidavit of nonpayment of consideration for the appointment as Under Secretary was executed by me privately on March 29, 1946, before Floyd E. Dotson, Chief Clerk of the Department of the Interior. This affidavit was promptly filed with the General Accounting Office, as required by law.

I had previously, while serving as Assistant Secretary of the Interior, executed an affidavit of nonaffiliation with subversive organizations, for the purpose of establishing prima facie compliance with section 9A of the Hatch Act and the related provisions in appropriation acts. That affidavit was made on July 17, 1941, before C. C. Davison, notary public. It stated:

"That I do not advocate the overthrow of the Government of the United States by force or violence; that I am not a member of any political party or organization that advocates the overthrow of the Government of the United States by force or violence; and that during such time as I am an employee of the Federal Government, I will not advocate nor become a member of any political party or organization that advocates the overthrow of the Government of the United States by force or violence."

It was not necessary to reexecute the affidavit quoted above until Congress included in section 7 of the Interior Department Appropriation Act for the fiscal year beginning July 1, 1946, a prohibition against the use of appropriated funds to pay the salary of any employee striking against the Government or belonging to an organization of Government employees asserting the right to strike against the Government. Because of the enactment of this provision, a departmental directive was issued by me as Acting Secretary on July 1, 1946, requiring all officers and employees of the Interior Department to execute, as a prerequisite to the receipt combining a statement of nonaffiliation with subversive organizations and a nonstrike statement. A photostatic copy of this directive is submitted.

I personally executed that affidavit on July 11, 1946, before Floyd E. Dotson, Chief Clerk of the Department. It stated that—

"I hereby certify that I have not contrary to section 7 of the Department of the Interior Appropriation Act of 1947, quoted on the reverse side hereof, engaged in a strike against the Government of the United States; that I am not a member of an organization of Government employees that asserts the right to strike against the Government of the United States; that I do not advocate and am not a member of an organization that advocates the overthrow of the Government of the United States by force or violence. I further certify that I have read and understand section 7 of the Department of the Interior Appropriation Act of 1947 and I will not violate its provisions. So help me God."

A photostatic copy of this affidavit is submitted.

Any man in public life must be prepared for attacks by political opponents. Many such attacks have been directed against me in the past. This one, however, far surpasses, in viciousness, in venality, and in utter falsity, any that has been made against me during my 17 years in the Department of the Interior.

If Senator SCHOEPPEL believes, as he states, that statehood should be granted to Alaska and Hawaii, he has taken a strange course in proving it. This rehashing of information that has been proven false, this raising of subversive ghosts, demonstrates that the Senator's real motive is political.

The Senator's statement is a wanton effort to besmirch the character and the good repute of men who are charged with important official responsibilities. If Senator SCHOEPPEL is sincere, why did he not stand up when my confirmation was under consideration by this committee on the floor of the Senate? Why did Senator SCHOEPPEL wait until the eve of the final vote on statehood for these Territories to attempt to block statehood by blackening my character? These are questions that can legitimately be asked today by men of good will who are striving for truth and justice.

When I appeared before this committee prior to my confirmation I told you that I did not expect to win any popularity contests as Secretary of the Interior. I had in mind then the natural opposition that would come from men who honestly differed with me on departmental policies for the development of the Nation's natural resources. This sort of opposition can be met, and in many instances these differences can be worked out.

When I testified before your committee in connection with my confirmation, I had no reason to believe that a Member of the Senate would rise later to accuse me of subversion because I have espoused statehood for Alaska and Hawaii.

In my opinion, Senator SCHOEPPEL's attack on me and on my associates signifies that the opponents of statehood for Alaska realize that their fight cannot be won on its merits. Accordingly, in their desperate efforts to block favorable action, they have resorted to this reprehensible campaign of scandal-mongering, insinuation, and slander. I am certain that the American people will see this campaign for exactly what it is. I am confident that the very extravagance of this attack will defeat the purposes of its perpetrators.

STATEMENT OF E. L. BARTLETT, DELEGATE TO CONGRESS FROM ALASKA, BEFORE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, THURSDAY, SEPTEMBER 7, 1950

Mr. Chairman and members of the committee, I am gratified at this opportunity given me to appear before your committee to answer charges made before the United States Senate September 5 by Senator SCHOEPPEL.

In ordinary circumstances I should not even bother to answer the allegations. But the circumstances are not ordinary. On the contrary, they are extraordinary. The fate of Alaska statehood may well be tied up with these accusations. Additionally, he who heard the speech or read it cannot have escaped the implication, pointed up by the declaration that no such suggestion was involved, that I might have been an unworthy trustee of public funds entrusted to my care.

I desire to mention three different subjects incorporated in Senator SCHOEPPEL's speech:

1. The employment of Randolph Feltus by the Alaska Statehood Committee.

2. An accounting of my stewardship of Alaska tax funds made available to me for use in connection with statehood.

3. References made to the statehood bill itself.

First, let me report to you that I am not a Communist. I am a Democrat. I have never been affiliated with any left-wing organizations.

It is probably a shortcoming that I do not keep detailed memoranda on every subject. Therefore, some of that which I have to tell you is recalled from a memory which may not function perfectly, and which is supported only by inadequate material in my files. That material reflects that Randolph Feltus first corresponded and offered his services in connection with statehood in 1946. Nothing was done then. In June 1949 he submitted a memorandum to Governor Gruening and me stating his qualifications for aiding the statehood cause. At that time I find that I recommended against the hiring of anyone. I had the feeling that the expenditure of Territorial funds would not have been appropriate in the House, of which the Delegate is an adjunct if not a Member.

Subsequently, and on March 3, 1950, the Alaska statehood bill was passed by the United States House of Representatives. Then it was further advanced legislatively than ever before. As an individual favoring statehood and as the Delegate in Congress bound to do what he could to carry out the wishes of the majority of Alaskans for statehood, I considered very carefully what should be done from that time on. Because of the unique Federal relationship existing with reference to a Territory and because he is alone as the representative of his people, the Delegate is always—and this has been particularly true during the last 3 or 4 years—swamped with work. I was willing to admit to myself or to anyone else that try as I might I should not be able to devote the time to statehood on the Senate side which the high importance of the subject deserved. I realized very well, since Alaska has been my home throughout my lifetime, that spending money for a lobbying activity, or call it what you will, might not meet with universal approbation in Alaska. I knew that would be particularly the case because some very heavy attacks were being launched in Alaska upon the administration, of which I am proud to call myself a part. Parenthetically, it might be said that those attacks have increased with geometrical velocity, and what has been done here this week is part of a pattern that, in my firm opinion, is entirely political in its origin.

The very day that the statehood bill passed the House, the Territorial Board of Administration released to the Alaska Statehood Committee $25,000 of the $80,000 which had been appropriated to the committee by the 1949 legislature. I quote here in full text the wire sent me by Governor Gruening on this subject:

"Board of administration unanimously voted to release $25,000 to statehood committee in $5,000 monthly installments beginning March 1. Warrant to be sent you. Suggest we confirm by telephone after bill's passage through House. I will be seeing majority of members of statehood committee here or contacting them by phone."

That wire has been quoted for two reasons. First, because it demonstrated that it was the intent of the board of administration that funds to carry on the statehood fight should be sent directly to me. Second, because it is pertinent to point out that the board of administration is entirely separate from the statehood committee and is made up principally of elected officials of the Territory of Alaska.

The allegation has been made that this money was released when other essential needs were not being met. I have no doubt that Governor Gruening and perhaps others more intimately familiar with what the board of administration did in releasing funds will desire to discuss this with the committee. But I should like to suggest that in the minds of the majority of Alaskans there is the fixed belief that few things are more important now than statehood. And I do not believe they would have had any objection at all if the Alaska Statehood Committee had spent the entire $80,000 appropriated if the committee in good conscience believed such expenditure would advance the statehood cause. After all, it must be remembered that prior to this time the government of Alaska had not spent $1 in this field. So I recommended that Mr. Feltus be retained. This was not, as has been alleged, a maneuver on the part of Secretary Chapman and Governor Gruening to accommodate Mr. Feltus. The executive committee of the Alaska Statehood Committee approved the arrangement. When Mr. Feltus submitted his memorandum in June 1949, he proposed that he be paid $3,000 per month and that to do a first-class job another $3,000 per month would have to be spent, making the total monthly expenditures $6,000.

When the agreement was entered into with Mr. Feltus it was that he should receive $1,500 per month, plus $500 per month for necessary out-of-pocket expenses, plus an additional $1,500 per month if the statehood bill were enacted into law. He became associated with the Alaska Statehood Committee on March 25, 1950. His services were terminated July 25, 1950. The agreement—which was verbal and nowhere expressed in any written understanding—was that he should be employed for a minimum of 5 months unless the Eighty-first Congress were to adjourn sooner but that if the congressional session extended beyond 5 months the statehood committee would not be required to employ him longer.

Mr. Feltus had, as I recall, told us of having worked for Colonial Airlines, Pan American World Airways, and the Indonesians. We made some inquiries about him in Washington and all responses were favorable. It so happened that Mr. George Sundborg, consultant for the Alaska Development Board, was in New York, and I called him on the telephone there and asked him if he would make inquiry in view of the fact that Randolph Feltus Associates had their offices at 128 East Fifty-sixth Street, New York 22, N. Y., to determine what the standing of the firm was. Mr. Sundborg reported back that he had contacted the Indonesian group and Mr. Feltus had been recommended most highly. Mr. Sundborg had, of course, nothing to do with the selection of Mr. Feltus.

Some time in July I was told that Mr. Feltus was in the employ of the Polish Ambassador to the United States. I immediately called the Department of Justice. The official with whom I talked confirmed this. I was told that Randolph Feltus registered in October 1946 as an agent for the Polish Ambassador as a public-relations counsel. This relationship was terminated on July 1, 1949. At the time of the termination Feltus was advising the Ambassador in a limited capacity on economic relationships with the United States, according to information furnished by Feltus to the Department of Justice. He was also registered as a public-relations consultant to Matthew Fox of the American-Indonesian Corp., which services were terminated in March 1950. In response to an inquiry from me, the Justice Department official said there was nothing highly unusual about reputable American individuals and firms doing business for iron-curtain countries. Nevertheless, I was concerned. I knew that statehood was having hard sledding at best and that something like this could only serve to damage its chances. When Mr. Feltus was next in Washington I asked him about this, and he gave me a detailed report of his services for the Polish Ambassador. I must say that Mr. Feltus had not advised me of his Polish connection at the time of his employment by the Alaska Statehood Committee or subsequently until the interview mentioned; by the same token he had never mentioned to me the fact that he was employed by the Netherlands Government, an employment which will scarcely be charged as being related in any way to communism. Mr. Feltus immediately said that if the statehood cause would be embarrassed in any fashion at all by his past services with the Polish Ambassador he would voluntarily withdraw. That offer was accepted and on July 25, 1950, Mr. Feltus ceased to have any part in the Alaska statehood movement. But I want to state here that because of the verbal agreement which had been entered into and which to my mind is no less binding than a written contract, Mr. Feltus was given one more check for $1,500 which gave him 5 months' employment with the Alaska Statehood Committee. Incidentally, it should be said here that although he was entitled to $500 for expenses monthly, Mr. Feltus received during the 4 months he was associated with the Alaska Statehood Committee only $500 for that purpose.

Here I want to state most emphatically that no one has ever brought any proof to me that Mr. Feltus is anything but a good American. I have talked with several people who knew him well in Louisiana, where his

ancestors settled in the early part of the nineteenth century, and all spoke of him highly and none has failed to mention that he thinks it is nonsensical to imply that Randolph Feltus is tainted with even the slightest bit of red.

Now I turn to a matter more personal.

In the course of his remarks Senator SCHOEPPEL had this to say, "Not for an instant would I have it implied that these moneys were paid to Mr. BARTLETT for his personal use as fees, and so forth." But the person hearing those remarks could without any great difficulty have implanted the idea that just possibly BARTLETT might have done something like that. I must admit, however, that the "so forth" opens such a wide vista that he who is suspicious would have unlimited latitude to guess what BARTLETT might have done with this money which came to him from the Territorial treasurer of Alaska through the Territorial auditor of Alaska. Both these officials, by the way, are members of the Board of Administration which voted to release funds to the Alaska Statehood Committee and to make them available to me by direct warrant. It was not necessary for Senator SCHOEPPEL to have reproduced and distributed photostats of those checks. They are matters of public record. There is nothing to be concealed in connection with their being sent or my receiving them. Senator SCHOEPPEL is entirely correct in his explanation that these Territorial checks were deposited in the Second National Bank of Washington. It is stated by Senator SCHOEPPEL that one of these checks dated July 18 in the sum of $3,000 was counterendorsed by Mary Lee Council. It is evident that whoever did Senator SCHOEPPEL's research for him went to considerable pains to discover that Miss Council is my secretary because in his speech the Senator said, "Mary Lee Council, who, according to the list of congressional secretaries, compiled by the Congressional Secretaries Club, is Mr. BARTLETT's personal secretary." It would have been even simpler to have obtained that information by phoning my office. I would have been as glad to admit that Miss Council is my secretary if anyone had called me about it as I am willing to admit that $15,000 in all has come to me in checks from the Territorial treasurer of Alaska and that these checks have been deposited in the Second National Bank of Washington, D. C.

There is nothing to hide in all this. All these transactions have been entirely aboveboard. If I desired to enter upon a life of crime I should imagine that easier ways could be found than misappropriation or misuse of Territorial funds. It so happens that I have what almost amounts to a phobia against personal spending of Government funds. In connection with statehood I think it would have been perfectly appropriate for me on a continual basis to have spent money sent to me by the Territorial treasurer through the medium of the Alaska Statehood Committee for luncheon meetings and for other purposes. Since I have been in Washington working on statehood I have spent a good many hundred dollars or perhaps even more than that for such purposes. But I have never spent one dollar of money which came to me from the Treasury of Alaska for any such purpose. Perhaps I have been too straightlaced in this, but, whether or no, the fact remains that I have leaned over backward so that no one could ever say that I was making any improper use of tax money. Let me add here, too, that to my knowledge Governor Gruening has spent probably more than he could afford to spend of his personal funds for lunches and for dinners during which he tried to enlist interest in statehood, but to my knowledge he, too, must be entirely exempt from any charge that he has spent public funds improperly.

Miss Council and I maintain the statehood account as a joint account. That was done principally so that if anything should have happened to me while Territorial money was on deposit in a Washington bank, Miss Council could have returned it to the treasurer of Alaska without difficulty and without delay. Miss Council has kept a very exact accounting of all receipts and expenditures. That book of accounts or, alternately, typewritten copies are available here for inspection by any member of the committee. Of the amount totaling $15,000 which has come to me from Alaska, there has been paid out to Randolph Feltus $8,000. The other expenses have amounted to $1,037.43. That is probably not an entirely accurate statement because there may be a few August bills still to come in. If so, they will not total more than $50 or $100. But as of this date $9,037.43 have been spent and there is on balance in the Second National Bank of Washington, D. C., to the credit of the Alaska Statehood Committee $5,962.57. It is just as simple as that. It will take anyone a maximum of 15 minutes to check our rather primitive but entirely accurate and factual bookkeeping system.

In conclusion, I consider it not only desirable but necessary to point out several glaring misstatements in Senator SCHOEPPEL's speech about statehood itself.

It is hinted, although not said, that an undesirable situation might have been created because "American Eskimos and Russian Eskimos paddle back and forth in their kayaks across the narrow straits of the Bering Sea." That is just not so. Historically there was always traffic from one mainland to the other. But several years ago the Russian Government forbade any trips to the Alaska coast by their Eskimos and similarly forbade our Eskimos from going to Siberia. As I recall, it was about 3 years ago that a group of Alaska Eskimos decided that since the war was over they would be welcomed in Siberia, and so they set forth for Asia. Upon arrival there they were promptly seized by Soviet officials and held prisoners for several weeks under almost intolerable conditions. There they were closely interrogated on Alaska defenses and the names and attitudes of Alaska officials. They told the Russians nothing and eventually were released. A very stirring account of this episode was written by a young Eskimo man who had gone to the University of Alaska. Not long ago he died of tuberculosis which, it is believed, was contracted while he was a Soviet prisoner. If anyone needed proof of the intense loyalty to our Government of these Alaska Eskimos it would be granted in shining fashion by reading of this narrative which discloses how the Eskimos from Alaska refused to give the Soviet officials any useful information at all. I have often said and I repeat here that no more intensely loyal and patriotic group of citizens lives under the American flag than our Alaska Eskimos. Almost every able-bodied male serves in the National Guard, and those who do not are only awaiting the establishment of more units. They performed yeoman service during World War II and we need to have no fear at all in testing the measure of their devotion to this Nation.

There is no point in anyone alleging that communism has a foothold or can gain a foothold in Alaska. The record is clear and complete on that score.

Referring to the Alaska Statehood Committee, Senator SCHOEPPEL said, "The Governor, in addition to hand-picking his own committee, was made an ex-officio member of the committee, along with Delegate to the United States Congress E. L. (BOB) BARTLETT, and his predecessor, Judge Anthony Dimond." This is rather a novel way to describe the appointive power of the Governor of Alaska. It is true that as chief executive officer of the Territory the Governor did nominate the members of the statehood committee. What Senator SCHOEPPEL failed to mention was that authority for such nomination was conferred upon the Governor by the Alaska Territorial Legislature, elected by the people of Alaska. Further, the nominations of these committee members were confirmed by the senate and house of representatives of the nineteenth legislature assembled in joint session. So Governor Gruening did not exercise any arbitrary or undue powers in appointing the committee. Who are the members of this committee? You should know. Those who were appointed and confirmed are among the most responsible citizens of Alaska. The president is Mr. Robert B. Atwood, editor and publisher of the Anchorage Daily Times and a civic leader. He is a Republican. The vice president is Mr. William L. Baker, editor and publisher of the Ketchikan (Alaska) Chronicle. I don't know whether Mr. Baker is a Republican or a Democrat. The secretary is Mrs. Mildred R. Hermann, of Juneau, one of Alaska's two women lawyers. Mrs. Hermann is a Republican. Another member is Mr. Victor C. Rivers, Anchorage engineer and architect and a member of the Territorial senate. He is a Democrat. Mr. Stanley J. McCutcheon is an Anchorage attorney, president of the Alaska Airlines and was speaker of the house in the last session of the legislature. Mr. McCutcheon is likewise a Democrat. Mr. Warren A. Taylor has served several terms in the Alaska Territorial Legislature and was a member of the nineteenth session of that legislature. He is a Democrat and an attorney resident in Fairbanks. Mr. Frank Peratrovich is a merchant of Klawock and is a member of the Territorial senate. His political affiliation is with the Democratic Party. Mr. Lee C. Bettinger is mayor of Kodiak and is a businessman in that community. He is one of the Republican members. Mr. Andrew Nerland lives in Fairbanks. A Republican, he stands high throughout Alaska as a senior citizen most of whose adult life has been spent in the Territory and who has achieved a large measure of success there. Still another Republican member is the Reverend Percy Ipalook, a Presbyterian minister, whose home is at Wales in the Second Judicial Division of Alaska. Another second division member is Mr. Howard Lyng, of Nome, a Democrat, who has mining interests outside Nome. Mr. Lyng is a member of the senate. He is national committeeman in Alaska for the Democratic Party. The three advisory members of the committee are Judge Anthony J. Dimond, Governor Bruening, and myself. They were not nominated or confirmed but under the terms of the legislative act creating the Alaska Statehood Committee are made ex-officio members.

Senator SCHOEPPEL elsewhere in his speech said that Governor Gruening is an employee of the Interior Department and said that I was also formerly an employee of the Interior Department as secretary to the Territory of Alaska. Governor Gruening is not an employee of the Interior Department. He is a presidential appointee confirmed by the United States Senate. While Secretary of Alaska, not Secretary to the Territory of Alaska, I, likewise, was a presidential appointee requiring Senate confirmation.

There is no need for me to point out to this committee which, after all, has reported a statehood bill to the Senate that Senator SCHOEPPEL is inaccurate in his statement that under statehood the Federal Government would continue to control salmon fishing, mining, lumbering, and fur trapping. The bill very specifically gives control over fish and wildlife to the new State. Lumbering would remain under the jurisdiction of the Federal Government on the public domain and in the national forests just as it does elsewhere but to no greater extent than elsewhere. And mining would be exactly in the

same status as in the States, except that Alaska would be the first State in history to receive on its admission lands containing minerals. The earlier States were specifically prohibited from obtaining grants of land mineral in character.

And there is no use for an elaborate statement here regarding the land conveyances to the new State. My impression is that the formula adopted by this committee, novel in concept, bold in scope, shattering of tradition, represents the best possible determination of this waxing problem.

I cannot help feeling that these charges which to my mind are reckless in their nature were inspired by political considerations and nothing more. No one is going to believe that Oscar Chapman is a Communist or anything but a true American and a great American. And no one is going to believe that the great Department of Government which he heads has been converted into an instrument for the bringing of the revolution. And those who know Assistant Secretaries Davidson and Warne are not going to believe they are guilty of any of the things charged by Senator SCHOEPPEL. And I want to be emphatic in stating that since 1939 I have been very closely associated with Governor Gruening and have found that he, like me, finds communism as abhorrent as fascism and equally opposed to the American way of life. The Alaska statehood cause is based upon the good old American desire for equality of citizenship, and it will not be turned aside by any attacks of this kind.

SCHOOL CONSTRUCTION—CONFERENCE REPORT

Mr. HUMPHREY. Mr. President, I submit a conference report on Senate bill 2317, to authorize grants to the States for surveying their need for elementary and secondary school facilities and for planning State-wide programs of school construction, and so forth, and I ask unanimous consent for its immediate consideration.

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

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2317) to authorize grants to the States for surveying their need for elementary and secondary school facilities and for planning State-wide programs of school construction; and to authorize grants for emergency school construction to school districts overburdened with enrollments resulting from defense and other Federal activities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

"TITLE I—SURVEYS AND STATE PLANS FOR SCHOOL CONSTRUCTION

"AUTHORIZATION OF APPROPRIATION

"SEC. 101. In order to assist the several States to inventory existing school facilities, to survey the need for the construction of additional facilities in relation to the distribution of school population, to develop State plans for school construction programs, and to study the adequacy of State and local resources available to meet school facilities requirements, there is hereby authorized to be appropriated the sum of $3,000,000, to remain available until expended. The sums appropriated pursuant to this section shall be used for making payments to States whose applications for funds for carrying out such purposes have been approved: *Provided*, That the making of grants under this title shall not in any way commit the Congress to authorize or appropriate funds to undertake the construction of any public works so planned.

"STATE APPLICATIONS

"SEC. 102. The Commissioner of Education shall approve any application for funds for carrying out the purposes of section 101 if such application—

"(1) designates the State educational agency (as defined in paragraph (13) of section 210) as the sole agency for carrying out such purposes;

"(2) provides for making an inventory and survey in accordance with section 101 containing information requested by the Commissioner, and for developing a State program in accordance with such section; and

"(3) provides that the State educational agency will make such reports, in such form, and containing such information as the Commissioner may from time to time reasonably require, and, to assure verification of such reports, give the Commissioner, upon request, access to the records upon which such information is based.

"ALLOTMENTS AND PAYMENTS TO STATES

"SEC. 103. (a) Of the sums appropriated pursuant to section 101, $150,000 shall be allotted by the Commissioner to the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands according to their respective needs and upon the basis of agreements made with their respective State educational agencies, and the remainder shall be allotted to the other States in the same proportions as that their respective school-age populations bear to the total school-age population of such other States; except that no such allotment to any State (other than the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands) shall be less than $10,000. Within its allotment each State shall be entitled to receive an amount equal to 50 percent of its expenditures in carrying out the purposes of section 101 in accordance with its application.

"(b) The Commissioner shall from time to time estimate the sum to which each State will be entitled under this section during such ensuing period as he may determine, and shall thereupon certify to the Secretary of the Treasury the amount so estimated, reduced or increased, as the case may be, by any sum by which the Commissioner finds that his estimate for any prior period was greater or less than the amount to which the State was entitled for such period. The Secretary of the Treasury shall thereupon, prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Commissioner, the amount so certified.

"WITHHOLDING OF CERTIFICATION

"SEC. 104. (a) Whenever the Commissioner, after reasonable notice and opportunity for hearing to a State educational agency, finds (1) that such State educational agency is not complying substantially with the provisions of this title or the terms and conditions of its application approved under this title, or (2) that any funds paid to such State educational agency under this title have been diverted from the purposes for which they had been allotted or paid, the Commissioner may forthwith notify the Secretary of the Treasury and such State educational agency that no further certification will be made under this title with respect to such agency until there is no longer any failure to comply or the diversion has been corrected or, if compliance or correction is impossible, until such State educational agency repays or arranges for the repayment of Federal moneys which have been diverted or improperly expended.

"(b) The final refusal of the Commissioner to approve any application made under this title, and the Commissioner's final action under subsection (a) of this section, shall be subject to judicial review on the record, in the United States Court of Appeals for the circuit in which the State is located, in accordance with the provisions of the Administrative Procedure Act.

"ADMINISTRATION

"SEC. 105. (a) The Commissioner is authorized to delegate to any officer or employee of the Office of Education any of his functions under this title except the making of regulations.

"(b) There are hereby authorized to be appropriated for Federal administrative expenses such sums as may be necessary to carry out the provisions of this title.

"TITLE II—SCHOOL CONSTRUCTION IN FEDERALLY AFFECTED AREAS

"DECLARATION OF POLICY

"SECTION 201. In recognition of the impact which certain Federal activities have had on the school construction needs in the areas in which such Federal activities have been or are being carried on, the Congress hereby declares it to be the policy of the United States to bear the cost of constructing school facilities in such areas in the manner and to the extent provided in this title.

"PAYMENTS TO LOCAL EDUCATIONAL AGENCIES

"SEC. 202. (a) A local educational agency shall be eligible under this subsection for payment with respect to children who reside on Federal property with a parent employed on Federal property, if the estimated number of such children who will be in average daily attendance at the schools of such agency during the current fiscal year (as defined in paragraph (6) of section 210) is at least fifteen and is at least 5 per centum of the estimated number of all children who will be in average daily attendance at the schools of such agency during the current fiscal year. Each such local educational agency shall be entitled to receive an amount not to exceed such estimated number of children with respect to whom it is eligible for payment under this subsection, multiplied by 95 per centum of the average per pupil cost of constructing complete school facilities in the State in which the school district of such agency is situated.

"(b) A local educational agency of a State shall be eligible under this subsection for payment with respect to children who reside on Federal property, or who reside with a parent employed on Federal property part or all of which is situated in such State, if the estimated number of such children who will be in average daily attendance at the schools of such agency during the current fiscal year is at least fifteen and is at least 5 per centum of the estimated number of all children who will be in average daily attendance at the schools of such agency during the current fiscal year. Each such local educational agency shall be entitled to receive an amount not to exceed such estimated number of children with respect to whom it is eligible for payment under this subsection, multiplied by 70 per centum of the average per pupil cost of constructing complete school facilities in the State in which the school district of such agency is situated.

"(c) A local educational agency shall be eligible under this subsection for payment with respect to children whose attendance results from activities of the United States (carried on either directly or through a contractor) if, in the judgment of the Commissioner of Education—

"(1) the estimated number of such children who will be in average daily attendance at the schools of such agency during the current fiscal year is at least twenty and is at

least 10 per centum of the estimated number of all children who will be in average daily attendance at the schools of such agency during the current fiscal year; and

"(2) the construction of additional school facilities to take care of the children whose attendance results from such activities of the United States has imposed or will impose an undue financial burden on the taxing and borrowing authority of the agency.

Each such local educational agency shall be entitled to receive an amount no to exceed such estimated number of children with respect to whom it is eligible for payment under this subsection, multiplied by 45 per centum of the average per pupil cost of constructing complete school facilities in the State in which the school district of such agency is situated. In determining eligibility and maximum amounts of payment under this subsection, the Commissioner (A) shall take into account only activities of the United States carried on after June 30, 1939; and (B) shall not take into account activities of the United States carried on in connection with real property which has been excluded from the definition of Federal property by the last sentence of paragraph (1) of section 210.

"(d) If two or more of the first three subsections of this section apply to a child, the local educational agency shall elect which of such subsections shall apply to such child.

"(e) Notwithstanding the preceding provisions of this section, the total number of children for whom a local educational agency is entitled to receive payment under this title shall not exceed—

"(1) except where the determination of the maximum amount is based in whole or in part on entitlement under subsection (c), the estimated number of all children in average daily attendance at the schools of such agency during the current fiscal year, minus the number of all children in average daily attendance at the schools of such agency during the fiscal year ending June 30, 1939; and

"(2) where the determination of the maximum amount is based in whole or in part on entitlement under subsection (c), the estimated number of all children in average daily attendance at the schools of such agency during the current fiscal year, minus 110 per centum of the number of all children in average daily attendance at the schools of such agency during the fiscal year ending June 30, 1939.

"(f) Notwithstanding the provisions of the first three subsections of this section, where the average daily attendance at the schools of any local educational agency during the fiscal year ending June 30, 1939, exceeded 35,000—

"(1) such agency's percentage requirement for eligibility under subsection (a) or (b) shall be 10 per centum instead of 5 per centum, and its percentage requirement for eligibility under subsection (c) shall be 20 per centum instead of 10 per centum; and

"(2) in determining the maximum amount which such agency is entitled to receive under any such subsection, the agency shall be entitled to receive payment with respect to only so many of the estimated number of children whose attendance serves as the basis for eligibility under such subsection, as exceeds (A) in the case of subsection (a) or (b), 5 per centum of the estimated number of all children in average daily attendance at the schools of such agency during the current fiscal year, and (B) in the case of subsection (c), 10 per centum of such estimated number of all children so in average daily attendance.

"(g) (1) Where—

"(A) under any law other than a law relating to the disposal of surplus property, the United States constructed, or assisted in the construction of, school facilities in the school district of any local educational agency;

"(B) such construction was completed after June 30, 1939; and

"(C) either such agency has title to such school facilities, or, in the judgment of the Commissioner of Community Facilities Service, there is reasonable assurance that such agency will have the right to use such facilities for the remainder of the estimated usable life of such facilities,

then the Commissioner of Community Facilities Service, in accordance with regulations prescribed by him, shall determine the amount which equals the actual cost to the United States of constructing or assisting in the construction of such school facilities, minus (i) percentage depreciation applied to such cost for the period beginning with the completion of the construction of such facilities and ending on June 30, 1951 (the rate of such depreciation to be based on the estimated usable life of such school facilities for the school purposes of such agency), and (ii) so much of the actual cost to the United States of constructing or assisting in the construction of such facilities as has been recovered by the United States. The Commissioner of Community Facilities Service shall certify to the Commissioner of Education the amount so determined; and the Commissioner of Education shall reduce the maximum amount which such agency is otherwise entitled to receive under this section in accordance with such certification.

"(2) Where—

"(A) under the Act of October 14, 1940, entitled 'An Act to expedite the provision of housing in connection with national defense and for other purposes', as amended, the United States has prior to the enactment of this Act constructed school facilities in the school district of a local educational agency; and

"(B) such school facilities are available to such agency on the date this Act is enacted, the head of the Federal department or agency having custody of such facilities shall forthwith transfer to such local educational agency all right, title, and interest remaining in the United States in and to such facilities and the land being used in connection with the operation of such facilities.

"WHERE EFFECT OF FEDERAL ACTIVITIES WILL BE TEMPORARY

"SEC. 203. Notwithstanding the provisions of section 202, whenever the Commissioner determines that part or all of the attendance with respect to which any local educational agency is entitled to receive payment under such section will be of temporary duration only, such agency shall not be entitled to receive such payment with respect to the attendance so determined to be of temporary duration only. Instead, the Commissioner shall make available to such agency such temporary school facilities as may be necessary to take care of such attendance; except that he may, where the local educational agency gives assurance that adequate school facilities will be provided to take care of such attendance, pay (on such terms and conditions as he deems appropriate to carry out the purposes of this title) to such agency for use in constructing school facilities an amount equal to the amount which he estimates would be necessary to make available such temporary facilities.

"CHILDREN FOR WHOM LOCAL AGENCIES ARE UNABLE TO PROVIDE EDUCATION

"SEC. 204. In the case of children who reside on Federal property—

"(1) if no tax revenues of the State or any political subdivision thereof may be expended for the free public education of such children; or

"(2) if it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children,

the Commissioner shall make such arrangements for constructing or otherwise providing school facilities as may be necessary for the education of such children. To the maximum extent practicable school facilities provided under this section shall be comparable to the school facilities provided for children in comparable communities in the State. This section shall not apply (A) to children who reside on Federal property under the control of the Atomic Energy Commission, and (B) to Indian children attending Federally operated Indian schools. Whenever it will be necessary for the Commissioner to provide school facilities for children residing on Federal property under this section, no local educational agency shall be entitled to receive payment under section 202 with respect to the attendance of such children.

"APPLICATIONS

"SEC. 205. (a) No local educational agency shall be entitled to payment of any part of the maximum amount established for such agency by the formula contained in section 202 except upon application therefor submitted through the appropriate State educational agency and filed before July 1, 1952, with the Commissioner of Education in accordance with regulations prescribed by him. Any such application may either set forth a project for the construction of school facilities for such agency, in accordance with subsection (b), or may contain a request for a reimbursement payment, in accordance with subsection (c). The Commissioner of Education shall take final action with respect to the approval or disapproval of any such application within a reasonable time.

"(b) (1) Each application by a local educational agency setting forth a project for the construction of school facilities for such agency shall contain or be supported by—

"(A) a description of the project and the site therefor, preliminary drawings of the school facilities to be constructed thereon, and such other information relating to the project as may reasonably be required by the Commissioner;

"(B) assurance that such agency has or will have title to the site, or the right to construct upon such site school facilities as specified in the application and to maintain such school facilities on such site for a period of not less than 20 years after the completion of the construction;

"(C) assurance that such agency has legal authority to undertake the construction of the project and to finance any non-Federal share of the cost thereof as proposed, and assurance that adequate funds to defray any such non-Federal share will be available when needed;

"(D) assurance that such agency will cause work on the project to be commenced within a reasonable time and prosecuted to completion with reasonable diligence;

"(E) assurance that the rates of pay for laborers and mechanics engaged in the construction will be not less than the prevailing local wage rates for similar work as determined in accordance with Public Law Numbered 403 of the Seventy-fourth Congress, approved August 30, 1935, as amended;

"(F) assurance that the school facilities of such agency will be available to the children for whose education contributions are provided in this title on the same terms, in accordance with the laws of the State in which the school district of such agency is situated, as they are available to other children in such school district; and

"(G) assurance that such agency will from time to time prior to the completion of the project submit such reports relating to the project as the Commissioner may reasonably require.

"(2) The Commissioner shall approve the application if he finds (A) that the proposed Federal share of the cost of the project does not exceed so much of the maximum amount which such agency is entitled to receive under section 202 as has not been expended or obligated for payment of the Federal share of the cost of projects of such agency theretofore approved, (B) that the requirements of paragraph (1) of this subsection have been met, and (C) after consultation with the State and local educational agency, that the project is not inconsistent with over-all State plans for the construction of school facilities.

"(c) (1) If, and only if, a local educational agency has provided (or, by reason of a project or projects under this title, will provide) adequate school facilities for the school children for whose education contributions are provided in this title, such agency may file an application containing a request for a reimbursement payment of so much of the maximum amount which such agency is entitled to receive under section 202 as has not been expended or obligated for payment of the Federal share of the cost of the projects of such agency under this title. Any such application shall also contain assurance that the school facilities of such agency will be available to such children on the same terms, in accordance with the laws of the State in which the school district of such agency is situated, as they are available to other children in such school district. In no event shall the reimbursement payment under this subsection exceed the amount expended from local sources since June 30, 1939, for the construction of the school facilities of the local educational agency.

"(2) The Commissioner shall approve any application of a local educational agency if he finds that the requirements of paragraph (1) of this subsection have been met.

"(d) No application under this title shall be disapproved in whole or in part until the Commissioner of Education has afforded the local educational agency reasonable notice and opportunity for hearing.

"CERTIFICATION AND PAYMENT

"SEC. 206. (a) Upon approving the application of any local educational agency under section 205 (b), the Commissioner of Education shall certify to the Secretary of the Treasury for payment to such agency an amount equal to 10 per centum of the Federal share of the cost of the project. After final drawings and specifications have been approved by the Commissioner of Education and the construction contract has been entered into, the Commissioner shall certify to the Secretary of the Treasury for payment to such agency, in accordance with regulations prescribed by him and at such times and in such installments as may be reasonable, the remainder of the Federal share of the cost of the project.

"(b) Upon approving the application of any local educational agency under section 205 (c), the Commissioner of Education shall certify to the Secretary of the Treasury for payment to such agency an amount equal to the maximum amount which such agency is entitled to receive under section 202 less any amount which such agency has received or will receive under subsection (a) of this section.

"(c) For each fiscal year the Commissioner of Education shall determine the portion of the funds appropriated to carry out the purposes of this title which shall be available for carrying out the provisions of sections 203 and 204. The remainder of such funds shall be available for making payments to local educational agencies for which applications have been approved under subsections (b) and (c) of section 205.

"(d) If the Commissioner of Education determines for any fiscal year that the funds which will be available therefor may not be sufficient to pay in full the amounts which all local educational agencies would otherwise be entitled to receive under applications approved under this title before the end of such year, he shall by regulations prescribe (1) a date or dates before which all applications for payments out of such funds shall be filed, and (2) the order in which the certifications required by subsections (a) and (b) of this section will be made. The order so prescribed shall be based on relative urgency of need and shall give applications under section 205 (b) priority over applications under section 205 (c).

"(e) The Secretary of the Treasury shall pay to each local educational agency in accordance with the certification of the Commissioner. Any funds paid to a local educational agency and not expended for the purposes for which paid shall be repaid to the Treasury of the United States.

"WITHHOLDING OF CERTIFICATION; APPEALS

"SEC. 207. (a) Whenever the Commissioner of Education, after reasonable notice and opportunity for hearing to a local educational agency, finds (1) that there is a substantial failure to comply with the drawings and specifications for the project, (2) that any funds paid to a local educational agency under this title have been diverted from the purposes for which paid, or (3) that any assurance given in an application is not being or cannot be carried out, the Commissioner may forthwith notify the Secretary of the Treasury and such agency that no further certification will be made under this title with respect to such agency until there is no longer any failure to comply or the diversion or default has been corrected or, if compliance or correction is impossible, until such agency repays or arranges for the repayment of Federal moneys which have been diverted or improperly expended.

"(b) The final refusal of the Commissioner to approve part or all of any application under this title, and the Commissioner's final action under subsection (a) of this section, shall be subject to judicial review on the record, in the United States Court of Appeals for the circuit in which the local educational agency is located, in accordance with the provisions of the Administrative Procedure Act.

"ADMINISTRATION

"SEC. 208. (a) In the administration of this Act, no department, agency, officer, or employee of the United States shall exercise any direction, supervision, or control over the personnel, curriculum, or program of instruction of any school or school system of any local or State educational agency.

"(b) The Commissioner of Education shall administer this Act, and he may make such regulations and perform such other functions as he finds necessary to carry out the provisions of this Act.

"(c) The Commissioner shall include in his annual report to the Congress a full report of the administration of his functions under this Act, including a detailed statement of receipts and disbursements.

"(d) With respect to compliance with and enforcement of the prevailing wage provisions of section 205 (b) (1) (E), the Secretary of Labor shall prescribe appropriate standards, regulations, and procedures, which shall be observed by the agencies administering such provisions, and shall cause to be made by the Department of Labor such investigations as he deems desirable.

"USE OF OTHER FEDERAL AGENCIES; TRANSFER AND AVAILABILITY OF APPROPRIATIONS

"SEC. 209. (a) In carrying out his functions under this title, the Commissioner of Education may utilize the facilities and services of any Federal department or agency and may delegate the performance of any of his functions to any officer or employee of any Federal department or agency. The Commissioner of Education shall exercise the authority contained in the preceding sentence whenever such exercise will avoid the creation within the Office of Education of a staff and facilities which duplicate existing available staffs and facilities. Any such utilization or delegation shall be pursuant to proper agreement with the Federal department or agency concerned; and payment to cover the cost thereof shall be made either in advance or by way of reimbursement, as may be provided in such agreement.

"(b) All Federal departments or agencies administering Federal property on which children reside, and all such departments or agencies principally responsible for Federal activities which may give rise to a need for the construction of school facilities, shall to the maximum extent practicable comply with requests of the Commissioner for information he may require in carrying out the purposes of this title.

"(c) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1951, and for each of the two succeeding fiscal years, such sums as may be necessary to carry out the provisions of this title, including the administration thereof. Sums so appropriated, other than sums appropriated for administration, shall remain available until expended. Not to exceed 10 per centum of the amount so appropriated for any fiscal year (exclusive of any sums appropriated for administration) may be used by the Commissioner, under regulations prescribed by him to make grants to local educational agencies eligible for payments under section 202, where (1) the application of such agencies would be approved under section 205 (b) but for the agencies' inability, unless aided by such grants, to finance the non-Federal share of the cost of the projects set forth in their applications, or (2) although the applications of such agencies have been approved, the projects covered by such applications could not, without such grants, be completed, because of flood, fire, or similar emergency affecting either the work on the projects or the agencies' ability to finance the non-Federal share of the cost of the projects. Such grants shall be in addition to the payments otherwise provided under this title, shall be made to those local educational agencies whose need for additional aid is the most urgent and acute, and insofar as practicable shall be made in the same manner and upon the same terms and conditions as such other payments.

"(d) Such portion of the appropriations of any other department or agency for the fiscal year ending June 30, 1951, as the Director of the Bureau of the Budget determines to be available for the same purposes as this title, shall, except to the extent necessary to carry out during such year contracts made prior to the enactment of this Act, be transferred to the Commissioner for use by him in carrying out such purposes.

"(e) No appropriation to any department or agency of the United States, other than an appropriation to carry out this title, shall be available during the period beginning July 1, 1951, and ending June 30, 1953, for the same purpose as this title; except that nothing in this subsection or in subsection (d) of this section shall affect the availability during such period of appropriations (1) for the construction of school facilities on Federal property under the control of the Atomic Energy Commission, (2) for the construction of school facilities which are to be Federally operated for Indian children, or (3) for the construction of school facilities under the Alaska Public Works Act, approved August 24, 1949.

"DEFINITIONS

"SEC. 210. For the purposes of this Act—

"(1) The term 'Federal property' means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State or by

the District of Columbia. Such term includes real property leased from the Secretary of the Army, Navy, or Air Force under section 805 of the National Housing Act, as amended, for the purpose of title VIII of such Act. Such term also includes real property held in trust by the United States for individual Indians or Indian tribes, and real property held by individual Indians or Indian tribes which is subject to restrictions on alienation imposed by the United States. Such term does not include (A) any real property used by the United States primarily for the provision of services to the local area in which such property is situated, (B) any real property used for a labor supply center, labor home, or labor camp for migratory farm workers, or (C) any low-rent housing project held under title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the United States Housing Act of 1937, the Act of June 28, 1940 (Public Law 671 of the Seventy-sixth Congress), or any law amendatory of or supplementary to any of such Acts.

"(2) The term 'child' means any child who is within the age limits for which the applicable State provides free public education.

"(3) The term 'parent' includes a legal guardian or other person standing in loco parentis.

"(4) The term 'free public education' means education which is provided at public expense and under public supervision and direction, and which is provided as elementary or secondary school education in the applicable State.

"(5) Average daily attendance shall be determined in accordance with State laws; except that, notwithstanding any other provision of this title, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, for purposes of this title the attendance of such child shall be held and considered—

"(A) if the two local educational agencies concerned so agree, and if such agreement is approved by the Commissioner, as attendance at a school of the local educational agency receiving such tuition payment;

"(B) in the absence of any such approved agreement, as attendance at a school of the local educational agency so making or contracting to make such tuition payment.

In any determination of average daily attendance, children who are not provided free public education (as defined in paragraph (4)) shall not be counted.

"(6) The term 'current fiscal year' means (A) with respect to an application approved before July 1, 1951, the fiscal year ending June 30, 1951, and (B) with respect to an application approved after June 30, 1951, the fiscal year ending June 30, 1952.

"(7) The average per pupil cost of constructing complete school facilities in the State in which the school district of a local educational agency is situated shall be determined by the Commissioner of Education on the basis of contracts entered into during the fiscal year preceding the fiscal year in which the application is approved. If the Commissioner finds that the information available for the State concerned for such preceding fiscal year is inadequate or not sufficiently representative, he shall determine such cost on the basis of such information as he has available and after consultation with the State educational agency.

"(8) Estimates of average daily attendance during a current fiscal year, and all other determinations with respect to eligibility and maximum amount of payment, shall be made as of the time of the approval of the application for which made, and shall be made on the basis of the best information available at the time of such approval.

"(9) The terms 'construct', 'constructing', and 'construction' include the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities.

"(10) The term 'school facilities' includes classrooms and related facilities; and initial equipment, machinery, and utilities necessary or appropriate for school purposes. Such term does not include athletic stadia, or structures or facilities intended primarily for athletic exhibitions, contests, or games or other events for which admission is to be charged to the general public. Except as used in sections 203 and 204, such term does not include interests in land and offsite improvements.

"(11) School facilities shall be deemed adequate for a given number of children if, under applicable State standards, they are adequate for the full-time education of such number of children.

"(12) The term 'local educational agency' means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a county, township, independent, or other school district located within a State. Such term includes any State agency which directly operates and maintains facilities for providing free public education.

"(13) The term 'State educational agency' means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.

"(14) The term 'State' means a State, Alaska, Hawaii, Puerto Rico, or the Virgin Islands; except that for the purposes of title I the term includes, in addition, the District of Columbia.

"(15) The terms 'Commissioner of Education' and 'Commissioner' mean the United States Commissioner of Education.

"(16) For the purposes of title I, the term 'school-age population' means that part of the population which is between the ages of five and seventeen, both inclusive, and the school-age population of the several States shall be determined on the basis of the most recent estimates certified by the Department of Commerce; and for such purposes the term 'school' means any elementary or secondary school which is tax-supported and publicly administered."

And the House agree to the same.

Amend the title so as to read: "An Act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes."

HUBERT H. HUMPHREY,
JAMES E. MURRAY,
LISTER HILL,
GEORGE D. AIKEN,
WAYNE MORSE,
Managers on the Part of the Senate.

GRAHAM A. BARDEN,
CLEVELAND M. BAILEY,
THOMAS H. BURKE,
SAMUEL K. MCCONNELL, JR.,
CARROLL D. KEARNS,
Managers on the Part of the House.

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

There being no objection, the Senate proceeded to consider the conference report.

Mr. WHERRY. Mr. President, there is no objection to the immediate consideration of the report, but I should like to have a very brief explanation as to what the Senate receded from, if it did recede, what the House did, and what the effect of the report is on the bill as it was passed by the Senate.

Mr. HUMPHREY. Mr. President, I am very happy to comply with the request of the Senator, and I have a prepared statement which I can place in the RECORD.

Mr. WHERRY. The Senator can give his offhand observations as to the report, besides placing the statement in the RECORD.

Mr. HUMPHREY. I ask unanimous consent that the statement I have prepared giving a brief summary of Senate bill 2317 as it came out of conference be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, Mr. HUMPHREY'S statement was ordered to be printed in the RECORD, as follows:

BRIEF SUMMARY OF S. 2317 (CONFERENCE VERSION)

Purpose of the bill is to provide Federal funds for construction of critically needed school facilities in those school districts that have been seriously affected by activities of the Federal Government, and to provide Federal assistance to State departments of education for surveys and planning of State-wide school-construction programs.

The bill attempts to measure the extent to which the Federal Government has placed a financial burden on certain school districts, as follows:

1. Children living on nontaxable Federal property for which the school district receives no local taxes.

2. Children whose parents are employed on a nontaxable Federal project located in the same State for which the school district receives only part of the normal tax income.

3. A very large and sudden increase in school population in a district not associated directly with loss of tax revenue, but which is too great for the community to absorb with its own resources.

In order to be eligible for assistance, a school district must have a certain percentage of its school enrollment falling in one of the above categories. Federal allotments are based as follows:

Ninety-five percent of cost per child of constructing school facilities for each child in category 1 above; 70 percent for category 2; and 45 percent for the cost per child in category 3.

Provision also is made for assistance for impacts occurring in the future and for impacts that are of temporary duration.

The bill authorizes a 3-year construction program and the cost is estimated to be from $150,000,000 to $170,000,000. Responsibility for administration is placed in the Commissioner of Education and he is required to delegate those functions which his agency is not prepared to handle. This administrative pattern will avoid the necessity of creating a new Federal agency or bureau to administer this program, since the Office of Education is equipped to handle the educational functions and the community facilities service is equipped to handle engineering and construction functions.

It is estimated that there are from 500 to 600 school districts in the Nation eligible to receive this help.

Title I authorizes $3,000,000 to be allotted to States for making State-wide surveys of the need for additional school facilities of State and local resources to meet that need and for planning State-wide school construction programs. The money is to be allotted on the basis that the ratio of school-age population in each State bears to school-age population in the United States and is on a 50-50 matching basis.

Each of the past 2 years the President has recommended that action be taken by the

Congress to accomplish the purposes set forth in titles I and II of this bill.

Mr. HUMPHREY. Mr. President, the Senator from Nebraska, the minority leader, will recall that at the time the bill was before the Senate at the end of the last session, the distinguished senior Senator from Ohio [Mr. TAFT] and I joined in presenting the issue before the Senate.

The amendment which has been made by the House, and in which the Senate conferees concurred, sets out in detail the language which the Senate inserted in rather general terms as to the emergency construction provided for. The Senate bill would have given to the Office of Education almost unlimited authority for the use of whatever funds were appropriated under the law. The House Members believed that there should be a spelling out of the Federal responsibility in the federally affected areas. Therefore, three categories for emergency construction assistance are included:

First, where children are on a Federal reservation, where there is no possibility of any tax being paid to the locality.

Mr. WHERRY. That will take care of such a situation as there is in Nevada, where the locality is near the Hoover Dam, will it not?

Mr. HUMPHREY. Yes. The second is where there are children of parents who are employed on a nontaxable Federal project located in the same State for which the school district receives only a part of the normal tax income. That would apply, for example, to a case where the father and mother were employed on a Federal project and have a home in a non-Federal area, so the State loses all the taxes from the Federal industrial project.

The third instance is where there is a very large and sudden increase in school population in a district not associated directly with the loss of tax revenue, but which is too great for the community to absorb with its own resources. This would apply to a case where the International Harvester Co., for instance, erected a large plant and brought in 15,000 people, let us say, who live in emergency type dwellings. The tax revenue would be inadequate, and in that instance the Federal Government would pay up to 45 percent of the new facilities which it would be necessary to construct.

Mr. WHERRY. Let us consider a situation where the Department of the Interior, or the Army Engineers, go into a community and build a dam. The Government officials have their families there. In addition, the contractors have their families there. There is this sudden influx and increased numbers of students in the schools temporarily. Would such a situation come under the last provision mentioned, or would it be necessary for us to continue as we have been doing?

Mr. HUMPHREY. It comes under the last provision. We took particular care to include such a situation, because we know, for example, that in connection with the Missouri River development, the Garrison Dam and the Oahu Dam are being constructed, and thousands of employees may come there on a temporary basis. There is provision for the temporary employees.

Mr. WHERRY. Mr. President, I appreciate the answer the Senator has given, for the reason that for 2 or 3 years it has been very difficult to obtain any relief for the small towns which find themselves confronted with these large additions to their population. They have done the best they could to provide facilities. Some relief was afforded on a temporary basis, with the hope that some statute like the bill now being considered might be enacted, and special legislation not be required each time an appropriation was made.

Mr. HUMPHREY. This was gone into very carefully. Many of the projects were visited by members of the House committee, so that we had ample documentation, and the projects are coordinated through the Office of Education.

Mr. WHERRY. I thank the Senator for his explanation.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

INTERNAL SECURITY ACT OF 1950

The Senate resumed the consideration of the bill (S. 4037) to protect the internal security of the United States, and for other purposes.

COMMUNIST INVASION OF AGRICULTURE

Mr. BRIDGES. Mr. President, the Senate is considering a bill aimed at protecting America against the international Communist conspiracy. This bill represents long hours and weary months of exacting labor over a period of years. I believe those Members of the Congress who are chiefly responsible for the study and effort which this bill represents, deserve the commendation of their colleagues and the thanks of the American people.

The need for this legislation has existed for a long time. However, the American people are aware of this need today to a far greater degree than ever before. Our people can now see the brink of disaster to which the policy of coddling Communists has brought our Nation.

For the first time the whole picture of Communist influence in our society comes into sharp focus. Now we know why American foreign policy has been warped. Now we know why American domestic policy has tended toward the socialism of Karl Marx. Now we know how American labor has been misled by false friends.

These things the American people know. And the people call on Congress to enact this bill to help correct our policies. Today, I desire to discuss the influence of the Communist conspirators on another great segment of American society—our farmers.

Mr. President, my conviction that legislation such as S. 3409 is urgently needed was strengthened a few weeks ago when there came to my attention evidence showing a carefully planned Communist effort to infiltrate and take over one of our great farm organizations.

Mr. President, I have worked with farmers and farm organizations all my life. I think I know our American farmers—their capacity for toil, their desire for production and ever more production. I know their devotion to liberty and opportunity, to the principles that underlie our form of government. I know their rugged independence. I know their very occupation compels farmers to do their own thinking. I have always regarded our 11,000,000 farmers as the bulwark of our free institutions, because they, more possibly than any other group, know and value freedom.

The evidence of a determined Communist attempt to infiltrate and take over one of the farmers' major organizations, therefore, comes as a shock to me. I have caused further investigation to be made, and the evidence I have, not only confirms the Communist attempt, but also indicates that it has achieved considerable, if not complete, success.

I am going to present to the Senate, and the American people, a small part of that evidence today. I do so for two reasons:

First. Because I believe the evidence is an imperative argument in favor of the enactment of the legislation before us.

Second. Because I know that not one in a thousand of our American farmers has the slightest use for communism or its teachings of hate and violence.

I am sure that very few of the 450,000 members of the farm organization involved have any idea of what has been happening to their organization. The only way they can clean out and destroy this Communist influence is by knowing the facts. Therefore, I propose to put the facts on record.

FARMERS UNION THEIR TARGET

The farm organization to which I refer, Mr. President, is the Farmers Educational and Cooperative Union, better known as the Farmers Union. It is one of our three major farm organizations. The other two are the American Farm Bureau Federation and the National Grange. I am happy to report that I have no evidence of any attempt, let alone success, of Communist infiltration into either the Farm Bureau or the Grange.

Mr. President, today I intend to present facts for the consideration of the Senate, facts supported by documentary evidence. I do not want to burden the Senate with listening to all of these supporting documents in full, but I do want much of my evidence in the RECORD. I have therefore arranged them as exhibits, numbered in order, and I ask unanimous consent, Mr. President, that these exhibits, as I mention them in my address, be inserted in the RECORD in numerical sequence at the conclusion of my remarks.

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

Mr. BRIDGES. Mr. President, I believe it could be said that my evidence will demonstrate that the leadership of the Farmers Union has attempted to turn that organization into a Communist front. I am not going to make that charge. I am going to let the evidence speak for itself. There are many honest and sincere people in the Farmers

Union. Many State leaders of unquestioned loyalty and integrity have, as I will show, fought fiercely against the element which would make the Farmers Union a front organization.

What is a Communist-front organization, or rather what is a front organization? What is meant by the word "front"? It is used in the sense which we in America have used the word in the phrase "false front." A front organization is something which has the appearance of being something else. Applied to totalitarian organizations, the word "front," means a mass organization, the membership of which subscribes to a set of wholly worth-while principles. It may be a labor union, a religious group, a fraternal organization, or a special interest group. In each case the Communists either organize it from scratch or infiltrate the top leadership in order to exert control over its actions and policies.

The Communists have had great success with fronts in the United States. Americans seem to have an urge to join organizations with a cause. Having joined, all too often, we are content merely to be members and pay dues, and "let George do it." We are glad to elect as a secretary a man who is willing to do the work. The Communists are willing to do the work.

HAL WARE, THE LEADER

Briefly, I will show the Senate today a very involved and complex plot. The evidence may be divided into five phases:

First. That the Communist Party claims it planned to infiltrate and take over the Farmers Union during the late 1930's.

Second. That this effort went forward under the direction of the late Hal Ware, son of the Communist "saint," Mother Bloor. A part of Ware's program was the organization within the Department of Agriculture of the Communist cell to which, Whittaker Chambers has testified, Lee Pressman, Nathan Witt, John Abt, Alger Hiss, Charles Kramer, and Victor Perlo belonged. Incidentally, Pressman admitted his membership in this group under oath last August 28.

Third. That the Communists have boasted repeatedly that they were successful in their efforts to control by infiltration the Farmers Union.

Fourth. That persons who are Communist sympathizers, or Communist coddlers occupy positions of great influence in the National and some State headquarters of the Farmers Union.

Fifth. That the Farmers Union so consistently espouses Communist causes, parrots Communist propaganda, and refuses to denounce Communists or their activities as to preclude the possibility of accident or coincidence.

My evidence falls into two categories. The first is the statements of known and admitted Communists, and the second is corroborating evidence from non-Communists connected with the farmers union and other sources.

As I indicated, this is a long story. It involves a complex plot. I cannot hope, within the limitation which time imposes, to bring all of my evidence to the attention of the Members of the Senate. However, the evidence which I shall present, I submit, is more than sufficient to indicate the need for enactment of the current legislation in order to cope with such conspiracies against our people, conspiracies carried forward behind a false front, and supported, I am confident, by good Americans who do not know the facts.

Let us begin with Hal Ware, who died 15 years ago. His work as a recruiting sergeant for, and a field marshal of, American traitors, will always be a blot on the pages of our history.

Ware was the son of Ella Reeve Bloor, "Mother Bloor," whom the Communists themselves acclaim as the first lady of the Communist Party, United States of America. A few years ago, Mother Bloor wrote her autobiography, We Are Many. Here are some of the things she said about her son, Hal:

> Hal made such an important contribution to the development of our work among farmers in America and to the upbuilding of the Soviet Union through his agricultural work there that I would like at this point to digress to talk about his work. * * *
>
> Hal's interest in agriculture began early. * * * Hal worked his farm during the summer to meet his college expenses. * * * He was already planning work among farmers, organizing them for socialism. * * * When the Communist Party was formed he became a charter member. He went right to the party with the problems of the farmer. As soon as the Russian Revolution occurred, Hal read everything he could lay his hands on about Russian agriculture. * * *

HE WORKED WITH LENIN

> About that time Lenin, needing material about farmers in America and unable to find it, wrote to the party in his clear, blunt manner, asking: "Have you no farmers in America?" Hal was asked what he could do about making a report. He said he would have to make an extensive survey of the country. * * * Hal started off on a 6-month trip. * * * When Hal returned, he prepared a detailed survey on migratory workers, types of agriculture, and conditions of the farmers of America, and a map showing distribution of types of farms, farm incomes, and so on. The survey and map were sent to Lenin. When I was in Moscow in 1921, Lenin wrote me a penciled note praising his work. * * *
>
> Back in New York, Hal was called in to advise on agricultural purchases for Russian famine relief. Hal saw the problem in bigger terms. He said, "Why not put the money into tractors and seed, grow food on the spot and at the same time help the Government's program of teaching the Russian peasants modern agriculture." This idea was accepted. Hal went to North Dakota and picked out nine husky sodbusters. Commissariat of Agriculture officials assigned them to rough, rolling country near Perm. For thousands of peasants in Perm that summer, this meant the beginning of collective farming.

These quotations, Mr. President, are those of a Communist mother expressing pride in her son for starting the Communist penetration of American agriculture.

What, Mr. President, has collective farming meant throughout the whole history of bolshevism? It has meant robbery by the government of the family farmer's crops, livestock, and land. It has meant exile, starvation, and murder. It was the cause of the monstrous planned famine of 1931, when the Bolshevik government actually starved to death 4,000,000 of its own family farmers for the crime of wanting to own their own land. This American, Hal Ware, was one of those who helped put this collectivization program into operation. Lenin thanked him for it, as Mother Bloor relates, in a message to Ware which was published in Pravda, the official newspaper of Communist Russia. Here is what Lenin said:

> Not a single kind of help has been for us so timely and important as the help shown by you.

HELPED SOVIETS' COLLECTIVE FARM PROGRAM

So Ware stayed on in Russia, helping the Bolshevik murderers, right down to the great famine itself. Then, as his mother tells us, he came home. She wrote:

> Hal gave 10 years of his life to the work in Soviet Russia. When it was clear that the cause of mechanized farming was won in the U. S. S. R., and that the Russian farmers, already collectivized, no longer needed him as much as the American farmers did, he came back to take charge of the party's agrarian work here.

We have learned since, Mr. President, some of the things which Mr. Ware's so-called agrarian work here involved. Whittaker Chambers has told us that it involved digging a tunnel for the Red underground beneath the United States Government.

His testimony has been corroborated in part by Elizabeth Bentley, and Lee Pressman. And the mouth of that tunnel opened in Henry Wallace's United States Department of Agriculture, where Alger Hiss, Lee Pressman, Nathan Witt, John Abt, Charles Kramer, Nathan Gregory Silvermaster, and others obtained their first Government employment.

Now let us turn to another man—one who, up to this time, is comparatively unknown. I believe the evidence will show, Mr. President, that he is one of Stalin's key agents on the North American continent. He stepped into Hal Ware's agrarian shoes after Ware died in 1935, and he has been filling them ever since. Incidentally, I note that the Communists were using the word "agrarian" before the State Department labeled the Chinese Communists "agrarian reformers."

LEM HARRIS, WARE'S SUCCESSOR

The man who stepped into Hal Ware's shoes was Lement C. Harris. He is one of those rich boys from Harvard University, like Corliss Lamont and Frederick Vanderbilt Field, who decided to spend papa's money toying with the unwitting proletariat.

Lem Harris boasts that he has been a Communist since the late 1920's. One Hundred Things You Should Know About Communism, a publication of the House Committee on Un-American Activities, lists him as a member of the Communist Party's National Committee and secretary of the party's national farm commission. The evidence of his direct connection with the U. S. S. R. is supplied by Harris himself.

In an article in Science and Society, published in the spring of 1946, Harris states that in 1929 he was "part of a team on a Soviet state farm which operated three combines." In the same article he asserts that he made "a survey of collective farms" in 1935.

Let us get back to Mother Bloor. She wrote in her book:

During the 1932 Presidential campaign, the big militant milk strike then going on in Iowa came up for discussion at a meeting of the Central Committee of the (Communist) Party in New York * * *. Feeling that something must be done by our party, I suggested that Hal should be sent out with me to Iowa * * *. After holding a big meeting in Des Moines, Hal, Rob Hall, who had joined us, and I drafted a set of resolutions.

The Rob Hall mentioned is the same Rob Hall who now is listed as Washington correspondent for the Daily Worker.

Now back to Mother Bloor again:

Hal, Rob Hall and I drove out to the park (in Sioux City) where 10,000 farmers were assembled. * * * I said: "I am national organizer of the United Farmers League of North Dakota and have brought greetings." * * * In about a minute the farmers were around me in a solid mass. * * * We halted before the Governor's Hotel and the farmers called out: "Send out your soldiers, we are ready." * * * By the end of 1932, our work among the farmers had broadened out to such an extent that we were able to hold a highly successful farmers emergency relief conference in Washington in December 1932. * * * My son, Hal, was asked to help call such a conference. * * * Working with Hal on the conference preparations were Lem Harris, Rob Hall. * * * and other active and intelligent young men. * * * The convention voted to organize the Farmers National Committee for Action. * * * We who were on the Farmers National Committee for Action's executive committee attended Farmers Holiday and Farmers Union State conventions as delegates. * * * One memorable occasion was at Lincoln, Nebr. Several of us had been made fraternal delegates. * * * among others Lem Harris who had * * * just returned from a visit to the U. S. S. R.

In November 1933 we held the second big FNCA conference in Chicago. * * * Here, with agricultural worker delegates present, we first brought vigorously to the fore the problems of agricultural workers. Our idea was to break down the antagonism between small farm owners and agricultural workers.

DONALD HENDERSON IN PLOT

Mr. President, the man who undertook to speak for agricultural workers at this Moscow-managed conference was Donald Henderson, self-admitted Communist and ally of Harry Bridges. Henderson at present is head of the Food and Tobacco Workers Union, which recently was driven out of the CIO. If any of the Senators care to examine it, I have here a photostat of the FNCA program in Chicago, which lists Henderson's name; and, as I previously stated, I have many other exhibits which I plan to introduce into the RECORD.

How important was the work of this Kremlin-coached squad of revolutionaries, who operated with such secret cunning among the unwitting and distressed farmers of the United States back in the 1930's? Here is one answer given by Admiral E. M. Zacharias, the man who predicted Pearl Harbor. Here is what Admiral Zacharias says in his recently published book, Behind Closed Doors, the Secret History of the Cold War:

Another secret textbook (used in Communist schools of revolution all over the world) is called the Organization of Revolutionary Strikes. Farmers' strikes in Iowa and Nebraska are described in great detail as the prototype for Bolshevik agitators.

So let us pause for a moment to add up what we have got already. The Communists themselves had been good enough to provide us with the evidence that their agents, Ware and Harris, were trained in Russia for their work in rural America. Ex-Communist Chambers and the man who says he is an ex-Communist, Pressman, have told us of Ware's work in establishing the Red underground here in Washington. Let us turn now to some other details of the Washington picture as it affects my story.

FARM RESEARCH, INC.

The Washington City Directory for 1935 lists Ware as an agricultural engineer connected with Farm Research, Inc. I have here a photostatic copy of the minutes of a meeting of the board of directors of Farm Research, Inc., a Communist-front organization, held on May 3, 1932, which shows that Lem Harris was an official of the outfit, along with Charles Garland, another rich boy who made himself famous—or infamous—by giving away papa's money to finance leftist causes. Since this document indicates that Charles Garland was secretary-treasurer of Farm Research, and since we know he was a man of wealth, I feel it reasonable to assume that Garland was the "angel" of Farm Research itself. At any rate, he was the founder of the American Fund for Public Service, also known as the Garland Fund, which was used to finance Communist fronts, and Farm Research, as I have shown, was the Washington office of Ware and Harris, two of Stalin's chief agents in American agriculture. Neither of the two ever made any bones about the fact that he was an avowed Communist. They revealed their traitorous connections because they were proud of their work.

Who else hung his hat on the Farm Research hook? The Washington City Directory, from 1936 until 1941, lists the name of Charles J. Coe. Who is he? Well, for one thing, he was, and still is, the editor of Facts for Farmers.

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

Mr. BRIDGES. I am glad to yield.

Mr. MCMAHON. I inquire if the majority leader, who is standing near the Senator from New Hampshire, can hear what is being said?

Mr. LUCAS. I may say it is a little difficult.

Mr. BRIDGES. I have a cold, and I may say I am not using my voice to its full extent today. I trust that if there is any inability on the part of Senators to hear what I am saying, they will kindly gather around.

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

Mr. BRIDGES. I yield.

Mr. LUCAS. I may say that I never fail to read the Senator's remarks, even though I do not hear all that he says on the floor.

Mr. BRIDGES. I thank the Senator, and I return the compliment to the distinguished majority leader.

Mr. LUCAS. I thank the Senator.

The VICE PRESIDENT. The Senator from New Hampshire will proceed.

Mr. BRIDGES. This is the farm research publication which for more than a decade has been peddling the Communist Party line to the American rural press. Facts for Farmers is now published at 39 Courtland Street, New York City, hard by the dirt farms of Union Square.

Coe also has been a lecturer at the Communist Party's Jefferson School in New York. He was the organizer of the notorious American Peace Mobilization rally in New York City in April 1941. The American Peace Mobilization, as is well known, was one of the most effective Communist fronts ever put together in this country. Both the Jefferson School and the American Peace Mobilization have been cited as Communist fronts by the Attorney General.

Another member of Farm Research, listed in the city directory for 1939, is Robert Handschin. Incidentally, the address of Farm Research, Inc., at that time was 1343 H Street NW. Who is Robert Handschin? Wesley McCune, assistant to Secretary of Agriculture Charles Brannan, tells us about Handschin in his book, The Farm Bloc. According to McCune, Handschin was an active member of the Workers Alliance. The Workers Alliance, according to the House Committee on Un-American Activities, was the Communist front among the unemployed. The same committee also lists Handschin as a member of several organizations which have been officially and repeatedly listed as Communist fronts, including the Washington Book Shop, the Washington Committee for Aid to China, and the Washington Committee for Democratic Action.

Keep Farm Research in mind for a moment while we turn again to the Communist Party's own literature for some illumination. In June 1937, the party's official United States magazine published the following from the November 1936, proceedings of the Central Committee's plenum, according to the House Un-American Activities Committee:

COMMUNISTS ANNOUNCE PLANS

Every district of the party must work to have this (the official Communist) program become the property of the National Farmers Union, with special emphasis on making it the rallying point to isolate the Kennedy-Coughlin forces in the farmers union.

The Kennedy referred to here was Edward Kennedy, then secretary of the union. The Coughlin mentioned was, of course, the famous radio priest of the 1930's.

Here are further excerpts from the same proceedings of the Communist Central Committee:

In our mass work our main concentration must be to build the Farmers Union, to develop local, State, and National programs around which we can rally, and crystallize a firm progressive leadership. The first objective must be to defeat this group at the coming Farmers Union convention.

No doubt about their intentions. The Communist Party, the agents of the Marxist doctrine which says that no one can own one square foot of land, were out to capture an American farm organization. Their stated target, their objective, was the Farmers Union.

Labor Fact Book III, published by the Labor Research Association which, according to the House Un-American Activities Committee, was Communist dominated, describes the process of capture:

United Farmers League: In 1935, the members of the United Farmers League decided to merge their local organizations with those of other farm organizations. The Farmers League had been a very militant organization. * * * In some cases mergers of its locals were affected principally with the Farmers Union and the Farmers Holiday Association.

The United Farmers League, with headquarters in Chicago, Ill., was organized in 1926 as a federation of all farm organizations which support its class struggle program. * * * The league supports the program of the Farmers Committee for Action.

The United Farmers League was the outfit, in which, will be recalled, Mother Bloor served as a walking delegate back in the farm-strike days. The Farmers National Committee for Action was the front outfit set up and dominated by Hal Ware, Lem Harris, Donald Henderson & Co., according to what Mother Bloor tells us.

Labor Fact Book IV says that the Minnesota Farmers Holiday Association merged with the Minnesota Farmers Union, and that in South Dakota the State Holiday Association merged with the South Dakota Farmers Union.

The House committee quotes the Labor Fact Book as stating that in July 1936 the Sharecroppers Union, with delegates from Alabama, Mississippi, and Louisiana, decided to join the National Farmers Union.

"As a result of all these mergers and manipulations," the House committee reports, "the Communists, or progressives, as they called themselves, gained strength in the Farmers Union."

I now quote the statement of the Communist, official Communist monthly publication for May 1937, again reporting progress in the planned capture of the Farmers Union:

REDS CLAIM VICTORY

But now the picture is changed. The progressives are in control of the national board of the Farmers Union. The merging of the Sharecroppers Union in Alabama with the Farmers Union has strengthened both organizations.

The Communist says that "the progressives" are in control. We know what Communists mean when they use that term "progressives." They mean pro-Communists. Was their boast a true one? Who were these "progressives" anyhow?

Well, one of those elected to the national board of the Farmers Union in 1937, the "year of capture," according to the Communist, was James G. Patton, of Colorado, now president of the Farmers Union. Mrs. Gladys Talbott Edwards and her brother, Glenn Talbott, were among those chosen to restate Farmers Union principles. We shall hear more about that restatement as we go along and more about all three of the persons mentioned.

What was one of the first things the progressives did? Apparently, they, so far as Washington was concerned, moved into the Washington office of Farm Research, Inc., lock, stock, and barrel. I have here a press release, issued by Farm Research for the Farmers Union, pointing strongly to the fact that they shared joint offices. The release was written by M. W. Thatcher as chairman of the national legislative committee of the Farmers Union.

What else did the progressives do? The Washington city directory gives us another answer. They took Robert Handschin from the Farm Research payroll and put him on the Farmers Union payroll as the union's chief Washington representative. Handschin took the place of M. W. Thatcher. who went back home to Minnesota. Thatcher now is head of the Farmers Union grain cooperatives and known personally to quite a few Senators. The Farmers Union educational department, by the way, is supported largely by contributions from the Farmers Union grain co-ops.

I have previously identified Handschin as an active member of the Workers Alliance and other Communist fronts.

FARMERS UNION BEGINS FOLLOWING "THE LINE"

The House committee report, previously quoted, says:

The Farmers Union cooperated with Communist-front organizations after 1937. In 1938 the organization was represented at the Second World Youth Congress held at Vassar College. In 1937 it participated in the Michigan Conference for Protection of Civil Rights, at which the Communist Party was represented.

The House committee states that the Farmers Union was the only national farm organization which characterized World War II, in 1939 and 1940, when Russia was allied with Germany, as imperialistic, and also says that the Farmers Union opposed war credit to the belligerents.

According to the House report:

The Farmers Educational and Cooperative Union has been handsomely subsidized by the Robert Marshall Foundation. The monthly contribution to the Farmers Union from the Robert Marshall Foundation has been $7,500.

The Marshall Foundation, established under the will of the late Robert Marshall, Government employee and suspected Communist, has been identified before the Congress as the angel for numerous Communist fronts, including the American Youth Congress, Frontier Films, the Federated Press, National Federation for Constitutional Liberties, Southern Conference for Human Welfare, Southern School for Workers, and others.

I shall mention the Marshall Foundation later on. Before I do, I want to provide some more evidence from the Communists themselves to support their brazen assertion that their friends have infiltrated America's third largest farm organization.

The author of the article which I now quote was this fellow Lem Harris. In 1947 he wrote in the Communist magazine, New Masses:

The emergence of the Farmers Union today as the leader of rural progressivism is the result of a long process of development.

A long process of development. Back to the meetings of the Communist Party's Central Committee in 1937? Back to the training days of Ware and Harris in Russia? Back even to Lenin's own desk?

GLENN TALBOTT, HARRIS' FRIEND

Listen to what Harris had to say in 1947 about Glenn Talbott, president of the North Dakota Farmers Union, and chairman of the Farmers Union national executive committee. Harris says that at a Farmers Union conference:

Talbott added that because the union takes a progressive stand, there are those who ask if this is not a Communist position. Then he (Talbott) went on to explain the stand he has taken when anyone raises the Communist issue. He told of a convention of * * * ministers from eight States, who had invited him to address them. After his talk, he was asked several questions about communism in relation to the Farmers Union. Of special interest was his answer to a question as to whether there were any Communists in the North Dakota Farmers Union. To this he replied that he knew of at least three, who are personal friends of mine and good members of the Farmers Union. Under our constitution, if a person is a farmer, minister, or school teacher, he or she is welcome in the Farmers Union.

Here we have a known Communist, Lem Harris, praising a high official of the Farmers Union for stating that his organization in North Dakota has at least three Communist members, good members and personal friends of his. According to Harris, Talbott professed his friendship for Communists long after it became plain that the United States was engaged in a bitter cold war with Communist Russia.

Now let me introduce Senators to Archie Wright, president of the Northeastern Farmers Union. Two former Communists, testifying under oath, identified Wright as a Communist.

ARCHIE WRIGHT

Wright has admitted that he was a member of the International Workers of the World, the infamous "Wobblies" of the World War I era. Wright is a convicted draft dodger of World War I.

In 1944 the Farm Journal, well-known farm publication, printed an article by Robert C. McManus, of Hopewell, N. J., entitled Communist Beachhead in Agriculture. The article said flatly that Wright was a member of the Communist Party.

Wright sued the Farm Journal and McManus for libel, asking damages of $7,600,000. By a jury verdict, Wright lost the suit.

During the trial this high official of the Farmers Union admitted that he had said several times:

I am red as a rose, and proud of it.

He testified that he fought a resolution, presented to a New York dairy farmers union which he headed, which

sought to put the organization on record against communism.

Wright became formally affiliated with the Farmers Union in 1941, and prior to that time had led a violent dairy strike which followed the familiar Communist pattern of violence. For example, during his libel suit trial, it was testified that Wright directed a member of his union to burn the barn of a nonstriking dairy farmer.

Despite all the evidence against him, Wright still remains a high official of the Farmers Union. There is no public evidence that Mr. Patton, president of the Farmers Union, has ever questioned Wright's loyalty or integrity, much less moved to remove him from the backs of the farmers of the Northeast.

Patton may say that the members of the Northeastern Farmers Union choose their own president, but that should not prevent him from denouncing or repudiating Archie Wright. I might remind the Senate that the CIO had within its ranks organizations and officials who were accused of communism.

The top officials of the CIO not only objected to that situation, but ejected the Communist dominated unions from the CIO.

If he wanted to, President Patton could get rid of Archie Wright.

Instead of that, Mr. Patton has reserved his purges for those within the ranks of the Farmers Union who have fought communism. I shall have more to say about that later on.

There is much evidence to support the Communists' statements that they have infiltrated the Farmers Union. But none is more convincing, to my way of thinking, than the position of preeminence held by Archie Wright as president of the Northeastern Farmers Union.

WRIGHT ATTACKS ANTI-COMMUNIST BILL

Before I leave the subject of Archie Wright, let me tell about the Northeastern Union Farmer, Wright's newspaper, which still is peddling the Communist Party line. Wright, according to the masthead, is editor of this publication.

For example, in the September 1948, issue of the publication we find a long article attacking the Mundt-Nixon bill, which is almost identical with Senate bill 3409, now before the Senate. The article states:

> Read your newspaper and listen to your radio for entertainment only. At present people base their opinion on what they think is the factual and whole news about events. Newspapers and radio are the property of monopolistic interests and they serve monopoly only and always. They are consciously the cheese on the trap. When you feel yourself being drawn into any opinions or beliefs when reading the newspapers * * * resist.

The March 1948 convention of the National Farmers Union voted down an attempt to put the Union on record against communism.

The account of the meeting by the farm journal quotes Archie Wright as warning the delegates:

> If you write an anti-Communist plank, the union will die. Farmers Union is on trial for its life.

Wright comes out boldly in the April 1948 issue of the Northeastern Union Farmer. He purports to explain why condemnation of communism is self-destructive to any people's organization.

The article states:

> Briefly, communism and fascism are direct opposites. Fascism aims to subject the people to the dictates of big business. Communism aims, ultimately, at the complete elimination of economic exploitation of the people and to that end demands that the people take over and operate the means of production and distribution.
>
> And, since no slave class ever freed itself through its own efforts, it necessarily follows that the Communists must resist every effort to degrade the people and must support and endorse every bona fide effort of the people for better security, living, and educational standards. That is why every item in the program of every real farm and labor organization and every cooperative is duplicated in the program of the Communist Party.

Let me repeat the last sentence from the Northeastern Union Farmer, Archie Wright's newspaper:

> That is why every item in the program of every real farm and labor organization is duplicated in the program of the Communist Party.

This is blatant, unadulterated Communist propaganda. I am surprised that even the Northeastern Union Farmer, edited by Archie Wright, is so bold. I am surprised also that the top officials of the National Farmers Union have never denounced and repudiated such a statement.

As one would naturally expect, Wright has denounced the trials of Alger Hiss, Judith Coplon, and the trial of the 11 Communists in New York City. He called the latter trial "legal lynchings."

There is still more evidence of Communist infiltration into the Farmers Union.

GARDNER JACKSON'S LETTER

I have in my hand what purports to be a letter written by Gardner Jackson, former legislative representative of the Farmers Union in Washington, to President Patton of the Farmers Union in 1946.

Jackson is well known in Washington. He has been associated with many liberal and left-wing movements. He claims to have been one of the leaders in the effort to save Sacco and Vanzetti. He joined the United States Department of Agriculture soon after the advent of the New Deal and was ejected in the famed purge of the triple A by Chester Davis, former head of triple A and former War Food Administrator. Jackson is a former trustee of the Marshall Foundation.

In this letter, Jackson says, in effect, that he was fired from the National Farmers Union—he was an assistant to Patton—because of his "insistent, uncagey, and unsilenceable opposition to Communist infiltration to official positions of power of NFU."

At the Farmers Union national convention in 1946 Jackson led a floor fight for the adoption of a mildly anti-Communist resolution. He apparently won his fight only to have Patton say, in effect, that he intended to pay no attention to the resolution. Jackson was kicked out shortly afterward.

On the consent granted, at this point, I mark the Jackson letter as exhibit No. 1 to be inserted in the proper place in my remarks. I urge all the Senators to read it.

HARRIS AGENT FOR MARSHALL FUND

Jackson made other serious charges in his letter to Patton:

First. That Lem Harris, the Commie leader, visited Jim Patton in Denver several years before 1946 "to tell you (Patton) that of the total amount of money remaining in the Marshall Foundation the NFU would be allowed so much, and to ask you as president of the NFU how you wanted that sum spread over the ensuing few years—Lem Harris, not even a trustee of the foundation."

Second. That Patton had appointed Phil Reno, described by Jackson as a Communist or pro-Communist, "to your headquarters staff in Denver as political and labor relations official * * * at the behest of George Marshall and Lem Harris * * * in order to insure a continuing flow of money from the Marshall Foundation to the NFU."

Incidentally, Phil Reno is the Reno who is mentioned in the famous Adolf Berle memorandum, to which the administration paid no attention in 1939, as a member of the Communist Party. The memorandum, as many Senators know, was written after Whittaker Chambers visited Berle and told him about the Hal Ware spy ring.

George Marshall is a brother of the late Robert Marshall, founder of the Marshall Foundation. George Marshall has a lengthy record of participation in Communist-front organizations and has just completed a sentence for contempt of Congress for refusing to answer questions about his connections with the Communist Party.

The purported Jackson letter raises a number of interesting questions. How, if Jackson is correct, was the Communist, Lem Harris, able to dictate the disposition of funds from the Marshall Foundation to the NFU. I have already pointed out that the foundation was used primarily to finance Commie fronts. Harris, as Jackson points out, was not even a trustee of the foundation, and, so far as I know, never has belonged to the Farmers Union.

Why did Lem Harris attend Farmers Union conventions? Where did he get the influence he wielded within the union? Did he get support for Soviet Russia and adherence to the Russian policy line because he doled out funds to the Farmers Union? Remember that the Communists do not contribute funds or cooperate with other organizations for sentimental reasons.

I have spoken about the Jackson letter. I regard it as authentic. Now I wish to discuss another letter to President Patton from an ex-employee.

JAMES ELMORE'S DISMISSAL

James Elmore, former editor of the National Union Farmer, official publication of the FU, was fired by James Patton in September 1947 approximately 1 year after Jackson was fired.

In dismissing Elmore, Patton wrote him a letter in which he accused Elmore of promoting division of opinion within

the Farmers Union. In this connection, it is interesting to note that the reason given for many of the purges within the Communist Party is of promoting division of opinion, or in other words, of not following the party line.

Specifically, Elmore had printed in the September 1, 1947, issue of the National Farmers Union an article and cartoon critical of Soviet Russia.

On September 2, 1947, Archie Wright, northeastern official of the Farmers Union, wrote Patton a letter. It said:

DEAR JIM: I have read the current issue of the national paper with something like shock.

Anyone with journalistic experience recognizes these items on Russia as propaganda, not education, and propaganda in keeping with the present reactionary drive to war, and the destruction of all peoples' gains and organizations. The stuff was pure Hearst.

I hope this is nothing more than a case of concentration-camp horrors and that the correction will be prompt and strictly in accordance with the letter and spirit of the national program.

We know the nature of the correction called for by Wright. Elmore was fired—and promptly.

This incident affords still another illustration of the influence Wright and his ilk exercise on national policies of the Farmers Union.

There were other letters protesting the criticism of Soviet Russia in the Farmers Union paper.

On September 5, 1947, Mrs. Frances Leber, editor of the Eastern Union Farmer, who helped lead the fight against Gardner Jackson's anti-Communist resolution at the 1946 convention of the FU, wrote Elmore. She said she was shocked at the use of the anti-Russian cartoon and asked whether the Farmers Union was not placing itself in the same ranks with our most powerful enemies, in accepting the disruptive methods and helping them to pull the wool over the people's eyes.

Mrs. Mildred K. Stoltz, of Great Falls, Mont., director of FU education for Montana, also wrote Elmore. She said it was disgusting to find such biased and unfair articles in our national paper and charged that Elmore had acted as judge and jury by smearing one of the nations who is a member of the United Nations.

"Don't you," she asked, "feel that the controlled press does the job well enough? Have you found it necessary to aid and abet the company-controlled press?"

ELMORE'S LETTER TO PATTON

Elmore wrote a long letter to Patton in which he charged that he was fired because he reprinted the article and cartoon critical of Russia. He dismissed Patton's statement that he had promoted division in the FU by telling Patton:

For example, would you say that your statement in the May NUF telling Henry Wallace to keep up the good fight in Europe did not tend to divide our members into two or more groups with regard to international politics?

Here is one paragraph of what you said:

"Our more than 400,000 members are with you. We believe that most of the American people will be with you—despite the misrepresentation waged against you."

Does this not divide our members?

In addition, when you were in Europe when Henry Wallace spoke in Denver, your telegram to him was read to the audience. It would be revealing to see how FU members would vote in a poll to support Wallace's stand.

It will be recalled that Henry Wallace had been in Europe on his so-called peace mission; the mission by which he tried to stir up sentiment in favor of Russian appeasement.

Nevertheless, James G. Patton, president of the Farmers Union, was praising and encouraging Wallace at a time when the majority of Americans, including American liberals, saw clearly that Wallace was pursuing a pro-Russian course. As we all know, Wallace led the so-called Progressive Party in the last Presidential campaign and finally became the virtual captive of the Communists within the Progressive Party. But even Henry Wallace could not stomach Russian aggression in Korea.

Elmore reminded Patton that the latter had strongly opposed nazism, but charged that Patton consistently followed "a policy of excusing Russia at every opportunity; of subscribing to Henry Wallace's appeasement policy," and of imputing imperialistic motives to everything the United States did in the international fields.

May I ask—

Elmore wrote—

why one dictatorship was so threatening to western civilization and United States security while another was not?

It is—

Elmore said—

peculiar that Philip Murray, James Carey, and even Joe Curran in the labor movement have recognized the dangers of being sucked under by the Red-baiting bait. It is peculiar that these men, who are not reactionaries, see this danger and have acted on it, but that you do not see it. They have found there is only one way you can cooperate with Communists and that is their way.

It is peculiar that the South Dakota and Wisconsin conventions of last year clearly stated their positions on communism without suffering any dire consequences. In fact, Wisconsin membership has risen appreciably in the past year.

It is peculiar that the Farmers Union has had its most cordial and closest working relations with the farm-equipment workers, the packing-house workers, and the electrical union—all of them alleged pro-Communist unions.

FARMERS UNION APPEASEMENT POLICY

Yes; I am saying that there is no clear policy in the National Farmers Union, because you have, I think, been misled by the pro-Communist crowd. It adds up this way: FU had a traditional impartial policy of its own. But it has an actual partial policy of appeasing the PCA, pro-Communists, and fellow travelers, all of whom listen intently to Moscow.

Therefore you have been put in the unenviable position of having to maintain traditional FU policy as window dressing, while actual policy follows a pro-Communist collaborationist line.

I have read somewhat lengthy extracts from Elmore's letter to Patton, but the entire letter should be read and studied. The charges Elmore makes should be explained by the Farmers Union—if there is any other explanation than the one Elmore gives. I submit the Elmore letter, marked "Exhibit No. 2," to be inserted at the proper place in my remarks.

In view of all the furore about them, what were the cartoon and article which got Mr. Elmore fired? Both were reprinted from the St. Louis Post-Dispatch, certainly no reactionary paper. The cartoon was the work of Fitzpatrick, one of the country's outstanding cartoonists. It was headed "Russian cooperation" and showed a figure, the U. S. S. R., sitting at a table with a sign—labeled "No"—instead of a face. In view of Russia's record with the veto in the UN, I would say that the cartoon was fair enough.

The editorial said, in part, that—

Russia fosters inequalities of income and what amounts to a universal sales tax, bearing heavily on low-income people.

WILL PATTON ANSWER?

The fact of Elmore's dismissal and the letter he wrote Patton were made public. The St. Louis Post-Dispatch commented editorially on September 15, 1947:

Mr. Patton has replied to his discharged editor's accusation without satisfactorily answering it. Does Baldwin exercise an undue influence over Patton and through him on the NFU? Is the leadership of the NFU afraid of meeting head-on the issue of Communist expansion which is enslaving farmers in the satellite nations of Europe? Mr. Patton owes a straightforward answer to his friends.

The Baldwin referred to is C. B. "Beanie" Baldwin, former head of the Farm Security Administration and now one of the leaders of the so-called Progressive Party. Baldwin, it would appear, is a close friend of Jim Patton. "Beanie" Baldwin is an enthusiastic fronter. I have a list of nine outstanding cases in which, since 1944, he has defended Communist causes.

After leaving the Farmers Union, Elmore, in 1948, gave further vent to his feelings by preparing a manuscript which, so far as I know, was never published. He began this manuscript by referring to a classified advertisement which, he said, appeared in a Fort Morgan, Colo., newspaper as follows:

Wanted: One million honest, industrious farmers to join the Farmers Union and save it from the Communists who now control it.

Elmore wrote:

Evidently it was inserted by some alert Farmers Union member who knows that there is a Communist foot in the farmer's door. And he is trying valiantly to rescue his organization from the pro-Communists who cleverly operate behind the scenes.

The National Farmers Union, with 450,000 members, the third largest and most liberal of farm organizations, seems to have been invaded by Communist fronters. At least, there is little doubt that the organization is playing a cozy game of footsie with these fifth columnists, although the majority of its members do not realize it. * * *

It refused to adopt a plainly worded resolution condemning communism at its 1948 Denver convention by a vote of almost three to one.

Elmore then commented on the strong support shown for Wallace at the 1948

convention and commented that one disgusted delegate said he saw only two kinds of buttons on the lapels of delegates: "Wallace" and "Usher." The disgusted delegate said he was for "Usher."

The National Union Farmer—

Elmore wrote—

the group's monthly paper, now reads more like a camouflaged, carbon copy of the Communist Daily Worker than a farm paper.

A recent editorial churns with Communist-lie indignation about the Marshall plan, Truman doctrine, loyalty order, Chiang Kai-shek, conscription and preparedness, imperialism, and war. It asks whether it is not time to throw this kind of a Congress and administration out of office. And it implies that only Wallace's third party could give the United States the right kind of administration.

PATTON "DISCARDS ANTI-COMMUNISTS"

Whenever Patton can discreetly discard anti-Communists on his staff and replace them with fellow travelers he has done—

Elmore said—

The newest southpaw staff member is Angus MacDonald, fresh from the New Republic where he wrote a farm column for Editor Wallace. MacDonald has been assigned to the Washington office of the Farmers Union. * * * Patton's staff at Denver headquarters is now safely weighted in favor of the fellow travelers. About five or six of them can be counted on to parrot the party line, either innocently or intentionally.

Elmore said this "starry-eyed" staff was given time off in 1948 to greet pro-Communist Paul Robeson, when the latter arrived at Denver airport.

Incidentally, Angus MacDonald, a former employee of the USDA Soil Conservation Service, is still on the Washington staff of the Farmers Union and I wonder how many of the "starry-eyed" group referred to, still are serving at Denver headquarters.

Mr. President, I offer the manuscript prepared by Mr. Elmore as exhibit No. 3 to be inserted at the proper place in the RECORD.

Elmore mentioned the pro-Communist character of the material issued by the Farmers Union educational department. I have examined a number of publications from the education department and find that the material in them substantiates the Elmore charges. Frankly, I am amazed at the character of some of this material. I have samples of it and shall read them to the Senate. Senators can draw their own conclusions.

Since 1937—the year the Communists boast they infiltrated the Farmers Union—the FU educational department has been headed by Mrs. Gladys Talbott Edwards, sister of Glenn Talbott, president of the North Dakota FU.

MRS. GLADYS TALBOTT EDWARDS

Mrs. Edwards undoubtedly is one of the best known farm women leaders in the United States. She is active, aggressive, and her work is well financed. Most of the money for the educational department apparently comes from the savings of FU cooperatives.

In the Farmers Union Triangle, written by Mrs. Edwards in 1941 and published by the FU educational department, I find a statement attributed to Richard Joyce, who is identified in the publication as one who came up through the FU junior work to become a full-fledged FU member and worker. Joyce, trained and educated by the FU, is quoted as saying:

After watching and studying the chaos of my State, Nation, and world, I have become firmly convinced that our present order must be replaced by a new one * * * (for example, barbarism by feudalism; feudalism by capitalism) so now capitalism must be replaced by the cooperative order.

The Communists, as Senators know, speak frequently of the cooperative order and they still call their collective farms "cooperatives."

Another "junior" boy, Raymond Nowak, shows, according to Mrs. Edwards, a "keen understanding of conditions in agriculture." She quotes him as saying:

We know, as young people on the farms of America, that the famous agricultural ladder no longer works for us. There is no more hope for us to go from hired man to tenant and to owner. The rungs of the ladder are so filled with the older generation on the way down that there is no room for us to climb to the top.

In a 1945 publication, United We Stand, Mrs. Edwards raises a question as to whether the right kind of land policy is not one where the land is owned by the government "from which you lease it just as fishermen lease the fishing rights on the ocean."

THE LAST FRONTIER

An employee of Mrs. Edwards' education department, Stanley Vogt, wrote a booklet in 1948 called the Last Frontier, the fifth in a series of study units prepared for the Farmers Union junior members, the 16- to 21-age group.

I know little about Vogt, but from what he says, he sounds like another Archie Wright. In fact he writes about the purest distillation of Marxism I have seen.

Listen to some excerpts from Vogt's booklet:

During the war, when Russian soldiers were dying for the same cause that our boys did, it was patriotic to be for Russia.

At the end of VJ-day, the propaganda machines of big business, the press and radio, made a right about face. We had been told before that we could get along with Russia. Then we were told, with no warning, that Russia and communism were to be feared, that Russia was a menace to our security and to that of the whole world. At first people were confused. They had been caught unawares. But the lies, the exaggerations, the coloring of news stories, and the editorials by monopoly interests continued. They hammered away day after day with the big-lie technique.

And then the smear campaign began, and any leader, who was progressive in his ideas, was called Red, subversive, or un-American.

This Commie line was published by the Farmers Union in 1948, long after it became apparent that Russia had instituted a cold war against the United States. It was published long after it became apparent that Russia was pursuing an imperialistic course and had no regard for treaties or promises. It was published after we had disarmed, but while Russia continued to maintain the largest military force in the world. It was published after the testimony by Whittaker Chambers, Elizabeth Bentley, and others had revealed the existence and operations of Soviet spy rings in the United States and Canada—and after the American quisling, Alger Hiss, had been exposed.

(At this point Mr. BRIDGES yielded in turn to Mr. HICKENLOOPER, Mr. WILEY, and Mr. BENTON, who, respectively, addressed the Senate, and whose remarks, on request and by unanimous consent, were ordered to be printed in the RECORD at the conclusion of the speech of Mr. BRIDGES.)

Mr. BRIDGES. But, according to the Farmers Union department of education, the fault did not lie with Russia but with the United States.

CALLS AMERICAN SYSTEM VICIOUS

Mr. Vogt, who helps "educate" the young people within the Farmers Union, tells how the corporation and business interests have exploited the workers and farmers. In his pamphlet he pays his respects to the American system:

This is a vicious system that says, in effect, people are unimportant. It is called capitalism because the emphasis is on money—the building of capital—rather than the welfare of the people. It is called a profit system, or a competitive profit system.

Nothing is right in the United States, according to Mr. Vogt. I would suggest that all Members of the Senate read what he has to say. It represents the official viewpoint of the leadership of the Farmers Union.

"How do you know that?" someone may ask. Could not the pamphlet have slipped through unnoticed by the higher-ups? Not so. The Last Frontier has a foreword by Mrs. Edwards, who says:

This is a book not only for young people but for all those who need a handbook of facts for quick reference.

Surely, however, President Patton does not subscribe to these views, which religiously follow the Communist line. Let my colleagues set their minds at rest about that. We have proof that Mr. Patton is familiar with The Last Frontier. In his acknowledgments, published as a foreword with the booklet, Vogt says:

WITH PATTON-EDWARDS APPROVAL

My deep appreciation to National Farmers' Union President James G. Patton for his thorough reading of this text and his helpful criticism. He spent the better part of a night of his valuable time to read and then write in detail his suggestions.

Mrs. Edwards approves this booklet. Mr. Patton stayed up at night to read it and make helpful suggestions. But that is not all. The foreword states that this pamphlet is the textbook for the 1949 study topic of the Farmers Union: Building the Farmers Union.

What better evidence could there be that the leadership of the Farmers' Union has turned that organization into a Communist front?

In 1949 cash farm income totaled "$28,312,419,000, and was only a little less in 1948. Farm debt is low and farmers have had a series of prosperous years. But in the Winter Program Service for January, February, and March, 1949, published by the Farmers Union department of education, we find a poem entitled "Bankers' Advice to Farmers."

Let me quote you some verses:

Let us steer the Nation and you steer the plow.
Let all your ambition be milking the cow.
Content you will be with your long hours of toil
If you bury your nose and your mind in the soil. * * *

Now plow your fields deep while the sluggards sleep
And raise lots of dough for the bankers to keep.
The blessings of labor which you now enjoy
Are in store for your girl and your boy.

And now for a final word of advice from this optimistic poem published by the Farmers Union department of education:

CLERGY, FOUNDING FATHERS ATTACKED

Your press and your schools we have in our control.
Your lawyers and statesmen are bought with our gold.
Most sky-pilots serve us so faithfully too.
They say it's God's will what e'er happens to you.

I submit as exhibit No. 4 this entire poem distributed to our children by the Farmers Union department of education.

(See exhibit 4.)

I have here another interesting publication from the Farmers Union department of education. The author is Arlyne M. Plumb and the booklet is entitled "Citizen Farmer."

The author takes a very dim view of our founding fathers and our Constitution. To paraphrase her words, the uprising by the common people during the time of the Articles of Confederation frightened the wealthy merchants and landowners. So they sought a strong central government "to cope with these dangerous ideas the common people were developing, strong enough to keep the common people from getting additional power. A central government that could levy taxes to support a strong army. An army which would help the southern plantation owners should their slaves ever rise up against them."

There is more of the same in the pamphlet by Arlyne M. Plumb. I suggest that Senators read this interesting educational document.

Among the program services offered by the Farmers Union department of education in January 1947, was a discussion outline entitled "Corporation or Family Type Farming." It stated that the outline was taken from a pamphlet Small Farm and Big Farm, by Carey McWilliams, and that the McWilliams pamphlet was offered for sale by the Farmers Union for 25 cents each.

Carey McWilliams is a resident of Los Angeles, Calif., and is a well-known left winger who has often been charged with communism. He was a member of the national council of the American Peace Mobilization, a Communist-front organization.

Elmore, in his manuscript previously referred to, writes that Farmers Union members would be surprised if they were to stroll through the education department of their organization.

UNION SELLS RED PROPAGANDA

"They would find," he states, "shelves cluttered with literature praising and apologizing for the Soviet Union, all of which is sold (at a profit) to State educational units and all members."

For example, The Last Frontier lists as references for further reading, Dissent Becomes Disloyalty, by Abraham Pomerantz, reprinted from Reader's Scope, a Communist-front publication. Another reference is The American, by Howard Fast, frequently charged with following the Communist line.

What is the explanation for this state of affairs? Why does the leadership of the Farmers Union systematically issue this poisonous and pro-Communist material which attacks our institutions and seeks to persuade the youth of our country, and adults, too, that nothing is right with the United States of America?

President Patton and other Farmers Union leaders owe an explanation to Farmers Union members and to the country.

The pro-Communist trend within the Farmers Union has not gone unnoticed by all the membership. From 1937 on we find strife within the organization over communism.

Curiously enough—or perhaps it is not so curious, after all—when headquarters steps in, the action invariably is directed at the anti-Communists.

I have told about Gardner Jackson and James Elmore, and how both claimed they were fired for opposing communism.

MINNESOTA, MICHIGAN PURGED

After the 1937 convention, at which the progressives took over, the Minnesota and Michigan farmers unions were purged. Mrs. Edwards puts it this way:

In Minnesota and Michigan, the followers of E. H. Everson and E. E. Kennedy refused to conform to national regulations and the national board was forced to suspend their charters.

Later, under new leadership, both Michigan and Minnesota rejoined the Farmers Union.

There was a row in Nebraska and other States in 1946 over a proposed amendment to the Farmers Union constitution, which would allow the National Farmers Union to suspend State charters for, among other things, "an open stand against the adopted policy of the National Farmers Union."

The amendment carried.

FIGHTS IN MARYLAND, WISCONSIN, CALIFORNIA

One of the State organizations which raised questions about communism was Maryland, whose president was C. C. Walsh. Walsh says that he took the matter to Patton, but got nowhere. Maryland was in the eastern division of the Farmers Union. He was nominated as a board member of the eastern division at the 1944 meeting, but the Pennsylvania and New Jersey delegates voted him down. The withdrawal of Maryland followed.

In 1947 the Wisconsin Farmers Union fired Mr. and Mrs. Jack Witt from its staff because they would not say whether or not they were Communists. K. W. Hones, president of the Wisconsin Farmers Union, had some correspondence with Fay George Child, editor of the Maynard (Minn.) News about this action. Hones wrote:

I do not know whether or not Jack Witt is a party member, but I do know that when I let him out I received a letter from nearly every Communist in the Wisconsin Farmers Union, and besides some blistering editorials in the Communist magazines and newspapers.

The Maynard News said in its issue of October 28, 1949:

Like all liberal organizations, the Farmers Union has been infiltrated by Communists and subversive Socialists. Their number is not many, but their influence in the organization far exceeds their proportionate representation.

Incidentally, Ken Holmes, as I shall show, apparently has little standing or influence at national headquarters.

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

Mr. BRIDGES. I yield.

Mr. HUMPHREY. Am I to understand by the statement of the Senator from New Hampshire that there is an accusation made that the National Farmers Union is a Communist-dominated organization?

Mr. BRIDGES. Yes. I shall be glad to discuss that question with the Senator after I have concluded my remarks. What I am saying here today is that there has been rather a successful attempt made to infiltrate the National Farmers Union and establish it as a Communist-front organization. I have backed up that statement by documentary proof which I think is as complete as any proof ever offered on the floor of the United States Senate.

Mr. HUMPHREY. Would it be the interpretation of the Senator that by the pending legislation, Senate bill 4037, under section 4 (a), the National Farmers Union would be required to file as a Communist-front organization?

Mr. BRIDGES. I do not know. That is a question for the courts. I am reciting the record of the Farmers Union. I am pointing out, of course, that there are many fine individuals who belong to the Farmers Union, individuals who are patriotic Americans. But I say that certain persons have infiltrated the National Farmers Union to the extent that the Communists have stated that the Communists can depend upon the National Farmers Union; thus establishing it as a Communist front. I will tell the Senator from Minnesota that these are not at all wild charges. Everything I say here I am documenting. I am placing the documentary evidence in the RECORD. I am making no charges involving everyone in the Farmers Union or every leader, but I am dealing with specific cases and individuals.

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

Mr. BRIDGES. Yes.

Mr. HUMPHREY. The Senator is aware, is he not, of the fact that the National Farmers Union has given fine, wholehearted support to the Marshall plan, to military assistance, to the North Atlantic Pact, all of which is in exact contradiction to the policy of the Communist Party, or any "commie," or any Communist-front organization? How does the Senator from New Hampshire reconcile the difference between the policy of the organization and its distinguished leader, Mr. Patton, and the statements he is now making?

Mr. BRIDGES. That is one of the things I should like to know. If the distinguished Senator will read some of the exhibits I have placed in the RECORD,

some of the articles from the Farmers Union publications which are praising Russia and the Soviet Union and people who are identified in this country as Communists, he will find it hard to understand how any organization can be so two-faced, or can be such a two-edged instrument. But such apparently is true. This is one of the things I should like to see looked into.

Mr. HUMPHREY. The Senator from Minnesota would like to make the comment that he is very familiar with the activities of the Farmers Union and its leadership in Minnesota, and very familiar with the activities of the Farmers Union and its leadership in South Dakota. The Senator from Minnesota is also very familiar with the activities of the Farmers Union and its leadership in the State of North Dakota. Those are three States where there is a considerable membership in the Farmers Union. There is no doubt that persons with whom the Senator and I would not agree—the Senator from New Hampshire would disagree with them and I would disagree with them—have worked their way at times into the ranks of the Farmers Union. But I want it made clear for the record that the Farmers Union of the State of Minnesota is a clean, fine, upstanding organization. I want the record made clear that the head of the Farmers Union in Minnesota is one of the most loyal, sincere, patriotic Americans I know. I want to make the record clear that the man who heads the Farmers Union in the State of South Dakota, one of my dearest and closest personal friends, a friend of my father, is one of the best Americans that ever lived and breathed. He served with distinction in the legislature of our State.

Mr. President, I think we have come to the situation in this country where it seems that simply because the "commies," who are an adroit, deceitful lot, are able to work their way into an organization, we brand the organization as a Communist-front organization.

The Farmers Union, and I speak of that only in the area in which I know it, and where I know its leadership, has stood for some very fine American programs.

While I know that in my State some individuals with Communist leanings worked their way into some of the locals of the Farmers Union, I am proud to report to the Senate, and to anyone else who wants to hear it, that the rank and file membership of the Farmers Union in the State of Minnesota has cleaned out anyone and everyone they even thought had a taint of communism. They have cleaned such persons out from positions of leadership, from positions of any responsibility. That is not only a matter of record in the Senate of the United States, but was testified to in hearings held in our State. Some of the finest, the most decent, the most upstanding citizens of our State that I can think of participated in that very creditable effort to make sure that the Farmers Union shall be freed from any such taint.

If the Senator from New Hampshire is merely saying that there are some Communists who have wormed their way into the Farmers Union in the past, I would not deny that such a statement is true. But I would say, as I think all will agree, that although Communists have wormed their way into the labor movement, although Communists have wormed their way into the Farmers Union and into other organizations, yet when the issue is drawn, and when the rank and file membership realize what is going on, they act with dispatch, as is illustrated by the CIO, with its brilliant record of anti-communism, as is illustrated by the A. F. of L., and as is illustrated by the record of the Farmers Union.

So, Mr. President, I would have to protest very definitely against any aspersions being cast upon the Farmers Union in my State, and I would resist and deny any statement or any insinuation that the farmers of western Minnesota who belong by the thousands to the National Farmers Union, are participants in the Communist movement. They are good, honest, upright Americans. They are Roman Catholics, they are Lutherans, they are members of other denominations, they are patriotic American citizens, and to call them members of the Communist movement is to me simply something that is incredible. If that is what happens in the Congress of the United States, then I say to the Congress of the United States that we are acting in a manner which is beneath our dignity, our responsibility, our fitness to hold public office.

Mr. BRIDGES. Mr. President, the Senator from Minnesota should be making this speech of mine, rather than I. In view of his statement I am sure he is in agreement with me. If the Senator will read my speech in the RECORD tomorrow, he will see that what I have said I have substantiated with documents. The Senator says that when the issue has been drawn the members of the Farmers Union have acted to clean out the Communist sympathizers. I say that, at least in the cases I cite, the Farmers Union has not drawn the issue, and has not kept out the "commies" or those who are sympathetic to the Communist cause.

I said at the beginning of my speach, and I repeat it to the Senator from Minnesota, who speaks so sincerely and forcefully about the Farmers Union, that I am making no over-all charge against the Farmers Union membership, because I know that most of its members, the great percentage of its members, throughout the country, are loyal Americans. But I am saying that their organization in certain instances, in certain districts, in certain sections, has been infiltrated, and that the "commies" themselves, as I have quoted them, speak of the Farmers Union as an effective "commie-front" organization.

Mr. HUMPHREY. I would only say to the Senator from New Hampshire that I for one will not rely upon the accuracy or integrity of any statement made by a Communist. The Communists lie, cheat, and steal. They are not even worth giving a respectable audience. Instead of listening to the testimony of a Communist in regard to who else is a Communist, I would prefer to listen to the testimony of a complete, unadulterated liar, because at least I would know what he was.

However, it seems that of late the general practice in the United States has been to wait until we find an alleged ex-Communist who says he has either repented or that he is about to repent, and then we let him put the finger on someone else, charging that person with being a Communist.

Such a procedure reminds me of a situation in which a person who recently had been convicted of almost all the crimes in the book, suddenly decided that he had to build up his stature again in the public esteem, so he went around talking about others who had sinned.

Mr. President, it is well known that Communists have ruined many persons in public life by saying that they, too, are Communists.

I believe that anyone who is at all familiar with the activities and fine qualities of the Farmers Union understands the intelligent and determined action taken by the great number of persons in that organization to clean any group, whether it be Communist, corruptionist, or what not, out of positions of public responsibility.

Although I know that in my State of Minnesota there were at one time a number of fellow travelers and Communists who had infiltrated into many an organization, I wish to point out, for the record, that in the past few years, because of the determined effort among the rank and file of the people, plus some good leadership by men in the grain-terminal organization, such as the head of that organization—I shall not mention any names—and other fine persons throughout my State, what has happened has been a complete cleaning and a complete change of leadership, so that the organization stands today with clean hands.

Mr. BRIDGES. Can the Senator explain the situation in 1950, when the question of offering an anti-Communist resolution came up at the national convention of the Farmers Union, at which time that idea was overwhelmingly defeated?

Mr. HUMPHREY. All I can say is that in our country there are many persons who do not believe in adopting such resolutions. The fever for such resolutions seems to be stronger in the Congress than in any other place in the United States. There are many organizations of fine, intelligent university people, for instance—among them some in my own university, the University of Minnesota, which is one of the finest universities in America—who refuse to have anything to do with such a thing as a non-Communist affidavit. However, no one can tell me that the president of that university or the board of trustees of that university are Communist infiltrated. Yet there are many universities in the United States whose heads say, "We do not have to prove that we are pure."

Mr. President, one of the basic principles of Anglo-Saxon law is that a man is innocent until he is proved guilty. Unfortunately, today there is a tendency

among some persons in the United States to require people to prove their innocence, or else they are considered guilty. It would be well for the Congress itself to return to the fundamental precept of Anglo-Saxon law that a man is innocent until he is proved guilty.

However, all too much has occurred recently along the other line—for instance, the recent unproved charges against the Secretary of the Interior. Mr. President, consider the damage which has been done to Secretary Chapman by those charges. What a pity it is that he should be subjected to such unproved charges. Newspaper headlines and articles all over America have carried the story that the Secretary of the Interior is accused of having Communist connections. I say it is disgusting and pathetic that an honorable body of this sort should permit resort to such procedures.

If there are some Communists around, we should not go to other Communists to find out about them; because if we do that, we shall find ourselves consulting some very unsavory characters. If there are Communists to be found in our country, and if they are not being found fast enough, let the FBI have the job of finding them. For our people to adopt the Dick Tracy concept that everyone must act as an FBI agent, will get us into trouble.

I say to the Senator from New Hampshire that in the desire to get rid of communism and Communists, a desire which I share, we should let the appropriate doctors perform the operation; this is no time to resort to any kind of quackery. This is a time for a scientific approach to the problem, rather than to have everyone attempt to fix things up.

Mr. BRIDGES. Mr. President, the National Farmers Union suspended the charter of the California Farmers Union in 1946. The Californians answered the action by stating: "We quit."

The 1946 action must be looked at in the light of developments dating back at least 3 years. On December 6, 1943, R. V. "Vince" Garrod, president of the California Union, made his annual report to his members.

In his 1943 report, President Garrod charged, in effect, that President Patton and other leaders at headquarters had participated in a plot with Carey McWilliams and other California left wingers to kick out Garrod and his followers.

Garrod said that the real objective of the 1943 meeting, held without his knowledge at the Biltmore Hotel in Los Angeles, and attended by Herb Rolph, national vice president of the FU, was:

> To capture and use the California Union as a front to the communistic groups of those organizations present; to further the principles as propounded by Earl Browder and other members of what can be styled the "Red network."

To put it in their own words:

> To work toward effecting concerted thought and action on the part of all liberal, radical, progressive, all forward-moving forces in America.

In any event, the California Union was kicked out by national headquarters.

Mr. President, I will insert the Garrod report at the proper place in the RECORD and label it "Exhibit 5."

It is strange that Patton and Denver headquarters of the Farmers Union get along so well with Archie Wright and his ilk, but have so much trouble with officials in the union who stand up for American principles.

IOWA FU BACKS STOCKHOLM "PEACE" PLEDGE

As another example of this strange situation, I should like to mention the Iowa Farmers Union. The president of that organization is F. W. "Fred" Stover. He has been, and still is, so far as I know, one of the leaders of the Communist-dominated Progressive Party.

I hold in my hand the June 17 issue of the Iowa Union Farmer. It contains a form to be filled out in furtherance of the "world peace pledge." What is this so-called peace movement? As the Senator from Iowa [Mr. GILLETTE] pointed out in the Senate on June 29, this so-called peace movement is a Communist-inspired propaganda move. The form printed in Mr. Stover's paper says:

> Over 100,000,000 people have already signed the petition proposed by the recent Stockholm session of the World Peace Congress urging the banning of the A-bomb and condemning as a war criminal the first government that uses this weapon.

Mr. Stover's paper urges that the "peace" form be filled out and mailed to the Farmers Union, Plaza Hotel, Des Moines, Iowa. Could there be any clearer evidence that the Iowa Farmers Union is following the Communist line?

Facts for Farmers, published by pro-Communist Farm Research, Inc., the creation of Communist Lem Harris, reports gleefully in April 1950 about the proceedings at the March 1950 annual convention of the Farmers Union in Denver:

> Though it had been reported that Ken Hones, swashbuckling leader of the Wisconsin delegation, was threatening to introduce an anti-Red resolution, which would have invited the FU to divide itself into warring factions, the delegates had no time for disruptive diversionary tactics. So cold-shouldered was the Hones proposal that it was not even submitted to the convention and the threatened explosion proved to be a dud. So much so that when the top executive committee was elected, Hones was pointedly dropped from the inner circle of policy makers.

Those who wish to get along in the Farmers Union should not fight communism.

NEBRASKA PRESIDENT OPPOSED BRANNAN

Chris Milius, Nebraska president, opposed the program adopted at the 1950 convention, including the Brannan farm plan, which the Farmers Union strongly endorses. He has managed to hang on to his job as president of the Nebraska Farmers Union.

No attention was paid to him, either. The Farm Journal's account of the meeting says that Milius and Hones were the forgotten men of the convention.

But the story of the Communist infiltration of the Farmers Union would not be complete without some mention of the close ties between the Farmers Union and the United States Department of Agriculture.

DEPARTMENT OF AGRICULTURE

All of us who have studied the Communist problem know that the party's efforts to infiltrate government were concentrated in the Department of Agriculture during the early years of Henry Wallace's tenure as Secretary. Whittaker Chambers, former Communist, and chief witness against Alger Hiss during the latter's perjury trials, told the House Un-American Activities Committee in 1948 that the late Harold Ware organized the Communist cell and espionage ring in the Department of Agriculture, which he said included Alger and Donald Hiss, Lee Pressman, John J. Abt, Nathan Witt, Henry Collins, Charles Krevitsky, alias Charles Kramer, and Victor Perlo.

All those named, except Donald Hiss and Perlo, are former employees of the Department. Lee Pressman, a few days ago, admitted his membership in the cell. He confirmed Chambers' statements about Ware.

There were a number of clashes between left- and right-wing groups in the Department during 1935, and Abt and Pressman left the Department. Rexford Guy Tugwell, a Henry Wallace supporter in 1948, remained, however, and was the first head of the Farm Resettlement Administration, established in 1935. Resettlement later became the Farm Security Administration, and was headed during World War II by C. B. ("Beanie") Baldwin, a leader of the Progressive Party, who refused to follow Wallace in his recent break with that outfit.

FARM SECURITY AND SILVERMASTER

The left-wingers remaining in the Department gravitated to the Farm Security Administration. Among those who worked in FSA were Witt, Nathan Gregory Silvermaster, Morton Kent, and William Ludwig Ullman, all of them with records of Communist-front or espionage activity.

Farm Security Administration was a controversial agency, frequently under attack in the Congress for its left-wing policies. But it has been the darling of the Farmers Union throughout most of its history. FSA has reciprocated by supporting the Farmers Union at every opportunity.

Just how strongly the Communist-infiltrated FSA supported the Farmers Union is shown by a letter written by Walter J. Maddock, State rural rehabilitation director of FSA, to his field officers on June 11, 1938, reading in part as follows:

> It has been strongly brought to my attention at different times and by several different people, that some of your county Farm Security supervisors consistently fail, and in some cases refuse, to patronize our Farmers Union oil companies.
>
> I agree that such a callous attitude would smack of disloyalty to the Farm Security Administration and would make such a supervisor ineligible to long continuation in such a position.
>
> If we have failed in some respects, we must take a renewed effort. If we find a few supervisors who cannot be rehabilitated as to the Farm Security philosophy, then, of course, it must be our duty to terminate their employment and fill their place with more capable administrators.

In other words, patronize the Farmers Union, or get out of FSA. That is

FSA report of the Farmers Union with a vengeance. Mr. President, I offer the full text of Mr. Maddock's letter to be printed in the RECORD as my exhibit No. 6.

FSA LAND POLICY

I have just two more items to give the Senate an idea of the objectives of the Farm Security Administration and the thinking of its key officials. I submit for the RECORD as my exhibit No. 7 a statement of Long Term Objectives of the Farm Security Administration, which was discussed at an FSA regional meeting in Columbus, Ohio, in 1941, and which FSA Director "Beanie" Baldwin subsequently indorsed in testimony before the Byrd committee on Non-Essential Expenditures.

Among the objectives of FSA listed were the subdividing of large farm holdings, a graduated system of land taxes to eliminate farms larger than single family sized farms, and acquisition by the Government of title to as much farm land as possible.

I believe that FSA, through assistance to underprivileged farmers, has done a great deal of good. But this has nothing to do with the pro-Communist leanings of some of its officials.

A top official of FSA was John Franklin Carter, who writes under the pen name of Jay Franklin. In 1932, before he was employed by FSA, Carter wrote a book entitled "What We Are About to Receive." I shall take time to read but one paragraph to the Senate, but anyone who wants to may read the entire chapter on farming:

> The farmer has arrogated to himself all virtue and all knowledge; he has planted prohibition in our vitals; he has voted against progress; against civilization; against the city; against science; against art. He has made and unmade Presidents in the image of Main Street; he has exhausted our soil as he will exhaust our Treasury if given half a chance. He is the great obstacle to human progress, the great threat to political stability. Sooner of later, we shall discover * * * that the landed proprietor, the kulak, is simply so much mud on the path of progress and must be swept aside if society is to advance.

And Carter, with these published views, was hired to tell the farmers what the beneficent FSA planned to do for them.

Mr. Carter or, in other words, Jay Franklin, in his book said:

> The farmer is a bad winner and rotten loser and deserves about as much sympathy as any other man who feels that it is the Government's duty to pay him for being kind enough to exist.

Not only was Mr. Carter employed by the FSA as one of its higher officials, but also he is reported to have been an administration ghost writer during the 1948 presidential campaign.

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

Mr. BRIDGES. I yield.

Mr. ANDERSON. Is the Senator familiar with Mr. Carter's present occupation?

Mr. BRIDGES. No; except that he is a columnist.

Mr. ANDERSON. Is he? Is it not true that Governor Dewey hired him a few weeks ago, and put him on the payroll of the State of New York?

Mr. BRIDGES. I do not know whether he did or not.

Mr. ANDERSON. I think the Senator would be very much interested in finding out about that.

Mr. BRIDGES. I would have to check on it. I am not sure.

In passing it is interesting to note that Secretary of Agriculture Charles F. Brannan spent most of his time in the Department of Agriculture, prior to becoming Secretary, as an attorney in the Farm Security Administration. He won important promotions under "Beanie" Baldwin.

MR. BRANNAN JOINS FSA

Secretary Brannan joined the FSA in 1935, after practicing law in Denver. With FSA, he served succesively as assistant regional attorney, regional attorney, and regional director of FSA in Denver. He was named Assistant FSA Administrator in April 1944 and Assistant Secretary of Agriculture in June 1944. He became Secretary of Agriculture June 2, 1948. Outside of his experience with FSA, mostly on the legal side, he does not claim to have had any experience, or education, in agriculture.

Here is another very peculiar circumstance. The controversial Brannan farm plan was first proposed by Secretary Brannan to a joint meeting of the House and Senate Agriculture Committees on April 7, 1949. By a strange coincidence, just 3 days before, on April 4, 1949, the North Dakota Union Farmer, Glenn Talbott's newspaper, published a proposed farm program startlingly similar to the so-called Brannan plan. Like the Brannan plan, the Farmers Union plan proposed to give farmers 100 percent of a new—and higher—parity formula. It put emphasis on production payments, rather than price supports through loans, and the limitation of supports to the output of a family-sized farm.

Since then Archie Wright, of whom we have heard plenty, has said that the Brannan plan is the Farmers Union plan and has promised bigger plans to come in the future.

BRANNAN PLAN IS FARMERS UNION PLAN

Mr. President, I submit the Farmers Union plan of April 4, 1949, as published in the North Dakota Union Farmer, be placed in the RECORD as my Exhibit No. 8. It should be compared with Secretary Brannan's statement of his plan on April 7, 1949, to see how closely they are parallel. In fact, I think the Brannan plan could be called the Talbot plan, or the Harris plan—or possibly the Stalin plan.

Perhaps it is just a coincidence that the only major farm organization which supports the Brannan plan is the Farmers Union. But perhaps it would also be of value for the appropriate committee of the Senate to undertake an investigation to determine just how, and by whom, the Brannan plan originally was drafted.

A few days ago, Chairman Symington, of the National Security Resources Board, appointed an advisory committee——

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

Mr. BRIDGES. I yield.

Mr. HUMPHREY. Am I to understand that the Senator, by his logic and by these respective assertions, is identifying the Brannan plan as a Communist program?

Mr. BRIDGES. I said that the Brannan plan in many ways followed a line developed by some of the Commie-front organizations in this country. It in some way parallels that line.

Mr. HUMPHREY. Would the Senator, then, say that under the terms of Senate bill 4037, and particularly its criteria of a Communist-front organization, those who are in support of the Brannan plan are ipso facto sympathizers with, members of, or part of a Communist front?

Mr. BRIDGES. I would not go so far as that.

Mr. HUMPHREY. Then, what does the Senator mean?

Mr. BRIDGES. I mean that the Brannan plan, either by coincidence——

Mr. HUMPHREY. Oh. By coincidence.

Mr. BRIDGES. Or by design apparently originated with Secretary Brannan on a day when he testified before the Senate, when the plan had appeared not as the Brannan plan, but a Farmers Union plan in a Farmers Union newspaper. The plan had been discussed in other organizations and supported by those organizations before it became identified as the Brannan plan.

Mr. HUMPHREY. In other words, the Senator is saying that there is a strange similarity, but it is only coincidental; that it is something like certain members of the Government who oppose the Marshall plan and who are, ipso facto, following the Communist Party line by their opposition to the Marshall plan; or some Member of Congress opposing the North Atlantic Pact, who is following the line of the Communist Party. That is the kind of specious reasoning we have here. That kind of reasoning can destroy any organization or any person. I think we should examine these plans on their merits, and not upon their alleged parenthood.

I heard, for example, that FEPC is a Communist scheme. It so happens that the church to which I belong believes in FEPC, and it so happens that Communists do not believe in my church. So, therefore, I feel that that kind of specious reasoning ends where it belongs—in the garbage can. It is not good reasoning.

Mr. BRIDGES. Mr. President, as I was saying, a few days ago, Chairman Symington, of the National Security Resources Board, appointed an advisory board consisting of three public, three industry, three labor union, and three agriculture members. As the agriculture members he named James G. Patton, national president of the Farmers Union; Albert Goss, president of the Na-

tional Grange. But when it came to picking a representative of the largest farm organization, the American Farm Bureau Federation, Mr. Symington passed over its president, Allan Kline, and picked instead a Farm Bureau member from Ohio named D. Murray Lincoln, who incidentally had been at one time the favorite candidate of the CIO, ADA, and such groups for the Democratic nomination for Senator in Ohio to oppose the senior Senator from Ohio [Mr. TAFT]. Mr. Lincoln's selection is a direct slap by the administration at the Farm Bureau. Is this because the Farm Bureau has strongly opposed the Brannan plan?

WAS ALLAN KLINE SNUBBED?

Could it be that even in a matter involving national defense, the Department of Agriculture, headed by Secretary Brannan, saw to it that the Secretary's foe, Mr. Kline, a dirt farmer and a good one, got no recognition even though his organization is the largest in American agriculture? Is the Farmers Union, the recognized front of Communists working in agriculture, also the chosen farm organization of the administration? I believe the farmers and the public are entitled to the answers to these questions.

Mr. President, I believe the evidence I have submitted showing Communist infiltration of a major farm organization alone would justify passage of the proper legislation. That evidence shows conclusively that Communists did plan a campaign to infiltrate and take over the Farmers Union. It shows that, whether the Communists actually control the Farmers Union or not, that they exercise great influence in it and have succeeded to a considerable degree in their original purpose.

I have cited chapter and verse today. I have stayed away from charges. I have presented the evidence. This evidence shows that while the CIO has seen the light and purged its Communist unions, and that while even Henry Wallace got religion, that Archie Wright and his kind still are riding high in the Farmers Union. The FU department of education still is peddling the party line and promoting the subversive the Last Frontier.

Not only that, but the Communist peace pledge was published, endorsed, and promoted in the June 1950 issue of the Iowa Union Farmer.

GAETH AND DURR 1950 ADDITIONS

Not long ago Arthur Gaeth, former radio commentator for the United Electrical Workers Union, which was kicked out of the CIO because it was Communist dominated, was hired by the Farmers Union department of education. According to the National Union Farmer, of May 1950, he was chosen to represent the trainees at the NFU Training Institute, held at Red Rocks Camp, near Denver. Mrs. Gladys Talbott Edwards directed the training institute, at which the youth of our country were further indoctrinated. Among the speakers was President Patton.

Another speaker was Clifford Durr. Information in my possession, which I think is reliable, is that Mr. Durr recently has been hired by the auto insurance department of the Farmers Union.

Who is Clifford Durr? Many Senators will remember him. He is president of the National Lawyers Guild, which is on the subversive list of both the Attorney General of the United States and the House Committee on Un-American Activities. Justice Ferdinand Pecora and former Assistant Secretary of State A. A. Berle resigned from the Lawyers Guild, stating it was Communist dominated. Mr. Durr, however, carries the torch for this outfit, one of whose principal activities is to attack J. Edgar Hoover and the FBI.

Mr. Durr and his wife were leaders in Henry Wallace's Communist-dominated campaign for the Presidency. Mr. Durr has represented witnesses before committees of Congress and has advised them to refuse to state whether they were Communists.

Clifford Durr yields to few people, if any, in his list of Communist associations. Yet, according to my information, he has been hired by the Farmers Union within the last few weeks.

Mr. President, the leadership of the Farmers Union owes its members and the country an explanation of the facts I have cited today. The time has come to rid the Farmers Union, composed, for the most part, of fine and loyal Americans, of the evil and subversive forces within the organization.

Time and events have taught us that we cannot compromise or temporize with Communists.

EXHIBIT 1

COTULT, MASS., *August 3, 1946.*

JAMES G. PATTON,
President, the National Farmers Union, Denver, Colo.

DEAR JIM: When you wrote to me from Denver soon after the meeting of the new board and executive committee, I had already decided to sever my relations with you, Glenn Talbott, and the NFU, even though I consider the reasons you cite in your letter for asking such severance as childishly inadequate, just as I was sorely disappointed in Glenn's unresponsive evasiveness in his letter replying to the formal proposals for rescuing the NFU from its plight, which I laid before the chairman of the executive committee in writing.

You were aggrieved because I did not address my proposals to you as president and did not talk them over with you before presenting them. You thus betrayed a conspicuous unwillingness to face the realities of the action taken by the NFU convention at Topeka last March establishing the new, expanded board, and the new executive committee with powers formerly exercised by the office of the president—action confirmed by referendum among the membership of the NFU although by so disgracefully small a portion of that membership (scarcely 14 percent) that it emphasizes the woefully low ebb to which the membership has receded in concern over the conduct of the national administration of the organization. What is one forced to conclude when one sees that scarcely 14 percent of the membership of an organization responds to a referendum mail vote on a proposition to transform the administrative set-up of that organization? What must one think of the educational and leadership efforts of the national headquarters of such an organization?

You were further aggrieved because I did not talk these proposals of mine over with you while in Denver. By writing that in your letter to me your mind betrayed itself subject to the well-known psychological trick of forgetting things that are uncomfortable to remember. The dozens of conversations we had had prior to the Denver board meeting (and prior to the Topeka convention) about the dilemma you found yourself in over the conflict between your role as high-power, public-relations voice on the Washington and international policy fronts and your role as administrative and educational leader of a bunch of farmers ought to have made it seem sheer supererogation if I had talked with you in Denver.

Why, hell's bells, Jim, if you'll force your mind to go back over our conversations carefully, you'll remember that the final one we had just before you left Washington for the Denver board meeting was almost explicity what I set forth in my formal proposals to the executive committee. And what's more, you'll remember that you approved my proposed presentation as right and proper and in accord with the requirements of the situation—at least you voiced such approval with your lips and tongue.

Finally, in your letter you said that it would be administratively unwise to retain anyone on the NFU staff who already had enough resources to pay his own way or was able to obtain such resources. One can only deduce that the person to whom you write that administrative dictum is one in whom you have no confidence, in whose sincerity of motive concerning the NFU you no longer believe.

So, Jim, I was vastly relieved when, on your recent visit to Washington you reasserted your faith in my purposes and went so far as to ask me to carry on for the NFU on specific projects such as the FAO (including the forthcoming FAO meeting at Copenhagen in the role of NFU member of the United States delegation), the French farm boy enterprise and other French negotiations, the atomic energy problem, food for freedom, etc. You will recall that, chronologically, I had not seen your letter when we had our last face-to-face conversation because I had not burrowed through the quantity of mail Evie had piled up at home while I was away in Denver, Chicago, and up here. But I had already expressed my willingness to get off the payroll in my formal letter to the executive committee (much as I disliked being a pawn in a bargain to eliminate Phil Reno). Moreover, I had already concluded in conversations with Ben Stong, Russ Smith, Morrie Glenn, Gladys Edwards, Ole Oleson, and others regarding the Communists, and the power struggles among you, made it out of the question for me to lay plans for any further, protracted relationships.

I was anxious, however, to see through to a partial conclusion at least, various projects to which I have put my hand in the name of the NFU—particularly the ones I listed in the paragraph above. Consequently I was, as I say, greatly relieved when you volunteered the request, without prompting from me, that I carry through on those specific matters. Because of the unpredictable and rapid shifting of your attitudes and judgments over the past many months, I did not feel secure, however, in making plans for Dode, the family and myself for the next 2 or 3 months until I talked with you again following my conversation with Ursula Duffus at the State Department concerning NFW representation at the FAO Copenhagen meeting.

The vigor of your expression of intention to recommend to Glenn and the executive

committee that I continue on the above-mentioned projects and to fight with the full force of your mind and personality for that recommendation, including participation in the Copenhagen deliberations—that vigor of expression organ-voicing over the long-distance telephone wires from you in Denver to me in Washington gave me sufficient security to start making plans with Dode and the family.

I started formulating the reports you asked me to draft for you, with copies to Glenn, which you said you needed for purposes of conducting an effective fight with him and members of the executive committee in support of your recommendation—though why you felt the need of such reports on the various projects is beyond me because you have repeatedly heard from me in detail just what I am up to on them, why I felt morally obligated to see that further along the road, and why I consider them of importance to the family-type farming and other concepts of which you, Glenn, and the NFU, with the aid of Paul Sifton, Russ Smith, and some others of us behind the scenes, have been spokesmen in the public arena, though apparently not nearly enough among your own farmers and their neighbors.

On this background, Jim, how do you expect me to react to the telephone call I received here at Cotuit on Cape Cod yesterday from Russ Smith in the now-on-the-market Washington office? How can I feel good about what I can only interpret as a craven retreat from a position you so passionately and effusively stated to me hardly two weeks ago?

The executive committee, at whose next meeting you were going to make and fight for your recommendation regarding the projects and my relation thereto, has not even met yet as I write this (it does not meet 'till next Monday). And yet, according to Russ Smith's telephone report to me yesterday, in a phone conversation with him the day before from St. Paul, you told him that Glenn and you had decided (without reference to the other members of the executive committee) that I am too inflammatory an individual to represent the NFU at the FAO gathering because of what you and Glenn judge to be the opinion of the other United States farm organization representatives about me.

I would like to know the evidence on which you and Glenn base your judgment. Certainly it is not my unqualified opposition to the Communists—and opposition whose unreservedness you, Glenn, Ole Oleson, Gladys Edwards, Don Chapman, Russ Smith, Ed Yeomans, and, of course, Waldo McNutt and Archie Wright deplore along with the Communist Party's agricultural policy boys in this country, Lem Harris and Don Henderson, to say nothing of George Marshall, Merle Vincent, Jerry O'Connell, and Raphael Zon of the Marshall Foundation.

No, Jim, that reason you cited to Russ Smith as the basis for your decision will not bear examination. Surely you can't in your right senses consider me a more dissonant note among Ed O'Neal, Al Goss, and Homer Brinckley than you are. And Russ tells me, despite your eloquent promises to me, that you really wanted and intended to go to Copenhagen yourself.

Poor old Russ, who thinks I mess up my life and my objectives by not being cagey enough, was put in a hell of a position by your telephone call to him. I hand it to his sense of decent trust and friendship that he phoned to inform me of what had happened—something I might have expected of you following our last two conversations (and if I took the words of friendship in your last two letters literally) but which now at long last know I've always been an incurable romanticist and sentimentalist to expect.

Russ said he accepted the sudden assignment to go to Copenhagen in place of me because he thought it was what Glenn and Gladys Edwards and the others wanted, because they want you to stay out in the field awhile and see if you can help organize and educate some farmers so that the NFU utterances and operations at the Washington and national headquarters level will really amount to something more than a showy, intellectual and emotional facade.

Russ' embarrassment was obviously enhanced by the fact that he had earlier applauded with every show of earnestness the prospect of my representing the NFU in the FAO matters because of my months'-long negotiations and intimacy with the FAO people, the French agriculture crowd, the Indians, etc. His embarrassment was at its peak when he told me he did not argue with you about my position in the matter because he thought it would do no good and might bring about a result which neither he nor Glenn nor Gladys Edwards nor Ole Oleson would like.

Please do not interpret what I have been saying as moaning that I disapprove of Russ Smith's assignment to FAO affairs. I certainly do not, though I think my recent experiences and my temperament make me a more valuable representative at this particular stage of development in FAO. Russ, after all, was persuaded to join the NFU staff as much by me as by anyone else. He has an excellent mind, as I've often told you. I think he'll do a good job of representing the NFU at Copenhagen despite his too-great caution, as it seems to me. All the differences between him and me revolve around this obsession he has for caginess. These are not times for caginess. On the contrary, these times shout for moral and intellectual courage and integrity.

You will recall, and so will Glenn, that I began my remarks at the board meeting in Denver by expressing regret that Russ Smith was not present to hear me express pride in the part I played in bringing him into the NFU. I then diverged to take pokes at Phil Reno's immediately preceding boasting of his experience and titles with labor organizations, then spoke of the French farm boy's almost certainly fatal illness (of which I had learned that noon) and the symbolization involved in his fate as an individual in its reference to the NFU objectives, and then leapt into a tirade against people and organizations who felt the need of absolutes to lean upon and could not stand on their own feet, with asides about the Marshall Foundation and cracks at what I deemed to be your misinterpretation of foundation deliberations and intentions (at least the intentions of four of the trustees).

Glenn, in his unresponsive reply to my formal proposals, listed these remarks and my manner of delivering them (which he said clearly showed that I had been drinking too much and was not possessed of all my faculties) as one of the reasons for removing me from the payroll. Without consideration of the justice of his comments about which there is sharp difference of opinion, as I have learned subsequently, I cannot but feel sorely disappointed in Glenn for having included that as a reason in view of the circumstances.

He knew days before I made those remarks that I was slated to be knocked off the payroll. I had talked with him about Ole Oleson's session with me at your home the Saturday before the new board even met. He knew even before Ole propositioned me to step down without a fuss that Ole was going to make such a proposition because he and Ole had agreed upon it beforehand. And when I told him about the Ole talk the next day he naturally interposed no objections at all to Ole's suggestion.

So you will understand (and, I hope, so will he) why I am disappointed at him for trotting out a false reason for an action he had decided upon well in advance of the occasion which gave him the basis for fabricating the additional reason. I regret exceedingly having afforded Glenn whatever basis I did to use as a handle against me, though the end result would not have been changed one jot by a display of the greatest restraint on my part that evening before the board.

Now, Jim, you and Glenn (and the members of the executive committee and the board to whom I hope you will have your office transmit copies of this letter) may dismiss this long and detailed communication as merely the expression of one who is sore at being deprived of a pleasant and interesting junket to Copenhagen. Or you may even think it's an expression of soreness at being dropped from a payroll, though my agreement to that beforehand coupled with the modesty of my NFU stipend and the amount of long-distance telephoning I've done (and traveling) for NFU at my own expense (through the good luck of still having some money to use for such purposes) should make it difficult for you to entertain such thoughts.

Of course I'm not happy over being let down on the Copenhagen sessions, especially since I was planning to take Dode whose judgment, as you well know, I trust more than my own for the good and simple reason that it is better than mine. But it is not being deprived of the trip on NFU's behalf that eats me and makes me set down these many words.

No, Jim, it's the implication of that action by you and Glenn that stirs me up to type this epistle. The circumstantial evidence is strong that the real reason my proposal to the executive committee (entailing no expense to the organization as it faces the $45,000 deficit for the current year) was rejected, and the real reason you abandoned your commitments to me so quickly in St. Paul under the influence of strong-man Glenn is my insistent, uncagey, and unsilenceable opposition to Communist infiltration to official positions of power and influence in the NFU.

I don't have to remind you of the long and bitter struggles I have had with the Communist or pro-Communist trustees of the Marshall Foundation—George Marshall, Jerry O'Connell, Raphael Zon, and now Merle Vincent substituting for Army-involved Heber Blankenhorn—since 1939 to get the funds that made possible the expanded Washington operations of the NFU. I don't have to tell you that many of us understand your appointment of the pathetic Communist or pro-Communist boy, Phil Reno, to your headquarters staff in Denver as political and labor relations official was at the behest of George Marshall and Lem Harris, the Communist Party's avowed agricultural policy fellow, in order to insure a continuing flow of money from the Marshall Foundation to the NFU. I do not have to recall to your mind Lem Harris' visit to you in Denver a few years ago to tell you that of the total amount of money remaining in the Marshall Foundation the NFU would be allowed so much and to ask you as president of the NFU how you wanted that sum spread over the ensuing few years—Lem Harris, not a trustee of the foundation.

It's caused me deep sorrow over the past several years to watch your mind turn to the Communists in its desperate reach for the security it lost when it forsook the practical, day-to-day causes of the family-type farmers in the field and became enmeshed in the shackling web of limelight, power, and influence incident to the Washington and international environment where you've spent most of your time latterly. As you

know, I've made no bones about expressing to you my concern over this situation.

Two episodes at the Denver board meeting high lighted this desperate reach of your mind for security. The first was that paragraph in your report to the board in which you recommended doing by indirection what earlier in the report, with high, moral words, you had rejected doing directly in respect to the stipulations voted by four of the Marshall Foundation trustees (against any solitary opposition) to control use of further funds allotted NFU by the foundation and to control appointment of persons to be paid by those funds. Your recommendation to have a joint farmer-labor committee set up and have that committee ask for the funds rather than the NFU was a distressing performance, Jim. It was precisely what George Marshall and his Communist or pro-Communist colleagues wanted, and would have given them the power to select at least the labor members of the committee and, quite likely, the farmer members as well. I am glad the board turned down the recommendation.

The second episode was your appointment of a separate veterans committee within the NFU and your selection of Waldo McNutt, the New Jersey FU president, as its chairman. It was significant that you risked making this latter selection of the well-known Communist advocate only after putting your arm around the shoulders of the NFU education director, Gladys Edwards, and having a whispered consultation with her. I doubt whether it would have made any difference if I had told you beforehand of my conversation with NFU eastern division executive secretary, Ed Yeomans, after taking a group of French farm boys out to some of his poultry farmers at Freehold, N. J.

You will recall that later I did tell you of Ed Yeoman's working up a caucus in the New Jersey FU to depose McNutt as president, "not because he is a Communist but because he lacks personal integrity." You will remember that I reported my reply to Ed as having been, "Well, for God's sake, Ed, don't you realize that lack of personal integrity and being a Communist are virtually synonymous, that abandonment of personal integrity is part of the sworn technique of becoming a Communist?"

I think I also told you that Ed voiced deep concern over the strength of my feelings on Communists in the NFU and said that he wasn't building a big NFU organization in the East (helped along greatly, he explained, by the recent grain contract with M. W. Bill Thatcher, manager of the FU Grain Terminal Association) just to have it blown to pieces in a fractional fight induced by what he more than hinted was my obsession about Communists. I think I likewise told you of my alarm at Ed's informing me that his cooperative wholesale manager and the personnel thereof were elected for him by Lem Harris, the avowed Communist Party agricultural policy boy to whom I have referred several times above.

While speaking of Lem I should, for the sake of the record at least, repeat my conversation with him in the early morning hours of the last night of the Topeka convention when the delegates were sweating out their arguments over the proposed increase in dues, amendments to the charter, bylaws, constitution, etc. The conversation was at his invitation. In substance, Lem said to me, "Well, Pat, we didn't have enough troops to take you this time, but we will by the time the next convention rolls around." He was referring to the one significant floor fight of the convention over the international plank in the proposed program which came from my typewriter with the aid of Allen Haden and Morris Rosenthal. That fight was led by Waldo McNutt, seconded by the New Jersey educational director, Frances Lieber. You will remember the contest was over the phrasing calling for continued efforts to bring about greater democratization in the United Nations, to eliminate the veto, to achieve international control of atomic energy and to give ultimately more authority to the Assembly of UN than to the Security Council. Lem, with no reticence whatever, identified that fight as the touchstone conflict of the convention.

Recalling my long acquaintanceship with Lem (soon after his graduation from Harvard, when he changed his mind about going to divinity school and into the ministry and went into the Communist Party instead and started helping set up Farm Research, Inc., as his first assignment), I said to him, "Lem, you're an easy fellow to get along with because you've never concealed your Communist Party membership and your objectives. I feel I can trust you as a friend." To which Lem replied instantly with his characteristically disarming charm, "You better not, Pat, I'll cut your throat any time it serves our cause."

Numerous other conversations and experiences since I've been actively interested in the NFU (10 years), all going to the same issue, could be recorded. I'll content myself with only two or three more. The first of these is the several-hour discussion with that good wheat farmer from North Dakota, the president of the biggest business enterprise bearing the NFU's title, the FU Grain Terminal Association, Ole Oleson (middle initial L), the man whom Glenn is grooming as your successor when and if you, Jim, act upon your ambition to run for the United States Senate from Colorado. That discussion took place, with my daughter Deborah participating, while we were waiting for an early-morning plane to return Ole to St. Paul after he had taken part in a Nation-wide broadcast over Mutual with UNRRA Director General LaGuardia and FAO Director General Sir John Boyd Orr at a Food for Freedom conference in the National Press Club auditorium in Washington.

I thought I had made a dent in Ole's fervent insistence on the value of the Communists as the only worth-while action group left of center in the country during the discussion. And daughter Deborah thought I had, too. But when I had my session with Ole in your bedroom, Jim, the Saturday afternoon before the new and expanded board met at the Albany Hotel, his first words to me were, "Pat, you know, you and I can work well together if you'll get over one thing. You're crazy on this Communist business, absolutely crazy." I could see there was no point arguing further with him in the short time at our disposal, since he was impatient to cut our talk short so that he could leave with the even-more-impatient Waldo McNutt downstairs for another cocktail party and dinner arranged by the latter New Jersey farm leader (who became a farm leader after being, as a Youth Congress factotum, one of the loudest denouncers of FDR as a warmonger up to the time Hitler attacked the Soviet).

My object in putting down these various episodes in a letter to you, Jim, is to give you an outline of the background on which I now withdraw whatever support I might give or help get others to give to the NFU as long as its leadership entertains it current attitudes on the Communist issue. And when I say leadership I most emphatically include Glenn and his sister, Gladys Edwards, and the intelligent and philosophical Montana FU president, Don Chapman, as well as all the other State presidents and staff members who oppose a frank discussion and facing of the issue, even within the bosom of the organization and not for public consumption—all those, in short, who scream "Red-baiting" at the merest hint of raising the issue.

This is no easy decision for me to make. Next to the Sacco-Vanzetti case I have put more into the cause of the NFU since I met you in Denver in 1936 than into any other single cause. That has been because I believed in the ideas clustered around the central one of family ownership and operation of farms represented by the NFU, and because I believed in the NFU leadership. I still believe deeply in the ideas put together after much sweating by Obid Wyam, Fred Stover, Russ Smith, and the others for the program adopted by the Topeka convention. As you've heard me say again and again, greatly centralized ownership of land has always throughout history led to the rise of tyranny, the destruction of democratic processes and the eventual downfall of the society in which it occurs. Consider the rise and fall of the Roman Empire as an example.

But while retaining complete faith in the written program of the NFU, I have lost faith in the NFU leadership as it presently expresses itself. That leadership, confronted by the perplexities of a sorely-troubled world, by the organization's financial and administrative problems it has brought upon itself, and by its personal difficulties inside and outside the organization, appears to me to be bewitched by the siren song of salvation for humanity sung by the Communists. It seems almost zealously eager to grasp, for personal and organizational security, that political methodology which operates on the fatally destructive tenet that the end justifies any means. That method sets brother against brother, son against mother, and friend against friend. In the modern world it finds its most obvious expression in the police state.

This long letter, Jim, has been written without heat, anger, or animus. It has come from me in a spirit of profound regret and sorrow. I have no personal discomfort whatever at the accusation of Red-baiting, and so forth, thrown at me by Glenn, Gladys Edwards (and her able and disturbed protege, Juliette Fleischl) and the others. As I wrote to Glenn while in Denver, I've had a longer experience and over more years have tried harder to accommodate my efforts to the Communists (even after my first encounter with them in the early stages of the Sacco-Vanzetti case a quarter of a century ago taught me to despise them) than anyone connected with the NFU. You may not remember that the Sacco-Vanzetti case grew out of the Red raids of A. Mitchell Palmer after the last war. And the first stint I did in Washington after we moved there in 1930 was to write a chapter on The American Radical for the book, America as Americans See It, in which I talked of the trick in mass psychology of pinning the Red label on anyone differing with you—a trick employed by those counterparts of the Communists among the capitalists who, like the Communists, function on the tenet that the end justifies the means. The Communists and their misguided sympathizers now use "Red baiter" and "Fascist" in the same way the capitalists use "Red."

But circumstances and conditions have changed vastly since the Sacco-Vanzetti days and since our early days in Washington. I will no longer keep silent on what has become, in my judgment, an issue of major importance for the future of our children and people everywhere. Saturday afternoon, following the final session of the executive committee, I sat with NFU Vice President Herb Rolph, Oklahoma FU President Homer Duffy, and that pillar of strength within the NFU, C. E. Huff. Without exception they expressed worry over my attitude on this question. Huff said, "You're right about it,

Pat, but you're so earnest you frighten us." I expect and intend to go on being earnest.

In conclusion, Jim, I scarcely need say that there's no point in my transcribing the reports on the various projects you asked for. Dode wants me to turn the French farm boy project back to you or someone else right away. But I feel a moral obligation to see that they get shifted to the kind of farming each of them wants before doing so. Moreover, judging by the almost callous lack of concern shown by almost everyone in the NFU (except Don Chapman) for the success of this valuable but delicate experiment in practical, international collaboration, I dread to think of what might happen to that fine group of French boys. I've been writing each of the boys personal letters since I've been up here and also composed a letter to the parents of the Coucault boy, who died in New Jersey (copy enclosed) which Russ is releasing to the press in Washington early in the week.

I am truly sad that things are as they are in this NFU business because I would like to be in a position to explain to you and Glenn and the others just what meaning for the NFU organization and business enterprises some of the French negotiations have to which I have been a party. But I'm sure that both of you, Jim, and Glenn will understand why that's out of the question now. (If you're interested, you might ask Ernest Dean, Kansas FU president, with whom I discussed one aspect of these negotiations and their relation to Kansas FU membership and Howard Cowden.)

Yours sincerely,

GARDNER JACKSON.

P. S.—In addition to the copy to Glenn I'll probably be sending copies of this letter to some of the people mentioned in it, so please don't be surprised if you hear from them. I intend to send a copy to one NFU person barely mentioned in the letter. That's Ben Stong. Both you and Glenn know that I think he got the rawest and most unjust human-equation treatment of anyone at the Denver board meeting. The attempt was made to make him the scapegoat for the mess the NFU is in. It would have succeeded except for his highly intelligent and courageous resistance. Without him as editor of the national paper of the organization and as your assistant in the Denver national headquarters, matters would have taken a far worse turn for NFU during the past few years.

I neglected to say that your action in appointing the McNutt veterans committee seemed to me to be clearly against the consensus of the Topeka convention. It was certainly in opposition to the policy advocated by the American Veterans Committee.

EXHIBIT 2

SEPTEMBER 9, 1947.

MR. JAMES G. PATTON,
President, National Farmers Union,
Denver, Colo.

DEAR JIM: In your letter of September 3 you say that the September issue of the National Union Farmer "departs sharply from the policy" of the Farmers Union. You also say that "it departs from this policy deliberately, and with the idea in your mind of changing or defying the present policy."

You ask that I explain this departure. This is my explanation. Copies of this letter have been forwarded to all NFU board members.

Your impression of why I "departed deliberately from Farmers Union policy" is wrong. I neither was trying to change or defy that policy because only by guesswork did I know what it was.

My purpose was to try to get you and the board to clarify that policy.

This lack of clarity is even evidenced in your letter. You do not say just what it is in the September NUF that you disapprove. I have a good idea what it is, but why must you be so vague?

I shall not be vague. You specifically disapprove the cartoon on page 8 called Russian Cooperation, the article, Red Capitalists, Capitalist Reds, on page 5, and perhaps the news item on the same page with the headline "Co-op liberals on right path."

Now the question to be discussed and answered is: "What is the established policy of the Farmers Union?"

Your letter outlines some very vague principles briefly. You say, "We try our best to stand for sound policies instead of being against other groups or organizations or policies."

All this looks good on paper. It is fine sentiment, but very ambiguous policy. Certainly you know that to be for family farmers and the Farmers Union program we must be against corporate wealth and monopoly; that to be for people we must be against injustice and greed; that to be for the good we must be against the bad. I am sure that you know better than I do that those who are for everything are really for nothing.

There is another statement in your letter which both illustrates an ambiguity of policy and a marked discrepancy between what you preach and what you practice.

You say: "We will oppose any effort to divide the members of our organization into two or more groups, with regard to their national or international politics."

Frankly, this is a revelation to me. Your previous words and actions do not conform to this policy—or so it seems to me.

For example, would you say that your statement in the May NUF telling Henry Wallace to "keep up the good fight in Europe" did not tend to divide our members into two or more groups with regard to international politics?

Here is one paragraph of what you said:

"Our more than 400,000 members are with you. We believe most of the American people will be with you in time—despite the misrepresentation waged against you."

Does this not divide our members?

In addition, when you were in Europe when Henry Wallace spoke in Denver, your telegram to him was read to the audience. (It would be revealing to see how FU members would vote in a poll to support Wallace's stand.)

On many occasions you praised Franklin D. Roosevelt as a friend of the Farmers Union (which he was, of course). This, too, divided our members on national affairs.

Prior to September 1945 you were a member of the National Citizens Political Action Committee. You recall that there was much confusion and division among our members over this. You will also recall that you resigned from this group because, as you said, "I felt that many State leaders found it easy to spend all their time in a defensive attitude." (I wonder that you do not realize that many of our FU leaders now spend much time denying that we are communistic or fellow travelers?)

When you were a member of the Committee To Save America by Helping the Allies before December 7, 1941, don't you think that promoted a division of our members on international politics?

You were also a member of the National Policy Committee when it issued a little booklet called What Are We Fighting For? after a meeting June 21, 1941. I quote from that pamphlet:

"The Nazi system is confronted with the perennial dilemma that has faced all dictatorships ruling by violence; world power or downfall. It must extend the new order around the earth or face ultimate collapse."

Certainly this contributes to the confusion now, when you have pretty consistently followed a policy of excusing Russia at every opportunity; of subscribing to Henry Wallace's appeasement policy; of managing to impugn imperialistic motives for everything the United States does in the international field, but to excuse everything Russia does. May I ask why one dictatorship was so threatening to western civilization and United States security, while another is not?

Another factor which contributes to the confusion on FU policy is your tacit and sub rosa support of the Progressive Citizens of America, an alleged pro-Communist political action group, attempting to promote the third-party candidacy of Henry Wallace. This contrasts to your tacit and sub rosa opposition to the anti-Communist political action group, the Americans for Democratic Action. (Incidentally, it would be extremely interesting to have FU members choose between the two programs on the basis of facts. I would wager that they would side with ADA, since it follows the tradition of an indigenous American liberal movement rather than the pinko policies of the PCA.)

All this glaringly conflicts with a Statement of Liberalism made by Senator JAMES E. MURRAY May 23, 1947, and included in the CONGRESSIONAL RECORD Appendix, volume 93, part 11, on page A2459. You and 86 liberals signed this statement. I quote it in its entirety:

"STATEMENT OF LIBERALISM

"(Extension of remarks of Hon. JAMES E. MURRAY, of Montana, in the Senate of the United States, Friday, May 23 (legislative day of Monday, April 21), 1947)

"Mr. MURRAY. Mr. President, I ask unanimous consent to have included in the Appendix of the RECORD a statement made by 87 leading American liberals, setting forth what they consider to be a standard of political conduct for those who believe in liberalism or progressivism as a middle way between the extremes of reaction and communism—the true highway toward the fullest achievement of American democracy.

"This statement of liberalism accuses the American Communist Party and its sympathizers of an un-American lack of forthrightness, and announces the refusal to associate with American Communists as a proper and reasonable requirement for anyone who is to be of practical help to the cause of liberalism in the United States. The statement of these 87 liberal leaders draws a proper distinction between association with American Communists and their sympathizers, on the one hand, and, on the other, an objective attitude toward the problems of Russia and a hope for peaceful relations with that country. These liberal leaders point out that 'failure to reckon with the above distinction occasions the grave present-day plight of the liberal-progressive cause.'

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

" 'The future of our country and the world may easily turn on the preservation of a reasonable solidarity among those liberal and progressive Americans who today possess the balance of power in national affairs. Liberalism or progressivism, being a middle way between the extremes of reaction and communism, is subject to accusations from both extremes. It is important, therefore, to point out the sharp distinction which must be made between partiality for the American Communist Party and its sympathizers on the one hand and an objective attitude toward U. S. S. R. and a desire for friendly relations between our two countries on the other.

" 'The American Communist group—registered party members, together with their more or less unofficial adherents—has its

roots in a foreign land, and the record shows that it follows the behests of a foreign government. It carries on its activities and exerts its influence with an un-American lack of forthrightness. An announced refusal to associate politically, either as an individual or as a member of a group, with this American Communist entity, registers the conviction that the highest service to our own country and the world implies working wholly through American channels and so with unquestioned loyalty to our own people and their Government. It is not unreasonable therefore to expect that those with whom we associate politically so declare themselves. To deny this is intellectual escapism and may be politically disastrous.

" 'Contrariwise, it is unreasonable and against the public welfare to bring accusations against an American citizen either because he evidences interest in the U. S. S. R. and a measure of sympathy with some of the things going on there or criticizes certain current practices and attitudes in that country.

" 'The failure to reckon with the above distinction occasions the grave present-day plight of the liberal-progressive cause. Until this impasse is resolved, the partisan and nonpartisan forces which have increasingly guided the United States of America in recent years will remain divided and well nigh impotent.

" 'JAMES G. PATTON,
" '*President, Farmers Union.*' "

I think this is a good policy—a policy FU members would wholeheartedly approve. I think it draws a very neat but definite line between liberalism and communism. It certainly points out that present-day liberals are faced with a dilemma because of this confusion. In day-to-day policy you and many of your staff on the NFU are unwilling to recognize the seriousness of this problem. Yet you did sign this forthright statement, recognizing it.

(It is very interesting to note that when I showed parts of this statement to four members of your staff, without their knowing you had signed it, or who had written it, they agreed very definitely that it was not a statement of liberalism, and that it was to be condemned as both antiliberal and red-baiting.)

I do not think that my September NUF departs fundamentally from this statement of liberalism.

I do think that you and many of your staff do depart from this statement, and promote division among our members when you condemn the goose-stepping of the Nazis, but now condone the goose-stepping of the Soviets. * * * Condemned the ruthless gestapo of the Nazis, but condone the NKVD of Russia. * * * Condemn conscription in the United States, but condone Russia's conscription. * * * Condemn the United States press for not printing all the news, but condone the iron censorship in Russia, and suggest that NFU should soft-pedal unpleasant facts about Russia's undemocratic dictatorship. * * * Condemn the United States repeatedly for its admittedly inadequate efforts to cooperate in the United Nations and our circumvention of that agency in Greece and Turkey, but condone Russia's similar actions in Hungary, Poland, and elsewhere. * * * Condemn "name-calling" when communism or dictator Russia are the names called, but are ready to call out "fascist," "nationalist," "isolationist." * * * Condemn cooperation with reactionary groups in this country, such as NAM or the Chamber of Commerce, because we must "always cooperate on their terms or not at all," yet we are ready to cooperate with Communists and the fellow travelers, even though it should be pretty clear that they are just as uncompromising in demanding complete conformity to their Russian-dictated policy as these reactionary groups are.

Remember, I am not debating the question of whether this is wrong or right at this point. I am only asking whether such actions indicate a well-defined, impartial policy of the Farmers Union—and the Farmers Union alone? Will such incongruities create confusion in the minds of our members?

Of course, in a very general way the 1946 program of the Farmers Union establishes the policy to be followed by you. But the broad principles set down there allow you considerable latitude in meeting day-to-day events—as they naturally should. And so it is of little significance here to wave the 1946 program in the air and say that this is our one and only guide.

It might be well to point out here that on page 3 of the FU 1947 program the Farmers Union pledges itself to participate in such international agencies of the UNO as the FAO, ILO, IOE, the World Bank and others. Yet you condone or do not explain the fact that Russia has failed to participate in these agencies, or even explain why she hasn't done so.

It is reasonable for you and the NFU board to condemn United States meddling in Greece and Turkey to support undemocratic regimes there. But why not condemn the meddling of Russia in Hungary, Yugoslavia, and Poland too? Such concomitant actions would indicate that you condemn imperialism impartially.

I have heard members of your staff state that NFU shouldn't criticize Russia, because it would confuse our membership—because, ostensibly, we might create the impression that Russia wasn't perfect, which, in turn, might make the Communists and the fellow travelers pretty unhappy.

Does this mean that we stand for a sort of benevolent censorship of the news—a censorship similar to Russia's? Are we afraid to present the whole question and let members decide for themselves? Do we have so little faith in the judgment of our members that we are afraid to present unpleasant facts about communism, Russia, or Communists? Personally, I'm for letting people have the facts to judge for themselves.

I think the items you object to in the September NUF do just that. I must admit that perhaps the "NO" cartoon is on the extreme side. But I printed it because I wanted to point up this need for clarifying policy, and I thought that it would inspire the demand for such clarification better than a more moderate stratagem. I will also readily admit that my discretion in the matter is a very debatable point. But my thinking was directed toward bringing this critical matter of policy to a head.

(Both these items, I might point out parenthetically, are from the liberal St. Louis Post-Dispatch—not from the Hearst press, as Mr. Archie Wright suggests in his letter of objection.)

Now for the inevitable Red-baiting issue. This seems to be the best line of attack for Communists to quiet criticism of any action they or Russia take. I will admit that Red-baiting is a very real menace to the achievement of liberal reforms. But there is such a thing as carrying that line to a ridiculous extreme. I like to call it swallowing the Red-baiting bait. When you do this, you never utter a word derogatory to the American Communist Party, Russia, or ever intimate that there is little difference between a Fascist and a Communist dictatorship. (Of course the reactionaries throw out an all-or-nothing line too, but we are very wise to that one.)

It is peculiar that Philip Murray, James Carey, Walter Reuther, and even Joe Curran in the labor movement have recognized the dangers of being sucked under by this Red-baiting bait. It is peculiar that these men who are not reactionaries see this danger and have acted on it, but that you do not see it. They have found that there is only one way you cooperate with Communists, and that is their way. (Henry Wallace found that out in Madison Square Garden when he chose to omit parts of his prepared speech that were critical of Russia rather than endure the booing of his pro-Communist audience.)

It is peculiar that the South Dakota and Wisconsin conventions of last year passed resolutions clearly stating their positions on communism without suffering any dire consequences. In fact, Wisconsin membership has risen appreciably in the past year.

Is it peculiar that Farmers Union has had its most cordial and closest working relations with the farm equipment workers, the packinghouse workers, and the electrical union, all of them alleged pro-Communist unions?

Yes; I am saying that there is no clear policy in the National Farmers Union, because you have, I think, been misled by the pro-Communist crowd. It adds up this way: FU has a traditional impartial policy of its own. But it has an actual partial policy of appeasing the PCA, pro-Communists, and fellow travelers, all of whom listen intently to Moscow.

Therefore you have been put in the unenviable position of having to maintain traditional FU policy as window dressing, while actual policy follows a pro-Communist collaborationist line.

Agreement with the Communists is certainly to be expected, especially domestically. Americans for Democratic Action, the Progressive, PM, the Chicago Sun, and the St. Louis Post-Dispatch do this. But they do make it very plain that they have no faith in the aims and intentions of the American Communist Party or the integrity of Russia's dictators, all of which doesn't mean that they are for shooting the Communists or fighting Russia.

But NFU's continued and almost total agreement with the Communists and Russia is both confusing and suspicious to our members. They are rightfully confused and suspicious when we agree with the Communist Daily Worker more often than with any other newspaper in the United States. Most of this agreement is behind the scenes agreement, of course—the sub rosa policy of the NFU.

I cannot follow such a policy. I cannot stomach appeasing the American Communist Party and Russia, though I believe in being open-minded and fair with both. I believe in being both fair and firm. Such a policy will do more to avoid war than another tragic Chamberlain appeasement policy. I believe that the men in the Kremlin are realistic and coldly reasonable.

They deal in facts, and they face them intelligently. If we remain firm and strong, they are very unlikely to precipitate war. But if we are indecisive and weak, they will be more likely to bid for the world power, which they have many times said they would seek—for the "good of the people," of course.

I believe in a democratic liberalism with its roots in America—the kind of liberalism which Farmers Union has traditionally championed. The Non-Partisan League, the Farmers Alliance, the Populists and even the Bull Moosers were movements of that kind. This is not the kind of liberalism the pro-Communists chatter about, because to them any indigenous liberal movement is merely a vehicle to champion an international viewpoint that accords with what Moscow wants.

I think that a genuine American liberal movement, divorced from the Communist influence, has the only chance to stop an impending native fascism and the corporate state in the United States. But I think that such a liberalism is certainly doomed when

"it associates with American Communists," as the statement of liberalism you signed states so clearly.

I also think that you have a good chance to spearhead such a liberalism in America if you do not tolerate the subtle diversions of the fellow travelers, who have repeatedly demonstrated that the means justifies the end. That they will use any person or organization to further their own Moscow dictated policy—without regard for the essential welfare of people in America.

I believe that the great majority of Farmers Union members will wholeheartedly support a real American liberal movement. And I am equally sure they would oppose the present policy of playing footie with the Communists.

I know that they want the greatest emphasis put on building Farmers Union in membership, organization, and education. I think they agree with you that FU must have nothing to do with a narrow backyard view of world events—a myopic isolationist nationalism. But they know that FU with 400,000 members cannot be perpetually diverted from their fundamental goals by a top-heavy concern with international affairs—a save-the-worldism.

It is best for Farmers Union to know its limitations. It may seem wondrously heroic to be otherwise, but it is a Don Quixote heroism—the kind which Mrs. Roosevelt meant when she called Henry Wallace a poor Don Quixote sweeping over Europe fighting windmills. It is both a futile and fatal heroism.

As I've said before, and history will verify, politics is the art of the possible. To attempt the obviously impossible is meaningless political suicide, which bows with futile flourish to the reactionary opposition. Be daring by all means, but not foolhardy.

I am not setting myself up as an oracle. I know that you know these things from actual heart-breaking experience far better than I do. I only think that I must state my position in order to better clarify my actions and thinking on this matter, and to humbly remind you that I think you have been diverted from FU traditional policy in these extremely confusing and trying times, when liberalism is faced with critical decisions.

I have two last points:

First. I want to recall to your mind that when I wrote the discussion outline for the May 1947 Action Letter. I was mildly criticized by you and less mildly by others of the NFU staff, except Tony Dechant and Ben Stong. I was criticized among other things for saying that both Communists and Fascists are equally distasteful to the Farmers Union. You will recall that I then asked that the matter of policy on such things should be clarified. Mrs. Edwards agreed with me. So did you. But nothing more was said or done to do that.

I did not know it at the time, but my statements in that Action Letter were not as vigorously critical of communism as the Statement of Liberalism you signed in that same month. (Why wasn't that statement published, incidentally?)

Secondly, I want to emphasize that I have not here accused the members, staff, or anyone in the Farmers Union of being Communists. I personally know of no Communists in the Farmers Union, though I don't doubt that there are some. This is perfectly natural and right. But certainly it is a democratic farce for this very tiny minority to have its policy imposed on the great majority.

I simply say that the Farmers Union has been unwittingly (or otherwise) maneuvered into the camp with Communist fellow-travelers, as is evidenced by a policy that follows pretty closely their line. I also say that it is strangely coincidental or accidental that many staff members of the National Farmers Union do follow a line consistent with that laid down by the Communist Daily Worker—a line opposed to traditional FU policy.

Any attempt on your part to sidetrack this needed clarification of policy, by very obvious word juggling on the accusations made, can only be construed as evasion of the facts. For instance, "What is the established policy of the FU?" cannot be answered by (1) Family Farmers couldn't subscribe to communism (they don't; someone else sets the sub rosa policy) * * * (2) That FU's large Catholic membership's distaste for such policy prevents its being pro-Communist (certainly it does, but it doesn't have anything to do with what way FU leadership steers that policy) * * * (3) That you supported the war before Russia's entry, which was contrary to the pro-Communist line of the time; and that Farmers Union supported the British loan, while Russia opposed it.

Farmers Union hasn't been 100 percent pro-Communist lined, of course. But the trend, to my mind, is in that direction, with very little divergence.

I ask that FU folks be given the facts of policy straight from the shoulder. And then let them judge. Their decision is final.

My resignation as editor of the National Union Farmer is effective as soon as I can be relieved of my duties. And I hope that my seemingly unwarranted actions will in some way promote the growth and future of the Farmers Union.

I have tried to be as impartial and impersonal in this letter as possible. If I have failed, I am sorry.

Yours sincerely,

JAMES S. ELMORE,
Editor, National Union Farmer.

EXHIBIT 3

COMMUNIST FOOT IN THE FARMER'S DOOR

"Wanted: One million honest, industrious farmers to join the Farmers Union and save it from the Communists who now control it."

This courageous appeal actually appeared in the classified advertisements of a Fort Morgan, Colo., newspaper recently. Evidently it was inserted by some alert Farmers Union member who knows that there is a Communist foot in the farmer's door. And he is trying valiantly to rescue his organization from the pro-Communists who cleverly operate behind the scenes.

The National Farmers Union with 450,000 members, the third largest and most liberal of farm organizations, seems to have been invaded by Communist fronters. At least, there is little doubt that the organization is playing a cozy game of footie with these fifth columnists, although the majority of its members do not realize it.

Most people, and farmers particularly, think that labor unions and Hollywood soak up all Communists looking for window-dressing to front for their subversive activities. They will be shocked to learn that the Farmers Union, headed by James G. Patton, has done pretty well in this respect. If it has not soaked up actual Communists, it is obvious that it has absorbed many leaders and staff members who talk, write, and act like Communists. All of which suits Joe Stalin, who doesn't care whether you send him the red box top or a reasonable facsimile.

Actually the Farmers Union follows the Moscow line more faithfully than most labor unions, which have begun to crack down on the Communists. Men like Reuther, Murray, and even Joe Curran have slammed the Reds and Wallace's third party. But not the Farmers Educational and Cooperative Union of America, which is the full name of the National Farmers Union.

It refused to adopt a plainly worded resolution condemning communism at its 1948 Denver convention by a vote of almost three to one. Furthermore, there was an attempt to strike out any reference to "opposing totalitarianism in any form" in their program. This was engineered by the more blatantly pro-Communist crowd in the organization.

While Farmers Union traditionally does not endorse Presidential candidates, sentiment among many leaders and most staff members is strong for Wallace. The Iowa and New Jersey State groups openly endorsed the third party candidate in defiance of that tradition. Patton has said," Generally speaking I am a Henry Wallace man." He is lost in that fog, as Dwight MacDonald said Wallace was, created by the warm, liberal Gulf stream contacting the Soviet iceberg. When Wallace made his junket to Europe last year, Patton cheered him on with cablegrams of support and sympathy. Many members of the Farmers Union staff openly sported Wallace buttons at the last convention. (One disgusted delegate said that he saw only two kinds of buttons:" Wallace" and "Usher," and that he was for "Usher.")

The National Union Farmer, the group's monthly paper, now reads more like a camouflaged, carbon copy of the Communist Daily Worker than a farm paper. A recent editorial churns with Communist-like indignation about the Marshall plan, Truman doctrine and loyalty order, Chiang Kai-shek, conscription and preparedness, imperialism and war. It asks whether it is not time to throw this kind of Congress and administration out of office. And it implies that only Wallace's third party could give the United States the right kind of administration.

This is a suspicious Stalin hash for a farm pressure group to dish out. In the 1,300-word editorial there are less than 60 words devoted to agriculture, and these scold Congress for spending money to stop communism abroad instead of for conservation and reclamation at home.

In the same paper Patton holds forth on war and peace. "We are on the road to war," he writes. "We are spending less money to raise our children now than we are to manufacture weapons to kill them and us tomorrow." And he concludes with this sophomoric gem: "So it isn't a question whether to appease communism or stop communism now. It is the simple proposition of war and death."

This Molotov sauce sprinkled over the Stalin hash is enough to make even the most orthodox Communist drool with delight. Such reasoning is either stupid or it comes very close to treason. It asks that America appease Stalin for the sake of peace—peace at any price. It is typical Wallace talk—an oversimplified brand of squashy do-goodism. (Which reminds one of the definition of dictators with easy panaceas—the terrible simplifiers.)

Editor trouble plagued Patton until he acquired William Vincent, who faithfully echoes the party line. Vincent succeeded an editor who was forced to resign because he dared reprint an editorial and cartoon mildly critical of Russia. Both these items had been taken from the St. Louis Post-Dispatch, which commented editorially at the time that evidence indicated that Patton "has been influenced by C. B. (Beanie) Baldwin to adopt a pro-Communist course for the organization." Baldwin is executive director of the Progressive Citizens of America and masterminds the Wallace third-party drive. Patton has admitted that Baldwin "is a very good friend of mine."

A previous editor, Benton J. Stong, was crudely but quietly kicked upstairs to the Farmers Union Cooperative Insurances, where he would have little chance to air his anti-Communist ideas. Stong, who had also served as Patton's administrative assistant, was replaced in this job by pro-Communist Lee Fryer—PCA booster and Wallace worshipper.

Whenever Patton can discreetly discard anti-Communists on his staff and replace them with fellow travelers, he has done it. The newest southpaw staff member is Angus MacDonald, fresh from the New Republic, where he wrote a farm column for Editor

Wallace. MacDonald has been assigned to the Washington office of the Farmers Union. There he will work with one of the few remaining anti-Communist staff members—capable legislative secretary Russell Smith. Anti-Reds like Gardner Jackson and Paul Sifton have faded out of the Washington office for one reason or another, since Baldwin and the Wallace lovers took over the direction of Farmers Union policy. Patton's staff at Denver headquarters is now safely weighted in favor of the fellow travelers. About five out of six of them can be counted on to parrot the party line, either innocently or intentionally.

A few months ago this starry-eyed staff was given time off one afternoon so that they could greet pro-Communist Paul Robeson when he arrived at the Denver airport. Farmer members sweating in their fields would be hotter under their collars if they knew this.

They would also be red-faced if they knew that the now defunct Communist New Masses for October 1947 carried a lead article praising the Farmers Union cooperative movement and its leaders. It was written by a Lem Harris, who holds no position in the Farmers Union, but is conspicuous in hotel lobbies during conventions.

These farmer members would be surprised too if they were to stroll through the so-called education department of the Farmers Union. They would find shelves cluttered with literature praising and apologizing for the Soviet Union, all of which is sold (at a profit) to State educational units and all members. They would see over 25 copies of the Secret of Soviet Strength by Hewlett Johnson and other pro-Russia stuff by the same author; Communist Howard Fast's Freedom Road gets a big play; Elliott Roosevelt's Russian apology, As He Saw It, was pushed hard, until Elliott repudiated his bad company; and there are many others which fellow travelers follow as the gospel according to Marx. Most staff members get the "truth" about things from such pro-Communist publications as In Fact, Facts for Farmers, and Reader's Scope.

People often ask how a farm organization of average, well-to-do, Middle West farmers can possibly be fronting for Communists and fellow travelers. They say that it just isn't logical; farmers and communism don't mix any better than oil and water; the American farmer is the strongest citadel of old-fashioned, rugged individualism.

Actually all this is very true. There are fewer Communists among Farmers Union members than in any organization in the United States, except the National Association of Manufacturers and the DAR. Of course, this makes it a perfect blind for the subversive operations of Stalin's agents. Actually four factors make the Farmers Union a fertile field for infiltration.

1. Its history as an unstable liberal organization among farm groups. It has been a football for radical groups of both the left and right during the last 15 years.

Milo Reno, an Iowa Farmers Union president, wrecked that State's organization after he used it as the moving force behind his Farm Holiday Association in the early thirties. This violent movement against property rights gained Nation-wide attention.

In 1936 Farmers Union President Everson and Secretary Kennedy tried to throw the farm group's support to the radical Union Party; Congressman WILLIAM LEMKE was its Presidential candidate, Father Coughlin its backer. The attempt was unsuccessful, but the resulting squabble split the Farmers Union. One offshoot, the Farmers Guild, is now reputedly under the thumb of Gerald L. K. Smith. A placid era followed this split, and then in 1940 James G. Patton, of Colorado, became president; since that time the Farmers Union has slipped to the left.

2. Patton himself. He is personable, popular, and has fought hard for farmers. He was a favorite of Roosevelt among farm leaders. Most members and State officials have an unreasoning confidence in Patton as a man even when they lack confidence in what they call his "crackpot" ideas. They are apt to excuse him by naively asserting that "he is ahead of his times." Of course, this is crossroads nonsense. Most of the garbled utopianism he spouts is symptomatic of sophomore minds; it goes well as parlor talk, but not in practical politics.

Patton comes by his grandiose social ideals and reforms naturally. His father was an admirer of Gene Debs, for years the Socialist candidate for President, and he even joined a "cooperative colony" when he moved his family to Colorado from Kansas, where Patton was born. His son has always been burdened with a Marxian complex—that is, he believes that some form of socialism will inevitably be adopted in the United States. Generally he is discreet enough to expand on this theme only in private, but he did reveal his ideas in a left-handed manner in a United Press story in the Denver Rocky Mountain News of September 20, 1943. He charged that FDR had deserted "the little man," and he predicted that "the New Deal will be a tea-party affair compared with the government which will be demanded by most people in the postwar period."

But Patton's record up to VJ-day does not show that he followed the party line laid down in Moscow—at least, not consistently. In fact, he was one of the charter members of the Committee To Defend America by Aiding the Allies, which was so vehemently denounced by the Communists until Russia's entry into the war. But all this serves to confuse the picture, and it makes him an ideal front man for the pro-Communists. Since the war he has inadvertently, or otherwise, been a very pliable puppet in their unscrupulous hands.

Patton's policies are not outspoken enough in 4 of the 15 States claiming 90 percent of farmers-union members; they are generally approved in 4 more, and they are either mildly opposed or condoned for unity's sake in 6 States. Only 1 State organization, Nebraska, has threatened to withdraw from the National Farmers Union. So the left-wing element rightly feels that it has pretty clear sailing if only this line-up can be maintained.

3. Most Farmers Union members themselves are largely indifferent to both its activities and policies. They are dues-paying members because they have to be. That is, they must support the National Farmers Union if they belong to Farmers Union cooperatives, which range all the way from grocery stores to wheat elevators to insurance concerns. Therefore, belonging to the Farmers Union means dollars in the member's pocket despite the dues he must pay to maintain Patton and his staff.

This majority often grumbles about Patton, and even many of their own State officials, being radicals, but they continue to support them and their pro-Communist policies through their cooperative membership. (Many cooperatives have disgustedly severed relations with the Farmers Union, and therefore pay no dues.) In the end these farmers may find that they have contributed funds to an organization which, controlled as it is, threatens their way of life and endangers the security of their country. Totalitarianism thrives well in the fog of ignorance and indifference—twin foes of democracy. And this fog has settled pretty thickly over the Farmers Union.

4. The pro-Communist core in the Farmers Union has, oddly enough, been helped by those who throw around Communist charges without sense or discrimination. A large section of the American press must share responsibility for aiding pro-Communist infiltration in groups like the Farmers Union. Because they have heard the same old wolf cry for 15 years, both active and passive members refuse to believe pro-Communist charges. Roosevelt and TVA and soil conservation and even social security were called Communistic. So why get excited when their organization is accused of fronting for the fellow travelers?

Patton usually avoids answering pro-Communist charges. When he does, he soothes his alarmed members with a few stock replies. He may evade the issue with "anyone who tries to do anything for people is called a Communist"; or "the Farmers Union is neither pro-Russian nor anti-Russian, but pro-American"; or "we must concentrate on our positive, constructive program"; or "we refuse to divide our members on national or international politics"; or "let's not talk about communism and fascism; let us talk functionally—that is, about issues on their own merit."

Then he may hop a plane for Washington, where he testifies on everything from soil conservation to civil rights to foreign policy. He usually speaks there for his 450,000 members in the same way as would either Henry Wallace or William Z. Foster. This is the same man President Truman recently appointed (not yet confirmed by Congress) to the 12-man board of the ERP—a man who has been quoted as saying that the United States should act as a banker to all nations of the world, regardless of whether they were in the Russian orbit or not.

Yes, the wolf is in the flock, but there are too few Farmers Union members who realize it. Too few know that the Red foot is in the farmer's door. Labor organizations have learned that once the Communist foot is in the door, it isn't long before he is ready to throw you out of your house, if you don't ride the Moscow train.

"We are willing to travel on the same railroad track with those going our way," Patton declares when the similarity of Communist and Farmers Union policies is emphasized. Traveling on the same track with Communists is dangerous enough in itself, but sleeping with them in the same berth, as the Farmers Union has been doing, could be disastrous. Maybe Farmers Union members will learn this lesson before it is too late.

JAMES S. ELMORE.

EXHIBIT 4

[From Basic Economics, January, February, March, 1949, published by National Farmers Union Department of Education, Denver, Colo.]

BANKERS' ADVICE TO FARMERS

Let us steer the Nation and you steer the plow.
Let all your ambition be milking the cow.
Content you will be with your long hours of toil.
If you bury your nose and your mind in the soil.

Yes, we'll steer the Nation and you steer the plow.
Give careful attention to hog and to cow.
The glory of being called son of the soil
Is ample reward for your back-breaking toil.

Now plow your fields deep while the sluggard's asleep
And raise lots of dough for the bankers to keep;
The blessings of labor which you now enjoy
Are also in store for your girl and your boy.

And while you so patiently labor each day
You should not complain because farming won't pay.
You should be contented, each one in his place.
Best hopes for the future will brighten your days.

Unto them that have shall your earnings be be given.
The bankers acknowledge this promise from heaven.
You rubes should give thanks for your place in the sun;
We bankers are thankful for what we have won.

Your press and your schools we have in our control,
Your lawyers and statesmen are bought with our gold;
Most sky pilots serve us so faithfully too;
They say it's God's will what e'er happens to you.

EXHIBIT 5

ORGANIZATION

In regard to our own organization. I have attended as many of our Farmers Union meetings as possible; sorry I could not attend more. From all reports, I understand the National Union has gained very materially in membership. In percentages the California Union has kept in stride with the National. If the same interest continues, next year we should with this start make more advances.

In regard to increasing our membership, a very peculiar circumstance happened in this State last March 11. While in attendance at our national convention a year ago, National President James G. Patton promised to come to California in the month of February 1943 and see what could be done to increase our membership.

I did not hear any more about it until I received word that a very quiet conference had been held in the Biltmore Hotel in Los Angeles, presided over by Carey McWilliams, at which National Vice President Herb Rolph was present.

It was attended by representatives of the Peoples World, A. F. of L., Farm Security Administration, Sam Kalish, former WPA teacher of social subjects and later CIO educational director, and others.

Its stated objective was to remove all our present State officers, because we were not altogether in accord with those who are directing the National Farmers Union movement.

Its real objective was to capture and use the California union as a front by the communistic groups of those organizations present; to further the principles as propounded by Earl Browder and other members of what can be styled "The Red Network." To put it in their own words, "To work toward effecting concerted thought and action on the part of all liberal, radical, progressive, all forward-moving forces in America."

The method of doing this was to get the CIO and the A. F. of L. to contribute funds, the FSA to herd those who had received Federal funds and other Government assistance into the California Farmers Union and Mr. McWilliams, Sam Kalish, et al., to do the heavy brain work, which would be to have enough new members to outvote the present officers at this meeting.

As I stated to the press, "It would be worth $1,000,000 to some of the powers in the communistic movement, Farm Security Administration, and the CIO if they could gain control of the Farmers Union in this State."

I took up the matter with James G. Patton, our national president, and our State officers. His answer was, "We may disagree about policy and the best way to obtain Farmers Union objectives, but I certainly shall never attempt to deal any cards under the table." President Patton also wrote:

"Herb went to California because I was unable to go. We, of course, are interested in building the Farmers Union wherever we can properly do so, in cooperation with the State organization. I have always taken the position that such work had to be done in connection with and through existing State organizations. When Herb went to California, I assumed, of course, that he contacted you but when he returned to the Denver office, he advised me that he had attempted to get in touch with you but failed."

On March 12 I received a letter from Herb Rolph asking me to get in touch with the Western Cooperative Dairymen's Union. I appointed a special committee that met with them. We followed this up last June by asking them these questions:

Is it a corporation? If so, furnish copy of articles of incorporation and bylaws.

Is it an unincorporated association? If so furnish original data as to time and place of organization; name and address of organizers; copy of constitution and bylaws.

What are the dues of the union? Please refer to provision in the bylaws.

As at June 1, 1943, what is the number of members paid up and in good standing?

Give name and address of all such members who are paid up and in good standing.

Furnish copy of minutes of meeting wherein the officers were authorized to seek affiliation in the Farmers Union.

Is it contemplated that final action to affiliate will be by the members of the organization? If not, indicate what body is to take final action and refer to provision in the bylaws authorizing such body to bind members.

In the event the application is granted, is it contemplated to charter more than one local, and if so, give the number of locals desired and the location of each and the number of members expected in each local.

Does the organization consent to an investigation of its members to determine if all, and if not all, which of its members have the qualifications of membership in the Farmers Union?

Give name and address of every officer of the organization, together with a statement the office held by each, time and place of election, and a copy of the minutes of the meeting wherein the election was held.

Please give the foregoing data in writing with a statement signed by the president and by the secretary attesting to the correctness of the information.

We are still waiting for an answer.

In the meantime our capable State secretary, Mrs. Fred Talbot, had sent Herb Rolph a letter of inquiry as to the ethics of his visit. I believe our secretary has never received an answer.

In 1939, Carey McWilliams stated in his book, Glories in the Field, otherwise known as a mastery of misstatement, that the Simon Lubin Society was out to get me removed as your State president. He or they or both of them have been a long time getting started. I presume his action at the March 11 meeting was an attempted carryout of his statement.

EXHIBIT 6

UNITED STATES
DEPARTMENT OF AGRICULTURE,
FARM SECURITY ADMINISTRATION,
Bismarck, N. Dak., June 11, 1938.

Memorandum to: County and district rural rehabilitation supervisors, home-management supervisors.

From: Walter J. Maddock, State rural rehabilitation director.

Subject: Farmer-owned cooperatives.

In general we are very proud of the personnel and the work of our county supervisors. If one supervisor should fail in any way, it reflects upon the whole administration of Farm Security.

Being mindful of the necessity for constant alertness and the necessity of helping one another in keeping the proper vision of our responsibility, I am quoting a letter written to our regional director, Cal. A. Ward:

"Information has come to me that complaints have been registered with you as to the attitude of our county supervisors in North Dakota toward the farmer-owned cooperatives. I happen to have a copy of one such complaint sent to you from which I quote:

" 'It has been brought forcibly to my attention at different times and by several different people, that some of your county Farm Security supervisors consistently fail, and in some cases refuse, to patronize our Farmers Union oil companies. Perhaps this is not such a serious matter but in view of the fact that the United States Government is making available millions of dollars through Farm Security Administration in the rehabilitation program, a considerable part of which is to be used in building farmers' cooperatives—elevators, oil companies, creameries, and what have you—it does seem ridiculous that the Government will send these large sums of money out here for the purpose of helping to build these cooperatives and then pay a salary and expenses to their county supervisors and workers without at least intimating to them that wherever feasible, at least, their gasoline purchases should be made from cooperative oil companies.

" 'With several Farmers Union oil companies located in practically every county in North Dakota, it is somewhat embarrassing to us to insist to our people that Farm Security Administration is in reality the farmers' own set-up created for the purpose of helping farmers, preaching to them the philosophy of building and patronizing their own cooperatives as a part of the general rehabilitation program, telling them that the Farm Security Administration believes that cooperatives purchasing and selling are a sound part of the rehabilitation program, and then to have the continual example set before them of their local county administrator of Farm Security pulling up to the Standard Oil station, or any kind of a station, in a town where a Farmers Union Oil Co. is located.'

"We cannot contradict the expression of fact in the above quotation, but I am loathe to believe that there are many supervisors in North Dakota that are callous or indifferent to the efforts of the organized farmers in remedying his condition through cooperative control of his products.

"I agree that such a callous attitude would smack of disloyalty to the Farm Security Administration and would make such a supervisor ineligible to long continuation in such position. We have tried constantly to arouse in our farm supervisors a proper sense of responsibility in accepting leadership and preaching the philosophy of the Farm Security Administration both by example and precept.

"If we have failed in some respects, we must make a renewed effort. If we find a few supervisors who cannot be rehabilitated as to the Farm Security philosophy, then of course, it must be our duty to terminate their employment and fill their places with more capable administrators."

Yours very truly,

WALTER J. MADDOCK,
State Rural Rehabilitation Director.

EXHIBIT 7

[From joint committee, part 3, Reduction of Nonessential Federal Expenditures, February 6–27, 1942]

LONG-TIME TENURE OBJECTIVES

1. Bring about a more equitable adjustment of the population to the land. This will involve—

(a) Transferring surplus families from overpopulated areas, so that remaining families may become self-supporting.

(b) Creating economic farm units by combining units that are now too small to maintain a family on an acceptable level of living.

(c) Subdividing large holdings which are capable of supporting a large number of families on a satisfactory level of living.

(d) Reclaiming good agricultural land that is not now utilized or that can be rendered much more productive by irrigation, drainage, clearing, or otherwise.

2. Work toward controls designed to keep land prices and rentals consistent with use value as contrasted with speculative value. Possible safeguards against capitalization of earnings into increased land prices rather than into increased living standards for those who till the soil, include:

(a) Minimum rural housing standards.

(b) Minimum wages for agricultural workers.

(c) A graduated system of land taxes under which progressively higher taxes would be levied against units in excess of family type holdings.

(d) Homestead exemption laws drawn in such manner as to protect the family type farm. In other words, make the family type farm the unit to be exempted.

(e) Exercise of the rights of public domain as a means of securing the subdivision of large land holdings into family type farms. Compensate owners of such large holdings on the basis of earning-capacity values.

3. Seek an administration of all Federal benefit payments and subsidies which will facilitate the land-tenure objectives, herein set forth.

4. Reduce number of farm tenants in the United States from about 2,500,000 to about 1,000,000 during the next 40 or 50 years. This will mean converting tenants into owners at the rate of about 30,000 net per year, on the average.

5. Aim at security of tenure on family type farms capable of providing a present minimum in the poorer agricultural areas of at least $50 per year per person for cash living expenses over and above the farm contribution to family living, and over and above farm-operating and debt-retiring costs. The minimum cash income per person per year should be in excess of $50 in agricultural areas where present standards are above that level. In other words, living standards of low-income farm groups should be generally raised, not lowered.

6. Improve status of tenancy by changing over from short-term to long-term lease and by widespread adoption of written leases which will safeguard the interests of owners and renters and provide incentive for improving property under lease.

7. Expand cooperative farm leasing and purchasing associations as rapidly as experience justifies. See to it that low-income groups not well adapted to operation and management of independent farm units are included among those served by leasing co-ops.

8. Acquire Government title to as much land as possible. Retain land now held by the Government.

EXHIBIT 8

[From the Jamestown (N. Dak.) Union Farmer of April 4, 1950]

PRESIDENT GLENN TALBOTT OUTLINES FU 100 PERCENT PARITY FARM PROGRAM

This month, the Farmers Union Monthly Bulletin is devoted to the Farmers Union-sponsored 100 percent farm parity price program. It will probably be known as the Agricultural Production and Consumption Act of 1949. The bulletin has been sent to all local officers and action officials in North Dakota, and should serve as a guide for each local's meeting this month.

President Glenn Talbott, in his message to the local, has presented for the first time some of the basic ideas in back of the Farmers Union 100 percent of parity farm price program which shortly will be introduced in the Congress of the United States.

The philosophy embodied in this bill may well become the subject of a Nation-wide debate among the Nation's farm population. It spells out, for the first time, what a family type farm is—and for the first time in the history of America, it provides for prices equal to 100 percent of parity for all family farmers.

The success of the Farmers Union 100 percent of parity farm-price bill will depend upon the support it and the Farmers Union gets from grass-roots farmers. To get it enacted into law, Farmers Union members must study it and become completely acquainted with all of its provisions. FU members must also contact Congressmen, committee chairmen, the President of the United States, and the Secretary of Agriculture urging them to give special consideration to the FU 100 percent of parity proposal. Likewise FU members must accept added responsibility to keep the organization growing, because more Farmers Union members is the best evidence that farmers do want 100 percent of parity.

This month's president's message to the local, reprinted below, should be studied thoroughly by each member before his next local meeting. It should be read again at the meeting, and then followed by a general discussion. The local secretary should make notes of all unanswered questions and send them to the North Dakota Farmers Union, Jamestown, N. Dak.

President Talbott's message follows:

"Full parity of income for farm families of America. That has long been the goal of the Farmers Union. We have taken many steps toward that goal in the battles for farm legislation over the past score of years.

"Since the Eightieth Congress adopted a 60-percent parity program as a long-time farm policy we have been seeking to perfect a method of assuring 100-percent price parity for all family type farmers. Our endeavors, contrasted with those of other groups who try to justify 60-percent parity, have won wide support, both in and out of the Farmers Union.

"Now we are about ready for introduction of the Farmers Union 100-percent parity bill into Congress. It will probably be known as the Agricultural Production and Consumption Act of 1949. Various phases of this bill have been analyzed and discussed by Farmers Union leaders and others across the country, particularly at the National Leaders Conference in Denver last month. The final draft of this bill represents the thinking of many Farmers Union people and agricultural experts. It marks a new milestone in Farmers Union progress.

"Here are nine important principles embodied in this Farmers Union bill:

"1. It will, for the first time, make possible the voluntary adjustments in production emphasis between the surplus and the deficit crops.

"It will, in effect, designate all crops as basic and give family type farmers equal treatment in terms of parity prices, regardless of the crops produced.

"Heretofore, except for the wartime Steagall crops—which will receive no support after December 31, 1949, only six crops received price support. The effort has been to get farmers to shift from support crops to nonsupport crops. This has, and will continue to require, an increasing amount of regimentation. Equal treatment for all crops will make voluntary adjustment easy, limited only by soil, weather, equipment, etc.

"2. Incentive payments above parity will be authorized to be used when needed to quickly increase production of a crop in short supply, as with flax in 1947 and 1948.

"3. CCC is authorized to accumulate a reserve equal to one full year's production of all crops which can be stored.

"This will protect both producers and consumers against either surplus or famines.

"4. Reserves will be released whenever necessary to protect the public interest.

"5. An REA type of program is authorized to promote the information of membership cooperatives to build and operate storage and processing facilities wherever needed in the public interests. One-hundred-percent long-time loans at low interest rates will be available to such new co-ops, to existing co-ops, and to individual farmers for farm storage facilities. Also certain Government-owned storage or processing facilities may be acquired.

"6. It provides for a review immediately, and each 2 years hereafter, of the parity formula as it applies to all crops, and with particular reference to the weighting given to the various cost factors which make up the formula.

"7. It provides that full parity (100 percent) shall be made available for family-type farmers through a system of nonrecourse loans or purchase agreements on storable crops and through compensatory payments on the nonstorable commodities—that is, compensatory payments to family-type farmers will be the difference between full parity (100 percent) and average prices received by farmers computed by regions and not less often than monthly.

"8. It provides for lower supports for those operations larger than family-type farmers: Full parity (100 percent) on a family-type farmers volume of production—80 percent of parity for additional production equal to 50 percent of a family-type farmers volume—and 60 percent of parity for all additional production.

"9. And finally, it provides a formula for a family-type farm in terms of production volume for any one or any combination of crops, including livestock, poultry, or dairy products.

"A family-type farm would be 5,000 family farm-production units. Any farmer will be assured of full parity (100 percent) on all of his production up to 5,000 units—80 percent of parity on additional production up to 7,500 units and 60 percent on all production in excess of this figure.

"This is the way this formula is applied:

"We in this area are all familiar with wheat—let us say then that one family farm-production unit equals 1 bushel of wheat. If a single-crop farmer, he would receive full parity, whatever that may be from year to year, on 5,000 units or 5,000 bushels of wheat, or such part as he might produce for sale.

"The value of a family farm production of each commodity must be so calculated that 5,000 units of any commodity, at the parity price of that commodity, will have the same monetary value as 5,000 units of any other commodity. This will give complete flexibility of operation because it will be equally advantageous for a farmer to produce any commodity or any combination of commodities, limited only by his soil, weather, equipment, marketing facility availability, etc.

"Thus, on the basis of parity prices on January 15, with:

"Wheat at $2.19, 1 unit equals 1 bushel—5,000 units at parity price would equal $10,950.

"Corn at $1.59, 1 unit equals 1.377 bushels—5,000 units at parity price would equal $10,950.

"Oats at 99 cents, 1 unit equals 2.212 bushels—5,000 units at parity would equal $10,950.

"Barley at $1.54, 1 unit equal 1.423 bushels—5,000 units at parity price would equal $10,950.

"And so on through the entire list of farm commodities. You will readily see that such a formula provides, among other things, every incentive for increasing efficiency.

"You will have many questions; we shall seek to answer them in succeeding issues of the monthly Bulletin. Our ability to get the program outlined above hinges, in large

degree, on our membership strength and our financial ability to carry the fight.

"See that your dues check-offs come in promptly. Clean up your membership work among those who will not be checked off through our cooperatives.

"Hold your budget-fund party as quickly as roads and weather will permit and send proceeds promptly to National Farmers Union, 1555 Sherman Street, Denver, Colo. Until next month."

THE FARMERS UNION

Mr. WHERRY obtained the floor.

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

Mr. WHERRY. I yield.

Mr. LANGER. Mr. President, I now want to serve notice that at some time this afternoon, as soon as I can obtain the floor, I shall answer the speech made by the distinguished Senator from New Hampshire [Mr. BRIDGES], and I shall prove, Mr. President, that statement after statement involving the North Dakota Farmers Union is absolutely untrue. I believe I can also speak for the neighboring States of South Dakota and Minnesota. On the contrary, the leadership we have had in those three States, through the Farmers Union, has been that of outstanding, honest, loyal, patriotic men and women, and what they have accomplished out there is a marvel in connection with the helping of small farmers and small people all through those three States.

I might add that I know nothing regarding the Farmers Union in the northeastern part of the United States, but I am thoroughly familiar, and have been familiar almost from the time I could read, with the record of the Farmers Union in North Dakota and of the organizations which went into it. In my own town of Casselton, N. Dak., near which I was born, there was the headquarters of the old Society of Equity which eventually grew into the Farmers Union of North Dakota.

THE PRESIDENT'S LETTER TO GENERAL CATES, COMMANDANT OF THE UNITED STATES MARINE CORPS

During the delivery of Mr. BRIDGES' speech,

Mr. HICKENLOOPER. Mr. President, I wonder if the Senator from New Hampshire will yield to me, so I may make a unanimous-consent request to make a statement which will take approximately 3 minutes, and that the statement may be placed in the RECORD following the address by the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, I yield to the Senator from Iowa if I may do so without losing the floor.

Mr. HICKENLOOPER. I include that in my unanimous-consent request, Mr. President.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). By unanimous consent, the request by the Senator from Iowa is agreed to. The Senator from Iowa is recognized.

Mr. HICKENLOOPER. Mr. President, yesterday evening President Truman delivered an apology to General Cates, commandant of the United States Marine Corps, for his "unfortunate choice of language" which he used in his letter of August 29 to Representative McDONOUGH concerning the Marine Corps. This apology was demanded by an incensed and aroused public opinion as a result of the "unfortunate choice of language" that had been used by the President in that letter.

I ask unanimous consent that the President's letter to General Cates, as published in the Washington Times-Herald of this date, be incorporated in the RECORD at this point as a part of my remarks.

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

TEXT OF PRESIDENT TRUMAN'S LETTER TO MARINES' CHIEFTAIN

DEAR GENERAL CATES: I sincerely regret the unfortunate choice of language which I used in my letter of August 29 to Congressman McDONOUGH concerning the Marine Corps.

What I had in mind at the time this letter was written was the specific question raised by Mr. McDONOUGH, namely, the representation of the Marine Corps on the Joint Chiefs of Staff. I have been disturbed by the number of communications which have been brought to my attention proposing that the Marine Corps have such representation. I feel that inasmuch as the Marine Corps is by law an integral part of the Department of the Navy, it is already represented on the Joint Chiefs of Staff by the Chief of Naval Operations. That the Congress concurs in this point of view is evidenced by the fact that, in passing the National Security Act of 1947, and again in amending that act in 1949, the Congress considered the question of Marine Corps representation on the Joint Chiefs of Staff and did not provide for it.

CLEARS CORPS ITSELF

It is my feeling that many of the renewed pleas for such representation are the result of propaganda inspired by individuals who may not be aware of the best interests of our Defense Establishment as a whole, and it was this feeling which I was expressing to Mr. McDONOUGH. I am certain that the Marine Corps itself does not indulge in such propaganda.

I am profoundly aware of the magnificent history of the United States Marine Corps, and of the many heroic deeds of the Marines since the corps was established in 1775.

I personally learned of the splendid combat spirit of the Marines when the Fourth Marine Brigade of the Second Infantry Division fought in France in 1918.

On numerous occasions since I assumed office, I have stated my conviction that the Marine Corps has a vital role in our organization for national security and I will continue to support and maintain its identity.

KOREAN RECORD CITED

I regard the Marine Corps as a force available for use in any emergency, wherever or whenever necessary. When I spoke of the Marines as the "Navy's police force," I had in mind its immediate readiness, and the provision of the National Security Act which states that "the Marine Corps shall be organized, trained and equipped to provide fleet marine forces of combined arms, together with supporting air components, for service with the fleet in the seizure or defense of advanced naval bases and for the conduct of such land operations as may be essential to the prosecution of a naval campaign."

The corps' ability to carry out whatever task may be assigned to it has been splendidly demonstrated many times in our history. It has again been shown by the immediate response of the Marine Corps to a call for duty in Korea.

Since marine ground and air forces have arrived in Korea I have received a daily report of their actions. The country may feel sure that the record of the marines now fighting there will add new laurels to the already illustrious record of the Marine Corps.

Sincerely yours,

HARRY S. TRUMAN.

Mr. HICKENLOOPER. Mr. President, in the President's letter of August 29 to Representative McDONOUGH he states—quote:

For your information the Marine Corps is the Navy's police force and as long as I am President that is what is will remain. They have a propaganda machine that is almost equal to Stalin's.

Anyone reading those two sentences must unavoidably have concluded that the President's reference to the propaganda machine was a reference to a propaganda machine of the Marine Corps.

In the President's letter to General Cates of yesterday he states—quote:

I have been disturbed by the number of communications which have been brought to my attention proposing that the Marine Corps have such representation.

He states further in this letter to General Cates, however, that—quote:

It is my feeling that many of the renewed pleas for such representation are the result of propaganda inspired by individuals who may not be aware of the best interests of our Defense Establishment as a whole, and it was this feeling which I was expressing to Mr. McDONOUGH. I am certain that the Marine Corps itself does not indulge in such propaganda.

The inescapable conclusion, therefore, from the language which the President uses in his letter to General Cates is that honest and sincere American citizens, including Members of Congress, who dare to write to the President urging more participation by the Chief of Staff of the Marine Corps in the high council of the Joint Chiefs of Staff are part and parcel of a dishonest, insidious, conspiratorial and corrupt propaganda machine that is almost equal to Stalin's.

Thus, the President while apologizing to the Marine Corps as an organization and giving it just and deserved recognition and praise, transfers the odium of comparison with Stalin's conspiratorial, corrupt and dishonest propaganda machine to American citizens, including Members of the Congress, who dare to exercise their constitutional right of petition.

I thank the Senator from New Hampshire.

Mr. KILGORE. Mr. President, will the Senator yield for a question at this point?

Mr. HICKENLOOPER. If I may do so without prejudicing the rights of the Senator from New Hampshire.

Mr. KILGORE. Mr. President, I do not wish to prejudice the rights of the Senator from New Hampshire, but I should like to ask a question of the Senator from Iowa.

The PRESIDING OFFICER. Is consent granted for the asking of a question

by the Senator from West Virginia of the Senator from Iowa? Without objection, consent is granted.

Mr. KILGORE. The Senator used the words "quote" and "unquote." I wish to ask him a question about that. I was a little bit disturbed over the quotes. I fear that possibly the Senator from Iowa was quoting from two different things at one time.

Mr. HICKENLOOPER. Every time I used the word "quote" and "unquote" they referred to direct quotations from the President's letter to General Cates or the President's letter to Representative McDONOUGH.

Mr. KILGORE. Very well. That is all I wanted to know.

Mr. HICKENLOOPER. I think that is perfectly clear as the language appears in the statement.

Mr. KILGORE. May I ask the Senator another question?

Mr. HICKENLOOPER. Yes.

Mr. KILGORE. Does the Senator from Iowa feel that there should be a representative of the Marine Corps on the Joint Chiefs of Staff?

Mr. HICKENLOOPER. I have not taken any position on that question. That is not the purpose of my statement made here today. I do take the position, however, that if the Senator from West Virginia feels that way, or the Senator from Iowa feels that way, or feels the other way, that there is not only a constitutional but a natural right to any citizen, whether he be a Member of Congress or not, so to express himself to the President of the United States, without being accused of being a member of "a propaganda machine that is almost equal to Stalin's."

Mr. KILGORE. Then the interpretation by the Senator from Iowa of the letter is that the accusation is made against the Representative, and not against the Marine Corps? Is that correct?

Mr. HICKENLOOPER. I think the letter speaks for itself, and the record speaks for itself. I think the accusation and the odium will have to apply wherever the American people feel that they will apply. I may have my own personal opinion. I think the President, as I said in my statement, has now transferred the odium of comparison with Stalin's propaganda machine from the Marine Corps, where it seemed to have originally been placed, to American citizens, including Members of Congress, who dare write to the President expressing their views on a matter with which he may be in disagreement.

Mr. KILGORE. Of course, that is the interpretation of the Senator from Iowa.

INTERNAL SECURITY ACT OF 1950

During the delivery of Mr. BRIDGES' speech,

Mr. WILEY. Mr. President, will the Senator yield, to permit me to propound a unanimous consent request?

Mr. BRIDGES. I yield for that purpose, if there is no objection, and if by doing so I shall not lose the floor.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Is there objection? The Chair hears none.

Mr. WILEY. Mr. President, my request is that I may be permitted to speak at this time on the pending bill, and that my remarks shall follow those of the Senator from New Hampshire.

Mr. BRIDGES. And that in that connection I shall not lose the floor?

Mr. WILEY. Yes. I so request, Mr. President.

The PRESIDING OFFICER. Is there objection to the request that the Senator from New Hampshire may yield to the Senator from Wisconsin, to permit the Senator from Wisconsin to speak at this time on the pending bill, without causing the Senator from New Hampshire to lose the floor? Without objection, consent is granted; and the Senator from Wisconsin is recognized.

Mr. WILEY. Mr. President, I feel that I am privileged to speak in this particular hall. I remember when we were here last. It is a hall of memories. Here great debates occurred. Webster and Hayne participated here in their momentous debate which made history.

Mr. President, I speak today in behalf of enactment of the proposed legislation sponsored by the distinguished senior Senator from Nevada [Mr. MCCARRAN]. This measure was reported from the Judiciary Committee, of which I have the honor to be a member.

As everyone knows, the bill has for its purpose the controling of subversive activity in the United States.

I believe this measure, with amendments, if they are found to be necessary, to be constitutional. In that respect, I wish to say that when we considered Senate bill 2311, known as the Mundt-Ferguson bill, which is now part of the McCarran bill—in committee, we were of the opinion it was constitutional.

Mr. KILGORE. Mr. President, will the Senator yield at this point for a question?

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

Mr. WILEY. I yield.

Mr. KILGORE. The measure now before us would be Senate bill 2311 if the amendment offered last evening by the Senator from South Dakota [Mr. MUNDT] were adopted.

However, is it not a fact that in drafting the McCarran bill, the Judiciary Committee struck out certain portions of Senate bill 2311 and added certain other portions of Senate bill 2311; and thus the McCarran bill would have to be modified as now is proposed to be done by means of the amendment offered by the Senator from South Dakota, in order to constitute Senate bill 2311?

Mr. WILEY. I meant to say that the McCarran bill contains substantially Senate bill 2311; as well as other provisions.

Mr. President, I wish to speak to the provisions of the pending bill, which were embodied in S. 2311. It has for its purpose the following:

(A) To make unlawful a conspiracy "to perform any act which would substantially contribute" to the establishment within the United States of a totalitarian dictatorship under foreign control.

(B) In view of its foreign-directed character, to require the Communist movement in the United States to operate in the open, rather than underground.

(C) To cut the threads which bind the international Communist conspiracy together, by restricting international travel of members of the American section of the world Communist movement.

(D) To protect the integrity of the Government itself by denying Government employment to members of the American section of the world Communist movement and by protecting the security secrets of the United States against agents of a foreign government or the Communist movement.

Thus the present bill incorporates two different and distinct statutory efforts: One directed to the prohibition and curtailment of subversive activities as such, and the other to require compulsory registration calculated to effect disclosure of the identity and propaganda of individual Communists, the Communist Party, and Communist-front organizations. There are those who may say, perhaps, that such a bill will drive the Communist movement underground, to the hindrance of the FBI and other law-enforcement agencies. That statement has been made. The bill, however, does not outlaw the Communist Party or make it illegal for a person to be a Communist. Instead, the bill merely compels registration and certain reasonable disclosures, and imposes certain other regulatory requirements. If these requirements and disclosures are not complied with, then such deliberate violations of the law will enable the FBI and other law-enforcement agencies to do what they largely now cannot do—proceed directly against these Communist violators. The bill thus will have the eventual effect of compelling the Communist movement to operate in the open.

Some people, undoubtedly well-meaning and sincere, have questioned the necessity for the enactment of a measure of this sort. See, for example, Chafee, the Registration of "Communist Front" Organizations in the Mundt-Nixon bill ((1950), 63 Harv. L. R. 1382). But it is no idle fancy of a distorted imagination that the disastrous consequences of the advances of communism, unless halted, will bring the same terror, oppression, and tyranny that the former forces of fascism would have imposed upon us. The American Communist, on the basis of his own teachings and his own statements, must be placed in the same category as the Silver Shirts, the now defunct German-American Bund, and other totalitarian groups. Instead of the emblematic shirt, or other such trappings, the American Communist is cloaked in stealth and intrigue. Just as common criminals seek the cover of darkness, so Communists, behind the protection of false fronts, carry on their sinister and vicious program, intent on robbing Americans of their heritage of freedom. Communism is a cold, harsh, and ruthless system which builds slowly

but inexorably to the day when our democratic government will be superseded by a godless, tyrannical, communistic dictatorship in the United States.

It was Abraham Lincoln who stated:

> As our case is new, so we must think anew and act anew. We must disenthrall ourselves, and then we will save our Nation.

That wisdom of Lincoln's simply means it is time for us to awake, to be alerted, not only to the world situation about which we are thinking, but to the perilous situation within our own country.

On another occasion, Lincoln said that our real danger is from within; he told us definitely that he felt that if this Government is ever overcome or ever destroyed, it will be overcome or destroyed from within.

Mr. President, we have been accustomed to thinking of communism in terms that have long since grown obsolete. We have been accustomed to thinking of it as merely another political party in our country, as merely a movement of a few, misguided idealists, to right wrongs which they feel exist. We have not recognized it as a new form of ancient slavery, a new form, more dynamic, more fanatic, more powerful than any force which has swept the globe since the days of Attila or of the Asiatic Khans.

We must disenthrall ourselves from obsolete and worn-out concepts.

Mr. President, let me digress here to say that I trust that is what those in our Defense Establishment are doing. Of course, the battle in Korea is not demonstrating anything new in warfare to us. In that battle we have not used new weapons. We do not know what might happen if we began to use the atomic bomb. I feel that there is a real need for us now to march ahead and really disenthrall ourselves and be adequate to meet the challenges of tomorrow, as well as those of today.

Mr. President, we must recognize that the entire lesson of recent history is:

(a) America must defend herself. How is she going to do it? She is now on the perimeter in Korea. She will have to give aid probably at other places than those already helped, if civilization's rampart against the onrush of communism is to be preserved.

(b) But while we are defending the perimeter, we must not allow the inner defenses to be sabotaged by traitors in our midst. We must not fail to be alerted to the need of modern defensive methods in America.

We have learned from Alger Hiss, from Klaus Fuchs, from Judith Coplon, from Elizabeth Bentley, from the Greenglasses, and others of their ilk, who have been "turned out of the woodwork" that every single Communist is an agent of a foreign ideology, and is sworn to the absolute destruction of America's institutions.

Mr. President, I sometimes think that in our haste, in our worry, and in our fear we become complicated in our thinking. Let us simplify our thinking.

What are America's institutions?

First. There is the Judaic-Christian religion, with its exalted principles, with its high morality, with its ideals of the dignity of man and of the sacredness of the individual, the fatherhood of God and brotherhood of human beings. How often do we give consideration to these religious concepts?

Second. There is the political concept, this constitutional Republic with its system of checks and balances, the most dynamic innovation in the way of political institutions on the face of the globe, the greatest that has ever risen in the history of mankind.

Third. There is the economic value, sometimes called the American system of free enterprise, of private initiative, of private profits, serving the public welfare through achieving one's personal gain. These institutions are the great heritage of the race. We are the custodians thereof. I pray God we will be adequate to preserve them.

The moral foundations, the political foundations, the economic foundations of the Republic are today in danger. It is ridiculous to contend that merely because there are only around 54,000 card-carrying Communists in the United States they do not constitute a "clear and present danger." We are told by the highest authorities, notably Mr. J. Edgar Hoover, the great Chief of the Federal Bureau of Investigation, that for every single card-carrying Communist there are 10 non-card-carrying Communists—fellow travelers ready, willing, and able to do the bidding of the Reds.

Moreover, sheer numbers do not make the difference. One single Klaus Fuchs—think of how he got by the British—one single man who is able to reveal the innermost secrets of the atomic bomb and the hydrogen bomb to the enemy is worth 10,000 or 100,000 men to the Communist cause.

We have seen throughout the last 17 years that every single disclosure up until the present day when Mr. Lee Pressman, former counsel of the CIO, testified—he refused to testify before—every single disclosure of Communist intrigue has been pooh-poohed, ridiculed, belittled, defamed as "just another red herring." Yes; Mr. Truman called the Alger Hiss accusations a red herring; but we have learned, and I trust he has learned, that the menace of communism is no laughing matter.

When the Communist organization was an insignificant group relying for its chief inspiration and support upon the comparatively weak Soviet Government of 15 or 20 years ago, it was felt that its activities could be safely ignored, that the free play of our democratic processes would ultimately cushion and vitiate its efforts. In 1950, however, we find this totalitarian bridgehead reaching into the labor movement, the Government, political parties, the press, radio and films, the schools and colleges, the churches, and social organizations. Its influence is far out of proportion to its membership, due to its discipline, its control of strategic posts in mass organizations, and its ties with the Soviet Government, which today enjoys unprecedented standing as a world power. In recent times the Soviet Government has repeatedly demonstrated its ability to transform hitherto insignificant Communist minorities into ruling parties. China, Rumania, Czechoslovakia, Hungary, Yugoslavia, Bulgaria, Poland, Estonia, Latvia, and Lithuania are familiar examples. Even in countries not under direct Soviet military occupation or control the former Communist minority is making an open bid for power, as in Belgium, Italy, France, and Denmark. Korea now furnishes us with a new and even more ominous example of the Soviet technique.

It has been said that the Soviet technique consists of three facets.

First. The penetration of its ideology and its "Malikisms." Parenthetically, I may say there is too much "Malikism" indulged in even in America. In this way communism has taken over hundreds of millions of people.

Second. When it was found impossible to proceed in that way in the case of Korea, because of the influence of the United Nations and because of America's help, which enabled the South Koreans to learn of the despicable Communist way of thinking and living, the Soviet used the second facet, which was the armed forces of one of its satellite countries, North Korea.

Third. The world is asking, When will Russia precipitate herself openly into the conflict and use her third facet—her war machine. We do not know. Those three facets of her operations are apparent to most people. But are they apparent to America? Are they apparent to the average citizens? We believe they are becoming apparent.

Then, Mr. President, we must remember that under the first item which I mentioned there is continuous penetration throughout the world, even in our own land. That is why the particular measure which we are today considering must have the earnest, honest consideration of this body. That is why we must see to it that a measure is enacted which has teeth. We must rise to the occasion. This is a new day in history. What was adequate yesterday is inadequate today.

To preserve the liberties which I have mentioned we must see to it that government—which is but the servant, thank God, still, of our people—is the instrumentality by which to prevent further penetration, and we must see to it that those, even American citizens, who go about seeking to disintegrate our great economy, our great political system, and our great religious concepts are prevented from doing so.

We cannot simply argue that "it can't happen here." Our own country is far from immune to the operations of the subversive and aggressive Communist movement. In the light of our own highly integrated and sensitive society, it is well within the bounds of practical possibility that if the present potentialities of the American Communist movement were fully mobilized for a supreme subversive effort in behalf of a foreign power, they could seriously dislocate our economic and social life and even the effectiveness of our Armed Forces.

There comes to my mind an incident which occurred about 6 weeks ago. In

talking with a small manufacturer in my State, who was also interested in a small plant in the East, he told me that on one occasion he attended a party at which one of the men got pretty well "pickled," and in the course of the conversation he said:

> When the time comes we are ready, all over America, in every plant in America. We have men who will see to it that each plant will stop its operations.

This drunken Communist spoke further, indicating that the men to whom he referred were in public utilities, manufacturing plants, plants producing munitions, and in shipbuilding plants. Then he ceased talking.

When the information was given to me I reported it to Mr. J. Edgar Hoover, and I understand that his agency has started to ascertain something about what this man knew.

Mr. President, on one occasion, a former President of the United States said, "The only thing we have to fear is fear itself." There is much wisdom in that statement, because fear congeals man's ability to reason, see, and foresee. The only thing we have to fear now is that we shall either become too complacent and smug, or that we shall become so fearful that we cannot think the problem through and be adequate to meet the challenge.

No less a person than Mr. Justice Jackson, concurring in part in *American Communications Association, C. I. O.* v. *Douds* ((1950) U. S. 18, L. W. 4298, 4308), has pointed out that "from information before the several congressional committees Congress could draw certain important conclusions as to the distinguishing characteristics of the Communist Party and its associates in America." These characteristics, Mr. Justice Jackson said, are: First, the goal of the Communist Party is to seize power of government by and for a minority rather than to acquire power through the vote of a free electorate; second, the Communist Party alone among American parties past or present is dominated and controlled by a foreign government; third, violent and undemocratic means are the calculated and indispensable methods to attain the Communist Party's goal; fourth, the Communist Party has sought to gain this leverage and hold on the American population by acquiring control of the labor movement; and fifth, every member of the Communist Party is an agent to execute the Communist program.

As to the Communist Party, Mr. Justice Jackson, describing it as a conspiratorial and revolutionary junta, said:

> It seeks not merely a change of administration, or of Congress, or reform legislation within the constitutional framework. Its program is not merely to socialize property more rapidly and extensively than the other parties are doing. While the difference between other parties in these matters is largely as to pace, the Communist's Party's difference is one of direction.
>
> The Communist program only begins with seizure of government, which then becomes a means to impose upon society an organization on principles fundamentally opposed to those presupposed by our Constitution. It purposes forcibly to recast our whole social and political structure after the Muscovite model of police-state dictatorship. It rejects the entire religious and cultural heritage of western civilization, as well as the American economic and political systems. This Communist movement is a belated counter-revolution to the American Revolution, designed to undo the Declaration of Independence, the Constitution, and our Bill of Rights, and overturn our system of free, representative self-government.

The constitutional aspects of this particular part of the bill have received considerable attention and discussion. But it has been concluded by competent commentators that such a bill, if properly drawn, can constitutionally withstand the challenge of communism. See Cohen and Fuchs, Communism's Challenge and the Constitution (1949) 34 Corn. L. Q. 352. As pointed out in Senate Report No. 1358, relating to S. 2311, the bill was carefully and conscientiously drawn to meet every possible legitimate constitutional objection and the report itself sets forth an extensive analysis of the constitutionality of the bill. See pages 16–29 of the Senate report. The conclusion there reached, and concurred in by others, such as Hon. Donald R. Richberg, Hon. John W. Davis, and the committee on the bill of rights of the American Bar Association (see pp. 30, 40–43 of the Senate report), is that the bill as now drawn is constitutional. In addition, the constitutionality of the bill nows finds strong support in *American Communications Association, C. I. O.* v. *Douds* ((1950), — U. S., —, 18 L. W. 4298), wherein the Supreme Court upheld the constitutionality of the non-Communist affidavit provision of section 9 (h) of the Labor Management Relations Act, 1947. In that case, in answer to questions involving the protections of the first amendment, the Court pointed out that although the first amendment provides that Congress shall make no law abridging the freedom of speech, press, or assembly, it has long been established that those freedoms themselves are dependent upon the power of constitutional government to survive. If it is to survive it must have power to protect itself against unlawful conduct and, under some circumstances, against incitements to commit unlawful acts. Freedom of speech thus does not comprehend the right to speak on any subject at any time. In answer to the contention that under *Schenck* v. *United States* ((1919), 249 U. S. 47), freedom of speech cannot be curtailed until there is a clear and present danger to national safety which authorizes Congress to act, the Court said:

> So far as the Schenk case itself is concerned, imminent danger of any substantive evil that Congress may prevent justifies the restriction of speech. Since that time this Court has decided that however great the likelihood that a substantive evil will result, restrictions on speech and press cannot be sustained unless the evil itself is "substantial" and "relatively serious," Brandeis, J., concurring in *Whitney* v. *California,* supra at 374, 377, or sometimes "extremely serious," *Bridges* v. *California* (314 U. S. 252, 263 (1941)). And it follows therefrom that even harmful conduct cannot justify restrictions upon speech unless substantial interests of society are at stake. But in suggesting that the substantive evil must be serious and substantial, it was never the intention of this Court to lay down an absolutist test measured in terms of danger to the Nation. When the effect of a statute or ordinance upon the exercise of first amendment freedoms is relatively small and the public interest to be protected is substantial, it is obvious that a rigid test requiring a showing of imminent danger to the security of the Nation is an absurdity. We recently dismissed for want of substantiality an appeal in which a church group contended that its first amendment rights were violated by a municipal zoning ordinance preventing the building of churches in certain residential areas. *Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints* v. *Porterville* (338 U. S. 805 (1949)). And recent cases in this Court involving contempt by publication likewise have no meaning if imminent danger of national peril is the criterion.
>
> On the contrary, however, the right of the public to be protected from evils of conduct, even though first amendment rights of persons or groups are thereby in some manner infringed, has received frequent and consistent recognition by this Court.

In addition, the Court pointed out that legitimate attempts to protect the public, not from the remote possible effects of noxious ideologies, but from present excesses of direct, active conduct are not presumptively bad because they interfere with and, in some of their manifestations, restrain the exercise of first amendment rights. The Court declared that the Government's obligations "sometimes admit of limitations upon rights set out in the first amendment. We have never held that such freedoms are absolute. The reason is plain. As Chief Justice Hughes put it, 'Civil liberties, as guaranteed by the Constitution, imply the existence of an organized society maintaining public order without which liberty itself would be lost in the excesses of unrestrained abuses.'"

Moreover, it should be noted that the Supreme Court in this case declared that considerable deference would be given legislative determinations of the need for restrictions upon particular forms of conduct such as those here sought to be dealt with. The Court said that "even restrictions on particular kinds of utterances, if enacted by a legislature after appraisal of the need, come to this Court 'encased in the armor wrought by prior legislative determination.'" S. 2311 contains numerous findings establishing the legislative background and necessity for action. This is buttressed by the detailed statement in Senate Report No. 1358, pages 5 and 6.

In answer to the objection that S. 2311 probes into personal beliefs and that this is a forbidden area wherein the Government is powerless to tresspass—even for purposes of national security—reference may again be made to the Douds case, where the Supreme Court said:

> The public interest at stake in ascertaining one's beliefs cannot automatically be assigned at zero without consideration of the circumstances of the inquiry. It is admitted that beliefs are springs to action, it becomes highly relevant whether the person who is asked whether he believes in overthrow of the Government by force is a general with

500,000 men at his command or a village constable. To argue that because the latter may not be asked his beliefs the former must necessarily be exempt is to make a fetish of beliefs. The answer to the implication that if this statute is upheld "then the power of government over beliefs is as unlimited as its power over conduct and the way is open to force disclosure of attitudes on all manner of social, economic, moral, and political issues," is that the result does not follow "while this Court sits." The circumstances giving rise to the inquiry, then, are likewise factors to be weighed by the courts, giving due weight, of course, to the congressional judgment concerning the need. In short, the problem of balancing the conflicting individual and national interests involved is no different from the problem presented by proscriptions based upon political affiliations.

So, Mr. President, as I have stated, the situation is serious. It calls for a new evaluation of our obligations as Senators representing our constituents and a nation of 155,000,000 persons. It calls for recognition of the fact that America was never before in a similar critical position. It calls for recognition of the fact that, because of the ingenuity of man, the world has been substantially contracted. There are planes which will travel a thousand miles an hour. Only a few days ago I was at a camp and saw a man operate a mechanical plane and send it up into the air and through the means of a little mechanism at his breast he guided the plane. I saw it ascend a mile and I saw and heard guns shooting at it. The man on the ground guided the plane wherever he wanted it to go, simply by means of the little mechanism to which I have referred and he landed the plane, likewise.

We have been told that the Germans at end of war were ready to launch similar planes with bombs that could be controlled from a distance of 1,500 miles. These are but indications that the world in which we now live calls for broader horizons and greater wisdom, more adequacy.

In answer to criticisms that the bill is actually a bill of attainder or an ex post facto law punishing past acts, it should be pointed out that there is nothing in the bill which punishes for acts already committed or prescribes punishment without conviction through judicial proceedings. "A bill of attainder is a legislative act which inflicts punishment without judicial trial," *Cummings* v. *State of Missouri* ((1867) 71 U. S. 277, 323). An ex post facto law is "one which imposes a punishment for an act which was not punishable at the time it was committed, or a punishment in addition to that then prescribed," *Burgess* v. *Salmon* ((1878) 97 U. S. 381, 384). As in the Douds case, where a similar objection was made concerning the non-Communist affidavit requirement, "Here the intention is to forestall further dangerous acts; there is no one who may not, by a voluntary alteration of the loyalties which impel him to action, become" not within the scope of the bill. Consequently, as in the Douds case, it cannot be concluded that the bill is one of attainder or of ex post facto effect.

Much has been said, also, of guilt by association. Mr. President, I repeat that we cannot disregard the old saying, "A man is known by his bedfellows." We realize today that men must be more alert, more familiar with what is going on. There was a time when Russia was our ally, when we gave Russia some $12,000,000,000 of lend lease, and when we sat around the table with the Russians and talked with them. At that time we were naive. However, we were in a battle for our existence. We did not know that we had a traitor in our camp. We were asleep at the switch. Mr. President, that time has passed. The times have changed. Consequently the question of association has a terrific bearing. One owes to his immediate family, his wife and children, the responsibility of not associating with wrong characters. Certainly a citizen of our country, which has been called to leadership in the world, owes an obligation to his Government not to associate with the wrong guys, particularly when those guys stand for concepts and principles which are anti-American. He must dissociate himself from them.

A careful examination of the bill, with an open mind on the subject, will disclose that no individual is made guilty because of mere association with others. He must do something himself which is made unlawful. Even when he merely remains a member of a Communist political organization, if he does this knowing that the organization has not registered as required by law, he is thereby aiding the organization and its officers to keep secret the activities and membership of an organization which uses an unlawful secrecy as the means of establishing a totalitarian dictatorship under foreign control that is in aid of aggression against the United States. He is personally guilty of helping to conceal an unlawful conspiracy, and he is only guilty when he knows what he is doing. In the Douds case, Mr. Justice Jackson, concurring in part, pointed out that "there has recently entered the dialectic of politics a cliché used to condemn application of the conspiracy principle to Communists." He said:

> Guilt by association is an epithet frequently used and little explained, except that it is generally accompanied by another slogan, "Guilt is personal." Of course it is; but personal guilt may be incurred by joining a conspiracy. That act of association makes one responsible for the acts of others committed in pursuance of the association. It is wholly a question of the sufficiency of evidence of association to imply conspiracy. There is certainly sufficient evidence that all members owe allegiance to very [sic] detail of the Communist Party program and have assumed a duty actively to help execute it, so that Congress could, on familiar conspiracy principles, charge each member with responsibility for the goals and means of the party.

Justice Jackson was alerted to the danger. In America during the last two world wars we have lived in sort of glass houses. We went through the wars without damage to our factories, cities, or homes. However, we now recognize the fact that the clock has traveled well ahead from that time. Today we are in the age of the atom bomb. We are in an age of new weapons, which are so terrific that if we get into another world war America will be out on the front lines.

Under section 4 of the bill a determination of whether a particular act will substantially aid a Communist revolution rests first with the individual who works with a Communist organization. Since such an organization is not outlawed it is evident that mere educational propaganda, and campaigns for political reforms or to elect candidates to public offices, are not made unlawful. But, these are activities that can, and should, be carried on publicly, openly, and not secretly.

Hence, when Communists or fellow travelers undertake secret activities which create or foment disorder and lawlessness, or which bring about the paralysis of essential production or public services, or which hamper national defense, or which interfere arbitrarily with the performance of public duties by public officials, or which discredit the administration of justice or the conduct of foreign relations, then the fact that it is necessary to use secrecy, dishonesty, and treachery should provide ample warning to individuals that they, by their actions, may be rendering substantial aid to an unlawful project.

Mr. President, I should like to quote Donald H. Richberg. Here we have a man who has seen much of life. Apparently in the past he saw some virtue in leftist concepts which were preached 17 or 18 years ago. He has, however, like many others awakened to the menace of such thinking. Mr. President, now is the time to keep the ship on an even keel, and now is the time to sense the fact of imminent danger. I read what Donald Richberg said, as found in Senate Document No. 1358, at page 32:

> Clearly there is today an existing danger of a war with Russia. If not, why are we spending billions for defense against such a war?
>
> Clearly, there is today an existing danger of political strikes, domestic disorder, and vast public injuries, which have been and are being brought about by Communist intrigues, particularly in labor organizations. How can we distinguish between such revolutionary guerrilla warfare and lawful strikes for legitimate ends, as long as Communist plots and Communist plotters are protected by legalized secrecy?

Mr. President, let us go over that last sentence again, because here is a challenge to all of us:

> How can we distinguish between such revolutionary guerrilla warfare and lawful strikes for legitimate ends, as long as Communist plots and Communist plotters are protected by legalized secrecy?

Then he said:

> The Congress has the power and the duty to enact laws necessary and useful to thwart foreign aggression, and to expose and to destroy conspiracies against domestic law and order. The Constitution was expressly written in order "to insure domestic tranquillity" and "to provide for the common defense." It is not the function of the courts to reverse a reasoned judgment of the Congress as to when and where there is a clear and present danger threatening our Government and our institutions, from abroad or from within our borders. Whether the proposed laws are wise is a question properly to be debated.

Mr. President, we will debate that question on the floor of the Senate today and tomorrow, and perhaps longer. It is only a question of exercising judgment and foresight. When a house is on fire we know that means are justifiable which might not be otherwise.

I quote again:

It is not the function of the courts to reverse a reasoned judgment of the Congress as to when and where there is a clear and present danger.

Mr. President, is there anyone who knows better than we, who have heard the representatives of the State Department and the military leaders and the head of the Defense Department, that there is a clear and present danger? What is our conclusion? Are we not satisfied that there is not only a clear and present danger threatening us from without, but a clear and present danger threatening us from within? The pending bill is to take care of that clear and present danger from within.

Mr. Richberg continues:

The constitutionality of legislation reasonably adapted to prevent evils which the Congress has a right and duty to prevent, is not debatable.

Mr. President, all of these reasons I believe support my contention that the case against communism is as new as tomorrow morning's headlines; and so we must think anew and act anew with legislation such as I am suggesting today.

Fortunately, in recent times, America has been considerably awakened to the danger. This awakening is due in considerable part to the crusading of my colleague, the junior Senator from Wisconsin [Mr. McCARTHY]. He has given himself unflinchingly to the cause of alerting the American people. More than any single individual, he has spotlighted the case against the Red menace.

The administration, at least in the past, instead of allowing that spotlight to show up the Reds, has done its best to smash the spotlight in order that the Communists could continue their work in darkness, in Government agencies, in unions, in schools, in business, and elsewhere.

The time for action is now. Let those changes which may be necessary be made in the pending bill; but let not the bill be sabotaged, and let it not be vetoed by a President who may not be aware of the consequences of his actions.

CAMPAIGN OF TRUTH—LETTER FROM PRESIDENT TRUMAN

During the delivery of Mr. BRIDGES' speech,

Mr. BENTON. Mr. President, I ask unanimous consent that there be printed in the RECORD the letter which President Truman recently wrote the junior Senator from Vermont [Mr. FLANDERS] and released to the press. This is a very remarkable letter, dealing with the continuing problem of how we can combat Russian propaganda. It pleases me to point out that the President is seizing the leadership in this vast area of conflict we have ignored so long.

I, of course, am pleased that his letter calls attention to my Senate Resolution 243 calling for a Marshall plan of ideas—a campaign of truth against Communist propaganda.

President Truman not only indicates his full approval of what he terms the Benton resolution, but also points out that Secretary of State Dean Acheson supports it.

Mr. President, I only regret we are not moving faster in this crusade for peace and world security. We should exploit at once every medium of communication to push forward the ideas and ideals of democracy, and to show the peoples of the world that their interests are our interests.

President Truman points out in his letter that we should take advantage of the moving pictures, the radio, press, the exchange of persons programs, and should open up information centers and libraries abroad in order to create a better understanding of this Nation among foreign nations.

Mr. President, because this letter is such a fine document, I ask unanimous consent to insert it in the RECORD.

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

AUGUST 30, 1950.

The President today sent the following letter to the Honorable RALPH E. FLANDERS, United States Senate:

"DEAR SENATOR FLANDERS: I have studied with interest the letter of August 18, signed by you and 27 other Senators, calling for 'total engagement of our psychological and spiritual forces.' It is gratifying to have this expression of support for the campaign of truth which we are now waging throughout the world.

"As you know, I have for many years consistently urged the expansion of our activities in the field of international information and education. The Voice of America, through its radio broadcasts, has produced concrete results in giving the facts about the United States to people all over the world. The Government's films, publications, libraries, overseas information centers, and exchange of persons activities have given the world a clearer understanding of this country's progress and ideals. Week by week, there is increasing evidence that our program for getting the truth to people on both sides of the iron curtain is successful and can be made even more successful.

"On April 20 of this year, I issued a public call for a greatly expanded campaign of truth. At that time, I stated:

" 'Because of the pressing need to increase our efforts along this line, I have directed the Secretary of State to plan a strengthened and more effective national effort to use the great power of truth in working for peace. This effort will require the imagination and energies of private individuals and groups throughout the country. We shall need to use fully all the private and governmental means that have proved successful so far and to discover and employ new ones * * *.

" 'We must make ourselves known as we really are—not as Communist propaganda pictures us. We must pool our efforts with those of the other free peoples in a sustained, intensified program to promote the cause of freedom against the propaganda of slavery. We must make ourselves heard round the world in a great campaign of truth.'

"The Secretary of State, in testifying on the Benton resolution, has also expressed the need for strengthening the information and educational exchange program.

"Fortunately, the Government has been able to draft for service in this campaign a number of outstanding men whose qualifications for the work have been widely hailed by the press and public. We are continuing to bring into the Government men with wide experience and vision who can lend new vigor to this important activity. With the cooperation of two distinguished advisory commissions, we are setting up panels of consultants in order to draw upon the ideas and energies of citizens and organizations outside the Government.

"The Advisory Commission on International Information, under the chairmanship of Mark Ethridge, publisher of the Louisville Courier-Journal has unselfishly spent many weeks studying our information operations in this country and abroad. The members of this commission have been of enormous assistance in bringing about steady improvement in this field.

"The Advisory Commission on Educational Exchange, under the chairmanship of Dr. Harvie Branscomb, chancelor of Vanderbilt University, has been of comparable assistance in improving the programs for exchange of persons, for overseas libraries and information centers, and related activities. Both of these commissions have reported to me that our operations have clearly demonstrated their worth to the American taxpayers, have steadily improved month by month, and are now in a position where large-scale expansion is both justified and urgently needed.

"For these reasons, I am glad to see that you and your colleagues agree that we need more funds and a great expansion of facilities. On July 13, I transmitted to the Congress an appropriation request for $89,000,000 to carry forward the campaign of truth. The House of Representatives has cut this amount to $65,655,850. This is far less than the amount needed to carry on the kind of campaign that you advocate. I trust that you, and the other Members of the Senate who signed the joint letter of August 18, will support the full amount of $89,000,000 necessary for the expansion of our education and information activities. The Senate can render a great service if it will see that the necessary funds are provided. At a time when the Kremlin is sparing no effort to spread the most flagrant lies about this country and our allies, we must forge ahead with this great and affirmative campaign. Truth must prevail throughout the world, if we are to have just and lasting peace.

"Very sincerely yours,

"HARRY S. TRUMAN."

INTERNAL SECURITY ACT OF 1950

The Senate resumed the consideration of the bill (S. 4037) to protect the internal security of the United States, and for other purposes.

Mr. WHERRY. Mr. President, it is the purpose of the junior Senator from Nebraska to speak in behalf of the amendment which has been offered in similar language by the distinguished Senator from Missouri [Mr. KEM], the distinguished Senator from Virginia [Mr. BYRD], and the junior Senator from Nebraska on prior occasions, which has to do with the shipping of strategic materials, or materials usable for the war effort, into Russia and the satellite countries under many appropriations and programs. This amendment provides that at the proper place in the bill the following language be inserted:

During any period in which the Armed Forces of the United States are actively engaged in hostilities while carrying out any decision of the Security Council of the United Nations, no part of the fund appropriated to carry out the purposes of the Economic Cooperation Act of 1948, as amended, or any other act to provide economic or financial assistance (other than military assistance)

to foreign countries, shall be used to provide economic or financial assistance to any country which exports, or permits the exportation to the Union of Soviet Socialist Republics or any of its satellite countries (including Communist China and Communist North Korea) of any article or commodity which the Secretary of Defense certifies to the Economic Cooperation Administration may be usable by, or which may be used in the manufacture of any article or commodity which may be useful to, the Armed Forces of the Union of Soviet Socialist Republics or such satellite countries; and it it hereby made the duty of the Secretary to so certify any such article or commodity.

Mr. President, before I continue with a discussion of the amendment, I should like to read a resolution which comes from Metropolitan Council, No. 11, of the CIO United Packinghouse Workers of America. The tide of public sentiment, which is running so strongly against Communist activities in the United States, is typically illustrated by a resolution adopted on August 24 by the Metropolitan Council, No. 11, of the CIO United Packinghouse Workers at Omaha, Nebr., who number more than 8,000 Omaha livestock packing employees in its membership.

This resolution was forwarded to me today by Edward Lang, president of the Council, and I ask unanimous consent that it be made a part of the RECORD in connection with the internal security legislation presently before us.

I read the resolution:

METROPOLITAN COUNCIL, NO. 11,
UNITED PACKINGHOUSE WORKERS
OF AMERICA,
Omaha, Nebr.

RESOLUTION ON COMMUNISM

Whereas communism and the tactics used by the Communist Party and its members is an insult to every patriotic citizen of America; and

Whereas the Communist Party and its members, through lies and sabotage, for the present, are attempting to undermine our form of government through the sale and distribution of un-American literature; and

Whereas they are now in the process of using the mail to distribute the Stockholm peace petitions here in Omaha, as well as in other cities of the Nation. The drive for signatures to this petition was started seriously here on July 24, and many innocent people, such as mothers of boys being called into the service, wives of men being recalled, fathers of men being called into the service, and other members of the families have received the petitions through the mail on that day and in their hopes for peace at any price to save their loved ones, may have been duped into acquiring signatures to these petitions, not realizing that in so doing they were sticking a knife into the backs of the boys fighting Communist aggression in Korea, and into the backs of their own country; and

Whereas the Communist paper, the Daily Worker, has, from its inception, done nothing but advocate the overthrow of our form of government through subterfuge, sabotage, and, if necessary, by force: Therefore be it

Resolved, That we petition the Council of the City of Omaha to draw up an ordinance prohibiting the sale and passing out of Communist literature; and be it further

Resolved, That we petition the State and National legislative bodies to formulate laws to the effect that will bar the distribution of Communist literature through the mails, the sale or passing out of such literature, and finally the outlawing of the Communist Party within our State and Nation's borders.

EDWARD T. LANG,
President.
[SEAL]
JOHN DOOLEY,
Recording Secretary.

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

Mr. WHERRY. I yield.

Mr. MALONE. I listened with great interest to the amendment which the Senator from Nebraska submitted, under which countries which are being economically assisted by the United States would be prevented from trading with Communist countries. I would assume that the amendment would cover the nations in Europe and the nations in Asia who are members of the United Nations, who are supposed to be our allies, and whom we are now helping. The assumption is correct, is it not?

Mr. WHERRY. Yes. I will say specifically the amendment restricts the export of strategic materials to Russia and the satellite nations, by any recipient of ECA funds or any other financial assistance, such as a loan. It would include a nation, for example, which received aid under the point 4 program.

Mr. MALONE. Or the Export-Import Bank.

Mr. WHERRY. If it is a lending agency, which makes loans throughout the world, it would come under the same prohibition.

Mr. MALONE. Can the Senator think of any goods which would come under the ban? Would ball-bearings, steel, and tools be included? They are obviously and directly used in manufacturing. Would clothing and food also be included?

Mr. WHERRY. If the Senator will permit me, I shall be glad to answer his questions as I go along. If I do not answer them as I continue with my remarks I shall be glad to have the Senator ask me questions from time to time. However, I am satisfied that I have the answers to his questions in the remarks which I should like to make at this time.

Mr. MALONE. I may not be on the floor throughout the Senator's address.

Mr. WHERRY. My remarks will not take very long to deliver.

Mr. MALONE. I should like to ask the Senator one more question, if he will yield.

Mr. WHERRY. If the Senator does not expect to remain on the floor, I will say now that the amendment provides for the Secretary of Defense to define what would constitute a strategic material, or a material which would be useful to the war effort. It is left entirely up to him. In view of the fact that the distinguished Senator from Nevada may not be on the floor during the course of my remarks, because I know he is extremely busy with committee work, I will say that the amendment provides for a definition. In addition, figures will be placed in the RECORD with respect to materials the exportation of which from the United States is now being barred on the ground of their strategic value, but which are being shipped from ECA countries to Russia and its satellite countries. In other words, they are shipping the identical articles which are barred from export from this country. A list of those materials will be included in my remarks. For the Senator's information, I will state that one of the big items is tools. I shall also quote a recent statement made by Winston Churchill that Great Britain has exported to Russia $2,000,000 worth of tools a month during the past year.

Mr. MALONE. Of course, while the amount of $2,000,000 a month may be minimized, the fact remains that the tools may be used in the manufacture of war equipment, and in that respect $2,000,000 worth of tools represents a considerable amount of tools.

Mr. WHERRY. Certainly. I do not know whether the Senator from Nevada was on the floor when a similar amendment was offered some time ago. The amendment was not so restrictive as my amendment. Under my amendment a definition of what constitutes a strategic material would be made by the Secretary of Defense. In that respect it goes beyond the previous amendment, which included the blanket statement "all useful material." That is the main difference between the two amendments. The Senator may recall that the Senator from Vermont [Mr. FLANDERS] asked the same question of the Senator from Missouri [Mr. KEM]. He asked the Senator from Missouri how many tools were being shipped, and the Senator from Missouri mentioned the figure for the last quarter. The Senator from Vermont, who has had a good deal of experience with industry, especially in machine tools, remarked that it was one example of an inanimate object being capable of reproducing itself. The Senator from Vermont went on to explain that with a small number of tools it is possible to make other tools, and then to multiply the process until it is possible to produce tanks, bazookas, and every other necessary implement of war.

Mr. MALONE. As, for instance, if we had one jet plane, it would be possible to produce other jet planes.

Mr. WHERRY. Yes.

Mr. MALONE. I am sure the Senator's amendment pursues the same objective as the Senator from Nevada had in mind on January 24 when he introduced a joint resolution, which is still buried in the Democratic Policy Committee, which would have stopped this activity.

Mr. WHERRY. It certainly is still in the committee, and I appreciate the Senator bringing that to my attention.

Mr. MALONE. I support the amendment.

Mr. WHERRY. I thank the Senator, and I say to him that any other Senator who would like to join in the amendment would certainly be acceptable as a cosponsor. I shall be glad to insert the name of the Senator on the amendment.

Mr. MALONE. I thank the Senator from Nebraska.

Mr. WHERRY. Senators from both sides of the aisle have asked the Senator from Missouri and me to offer an amendment, and this amendment has had much study in light of the debate which has proceeded on two or three previous amendments, and on the resolution the Senator from Nevada has offered.

Mr. MALONE. It should have been offered long before.

Mr. WHERRY. I agree with the Senator.

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

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

Mr. MARTIN. I have been very much impressed with the strength and the breadth of the resolution adopted by the labor organization to which the Senator from Nebraska referred. How many members does it have?

Mr. WHERRY. I am satisfied there are 8,000. I think the number is quoted in the letter accompanying the resolution, and I have sent for it, and will state the number when I have it delivered to me.

I thank the Senator for asking me the question. I thought the number was stated in the resolution, and I thought I stated it, but if I did not, I am satisfied that the number is 8,000, or even more. These men are from South Omaha, in the great packing company yards, where the cattle are slaughtered and processed for consumption.

The Senator well knows that we receive many resolutions and letters, and to me the one I have referred to seems one of the most forceful arguments in favor of our doing what we should do, and what should have been done long ago, in the way of passing an internal security bill. When we receive forceful resolutions of this kind, coming from those in the great industrial centers, who know something about the work of sabotage by the Communist Party, I do not know what we, as Senators, are waiting for. We should pass an internal security bill without delay, accomplishing the purposes not only of the McCarran bill, but of the bill as I hope it will be amended by the addition of the Mundt-Ferguson amendment.

It seems to me the resolution is as forceful as anything any Senator might say on the subject. It comes from people in our own communities, from constituents, who are urging, first, that the Congress outlaw the distribution of Communist literature; urging that it outlaw the Communist Party; urging action which many Members of Congress have talked about through the months and the years. Certainly it is forceful, at this time, when the Congress is considering an internal security bill.

Mr. President, in answer to the question by my friend, the junior Senator from Pennsylvania [Mr. MARTIN], the resolution was adopted on August 24, by the Metropolitan Council No. 11 of the CIO United Packinghouse Workers at Omaha, Nebr., who number more than 8,000 Omaha livestock packing employees in its membership.

Today is September 7, and the resolution just arrived. While wonderful speeches about internal security can be made here in very eloquent terms, this language is straight from the shoulder, as we say in the Middle West. What these people want is relief, and they want it now. They want Congress to take action on an internal security bill.

I do not know what we are waiting for. Let us adopt the Mundt-Ferguson modification to the McCarran bill, and pass the bill unanimously.

Coming back, now, to the amendment offered by the junior Senator from Nebraska for himself, Senator KEM, and Senator BYRD, let me continue with my brief remarks.

Members of the Senate are quite familiar with the subject matter of the pending amendment, but the junior Senator from Nebraska would like to take a few minutes to explain differences between the pending amendment and the one that was voted upon on July 31, 1950.

It will be recalled that at that time the junior Senator from Nebraska and the junior Senator from Missouri proposed an amendment to the ECA appropriation. That amendment was designed to stop the flow of strategical war materials, such as machine tools, to Communist Russia and her satellites, including Communist China and Communist North Korea. The amendment lost by a vote of 33 to 39.

Certainly every Member of this body believes it is wrong to permit war-making materials to be exported to Russia and her Communist satellites, while our boys are fighting and dying on the battlefields of Korea to stop Communist aggression.

While there appeared to be no opposition to doing all we could to stop the transshipment of war-making materials to Soviet Russia and her Communist satellites, honest differences of opinion arose over the method. I am sure the distinguished junior Senator from Missouri will remember that very vividly. It was to meet this situation, and provide an effective procedure, that the July 31 amendment was revised for presentation to the pending bill.

This amendment, if adopted, is to become operative only—

During any period in which the Armed Forces of the United States are actively engaged in hostilities while carrying out any decision of the Security Council of the United Nations.

The amendment provides:

No part of the funds appropriated to carry out the purposes of the Economic Cooperation Act of 1948, as amended, or any other act to provide economic or financial assistance (other than military assistance) to foreign countries, shall be used to provide economic or financial assistance to any country which exports, or permits the exportation to the Union of Soviet Socialist Republics or any of its satellite countries (including Communist China and Communist North Korea) of any article or commodity which the Secretary of Defense certifies to the Economic Cooperation Administration may be usable by, or which may be used in the manufacture of any article or commodity which may be useful to, the armed forces of the Union of Soviet Socialist Republics or such satellite countries; and it is hereby made the duty of the Secretary to so certify any such article or commodity.

That is the language of the amendment. I think it is very clear, and speaks for itself.

Mr. President, it will be noticed that the prohibition applies only to aid given by the United States under the ECA, and other legislation to provide economic or financial assistance. This would cover any program, such as the so-called point 4 program, or other financial loans. Military assistance programs are specifically exempted from the provisions of the amendment.

Those Senators who joined with me in presenting this amendment are agreed, as I am, that it is unnecessary to involve purely military assistance programs, because the recipients of our munitions and military supplies are not likely to hand any of them to Soviet Russia or her Communist satellites.

We feel that there is no danger of the military chiefs of staff or military authorities of countries we are aiding militarily deliberately increasing their joint burden of defense by handing their potential enemies some of their weapons.

The amendment applies chiefly to the ECA participating countries. Surely it is decent and reasonable for the Congress to stipulate that when we provide funds for economic and financial rehabilitation of other countries they shall not at the same time export to Russia, or her so-called satellites, any materials that would be helpful to them in prosecuting the war against our own boys in Korea, and possibly elsewhere, if the Korean war spreads.

The point was made, during previous debates on this subject, that our former amendment was too indefinite in fixing authority and responsibility for enforcement of the amendment. It will be noticed that in my amendment the Secretary of Defense is charged with the duty of certifying to the ECA administrator the articles that the Secretary of Defense finds should be placed on the export prohibition list of recipient ECA countries, if they are to continue to receive help from the American taxpayers and the American people.

The Secretary of Defense is specifically charged with the duty of making up the list. That will be his job.

All kinds of arguments can be raised against adopting any kind of prohibitory amendment to this bill—and they have been made.

Months ago, when the junior Senator from Missouri and the junior Senator from Nebraska, began pointing out the leakage of war materials to Russia and her satellites, through countries that we are helping to support through ECA, we were told that we were treading upon a very delicate matter and that it required only the top-level handling in the executive branch.

The observation was made that, in modern warfare virtually every commodity is essential—from hairpins to baked beans.

Obviously, it is the intent of this amendment that a rule of reason be applied. It is not the purpose of the sponsors of this amendment to stop all trade between ECA countries and Russia, but it is the purpose, and the very definite purpose, to curtail as much as possible the exportation to Russia and her satellites of those materials that are definitely and obviously being imported to strengthen their war-making potential.

Machine tools, metals, minerals, electronics, electrical devices, barbed wire, and gasoline are some of the commodities that the Secretary of Defense undoubtedly would say to ECA countries, "You cannot ship them to prohibited areas and expect to continue to receive financial and economic aid from the United States while we are engaged in mortal combat with the Moscow-directed Communists of northern Korea."

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

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

Mr. WHERRY. I am glad to yield.

Mr. KEM. Are not the commodities the Senator has mentioned exactly the commodities which are now prohibited from export from the United States to Russia and the satellite countries under the law and regulations which are rigorously enforced by our own Department of Commerce?

Mr. WHERRY. I will say to the Senator that that is correct. What we are trying to do now is to prohibit the recipients of ECA funds from shipping the exact materials, if you please, and more if necessary, into the satellite countries and to Russia herself—the goods and the materials that American manufacturers are prohibited from sending from the United States of America. I shall place in the RECORD a list of such articles. The Senator from Missouri has already placed such a list in the RECORD in connection with prior speeches made by him. The Senator from Nebraska has also placed such a list in the RECORD on a previous occasion. Once again, however, I shall place a list of such articles in the RECORD, when I come to that particular point—the Senator has anticipated my doing so—to show the prohibitions on such shipments, by reason of the refusal of the Department of Commerce to license the shipment from the United States of such materials as the recipients of ECA funds are now shipping into the satellite countries and to Russia herself.

Mr. President, Members of this body will recall that Winston Churchill recently raised his voice in condemnation of the refusal of the British administration to stop exportation of machine tools, readily suitable for making and repairing tanks to Russia.

The Senator from Missouri knows that fact well. I believe he inserted into the RECORD the remarks made by Winston Churchill in which he condemned his own government for doing the very thing we are attempting to legislate against in the United States, so that we will not give aid to the enemy.

Members of this body, undoubtedly, have noticed the discussion upon this subject that has been raging in the press, both in this country and abroad, in recent days.

It is quite plain, to the mothers and fathers of the United States, how unfair it is to draft their boys to fight in Korea and God knows where else, while at the same time they read in the papers of shipments of war materials to Communist China and Russia.

This war in Korea is mighty serious, grim business, and cannot be relegated as a side issue to the carrying-on of business as usual, with the Communist imperialists.

It is a serious thing, and there is no telling to what points it might spread.

Members of this body, I am sure, so believe, and are just as eager as the junior Senator from Nebraska for a workable formula for stopping this leak of war-making goods to the enemy.

Our own Government has established a list of articles that cannot be exported by American citizens to Russia and her satellites.

This is found on page 10800 of the CONGRESSIONAL RECORD of July 21, 1950, where it was placed by the distinguished Senator from Missouri [Mr. KEM].

Mr. President, I ask unanimous consent that the list appearing in 1½ columns be printed in the RECORD at this point as a part of my remarks.

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

Partial list of exports from Belgium-Luxemburg during 1949 to Russia and satellite nations [1]

Item	Amount in dollars [2]	Amount in thousands of francs	Metric tons [3]
Arms (to Czechoslovakia)	6,040	302	----------
Iron, cast iron, and steel	19,782,840	989,142	151,749
Copper	11,028,820	551,441	23,523
Lead	1,583,160	79,158	4,836
Zinc	3,003,780	150,189	10,413
Tin	941,060	47,053	485
Other base metals and alloys	1,387,360	69,368	623
Boilers, machinery, mechanical apparatus, and appliances, and parts	7,937,880	396,894	6,273
Electrical machinery and apparatus, and articles for electrotechnical use, and parts	5,840,660	292,033	----------
Railway and tramway rolling stock and material	430,600	21,530	872
Optical, measuring, precision, and other instruments and apparatus	2,480	124	----------
Chemical products	1,709,540	85,477	8,573
Explosives, fireworks, matches, and other inflammable materials	1,447,960	72,398	2,014
Rubber and manufactures	942,600	47,130	1,355

[1] Complete list available in my office, including a breakdown of exports by importing country.
[2] Computation based on current exchange rate of 50 francs to the dollar.
[3] 1 metric ton is equal to 2,204.6 pounds.

Partial list of exports from United Kingdom during 1949 to Russia and satellite nations

Item	Amount in dollars [1]	Amount in thousands of pounds sterling	Quantity
Ball and roller bearings and parts	243,600	87	[2] 2,000
Iron, steel, and manufactures (total)	12,140,800	4,336	[3] 88,000
Steel bars and rods, not alloy	1,736,000	620	[3] 20,000
Bars and rods of alloy steel	504,000	180	[3] 1,000
Hoop and strip	422,800	151	[3] 3,000
Railway and tramway construction material	708,400	253	[3] 10,000
Barbed wire	420,000	150	[3] 3,000
Cable and rope (except insulated telephone and telegraph cable)	425,600	152	[3] 1,000
Nonferrous metals and manufactures (total)	4,062,800	1,451	----------
Aluminum and alloys	618,800	221	[4] 21,000
Brass and other alloys of copper, other than nickel alloys	1,142,400	408	[4] 63,000
Copper	694,400	248	[3] 1,000
Electrical goods and apparatus	6,806,800	2,431	----------
Machinery (total, excluding ball and roller bearings and parts)	45,172,400	16,133	[4] 867,000
Electric generators	11,986,800	4,281	[4] 181,000
Electrical machinery, other than motors and generators	2,864,400	1,023	[4] 46,000
Machine tools (metal-working) other than portable power tools	5,138,000	1,835	[4] 129,000
Vehicles (including locomotives, ships, and aircraft) (total)	13,361,600	4,772	----------
Rubber tires for motor vehicles, other than motorcycles and tricars	229,600	82	9,000
Chassis for motor vehicles, with engines	1,660,400	593	1,000

[1] Computation based on present exchange rate of $2.80 to the pound sterling.
[2] Hundredweight (112 pounds).
[3] Long tons.
[4] Hundredweight.

Partial list of exports from France during 1949 to Russia and satellite nations

Item	Amount in dollars [1]	Amount in thousands of francs	Metric tons
Chemicals:			
Inorganic	1,546,759	533,365	23,425
Organic	983,283	339,063	610
Rubber and rubber products	1,678,616	578,833	1,426
Steel-mill products, hot rolled, sheets and plates	4,198,881	1,447,890	41,696
Steel-mill products, cold rolled, tubular products, and wire	3,087,703	1,064,725	19,283
Aluminum, crude, and semimanufactures	369,245	127,326	815
Aluminum alloys	408,688	140,927	833
Lead and lead alloys	316,349	109,086	1,115
Metal manufactures	2,046,376	705,647	3,985
Machinery and apparatus	10,272,238	3,542,151	6,771
Machinery, electrical, and apparatus	2,015,239	694,910	525
Transportation equipment	8,281,011	2,855,521	7,913
Optical, surgical, scientific, and photographic instruments and apparatus	1,113,145	383,843	115

[1] Computation based on current exchange rate of 350 francs to the dollar.

Mr. WHERRY. Mr. President, I ask unanimous consent to have printed once again in the RECORD tables which appear

on page 11450 of the RECORD of August 1, 1950. It is a list of the exports of ECA participating countries to eastern Europe, which was previously inserted in the RECORD by the junior Senator from Nebraska.

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

Exports of ECA participating countries to eastern Europe, fourth quarter 1949 and first quarter 1950

[Thousands of dollars]

Commodity	Austria		Belgium/Luxemburg		Denmark		France		Greece		Germany		Iceland		Ireland	
	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter
Bread grains						18	0						0	0		
Oils and fats		(1)	259	687	(1)	2,620	7	(1)	3	6	253	(1)	0	0		(1)
Sugar				13			0						0	0		
Meat			48	2		284	5				2		0	0		
Milk products				5		233	0						0	0		
Tobacco						2	0		742	668			0	0		
Fish—fresh, frozen, or smoked, dried, canned						670							1,842	1,173		
Eggs						1	0						0	0		
Coarse grains						1,835	0						0	0		
Oilcakes, meal, other feeding stuffs						2	95						0	0		
Fertilizers	1,504		111	1,216			197				11		0	0		
Dyestuffs	2		198	388		55	0				889		0	0		
Raw materials for plastics	4		629	2		33	0				231		0	0		
Refined liquid fuels and products	0		11	22		12	88						0	0		
Raw materials for steel and iron products (pig iron and ferro-alloys)	661					5	2				1,858		0	0		
Crude and semifinished steel and hot finished steel and end products	6,979		2,549	791		53	3,099				3,825		0	0		
Raw wool			1,181	2,254		5	599				39		2	0		
Natural fibers (except cotton, wool)			1,149	1,779		48	29						0	0		
Artificial fibers, continuous filaments	167		1,305	1,184			358				24		0	0		
Softwood: Sawn timber except sleepers	514			1			0						0	0		
Pitprops	223						0						0	0		
Pulpwood							0						0	0		
Newsprint	347						0						0	0		
Other paper, board and wallboard			13	4		21	20				65		0	0		
Leather	568		29	66		1	149						0	0	1	
Generators, motors, electrical machinery	1,024		1,392	1,406		243	813				1,204		0	0		
Nonelectrical machinery	1,154		2,474	2,276		1,690	3,069				6,465		0	0		
Transportation equipment	865		976	192		83	2,863				2,255		0	0		
Manufactured leather (except fur)	1		13	14		4	3				13		0	0		
Zinc ore							0						0	0		
Anthracite and hard coal			101	154			0						0	0		
Coke (except petroleum coke)			581	108			0				1,770		0	0		
Brown coal briquettes							0						0	0		
Aluminum primary metal	134						0				16		0	0		
Copper metal, unwrought			502	920			0						0	0		
Lead primary metal			313	162			0				33		0	0		
Zinc primary metal			615	210			0				4		0	0		
Cotton fabrics							196						0	0		
Raw hides and skins (except 7140)							1						0	0		
Sulfur							0						0	0		
Tracklaying and wheel tractors							132						0	0		
Rubber manufactures							522						0	0		
Pulp	220												0	0		
All other commodities	9,426		5,627	5,746		4,400	9,484		803	557	7,879		122	316	46	
Grand total	23,793		20,077	19,603		12,318	21,731	18,694	1,548	1,231	26,836		1,966	1,489	47	

Commodity	Italy		Netherlands		Norway		Portugal		Sweden		Switzerland		Turkey		United Kingdom	
	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter
Bread grains									0	129					0	
Oils and fats	15	13	1,001	631	(1)	(1)			1,527	778	(1)	(1)	(1)	(1)	120	(1)
Sugar			862	72					0						0	
Meat		1							14	44					3	
Milk products		5	5	113					207	46					0	
Tobacco	1,245	932		1											8	
Fish—fresh, frozen, or smoked, dried, canned			453	568					998	382					862	
Eggs			7	11					39	128					0	
Coarse grains	7														0	
Oil cakes, meal, other feeding stuffs	104		7	78						0					0	
Fertilizers															34	
Dyestuffs	66	261							1	1					316	
Raw materials for plastics	17	30	168	126					34	58					283	
Refined liquid fuels and products	572	233	289	368					174	79					154	
Raw materials for steel and iron products (pig iron and ferro-alloys)	25	27	211	63					3,199	1,458					53	
Crude and semifinished steel and hot finished steel and end products	1,210	2,491	705	263					2,638	1,343					3,046	
Raw wool			0					56							386	
Natural fibers (except cotton, wool)	2,126	682	518	393					50	3					3	
Artificial fibers, continuous filaments	1,906	1,189							23	66					11	
Softwood: Sawn timber except sleepers										1						
Newsprint		36														
Other paper, board, and wallboard	82	50	13	1					388	491					20	
Leather			8	28											56	
Generators, motors, electrical machinery	2,117	3,979	752	1,007					3,144	2,525					4,749	
Nonelectrical machinery	7,213	6,741	290	592					7,962	8,690					8,980	
Transportation equipment	1,577	1,161	2,016	343					208	483					2,316	
Manufactured leather (except fur)		2	89	23					4	0					16	

1 Not available.

Exports of ECA participating countries to eastern Europe, fourth quarter 1949 and first quarter 1950—Continued

[Thousands of dollars]

Commodity	Italy		Netherlands		Norway		Portugal		Sweden		Switzerland		Turkey		United Kingdom	
	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter	1949, fourth quarter	1950, first quarter
Zinc ore	625	544							67	0					0	
Anthracite and hard coal															1,358	
Coke (except petroleum coke)			456	43											493	
Brown coal briquettes															0	
Aluminum primary metal															0	
Copper metal, unwrought															0	
Lead primary metal															0	
Zinc primary metal															0	
Cotton fabrics	283	387													680	
Raw hides and skins (except 7140)							2								0	
Sulfur	256	288													3	
Tracklaying and wheel tractors	125	635							56	39					717	
Rubber manufactures															809	
Pulp									421	733					0	
All other commodities	6,675	7,209	10,287	11,023			499	317	3,897	4,063					14,023	
Grand total	26,246	26,897	18,137	15,747	11,615	8,255	501	373	25,050	21,541	21,135	14,016	12,057	3,651	39,497	42,532

Source: Fiscal and Trade Policy Division.

Mr. WHERRY. Mr. President, if this matter were to be considered on a purely dollars-and-cents basis it would be nonsense to deprive our industries of the Russian market, while letting their competitors in Great Britain and the other countries take over that market. Is that not true? But this is not a dollars-and-cents proposition at all. This is a life-and-death matter. And there is no room for greed in this picture.

The longshoremen in New York City understand this situation very well, for they have flatly refused to unload shipments of furs and crab meat and other commodities into this country from Russia.

While that has nothing to do with this pending amendment, and is in no way affected by this amendment, it is mentioned merely to emphasize that the American people are alert.

As a matter of fact, the United States is reducing its trade to Russia to a trickle.

An Associated Press dispatch from Washington in the New York Herald Tribune for September 6, 1950, says:

> Shrinking trade between the United States and Soviet Russia now promises to dwindle to a $31,000,000 annual trickle by the end of this year.
>
> Commerce Department officials made that forecast today after President Truman reported last week the United States is pressing friendly countries to tighten upon strategic shipments to the Soviet bloc.

Further on the article says that trade between the United States and Russia has—

> dried up steadily since this country early in 1948 began halting shipments of machine tools and other things which might add to the Soviet war potential, and Moscow responded by cutting back its important exports of manganese and chrome to this country.
>
> The postwar peak was the $226,000,000 total for combined exports and imports in 1947. In order of dollar value, the important remaining imports from Russia are undressed furs, manganese, and chrome, such specialty goods as caviar, crab meat and sausage casings, cotton linters and waste, Turkish-type tobacco, pine needle and rose oils, flax, and pig bristles.

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

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

UNITED STATES REDUCING TRADE TO RUSSIA TO A TRICKLE—DROP TO $31,000,000 A YEAR FOR BOTH SIDES FORECAST; DOCK BOYCOTT MAY CUT IT

WASHINGTON, September 5.—Shrinking trade between the United States and Soviet Russia now promises to dwindle to a $31,000,000 annual trickle by the end of this year.

Commerce Department officials made that forecast today after President Truman reported last week the United States is pressing friendly countries to tighten up on strategic shipments to the Soviet bloc.

The trade flow may shrink even further if longshoremen persist in their refusal to unload such cargoes as Russian furs and crab meat. The Commerce Department estimate was based on export-import figures for the first half of this year, before the dock workers' boycott started at New York, Boston and other cities.

On this basis the outlook is for a fantastic 30-to-1 trade ratio in favor of Russia, with Soviet shipments to this country valued at $30,000,000 and only $1,000,000 worth of American goods being sent directly to the Soviet Union.

Already the exchange between the world's two most powerful countries is down below the level of trade between the United States and some small Latin-American nations.

It has dried up steadily since this country early in 1948 began halting shipments of machine tools and other things which might add to the Soviet war potential, and Moscow responded by cutting back its important exports of manganese and chrome to this country.

The postwar peak was the $226,000,000 total for combined exports and imports in 1947.

In order of dollar value, the important remaining imports from Russia are undressed furs, manganese and chrome, such specialty goods as caviar, crab meat and sausage casings, cotton linters and waste, Turkish-type tobacco, pine needle and rose oils, flax, and pig bristles.

Small shipments of chrome and manganese, which are indispensable in hardening certain types of steel, are still coming in. The 1950 total is expected to reach between 50,000 and 70,000 tons—a fraction of the imports of 3 years ago, when Russia was a major source of American supply. Since the cold war increased in intensity, the United States has shifted to other foreign sources.

Mr. WHERRY. Mr. President, it will be observed that the article says the President is—

> Pressing friendly countries to tighten up on strategic shipments to the Soviet bloc.

But it carried the phrase which has bobbed up all too frequently in our recent legislation, notably, in the recent Defense Production Act. I refer to the phrase "insofar as practicable."

Mr. President, at this point I wish to read in my remarks a provision of the basic ECA law. It is Public Law 472 of the Eightieth Congress, and I shall read from section 117 (d):

> The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security—

And so forth. I read that, for the reason that the ECA Administrator has not interpreted that section of the law, as making the same prohibition against the shipment of such materials by the countries which are the recipients of ECA aid as the Secretary of Commerce has made against the shipment of such materials by American exporters. The Administrator of ECA has absolutely failed to deny ECA aid to those participating countries which ship strategic materials to Russia and her satellites, although he has the power to do so. Therefore, Mr. President, it is necessary for the Congress to amend this measure so as to require that the Secretary of Defense define what are strategic materials, and then make it mandatory that no country which is the recipient of ECA aid may export to the satellite countries or to Russia materials thus defined as being strategic materials.

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

Mr. WHERRY. I am glad to yield.

Mr. KEM. I should like to ask the Senator if the evidence is not clearly to the effect that unless something is done about this matter, the British shipments

to Russia will skyrocket between now and the end of 1951.

In that connection, I invite the attention of the distinguished Senator to the dispatch from London dated August 29, which the Senator placed in the CONGRESSIONAL RECORD on August 30, appearing at page 13814. I read from the dispatch:

The first orders for heavy machinery which the Soviet purchasing agents placed 2 years ago, just after the treaty was signed, are now just beginning to be completed, and the heavy shipments are about to begin.

Mr. WHERRY. I had reference to that. Of late, many articles on that subject have appeared in the press. Those articles show that there will be a definite tendency for the shipment of such materials to Russia or to the satellite countries to skyrocket unless some restriction is imposed.

In view of the statement made by the distinguished junior Senator from Missouri, in the course of which he quoted articles appearing in the press and articles by research workers, it is obvious that the shipments to which he has referred will continue to increase. Therefore, Mr. President, I say the sooner the United States Congress makes mandatory the imposition of such a prohibition, the better off the United States will be.

I have discussed at some length with the junior Senator from Missouri the advisability of offering this amendment to the pending internal security bill, for we did not want to bring in an extraneous matter. To my mind this legislative proposal is just as important as any provision of the bill as reported to the Senate. We are talking about stopping communism in the United States, and today we are trying to stop communism in Korea.

Why should we aid the enemy there by permitting them to receive, through the satellite countries, war-potential shipments from the ECA-recipient countries. These very materials will come back at our boys in the form of bullets, tanks, and guns.

Certainly, Mr. President, the place to incorporate such a provision is in the bill which is before the Senate at this time. I hope no Senator will oppose adding such an amendment. It is obvious that in our own interest and in order to provide for the safety of our own country, we must require the ECA countries to observe the same requirements which we make of our own industrialists, namely, not to ship war materials to Russia or to the satellite countries. What we ask in this connection, Mr. President, is only reasonable. It is only common sense in the administration of the ECA Act.

From time to time, Senators interested in this matter have made inquiries of the executive branch as to what they were doing to carry out the provisions of the ECA Act, and they have been told that the executive branch was working on that matter. But, Mr. President, as the Members of this body and as all the relatives and friends of the boys fighting in Korea can well see, the flow of war-making materials to the Soviet bloc continues. Inasmuch as the administration announces that it is in favor of putting an end to such shipments, certainly, Mr. President, action by this Congress in taking out the "if's," "but's," and "insofar as practicable" phrases, should be helpful in making a hard and fast rule to stop such shipments of strategic and war-making materials to Russia and the satellite countries.

Unless that is done, it is quite plain by now that little can be expected to avoid the possibility—in fact, the probability—that some of the war material that now is going to the Soviet bloc from countries that we are helping to support, through ECA, will come back at our troops in the form of bullets or tanks or wire entanglements or weapons.

Mr. President, there is no sound ground upon which the shipment or transshipment of strategic war materials to the Soviet bloc can be justified. I confidently believe that the Senate holds that view.

Here is an article which appeared in the Wall Street Journal on September 6, 1950:

ALLIES SHOULD BAR ALL MACHINE TOOLS FROM RUSSIA, SAYS BERNA—INDUSTRY SPOKESMAN ASSERTS ANY TYPE CAN BE USED FOR WAR-WEAPONS PRODUCTION

CLEVELAND.—Any machine tool can be used in armament building and therefore all types, not merely a select list, should be barred from Soviet-dominated countries by England and West Germany, Tell Berna, general manager of the National Machine Tool Builders' Association, declared here.

The reply of Prime Minister Attlee to Winston Churchill that England is not shipping machines of strategic importance to Russian-dominated countries, he said, either reveals an incredible ignorance of machine-tool uses or is a "political cover-up."

"You cannot say that a certain machine is to be used for tractors and therefore will not be used for tanks. All machine tools, of whatever category, have their place in production for war. Recognition of this basic premise is the only sound foundation for the determination of policy regarding sales to Russia and her satellites," said Mr. Berna.

"According to Mr. Attlee," said Mr. Berna, "exports of machine tools 'regarded as of key importance for strategic purposes' were stopped 18 months ago, except in the case of contracts already concluded before that date.

"The fact is that any engineer, for that matter any workman in a metalworking plant, knows that all machine tools, of whatever nature, are used in war production. The withholding of a few types of machines merely gives lip service to the problem. In fact, the types withheld can be built on the machines received."

But aside from these facts, he asked, "Why are British shipments of these very machines still continuing on contracts concluded prior to 18 months ago?"

"Two and a half years ago the United States Government stopped shipments of all types of American machine tools to Russia and satellite nations, even though these machines had been built in fulfillment of contracts concluded before that time," he declared. "Meanwhile, England continues to ship not only quantities of machine tools which Attlee says will not 'damage essential defense needs,' but in addition keeps right on supplying the Russians with machines of the very types which he himself states are 'regarded as of key importance for strategic purposes.'"

Here is an article which appeared in the New York Times for September 6, 1950. It came from Hong Kong. The headline says:

British bar fuel bound to Formosa—Hong Kong refuses clearance for United States aviation gasoline—Higher levels study ban.

Mr. President, I do not want to take the time to read the entire article, but I ask for its complete insertion in my remarks following the few lines that I expect to read. I read the following:

British authorities here have banned the shipment of 1,000 drums of United States aviation gasoline to Formosa. The Hong Kong government thus extended to Nationalist-held Formosa the same restrictions now being applied on the export of key strategic items to the Communist-held Chinese mainland, assuming a position of neutrality on this score notwithstanding the fact that United States cargo was involved.

The aviation gasoline had been scheduled to leave last Friday for Formosa aboard the Flying Dragon, Panamanian flag vessel, but the ship sailed without the gasoline because it was unable to get export clearance for the fuel cargo. Efforts are being made to reroute aviation gasoline through some other Far Eastern port to Formosa where users of the high octane fuel include United States military planes, the Chinese Nationalist Air Force, and the Civil Air Transport Co., commercial air line in which Maj. Gen. Claire L. Chennault, retired, plays a prominent part.

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

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

According to reliable sources, the matter is being studied further on higher levels in both Washington and London. The action involves not only the shipment of gasoline but also such items as aviation spare parts.

Hong Kong government's refusal to clear aviation fuel for Formosa underlines the caution with which it is dealing with the Chinese Communists. Although London has recognized the Communist regime in Peiping, the latter has not grasped at the opportunity for full-fledged diplomatic relations with the British and the Hong Kong situation is still regarded here as delicate.

The Communists recently have been conducting an intensified propaganda campaign against the British in Hong Kong charging that British planes, ships, and soldiers have repeatedly overstepped colonial boundaries and intruded on the territory of China. The Communists also have accused British officials of beating up and humiliating Chinese Nationals in restricting immigration into Hong Kong, and persecuting Chinese residents by banning more than 30 people's organizations.

Meanwhile, various shipping concerns are taking steps to extend the colony's commercial dealings with the Communist mainland by reestablishing the Pearl River service between Hong Kong and Canton. During the past several days four coastal vessels have proceeded to Canton on trial runs. Communist purchasing agents still are active in Hong Kong and trade with China continues at a brisk rate.

The monthly statement of the Kowloon-Canton Railway released here today disclosed that the tonnage carried over its route in August was the highest for any monthly period since the end of the Japanese war. The railway formerly operated a through service between this colony and Canton. Since the Communists took over, south China passenger trains have been operating from both ends only as far as the border, but

freight trains sometimes make the through run.

The railway statement said goods and tonnage carried in August amounted to 35,193 tons. It listed the principal items sent to China as iron bars, galvanized iron wire, galvanized iron sheets, steel plates, iron hoops, machinery parts, crude rubber, rubber tires, medical supplies, auto parts, chemicals, and sugar. Goods that arrived by rail here, it added, consisted mainly of wood oil, beans, tea, hemp, bran, some pigs and poultry.

Mr. WHERRY. Taking the New York Times story at its face value, it raises many interesting questions, especially in view of the admonition of Gen. Douglas MacArthur that the United States make certain that Formosa never falls into the hands of an unfriendly power.

But more directly to the point on the matter involved in the pending amendment, the attention of the Senate is called to this part of the New York Times dispatch from Hong Kong:

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Attention is especially called to the report that the principal items sent to China—Communist Moscow directed, controlled, and dominated China—were iron bars, galvanized iron wire—could that be for barbed wire fences against our boys in Korea?—galvanized iron sheets, steel plates, iron hoops, machine parts, crude rubber, rubber tires, medical supplies, auto parts.

And what did the British get in return for supplying the Communist imperialists with war materials?

Why, the story says, they have received wood-oil, beans, tea, hemp, bran, some pigs and poultry.

Oh, how valuable these will be in the event the predatory bear decides to move on Europe.

Of course, Great Britain needs some pigs and poultry and other foods, but let us be sensible about this matter. It is time to fish or cut bait.

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

Mr. WHERRY. I am glad to yield.

Mr. KEM. Did not the British also receive from Russia crabmeat and furs, which the longshoremen's union in New York refused to permit to be landed in this country?

Mr. WHERRY. Yes. I referred to that earlier in my remarks. It is also directly in point here, and I am glad the Senator mentioned it again. But that was the point I made earlier in my speech. I showed that America was becoming alert to the situation. The prohibition should have been made, and the direction given a long time ago. As we are now about to close this session, the only other means I know, is for the Senate of the United States to make it mandatory that the responsibility be placed squarely upon the shoulders of the Secretary of Defense and upon the ECA Administrator, without "if's," "and's," or "insofar as practicable's."

Let the Secretary of Defense define what the strategic materials are. Then let the ECA Administrator prohibit the countries which are recipients of the American taxpayers' money from sending those products into Russia or her satellite countries. To me it is only common sense. The article I just read mentioned the sending of strategic materials into Communist China. Where do they get their barbed wire? The answer is, they get it from iron, from steel products, from materials of war. There it is—and all we get in exchange is a supply of poultry and pigs.

It is not the intention of the junior Senator from Nebraska to go over the whole field of international relationships and foreign policies, including the matter of ground forces for South Korea, to join the United States in carrying out the United Nations' directive, although that is a topic which should be discussed on the floor of the United States Senate.

But, it seems to the junior Senator from Nebraska that we can at least use common sense with our own money and our own resources, and see that they do not go to countries which, in turn, are supplying our enemy.

Regardless of the merits or demerits of building highways and irrigation projects and other long-range peacetime projects for British interests in Africa, or for French colonies, in parts of the world far remote from the predatory Russian bear, it seems to the junior Senator from Nebraska that the least we can do to guard our own American taxpayers' money is to see that our boys fighting and dying in Korea, and possibly threatened with the same fate in other parts of the world, do not have some of the war materials that are being transshipped into Russia and her unwilling satellites flown back to kill and maim them.

Who is there to say that the Congress has no right to say how the money that it appropriates shall be spent?

Congress has full power to do so, and it is its responsibility and duty to act and see that the objectives of the original ECA Act, the first authorization, are carried out. The Administrator has failed.

It was the plain intent of this Congress that the countries who were being supported by the American taxpayers should at least do the decent thing, and not pass along war materials to our potential enemies, even though these foreign countries may sympathize with the socialism of Russia and China, and even though they may approve of the manner in which the Moscow-directed Communists have seized control and domination of China, our long-time ally.

Historically, the foreign policy of the United States was basd upon equal justice to all. Our country stood for principles that were applied even-handedly everywhere, and our country has been respected because it has stood for what is right and fair. We have sought no territorial or other advantage in any part of the world. All we wanted was peace and fair dealing among nations.

Now, it seems, some of the great nations of the world do not care how countries are taken over, whether by outside fomented internal revolution or by direct aggression, such as occurred in China. Their only interest, it seems, is the money they can get out of the situation.

It is time that some of these matters be threshed out, and we find out where we stand, so that we may better prepare ourselves for come what may.

This is a responsibility the junior Senator from Nebraska belives this body has no intention of shirking.

Certainly the great body of public opinion in Great Britain that is represented by Winston Churchill will be gratified by adoption of this amendment. The last election in Great Britain indicates that Winston Churchill does represent a very substantial proportion of the population.

Mr. President, I have here an article from the New York Times of September 6, 1950, carrying the headline, "London Seeks End to Tools Exports; Ponders Puzzle of Halting War Potential for Soviet and Avoiding Welshing Taint." I ask unanimous consent to have this article inserted at this point in my remarks, and I wish to say, in commenting upon it, that the pending amendment offers a solution for the problem which the British feel confronts them.

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

LONDON SEEKS END TO TOOLS EXPORTS—PONDERS PUZZLE OF HALTING WAR POTENTIAL FOR SOVIET AND AVOIDING WELSHING TAINT

(By Raymond Daniell)

LONDON, September 5.—The British Government is seeking a way out of its more embarrassing contracts with the Soviet Union. These call for the delivery of machines and machine tools in payment for the timber and grain that the Russians have supplied already as their part of the bargain under the trade agreement of 1947.

In the light of the present international situation, these old contracts have become a political liability for the Labor Government. Not only is United States pressure being brought to bear to void them, but the Conservatives have seized upon the anomaly of this country's supplying potential war material to a potential enemy as a convenient stick with which to belabor the Labor Government.

It is quite evident that a change of policy is indicated, but what it is to be is still under discussion by the Cabinet. Two considerations are foremost in the Government's approach: First, it wants to get out of an embarrassing predicament at home and abroad;

second, it wants to do so in a nondiscriminatory way and in a fashion that will not look like welshing.

EMBARGO A POSSIBILITY

One suggestion that is receiving serious consideration is that Britain might declare that in the present circumstances, all that her factories produce is needed for home defense, and then requisition all machines and machine tools now in existence or in process of manufacture.

This would be in line with the policy adopted to prevent the flow of oil from Hong Kong to Communist China. There it was decided that the supplies on hand were only enough to meet the needs of the armed forces, and an effective embargo was thus established on exports.

Some consideration is being given to a plan for limiting all exports by license to friendly countries, but this presents the obvious difficulties of supervision and control of reshipment.

SHIFT IN TENSES SEEN AS CLUE

As first reading, Prime Minister Clement Attlee's speech of last Saturday seemed to preclude any drastic revision of policy regarding export to the Soviet Union. This policy has been far more liberal than that of the United States. It was forcefully affirmed afterward that such controls as existed for machine tools provided so many loopholes that machines suitable for boring heavy ordnance were still being exported.

However, those in the confidence of the Prime Minister say that almost unnoticeable changes in tense in the relevant parts of his radio speech should not be overlooked.

These changes are interesting and perhaps significant. On the subject of shipments already made, he said:

"These exports have not affected injuriously either our home or export requirements."

Then he switched to the present tense, saying:

"We are watching all these matters with close attention."

Next, he used the future tense:

"Moreover, we shall not allow such exports to damage essential defense needs."

Within that structure of changing tenses lies a justification of past performance and the possibility of a new policy, provided that a formula can be found that will preserve Britain's reputation as an honest trader and at the same time avoid a too obvious appearance of discrimination against any one nation or group of nations.

Mr. WHERRY. Mr. President, the junior Senator from Missouri, the senior Senator from Virginia, as well as the junior Senator from Nebraska, and other Senators, including the Senator from Nevada [Mr. MALONE], were consulted respecting this amendment. They are satisfied that it is workable and should be effective in maintaining consistency in our foreign policy, with its administration under a rule of reason. It should result in effectively closing leaks of war materials to our enemies in Korea and to potential enemies elsewhere. We should be glad to have other Senators, who care to, sponsor the amendment.

It will greatly improve the morale of our fighting forces in Korea, and of our people in prosecuting the war to a victorious conclusion.

Mr. President, I urge the adoption of the amendment. I am sure it is directed only in the right way and that, if it is administered with reason, it will place squarely upon the shoulders of the Secretary of Defense the responsibility for defining strategic materials useful to the enemy in prosecuting the war; it will make mandatory that the ECA Administrator deny economic assistance to those countries who ship such materials to Russia and her satellites.

Certainly, if we impose such prohibition and restriction upon exports from the United States we should make a similar prohibition against shipments to satellite countries by those countries receiving ECA funds paid for by the taxpayers of America.

Mr. KEM. Mr. President, I shall not detain the Senate very long in a discussion of the amendment which has been offered by the Senator from Nebraska on behalf of the Senator from Virginia [Mr. BYRD] and myself. I think the Senator from Nebraska has covered the subject very clearly, adequately, and well. I desire, however, to make a few remarks regarding the amendment.

WILL WE NEVER LEARN?

It was said of the French Royal House of Bourbon that it could never learn from experience. The present rulers of America seem to be the Bourbons of our time.

Some 10 years ago we were exporting substantial tonnages of iron and steel scrap to Japan. We did it at the instance of our own Government in accordance with its appeasement policy. Later we paid dearly for the mistake in the lives of the American boys who were blasted by this same iron and steel.

History repeats itself. Today we are repeating the follies of a decade ago. Through the Marshall plan countries we are arming Russia. But many of the mothers of America have not forgotten. Let me read from a letter received from Mrs. R. H. Daniel, whose address is 4308 Avondale Street, Dallas 5, Tex. I do not have the pleasure of Mrs. Daniel's acquaintance. Perhaps the senior Senator from Texas, the chairman of the Senate Committee on Foreign Relations, knows her. She writes as follows:

We mothers of our Nation haven't forgotten the mountains of scrap iron shipped to Japan to make bullets to kill our boys. Proclaim from the housetops until we can have honest, patriotic, awake statesmen, and now.

SITUATION IN GREAT BRITAIN

A few weeks ago we were dismayed when our boys in Korea were mowed down by Russian-made tanks that were clearly better than ours. We wondered how this could be. Now we know the answer.

On August 26 Winston Churchill declared that the British were turning out tools for the Russians suitable for the construction and repair of tanks. He said that Russian inspectors were admitted into the plant where this was going on. A day or so later, Joseph Greenwood, chairman and managing director of Craven Bros., Britain's second largest engineering firm, said his company will be tied up for many months fulfilling a £1,000,000 or a $2,800,000 order for Soviet Russia. For British firms, he said, "We cannot contribute so much as a split pin for 3 years."

In other words, Mr. President, they were so busy furnishing materials of war to Russia that they could not assist in the armament of their own country for 3 years. Unless something is done by Congress with reference to it, we shall contribute to the armament of Great Britain and to the economic rehabilitation of Great Britain by shipping millions and millions of dollars' worth of material at the expense of the American taxpayers.

On September 2 Prime Minister Attlee of Great Britain, in a fireside chat to the British people, said that Britain will not allow her sales of machine tools to Russia to damage her own defense needs.

That certainly is very reassuring, Mr President. But nowhere in his speech did he say that tools deliveries to Russia would be halted.

He later gave an interesting excuse for that situation. He said that the tool manufacturers of Great Britain were under contracts with Russia, and that those contracts had been made pursuant to an Anglo-Russian trade agreement.

That argument is pretty well answered in an editorial published today in the Washington Post, from which I shall quote only two or three sentences:

The most alarming aspect of the disclosures in regard to Anglo-Russian trade is the recent reluctance of the Labor Government to put a stop to these shipments for fear of being accused of reneging on this trade agreement with Russia. What an excuse, when Russian tanks may be killing British soldiers at this moment in Korea.

Russia's reaction certainly can be disregarded in view of the critical international situation.

Mr. President, the entire editorial is an excellent discussion of the situation, and I ask unanimous consent to have it printed in the RECORD at this point in my remarks.

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

AIDING RUSSIA

The unfavorable impression on American public opinion which was created by Mr. Churchill's charge that machine tools suitable for repair of tanks are being shipped to Russia has been heightened by Prime Minister Attlee's maladroit defense of the business. According to Mr. Attlee, exports of machine tools regarded as of key importance for strategic purposes were halted a year and a half ago, except in case of contracts already concluded before that date. However, as a spokesman for American machine-tool manufacturers explains, "all machine tools, of whatever nature, are used in war production * * * the types withheld can be built on the machines received." Moreover, the British are still shipping tools of high strategic value under contracts entered into before April 1948, and they also permit Russian inspectors to enter plants manufacturing these tools for the Soviet Union.

More than 2 years ago the United States stopped shipments of all types of American machine tools to Russia and her satellites. Since then this country has spent billions of dollars to assist the economic recovery of Great Britain and other western European countries, and is preparing to pour out additional billions to strengthen their defenses against Russian aggression. Consequently, when the British use scarce labor and raw materials to manufacture goods having military value for the use of a potential enemy, the United States has a right to protest.

The most alarming aspect of the disclosures in regard to Anglo-Russian trade is the patent reluctance of the Labor Government to put a stop to these shipments for fear of being accused of reneging on its trade agreement with Russia. What an excuse when Russian tanks may be killing British soldiers at this moment in Korea. Russia's reaction certainly can be disregarded in view of the critical international situation. And a country dependent on outside aid to strengthen its defenses should, as a matter of self-interest, either forego exports of strategic materials and equipment or else confine its exports of such goods to friendly nations. Since the Anglo-Russian trade deal was concluded, the world picture has undergone a transformation. Any government that continues to encourage trade expansion in these times for the sake of income, in disregard of political consequences, betrays "infirmity and disconnection of thought and action in shaping defense plans," to quote Mr. Churchill.

No doubt the Labor Government, prodded by American officials and under political attack on the home front, will take steps to halt machine-tool shipments to Russia, possibly by requisitioning them for home use. But that is a minor concession to public clamor, since Great Britain and her colonies export many other products that have high strategic value to Russia and her satellites. Unless trade in all such products ceases, Great Britain will unwittingly become an economic ally of the country against which the Atlantic Pact nations are arming for self-defense. What does the North Atlantic Treaty organization mean if the members of it cannot even develop a common policy on trade with aggressive Russia?

Mr. KEM. Prime Minister Attlee's fireside chat was delivered on September 2.

On September 5, Mr. Greenwood, in referring to Mr. Attlee's speech, said simply, "It was crazy to make the shipments."

I agree with Mr. Greenwood that it is crazy for Great Britain to be making these shipments to Russia, but it is more crazy for the United States under such circumstances to continue her gifts to Britain.

So much for the situation in Great Britain.

SITUATION IN FRANCE, ITALY, AND WEST GERMANY

Last week Tell Berna, manager of the Machine Tool Builders Association, charged that France, Italy, and West Germany, all of whom are receiving aid from the United States through its Economic Cooperation Administration, are shipping machine tools to Russia. "In Italy," he declared, "ECA helped to finance machine tool production on behalf of postwar rehabilitation. But today more manufacturers of lathes and vertical drilling machines are there than in the United States."

In other words, we have cooperated in rebuilding the machine tool industry in these countries until their production is greater than that of the United States. Then Mr. Berna asks the question: "Why? Is the Russian market the answer?"

The question is pertinent because the United States shut off shipments of American-built machines to Russia and her satellites 2½ years ago. Machine tool builders say they have discussed the flow of tools from the Marshall plan countries to the Soviet with the State and Commerce Departments, National Security Resources Board, and other agencies—without result. Apparently our Government is as complacent about these leaks to the Soviets as is Attlee's government in Great Britain.

WE MUST CORRECT OUR MISTAKES NOW

Undoubtedly the difficulty goes back to our relations with Russia when she was our ally in World War II, and to our failure in the postwar period to realize the true character of the present Government of Russia. Recently these mistakes have begun to be recognized. Their implications are appalling.

Just as we have reversed our policy of appeasement of Russia, we must now correct the mistakes we have made under the Marshall plan. We must have a definite policy with reference to giving military and other goods to countries who are shipping this material to Russia and her satellites.

The amendment offered by the Senator from Nebraska gives the Senate an opportunity to declare a sound and sensible policy.

But, Mr. President, the time is short.

THE FARMERS UNION

Mr. LANGER. Mr. President, as I said a few moments ago I want an opportunity to answer the remarks of the distinguished Senator from New Hampshire. I hold a copy of his address in my hand. By implication he has accused the leaders of the Farmers Union, not only nationally but in the States of North Dakota, South Dakota, and Montana, of being Communists, or with being members of Communist-front organizations, and he attacks the organization itself. That is not unexpected, Mr. President. Over a year ago the Farmers Union in North Dakota published a book entitled "Grass Roots." At the bottom of page 43 in the book we find an explanation of the attacks on the Farmers Union. The chapter is entitled "Postwar Reaction." It says:

The attack on the Farmers Union has taken many forms. Over the Nation as a whole it has been an attack on the alleged tax exemption of co-ops and a smear on co-ops and their leaders as being "Red."

In other words, Mr. President, call a man a Communist. If we do not like a man, or his ideas, call him a Red or a Communist. For example, if a man favors a State-owned bank, let us call him a Communist. If a man favors State-owned insurance, as we have it in my State, it is a good idea to call him a Red. In my own State, State-owned insurance has saved the people a hundred million dollars. Some persons do not like a State-owned cement plant. There is such a State-owned cement plant in South Dakota. The members of the legislature in South Dakota advocated it, and say it has been a great success. It is easy to call anyone who advocates a State-owned cement plant a Communist or a Red. The paragraph continues:

In Minnesota the attack has been centered on the Farmers Union Grain Terminal Association—and in North Dakota on our insurance activities. Whatever activity appears to be most susceptible to challenge is picked out in each situation, but there is no question but that the opposition seeks to curtail the whole Farmers' Union program—the particular issue or activity selected for attack is merely strategic.

Mr. President, the Farmers Union since its formation has been a mighty bulwark against monopoly which permitted "The Idle Rich to Wax Wealthy From the Toil of Others." Now, instead of the price of grain being controlled at 18 or 20 cents per bushel by the small coterie of capitalists known as the Minneapolis Grain Trust, the people of North Dakota through their formation of the Farmers Union are able to permit a market which allows a square price per bushel of grain to the farmer in the grass roots. The Union is assisted by many progressive owners of elevators, and particularly by the National Government itself. Because Dakota farmers had faith in the Farmers Union movement, they now have a string of elevators stretching across the great plains as concrete evidence of their achievements.

The Farmers Union is now called upon to enter into a great struggle to give the dirt farmer low-premium insurance. It is important that they supplement the work already done by the State of North Dakota in providing State-owned fire insurance on every public building, State-owned tornado insurance, and State-owned crop insurance.

We provided for crop insurance after no company in the world would write it. Not even Lloyds of London would write it. North Dakota now has crop insurance. Since no private company would write the insurance, I suppose it is to be called socialistic or communistic or by some other red name. Congress simply said, "If no private concern will do it, we will have our own Government do it."

Mr. President, it has been a glorious success. I noticed in the speech by the distinguished senior Senator from New Hampshire he very carefully attacked only the leaders, saying there were thousands of misled farmers. But I say the members of the Farmers Union are not the only ones who have been called upon by their leaders to have faith in their ideals. In Hebrews, eleventh chapter, first verse, we find these words:

Now faith is the substance of things hoped for, the evidence of things not seen.

In Matthew, seventeenth chapter, twentieth verse, it is said:

If ye have faith as a grain of mustard seed * * * nothing shall be impossible unto you.

My colleagues will remember that that text was written to an oppressed people, people who had been conquered by an alien race, a people whose lands had been confiscated, a people ruled over by judges and potentates who segregated them, taxed them without mercy and despised them. Yet they are told to have faith, and that if they maintain even so little as a mustard seed nothing shall be impossible. Some of those so addressed took heed and had faith and transmitted it down through the generations. Today that faith and that promise have borne fruit. The State of Israel is a reality and a democracy. The alien empire of oppression is today only a name in history books.

We are told that history repeats itself, that the fundamentals of centuries gone by are still the same today. The fight still goes on between good and evil, between the power of the oppressor and the weakness of the oppressed, between greedy organized monopoly and poor unorganized poverty, between right and wrong.

The people of North Dakota—and I believe it is true of people all over the Northwest—are especially aware of my text today. Compare the status of the Sioux Indians with that of the Hebrews to whom the biblical text was written, and wherein will we find any difference? The Sioux, a great people, free and independent, were conquered by an alien race, they surely had their lands confiscated, they assuredly were ruled over by alien judges and potentates, who segregated them on reservations, laid down and enforced segregating rules of conduct, and despised them.

Mr. President, today there is much talk of democracy, and as I listened to the speech of the distinguished senior Senator from New Hampshire I wondered why so many people in the United States could be so blind as not to realize that the program of the Farmers Union in the Northwest, and I believe the program of the Farmers Union as laid down at their national convention for 1950 and 1951 in Denver, Colo., on March 8, last, is one of the greatest bulwarks against communism.

Mr. President, I ask that at this point in my remarks there be printed the Farmers Union program adopted by the National Convention of the Farmers Union in Denver, Colo., in March last.

The PRESIDING OFFICER (Mr. LONG in the Chair). Is there objection?

There being no objection, the program was orderer to be printed in the RECORD, as follows:

FARMERS UNION PROGRAM FOR 1950–51 ADOPTED BY DELEGATES TO BIENNIAL CONVENTION, FARMERS EDUCATIONAL AND COOPERATIVE UNION OF AMERICA, DENVER, COLO., MARCH 8, 1950

Preamble

This, the mid-century convention of the National Farmers Union, finds inspiration in the past and hope in the future. Despite our own defeats and frustrations, we have moved steadily forward on the paths of Farmers Union achievement. Despite national errors and failures, our country has moved forward to many of the highest economic and social achievements in its history. Despite its follies and tragedies of the first half century, the world now has before it the opportunity for the achievement of well-being for all men far beyond anything dreamed prior to this century.

As individuals, as an organization, as a Nation, and as a world, the choice is still ours between creation and destruction, between life and death.

In the face of the fear that is abroad in the world today, we are encouraged by the achievements of our organization since our last convention, to move confidently ahead. In this, our program, we have marked the lines along which that advance is to be made. We pledge ourselves to work ceaselessly for the achievement of the goals toward which these lines lead.

I. FARMS AND FARMERS

The land belongs to all the people of the Nation. It should be used and tended for the greatest good of the greatest number both of those living and of those yet unborn. He who works the land today stands guard over it, not alone for his own children but for the children of all Americans.

We strive to make each acre of our soil a part of a blooming and prosperous countryside. That can only mean the building of an agriculture made up of family farms entrusted to the care of families happy and secure in their stewardship. Thus, can agriculture best serve democracy.

Income and prices

The Brannan Plan

The price- and income-support program put forward by the Secretary of Agriculture is a historic advance in agricultural policy-making because it grows out of and recognizes the great truth that each group in our society depends upon all the others and that governmental programs must serve fairly the needs of all groups. Its result, therefore, would be—

(a) To promote the production in abundance of those foods and fibers most needed by the Nation;

(b) To enable more people to obtain more of these products; and

(c) To safeguard the livelihood of those who produce them.

Farm-income formula

We regard as a progressive and needed step the adoption of the program's new minimum agricultural-income formula and the level of farm income which it establishes as assuring to farmers a desirable share of the national income.

Wide coverage of products

The Secretary's proposals also protect the growers of many products who now have no protection. All farmers will welcome this change.

Soil-conservation requirement

The requirement that farmers take reasonable care of the land in return for assurance of a stable income must be a part of any sound long-time farm program.

Production payments for perishables

We stand firmly for the principle of production payments advocated by the Secretary as a means both of maintaining a stable income to agriculture and of affording reasonable prices to consumers. Only through production payments can producers of perishables receive equitable treatment. We believe that such a system is readily workable and that not only will its cost be no more in dollars than that of other proposed programs, but that the public will get more for each dollar expended.

Family farm limits on support

Above all, the Secretary for the first time has laid before the American people a practical way of placing the power of Government on the side of the family farmer.

Commodity unit system

We commend him in the highest terms for his courage in asking Congress to adopt the commodity unit system whereby the often expressed wish of Congress to aid family farmers can be made a reality.

As agriculture slides ever more rapidly down the economic scale toward disaster, the need for action becomes imperative. We urge immediate adoption by Congress of the Secretary's proposal.

One Hundred Percent Parity Act of 1949

We commend the national officers of the Farmers Union for their vision and leadership in working out and presenting to Congress the One Hundred Percent of Parity Act of 1949.

One hundred percent support for family farm income

In particular we affirm our wholehearted support of the commodity unit system which would limit full income support to an appropriate and fair family farm income level.

Support for all commodities

Likewise we also affirm our support of this bill's insistence that the producer of any farm product be given equal treatment with the producer of any other farm product.

Secretary equalizes support levels

For the full and successful operation of these phases of a support program it is necessary that the Secretary of Agriculture be given the authority to make adjustments in support levels as between various commodities.

Extension of production payments to storables

Furthermore we mandate our officers to work for the adoption in such legislation of a production payment system that will apply to storable as well as perishable commodities, supplemented wherever necessary or desirable by the use of commodity loans, purchase agreements, direct purchases, or such other existing support devices as are available.

Advance notice of support level

Farmers need to know well in advance of crop seasons and breeding time, the return per unit which can be expected, and the production goal desired, regardless of the type of farm program under which they are operating.

Revise Production Controls

Throughout the development of national programs for agriculture, Congress has evaded its responsibility in the drafting of fair and just production control laws. We now demand that Congress correct these errors by the adoption of a law which will—

Minimum and graduated cuts for small farmers

(a) Establish a fair minimum to protect the small producers of any crop from having their income cut to intolerably low levels; and to provide that the reduction in acreage above such minimums to small farmers be on a graduated annual basis;

Production unit minimums instead of acreage allotment

(b) Provide that such minimums be expressed in terms of commodity units rather than acres in the operation of acreage allotment programs;

Marketing quotas for large operators

(c) Provide for the application of marketing quotas to large-scale operators who refuse to comply with production programs, so that they will not be able to disrupt those programs.

Crop Insurance

We continue our support of universal, level-premium insurance against all production hazards with automatic participation by all farmers sharing the benefits of such program.

A grass-roots program

For the successful operation of these programs we strongly advocate a thorough-going reorganization of the Department of Agriculture. Such a reorganization should be so designed as to build a direct channel of administrative and policy communication between farmers' committees at the grass roots and the Secretary of Agriculture in Washington.

Farm committee control

This channel should be the sole administrative line of action in the operation of the action programs of the Department, and all commodity, research, conservation, or other services should be purely advisory in character.

Production agreements

Along with this reorganization of the Department should go the establishment of a

strengthened and revised system of farmer committees which would have as a principal aim the fullest possible use and expansion of the production agreements so successfully used in recent years.

Coordination of farm programs

The farmers' committee system should be made more responsive to the needs of farmers. The function of the local committee should be so broadened as to include responsibility in its area for all action programs of the Department. In some instances there are statutory difficulties to this arrangement, as in the case of soil conservation district boards of supervisors. For purposes of coordination, farmers' committees should include members representative of the programs for which it has no statutory responsibility. The object is to give farmers one committee to deal with instead of many.

Farm agencies and farmers

To further this same objective, all Government agencies with which the farmer deals should be housed together, with an integrated office force so that the farmer may be referred directly to the agency dealing with his particular request.

Individual farm plan

We remain convinced that a permanent, sound national farm program must ultimately be built upon the use of the individual farm plan as the most satisfactory means of adjustment. In the light of that conviction we urge that improvements in the farm committee system be made with the view to the establishment of such a program.

Making use of abundance

Failure to solve the problem of distributing the abundance we can produce is a dangerous cancer in our economic body.

Ever-Normal Storehouse

We must end the waste of our substance that has cursed national farm programs from their beginning and today threatens their very existence. To that end, we propose the expansion of the ever normal storehouse into a comprehensive instrument for making full use of all food and fiber produced by American farmers. We advocate the building up and maintenance of strong and adequate reserves of every commodity which can be stored and the development of cooperative processing, refrigerating, and other services required to expand the coverage of the ever normal storehouse to commodities which it now cannot adequately handle.

REA-type storage program

As a first step in the attainment of this objective, we propose the establishment of a Nation-wide cooperative storage and processing system modeled along the lines of the cooperatives established by the Rural Electrification Administration.

We specifically recommend the administrative agency of such a program be instructed to make 100 percent facility loans to cooperatives for constructing or acquiring storage and processing facilities at proper and suitable locations.

We further recommend that Commodity Credit Corporation enter into storage agreements on grain storage facilities to extend over a much longer period of time than the present 3-year period, guaranteeing the use of not less than 75 percent of the total storage space in such facilities.

Storage for use—not for price control

We strongly urge that the ever-normal storehouse now, and in the future, not be operated as a price maintenance device, but as a medium for insuring the fullest possible use of the supplies accumulated in the granary.

Increasing consumption

The ever-normal storehouse should be supplemented by the use of all available practical devices for effective use of agriculture's tremendous productive capacity. Among these are—

(a) School-lunch programs;

(b) Direct distribution to private and public institutions;

(c) A food-allotment program that will insure low-income people receiving and consuming not less than a minimum standard of diet for health;

(d) Assistance to needy people abroad;

(e) Industrial use of surplus not needed for good nutrition here or abroad. This applies particularly to substandard foodstuffs; and

(f) Release of stored commodities as needed for export or for an improved diet and other domestic needs.

CCC marketing policy

We believe it is the function of the Commodity Credit Corporation to stabilize marketing of farm products. However, we urge that in acquiring, storing, and disposing of commodities through loans, purchases, sales, and otherwise, that the customary channels of trade be used, unless it is found these are inadequate. We recommend that preference be given cooperatives.

Cooperatives

The failure of regulatory efforts to control monopoly, which has made enormous gains in the war and postwar period, makes increasingly necessary the rapid expansion of cooperatives in America. This is required to provide a measure of protection to farmers and consumers from business administered prices and scarcities.

In the field of food processing and distribution, where the food industries have increased their take of the consumer's dollar from 44 cents to 54 cents since price control ended, cooperatives are particularly needed to narrow excessive margins. We hope that organized labor and other consumer groups will stimulate distribution cooperatives and work with a growing structure of farmer cooperatives to provide direct farmer-to-consumer processing and distribution systems which will serve as a yardstick by which to measure the justice of ever-widening margins in this field.

A moment when monopoly has reached a new high in America is no time to weaken cooperatives in any way. We shall oppose all efforts to impose an unconstitutional tax on the savings of cooperatives for patrons by classing them as corporate income. We oppose abandonment of the Federal Government's policy of a generation fostering farmer cooperatives, or disturbing the tiny income exemption given such cooperatives by subsection 12 of section 101 of the Internal Revenue Code as advocated by the National Tax Equality Association.

Research

We call for continued and expanded research to serve agriculture. We endorse the establishment of the proposed National Science Foundation. We demand that all findings of science and technology be adapted and made available to family farmers. We urge the Research and Marketing Administration undertake as a major project a study of the problems of distribution arising out of an economy of abundance.

A changing agriculture

Tremendous changes in the structure of agriculture must be faced in the years ahead. These changes may result in the destruction of all that is most valuable in farming as a way of life or they may lead to immeasurable strengthening of those values which we as Americans hold dearest. In this situation, there is no choice as to the course Farmers Union people must take. We must strive to see to it that the changes subtract from human suffering and add to human dignity.

Trends in agriculture

In the years immediately ahead, we face a major crisis in the relationship of people to the land. Unless the Nation takes drastic steps to preserve the family farm pattern in agriculture, this most desirable of American economic units will almost disappear in many areas. The crisis will be caused by a combination of factors. We fear that it will be necessary in the future agricultural programs to require drastic reductions in cultivated acreage of many crops. Along with these cuts will go a pressure for a shift from types of production employing numerous hand laborers to types of production requiring few. Mechanization and other forms of technological advance will displace other farm people. Concentration of the control of land in the hands of the few will add to this toll of displacement.

Meeting adjustment needs

These prospective adjustments can be turned to the advantage of the Nation and especially to the advantage of the family farmer if action is taken now to divert these trends from destructive to creative channels.

The kinds of action that must be taken should be aimed, on the one hand, at a sensible provision for the useful employment of human beings who otherwise will become charges of society, and, on the other hand, at the construction of an agriculture composed of economic family farm units that will yield the most prosperity to the most persons.

Conservation works program

We propose to meet the former problem by providing two major Federal programs. One of these would be the establishment of a Nation-wide conservation works program. Such a works program would offer employment at prevailing wage rates but at not less than the minimum wage to those persons in agriculture who are underemployed by reason of the conditions described above. Those employed in the conservation works program would supplement their earnings from farming by the performance of greatly needed conservation work either on their own farms or those of neighbors.

Retraining program

For those who face the prospect of total displacement from agriculture, we urge the establishment of a retraining program that would equip them for nonagricultural occupations. Such a program should seek both to enable these citizens to attain a better standard of living than they would attain without such training and to make them more valuable, more productive members of society.

Production adjustment loans

For those remaining in agriculture, the primary objective should be to establish them as family farm operators living on and working their own acreage. The first step in this adjustment must be the development of a new type of credit, in the form of production adjustment loans. These loans, made directly by the Federal Government at low rates of interest for a period of not less than 10 years, should be confined to the specific purpose of enabling farmers to shift from the production of less needed to more needed commodities. Wheat farmers in high-risk areas and cotton farmers, for example, under such a type of credit would be afforded the necessary capital and operating funds with which to shift into dairying, beef production, or other types of production now more urgently required by society.

Economic family farms

In addition, the Government should develop into a large-scale program the present obscure provisions of law authorizing farm-enlargement loans and it should establish a new program for the purchase of large farms as they come onto the market and the subdivision of those farms. The objective in each of these programs would be the establishment of as many economic family farm units as possible in as short a period as possible.

Graduated land tax

As a practical and realistic tool to discourage excessive land holdings and to encourage family-type farm ownership, we urge a graduated land tax.

Rented farms

If a farmer rents, it should be under a sound tenure system. This would include automatic renewal of leases, provision for adequate notice of termination, compensation to departing tenants for unused value of improvements to soil and buildings, and minimum standards of housing and improvements on leased farms.

Extension-Farm Bureau separation

Congress and the American people are given a distorted view of the desires and positions of farm people on legislative issues by the existence in agriculture of an organization which is heavily membered by businessmen and supplied a major portion of its farm members lists through work and pressures of employees of a Government agency.

Further payment of Federal funds to any State extension service should be forbidden until affirmative showing is made that all extension workers in the State are confining themselves to their public duties and are not doing Farm Bureau work and chores. Such misuse of public funds is wholly indefensible. The resulting limitation of extension service assistance to a small membership group instead of all farmers violates all democratic principles. The present session of Congress should enact necessary corrective legislation.

Farm credit

All existing sources of farm credit, both public and private are inadequate to serve the needs of a family farmer.

Farm Credit Needs

To promote sound economic family-type farm units, adequate low-cost, long-term variable payment credit facilities should be made available for purchase of land, sufficient modern machinery, and foundation herds, modern housing, conservation practices, production and marketing facilities. Loans should be made on noninflated values based on productiveness, for proven farming ability and good character, and where needed and desirable, at substantially full value. Such credit may be private, cooperative, Government insured or Government sponsored. But to be ample and make the program operative, Government must provide available funds to supplement other forms of credit when they fail to meet the needs.

Farmers Home Administration

We urge immediate expansion of the functions and operations of the Farmers Home Administration as the agency offering the model pattern of credit and application of credit for the welfare of family-type farm operation. We urge liberalization or removal of restrictions that at present severely limit its ability to serve the complete needs of qualified present and prospective family farm operators.

Farm Credit Administration

The Farm Credit Administration, amply financed, should be an essential supplement to other forms of credit. We will oppose all efforts to impair the effective functioning of the Farm Credit Administration and will seek vigorously to shape it toward more effective functioning in its field of activity.

Public appraisal services

Public appraisal services should be available for all types of credit.

II. EMPLOYMENT AND PRODUCTION

The Nation remains without an action program for full employment and production. The Employment Act of 1946 has made a healthy start in the right direction but it provides only the mechanism for planning. As the clouds darken on the economic horizon, it becomes increasingly clear that only action by the Federal Government can assure to business, labor, and agriculture the confidence that is essential to continued prosperity. The healthy functioning of a genuinely free enterprise system must remain our principal aim, and governmental action, however drastic, should have as its ultimate aim the strengthening of that system.

The Farmers Union view of the economic system

We believe in the preservation and strengthening of a genuinely free enterprise system which adapts itself continuously to the common good.

We believe in the encouragement of private enterprise, particularly small business, home, and family farm ownership.

We believe that cooperatives are an integral part of the free enterprise system and should be preserved and strengthened to perform those tasks which they can best accomplish, emphasizing that they too must serve the common good.

We believe that government should take whatever economic action is necessary in the performance of those tasks for the common good which cannot or are not being performed by private enterprise or by cooperatives.

The economic outlook

The most ominous sign for our economy is the decline in farm income, a decline which must be halted and replaced by an upward trend through the measures we have advocated elsewhere in this program. Other signs point unmistakably, however, to possible future trouble. Among these are the severe contraction of investment expenditures, the complex consequences of a great coal strike, the prospective decline in expenditure on foreign-aid programs, and the failure of business to use its tremendous profits of recent years either to increase wages and buying power of its workers or to reduce prices to buyers. None of these elements necessarily forecasts a major depression. Nevertheless, it is clear that early aggressive action by Government will be needed if full confidence is to be restored.

We firmly believe that such action should be aimed not only at averting immediate trouble, but at the establishment of a mechanism that will insure, so far as is humanly possible, continuous and expanding prosperity.

Reconstruction Finance Corporation

To that end, we call upon Congress to adopt such proposals as those put forward by officers of the Farmers Union last year for the conversion of the Reconstruction Finance Corporation into a gigantic instrument of national prosperity and stability. Through the system of loans proposed at that time, it would be possible for the Nation to make sure that annually, the rate of investment and construction expenditures remains at a level high enough, other things being equal, to insure full employment and production. That system also would correct steadily and rapidly the regional imbalance whereby much of the country, particularly in the South and West, pays tribute to the holders of capital concentrated in a small sections of the Nation. We are convinced that this imbalance contributes as much as any other factor to the recurrence of panics and depressions. Likewise, the loans that would be made under these proposals also would attack another creator of scarcity and depressions—monopoly. These loans should be made in a deliberate attempt to end concentration of controls in any line of industry or business.

Public works

In preparation for use as needed, a shelf of public works should be kept continuously available. Public-works construction should never be conducted haphazardly as a means of providing employment without regard to the necessity for the structures or to the order of priority in which they should be built. The maintenance of an adequate shelf of blueprints would avoid this.

Restraints on monopoly

The growth of monopoly has accelerated in the last decade. In addition to the proposals above, we demand that the Government wage relentless war through every means at its command against this growth. Actions under the Sherman and Clayton Acts should be more vigorously prosecuted. The Federal Trade Commission should press more vigorously toward the enforcement throughout industry of the laws against restraint of trade which it was established to enforce. Every agency of the Federal Government concerned with antitrust enforcement should be provided with greatly increased funds and personnel. Criminal penalties rather than mere fines should be invoked wherever possible to insure compliance.

We unreservedly condemn the attacks on the public interest by monopoly groups in recent years, particularly those in which these groups have brought pressure to bear on Congress to reverse, in effect, antitrust and related rulings of the Supreme Court. We note with satisfaction the Court's findings in the base-point pricing cases and reject any proposals for legislative action in this field. Similarly, we denounce the attempt of the oil interests to seize the tidelands reserves, an asset which clearly belongs to the people of the Nation.

Federal budget and taxes

Dominating the economic scene is the size of the Federal budget. We are persuaded that the matter of economy and of exact balance between income and outgo in the Federal budget is of far less importance than its management. Such reductions as are made in the budget should be primarily in military expenditure, not only for reasons of peace and international amity, but also because such expenditures are far less productive and of far less benefit to the economy than others made by the Federal Government. We approve the present method of carrying the national debt and strongly oppose the proposal to shift to the Federal Reserve Board the responsibility for the fixing of interest rates on public issues. Such a change would result in an increased interest rate which not only would greatly increase the burden of the debt, but would be especially injurious to farmers because it would inevitably raise the carrying charge of every farm debt and mortgage. Any such change, furthermore, would render increasingly difficult the correction of inequities in present tax laws as well as threatening the security and welfare programs of the Government because higher interest rates would increase the pressure for additional revenue and for cuts in essential services. We stand, on the contrary, for easing the taxing burdens of those in the lower brackets by increasing sharply the exemptions they now enjoy, and for the imposition of corporation taxes that would encourage the rapid distribution of earnings to stockholders.

Labor

Just as the income of farmers must be stabilized and safeguarded in the national interest, so must that of labor. Only if the buying power of these two great mass segments of the population is protected can the Nation expect to forge ahead in prosperity. We, therefore, urge that the power of the Government be invoked to insure that real collective bargaining be reinstated, expanded, and extended to every area of the country and to every line of industry. The first step in this process must be the repeal of the Taft-Hartley Act, a return to the provision of the National Labor Relations Act,

and the strengthening of the latter both legislatively and administratively. We call further for the extension of coverage of the minimum wage law to all laboring groups now excluded, and in particular, we seek its extension to include farm labor.

III. CIVIL LIBERTIES

In the fight for human freedom victory cannot be achieved at the expense of human freedom.

For the Bill of Rights

Perhaps the most alarming development since our last convention is the spread of fear and uncertainty among the people. The rising tension created by the so-called cold war and by the mysterious and frightening developments in technological warfare has been heightened by an increasingly severe attack of nerves in some quarters of Government. This trend must be reversed or we face years in which the traditional freedoms of America, embodied in and symbolized by the Bill of Rights, will be increasingly endangered.

We, therefore, feel deeply that both in Congress and the executive branch, sober good sense rather than hysteria should guide the actions of officials in any cases touching upon civil liberties. We call upon Congress to put an end to such un-American activities as the denial to witnesses of the traditional rights of accused persons, and such other practices as have carelessly endangered the reputations and careers of hundreds of American citizens.

The civil rights report

The provisions of the report of the President's Committee on Civil Rights which strengthen civil liberties should be put into full effect at the earliest possible date. The establishment in full vigor of these provisions already is long overdue.

We deplore the continuation in peacetime of so gigantic a Military Establishment as the United States now maintains. We take this position not only on economic grounds, but because the existence of so large a military class is always a threat to civil government. On the same grounds, we restate our opposition to universal military training and to further extension of the Selective Service System.

IV. PEOPLE AND RESOURCES

What we do with our resources will determine what we are as a Nation.

Soil and forest conservation

Reckless dissipation by the United States of irreplaceable natural resources continues at an alarming rate. We oppose emphatically this course and call upon Congress to act now to map a long-time program based upon the needs of the people and the life expectancy of these resources. The first step toward the creation of a wise national policy should be the establishment of an impartial commission of leaders in American life charged with the duty of recommending to Congress the precise measures to be undertaken to assure the use in the public interest of all remaining reserves of gas, oil, minerals, timber, and other related resources.

Finally, we urge the speeding up of action, private and public alike, to halt erosion and to rebuild the soil.

Resources development

There should be a thorough Nation-wide reorganization of the agencies of Government dealing with the conservation and development of resources in America.

We urge particularly two steps:

1. Transfer of the civil functions of the Corps of Army Engineers to the Department of Interior and merger of the Army functions there with those of the Bureau of Reclamation in a new development agency.

2. The creation of valley authorities, patterned after the Tennessee Valley Authority, in the major watersheds of the Nation. Currently, we advocate creation of the Columbia Valley Administration, and the Missouri Valley Authority. Others should follow. We favor the St. Lawrence seaway project.

We oppose further authorization of large new development projects by Congress until resources development agencies are reorganized and basic national policies, particularly in the water-resources field, are clarified. This can and should be done within a year. Agencies of government have now confessed that enormous wastes are inherent in the Pick-Sloan Missouri-basin plan because of short water supply. Action by Congress to assure priority for soil and forest conservation and basic replanning of water use in this basin program is imperative at the present session of Congress.

Resources inventory

The present Congress should order an extensive survey of the land and resources of America to provide data necessary to sound development planning. This should include a basic land inventory, water, mineral, forest, wildlife and energy resources surveys.

Fertilizer

Plant food in the United States is in short supply and excessively expensive. We favor Government development of phosphate production in the West and stimulation of production of all needed basic plant foods by use of liberal credit programs, construction and leasing or sale of plants, preferably to cooperatives, or other necessary measures. We urge vigorous action to end monopoly and price fixing in the existing fertilizer industry.

V. PARITY AND LIVING

Farmers must be full citizens of the cultural democracy as well as the political democracy.

Full citizenship for farmers

It is in the interest of all the people of the Nation and of our democracy itself to establish parity of living conditions for rural people. Farmers must have equality of opportunity and equality of services such as schools, medical programs, housing, roads, electricity, and telephone. Income parity alone is not the answer to the problem of parity of living for farmers. Of primary significance to farm people themselves and to the Nation as a whole, is the provision in rural areas of comprehensive, progressive and adequate educational opportunities and medical care. The existence of rural slums is not an economic matter alone, for it results annually in the addition to the population of millions of undereducated and unwell citizens. Rural areas furnish proportionately by far the greatest number of children. The Nation could advance its level of literacy and physical well-being more rapidly by ending the evils of ignorance and illness in agriculture.

Education

Federal aid to education

Adoption by Congress of a Federal aid to education bill is more urgently required with the passage of every year. We renew our insistence that Congress adopt this measure and include in it the authorization of very liberal funds. Improvement of school housing is still urgently needed. In part, this need has not been met because of faulty planning of construction program. We advocate additional effort, both Federal and local, to bring adequate school facilities within reach of every child. This can be achieved only by careful planning of future programs of school construction.

Rural education workshops

We advocate the holding of many rural education workshops, which will bring together community leaders, education leaders, and other people who can help to overcome the present school crisis. These workshops must develop ways and means to improve rural schools.

Financial aid to students

We believe that every young person has the right to the opportunity to a college or vocational school education. This opportunity must be made secure by a financial aid plan, similar to the present program for financial aid to World War II veterans.

Responsibility of Farmers Union locals

Farmers Union locals have the responsibility of leadership in improving rural schools. They should study the school situation in their local communities. They should take an active interest in local school board elections. Farmers Union members should prepare themselves to be qualified school board members, and should run for election to school boards.

Rural health

National health insurance

The overwhelming national interest in a healthy people makes it inevitable in this day that the Government move strongly and aggressively to bring adequate medical care to every citizen. We, therefore, reiterate our wholehearted endorsement and support of the national health insurance program proposed by President Truman soon after he took office. We believe firmly that this program will go far toward making Americans the healthiest of all peoples and that in so doing, it will not infringe in any way upon desirable doctor-patient relationships. We further believe that the system of financing, proposed for this program will be relatively modest in its demands upon the people, both as income earners and as taxpayers. We call upon Congress for immediate adoption of the program.

Expanded medical training

The national health insurance program, for its complete success, should be supplemented by other governmental actions. Notably, public aid is required to stimulate the training of sufficient doctors and nurses to meet the needs of the people. The medical profession is unable to meet the demands made upon it even now when care is woefully inadequate. With the expanded opportunities for care afforded by the health-insurance program, the need will become critical.

Medical cooperation

We commend those leaders in Government and in private life who have battled valiantly to obtain the enactment of such a program in the face of widespread misrepresentation, and we condemn the campaigns waged against such leaders by short-sighted groups. In particular, we condemn as unworthy of a great profession, flagrant, open activities of the American Medical Association in forcing its membership to contribute to a slush fund to be used to oppose the program. We call upon doctors themselves to repudiate such tactics and to lend their support to a great public undertaking. Without their cooperation, neither the President's program nor any other adequate national health program can be successful.

Voluntary health insurance

Pending the establishment of a national health insurance program, we approve of the work being done through voluntary association to improve medical care.

Hospital construction

We seek continued active promotion of the hospital construction program and the expansion of appropriations by Congress to carry on that program.

Public health

The splendid work of the public health service has been seriously limited by lack of

funds, and Congress should remedy this deficiency.

Hospital maintenance

It is urged that maintenance and operation funds be provided. Many hospitals are being built today without adequate provision for operation, and will be inefficient or fail unless public assistance is provided. Questions of financing, maintenance and operation of hospitals now in effect in Canada and other foreign countries might well be examined in developing such financial plans for this Nation.

Soils and health

There should immediately be adequately financed programs of research on the relationship of soils to health. Soil scientists have clearly demonstrated that animal and human ills, including degenerative diseases can be caused by deficient soils and factors passed from soils to vegetables to animals and to men. Our knowledge of this new field which offers possibilities for the prevention of many human ills is in its beginning. It should be developed as rapidly as science can do the job and made available to the public, regardless of any opposition from groups with a selfish interest in ill health.

Rural housing

We commend the rural-housing provisions of the National Housing Act passed last year. We urge Farm Home Administration to administer it liberally and urge Congress to appropriate sufficient funds to make possible the elimination of substandard rural housing as speedily as possible.

Roads

The Farmers Union urges the adoption of a road construction program to bring streamlined all-weather highways and roads to all family farms, through a coordinated system of Federal, State, county, and township roads. Federal aid should be increased to make this possible.

Rural Electrification Administration

Rural electrification is making magnificent strides toward our goal of a fully electrified rural America. With unemployment rising and economic activity declining, Congress can well increase loan authorizations for this program. Such authorizations should include ample generation and transmission fund loans to free REA systems of power supply shortages and provide them with facilities adequate to their prospective future growth. Planned construction of generating facilities by both the Government and private power companies is not keeping pace with power requirements in most areas and can well be stimulated by REA plants.

We oppose the distribution of equities or shares to REA patrons in any way which would make possible their acquisition and the control of an REA project by private interests.

The rural telephone program

The rural telephone program needs to be expanded rapidly. Liberal loan authorizations should be made by Congress to assure minimum delay in reaching farms with this essential service.

We urge the appropriation by Congress of a special fund for research by the Rural Electrification Administration. This research should be devoted to providing more economical equipment, engineering and methods of establishing rural communication facilities.

Recreation

A well-rounded rural life requires a provision of adequate recreational facilities. These include parks, playgrounds, day nurseries, well-furnished meeting halls, indoor and outdoor recreational opportunities and local noncommercialized recreation projects for all. Courses in recreation should be made available and required for all rural teachers. Similarly, opportunity for access to libraries, to training in arts and crafts, participation and enjoyment of dramatics should be broadened. We urge the adoption by Congress of a bill which would make a start on the provisions of a Nation-wide system of bookmobiles, or traveling libraries, that ultimately would make good books available to all farm people.

We advocate the expansion and strengthening of our system of State and national parks and forests.

Churches and rural life

The increased interest of various church groups in the family-type farm and in the improvement of rural life is most encouraging to us. Religious influence has a major role in the improvement of family farm living. The unique spiritual values of living on the land must be preserved.

Social security

Again we call upon Congress to adopt legislation broadening the coverage of the Social Security Act in strengthening its provisions. In particular, we advocate the extension of the act to include farmers and farm labor. As matters now stand, farmers are in a position of helping to foot the bill for benefits paid to many other groups under this law while receiving no benefit from it themselves.

VI. WORLD AFFAIRS

The big new bombs are making brothers of all men. The choice now lies between brotherhood in life, or brotherhood in death.

The United Nations

The United Nations remains the hope of the world. There is no reason to believe that any alternative to the UN could be equally successful in a confused and divided world. In the past 2 years, UN has moved forward slowly but steadily, despite the trend toward a division of the world into two warring camps. The UN, particularly through action by the General Assembly, has made notable advances. In the doubt and confusion of the world at large, these advances sometimes have been minimized. But, if they are viewed together in perspective, they afford great encouragement. The settlement of the Palestine issue, the successful fight of Indonesia for independence, the adoption of the Charter of Human Rights, and many other achievements prove this.

Independence for all peoples

American history and the best in our tradition urges us to sympathy for, and understanding of the aspirations of other peoples everywhere for freedom and independence. It is our strong conviction that our Government should reflect this attitude in its diplomacy.

The FAO moves forward

In the face of limited funds and lukewarm support in some quarters the technical agencies of the UN also have made progress. In particular, the Food and Agriculture Organizations has justified the faith of the Farmers Union in its value. We commend FAO for the vigor with which it has consistently sought to solve the basic dilemma of our society in which surplus foods and hungry people are allowed to coexist. We also applaud its progress in bringing information to the farmers of the world and its active leadership in developing the blueprints for the advancement of underdeveloped areas of the world.

The UN and world government

Despite this record of world progress, the pace of the advance remains too slow. We reaffirm our deep conviction that the United States has the greatest responsibility among the nations of the world for consistent cooperative action with the other nations, and for the abandonment of unilateral activity in world affairs. Our responsibility is greatest because our power and opportunities are greatest. We, therefore, urge that our Government take the lead in the speedy development of the UN into a constitutional world government of defined and limited power.

United Nations agencies

We further urge that more adequate funds be made available to the FAO, the International Labor Office, the UN Educational, Scientific, and Cultural Organization, and the World Health Organization. Additionally, we advocate a change in the charter of the International Bank for Reconstruction to convert it from an institution conducted on pure banking principles to an instrument for world reconstruction and improvement. Congress should ratify the charter of the International Trade Organization. Despite the fact that this document is not so strong as would be desirable, it represents a definite step toward a free international flow of goods and services. Again we endorse the Reciprocal Trade Agreement Act and urge that the removal and lowering of barriers to international trade be hastened.

Surplus food and hungry people

We approve strongly the action of our officers in working toward the adoption of the FAO proposal for an international commodity clearing house as a start toward the solution of the problem of making full use of the world's production of agricultural supplies. We believe firmly that the solution of this problem is basic to the solution of the world economic problem generally. We will not rest in our efforts to solve this problem.

World Farm Organization

We regard the past year of work of International Federation of Agricultural Producers and its last conference as the most successful in that organization's history and particularly approve its insistence to all governments that means must be found both to protect the income of the farmers of the world and to improve the living standards of all people everywhere.

The point 4 program

The proposal of the President for United States leadership working through UN channels, in the building up of the underdeveloped areas of the world offers the most hopeful alternative yet advanced to the continuation of a world tension that daily threatens the outbreak of the most frightful of all world wars. We regard this proposal, made in the President's inaugural address and now known as the point 4 program as a stroke of the highest statesmanship. To use President Truman's words, if this "bold new program" is really bold and really new, it can change the spiritual climate of the world within a few years. We endorse pending proposals to carry out such a program, with special emphasis on the need for working under the guidance of the UN. We regard these proposals as pitifully limited in comparison with the need, both from a selfish national economic point of view and from the point of view of the general welfare of all peoples. We are convinced that the United States should embark now upon such a program on a comprehensive scale. We urge the administration to press vigorously for the enactment by Congress of legislation that will authorize a program of this size and character.

Displaced persons

The United States should continue a generous policy on entry to displaced persons, and the administration of the law should be improved so that those entering are satisfactorily placed and given an adequate start in becoming citizens of a new country.

Atomic energy

The decision of United States to proceed with the production of the so-called hydrogen bomb has imposed upon this Nation a

moral burden and responsibility even heavier than that imposed by the manufacture and use of the first atomic bomb. The question whether these incredibly powerful sources of energy are to become instruments of race suicide or a means for the achievement of mankind's golden age is the one question that dominates the world today. It is clear that the future, not only of the United States but of all peoples hangs upon the answer to the question. We believe that disarmament in this respect and in all others must begin at once, and that the key to atomic disarmament lies in action through the UN for the destruction of all bombs, an end to further work of any kind in the development of these weapons, and the simultaneous imposition of a rigid control and inspection system.

On the other hand, we believe that the expenditures of even greater size than are now being made for all atomic research are more than justified for speeding up both pure and applied research into peacetime uses of atomic energy. Under no circumstances should the control of the fruits of such public research and development be allowed to fall into private hands.

VII. BUILDING FARMERS UNION

The National Farmers Union is approaching its golden anniversary—its half century birthday—as the recognized spokesman of family agriculture in the United States, vigorous, growing and true to its trust.

Founded in 1902, the Farmers Union attained a million members before World War I, declined in the war and postwar years, but was carried forward by men and women of determination and vision until a decade ago, when a resurgence occurred and Farmers Union again began to move forward and upward.

Today the Farmers Union membership is 250 percent of 10 years ago. Today Farmers Union Cooperative activities are many times those of 10 years ago. Today we have an established national educational program from the small beginning of a decade ago. Today Farmers Union legislative influence is at new high levels.

We are all custodians of this resurgent family farmer movement. The Farmers Union has redeveloped much, but great tasks lie ahead. In the 2 years remaining before our golden anniversary we must rapidly complete the foundations upon which our organization can attain full development in its second half century, leading agriculture in America to our goal of security for farm families on the land in an economy of abundance.

Organization

We challenge our membership to double member rolls by our golden jubilee convention in 1952. It can be done if all Farmers Union officers, leaders, and members, will truly exert themselves to the utmost to do the job.

The Farmers Union program today is known and endorsed by farmers throughout the land who await only the opportunity to become members. That opportunity can be extended directly by members among their neighbors. It can be extended to farmers in unorganized areas through our State and national organizations by making funds available, through regular membership and cooperative channels, and the budget fund.

We urge every State organization to conduct golden jubilee membership campaigns in 1950 and 1951. We direct the National Farmers Union to lead in such a campaign in territorial divisions and unorganized States to the fullest extent of its ability and resources.

Education

The year 1950 marks 20 years of junior and adult education in the Farmers Union. The purpose of the Farmers Union educational program is to make every farm man and woman an alert well-informed rural citizen. It is also our purpose to fit every farm youth for the responsibility of citizenship and to develop rural leaders among young and old.

Just as we believe in the family farm as the basis for our agriculture, so must we maintain our Farmers Union as a family organization with the entire family as active, working members.

We urge recognition of our youth as full voting members, participating in all phases of the organization. Serving as elected or action officials will keep up the interest of this group of members.

The national convention heartily endorses the following activities, now being carried on by our educational program:

1. Discussion and training in local meetings concerning the problems of family farmers.

2. Leadership and training and youth education through:

(a) Intensive study of vital subjects such as cooperatives and citizenship, for a whole year, in uniform study projects.

(b) Summer camps for young people, on both a State and national basis.

(c) Special conferences of leaders.

(d) Work and leadership in conventions.

(e) Workshops designed to explore such subjects as rural health and rural education.

3. The distribution of Farmers Union literature of many kinds on many subjects.

4. Visual education using charts, movies, and slides.

5. Action projects in writing, public speaking, and farm-family living.

6. Recreation and rural culture through attention to this important phase of local programs, and through developing leadership for group recreation.

7. Exchange of students, between rural groups and labor, minority and other groups; also other nations.

Award insurance

We especially commend the work done by the education department and insurance department in making insurance available to all juniors and reserves completing their Farmers' Union studies. This award insurance has stimulated much interest in the Farmers Union and has made it possible for many young people to carry insurance and become acquainted with this business activity of Farmers Union.

Training institute

We commend the cooperation between the National Farmers Union and its insurance companies in planning a coordinated program of insurance, organization, and education in a 4-months Farmers Union training institute.

This will consist of 1 month of training and studies at Farmers Union headquarters and 3 months training in the field. We urge the regional cooperatives and the State unions to give two types of support to this program: financial support through the provision of scholarships and by making jobs available at the end of the training period.

Grand Lake project

The National Farmers Union has acquired a tract of land in the Grand Lake area of the scenic Colorado Rocky Mountains.

We recommend that steps be taken through Farmers Education Foundation and such other means as are feasible, to develop this property into a recreation and vacation spot for Farmers Union members.

Cooperatives

A pattern for Farmers Union cooperatives, closely bound to the parent farm organization and supporting it, has been outlined in our 1948 and previous National Farmers Union programs. We readopt our past recommendations in regard to dues check-off, educational funds, and other practices and standards.

Every cooperative flying the Farmers Union banner should support the educational, legislative and cooperative promotional program of the Farmers Union as a matter of obligation for use of the name, as well to hasten attainment of the objectives of our total movement.

Farmers Union cooperatives should be closely integrated. Ties from local to regional level should extend to the national level, with local, State and regional cooperatives working together to achieve fully coordinated marketing programs reaching to consumers or their cooperatives, and national supply operations which will extend to the production of raw materials and manufacturing. The recent squeeze on independent and cooperative refineries by crude oil producers is only new proof that cooperatives must cover their whole field—from raw materials to farmer-consumer—to be safe from the depredations of monopolists.

We commend the wise and fruitful use which has been made of the National Farmers Union Service Corporation and membership activities. The establishment of cooperative services in connection with membership drives, which has been developed through National Farmers Union Service Corporation has proved successful and should be widely used. We recommend to all Farmers Union members who have funds to invest that they invest in the securities of this Farmers Union auxiliary organization. Their money will then earn not only normal monetary returns, but will also pay high dividends in the development of our movement.

We urge every member of the Farmers Union to patronize every Farmers Union activity available to him with every dollar of his patronage.

Political and legislative activity

Farmers Union legislative activity is increasingly fruitful. We have reaped rich returns from our investment in this field. The defeat of America's greatest trust—the telephone monopoly—in the last session of Congress was a seemingly impossible undertaking a few years ago. Yet it has been defeated and adequate communications are in sight for farm people.

The adoption of the Employment Act of 1946, establishing a new national full employment policy and responsibility, will be of inestimable value to the farm people of this Nation through all years to come. The adoption of this law was the direct result of Farmers Union initiative and activity. The fact that the pending proposals of the Secretary of Agriculture for income support and for strengthening of the family farm are being seriously considered and are moving toward adoption is a signal achievement worth many times our annual legislative expenditure.

Our vigorous espousal of family farmer legislative proposals and objectives is increasingly winning our organization attention, respect and support.

We recognize, however, that our legislative efforts must be fortified with political action. Family farming must be defended at the ballot box. Candidates must be judged, elected or defeated on a basis of their records in light of the Farmers Union program or our legislative efforts will be hampered.

We urge every Farmers Union member to study the records of all office seekers, without partisan or personal bias, and use their votes to advance the farmers union program through the election of favorable candidates.

Political information

We direct our organization, national, State, county and local, to continue and increase dissemination of such political information as voting records, to the end that our leg-

islative work be backed by millions of ballots.

In order that our membership as well as other citizens may be better informed as to their actions in Congress and in order that the legislative processes may be modernized, we advocate the installation of an electrical voting system in the National Legislature and the broadcasting by radio of its proceedings both on the floor and major committees.

Mr. LANGER. Mr. President, I shall mention some of the headlines. After the preamble we find:

1. Farms and farmers.

Here we have two paragraphs about farms and if the program advocated had been carried out in other nations, there would not have been all the revolutions which have occurred in foreign countries. I read:

The land belongs to all the people of the Nation. It should be used and tended for the greatest good of the greatest number both of those living and of those yet unborn. He who works the land today stands guard over it not alone for his own children but for the children of all Americans.

We strive to make each acre of our soil a part of a blooming and prosperous countryside. That can only mean the building of an agriculture made up of family farms and entrusted to the care of families happy and secure in its stewardship. Thus can agriculture best serve democracy.

Compare that with what I have seen in some other States, where one would see 70,000 acres owned by one corporation of a foreign country in one State that I went to. In State after State I found in a single ownership areas of land containing as many as half a million acres. I repeat, surely it was not the intention of the forefathers that such a condition should prevail in the case of fertile land, 40 or 80 or 100 or 160 acres or half a section of which can support a family and support it well, giving a family a good livelihood, giving the farmer, who may be a veteran, a chance to work and support his family.

I remember that during World War II we passed a law in North Dakota providing that any land belonging to a veteran that had been taken for taxes should not be sold until after the veteran's return, and such sales were held up. But if a veteran comes home in any of the large agricultural States and wants to buy a farm, and wants to buy machinery with which to farm his land, is it possible for him to do so, even under the very fine laws which have been passed in Washington by Congress?

In the first place, a good farm is worth fifty or one hundred or one hundred and fifty or two hundred dollars an acre. If a farmer wants to buy farm machinery, he will find that a good combine costs more than $5,000. Yet when once the farmers get together and organize, when fifty or a hundred veterans get together so that they can farm together and own a combine together, they are smeared and it is said they have joined the Farmers Union. By insinuation and innuendo this organization, the Farmers Union, is smeared as a Red organization.

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

Mr. LANGER. I yield to the Senator from South Dakota.

Mr. MUNDT. The junior Senator from South Dakota was detained at a committee meeting, so did not hear the address of the Senator from New Hampshire, to which the Senator from North Dakota has been referring. Did the Senator from New Hampshire allege that the Farmers Union organization, or that certain Farmers Union leaders, were Communists?

Mr. LANGER. He stated that certain Farmers Union delegations were Communists, and he referred to them by name.

Mr. MUNDT. Did he mention the national leaders, or were they the leaders of certain State organizations?

Mr. LANGER. He mentioned both the national leaders and some of the State leaders.

Mr. MUNDT. The junior Senator from South Dakota is rather familiar with the activities of the Farmers Union in his own State of South Dakota. The last National Farmers Union leader I have ever known personally was Mr. Ed H. Everson, of St. Charles, located in my State of South Dakota. He was several times elected national president of the Farmers Union, and I can testify to the fact that he is a sturdy American, and does not have a Communist hair on his head.

I do not know personally any of the present national leaders of the Farmers Union. I know nothing about whether they are or are not connected with any Communist-front organizations or any Communist groups, but I can say, so far as the Farmers Union in my own State is concerned, I think I have known all the State presidents of the Farmers Union of South Dakota across the period of the last 15 years, perhaps, and they have been consistently a fine, representative group of South Dakota farmers.

It so happened that while the junior Senator from South Dakota was a Member of the House of Representatives he twice was opposed for election by Democratic candidates who were at the time, or had been State presidents of the South Dakota Farmers Union. One of them was Mr. Oscar Fosheim, of Howard, S. Dak., a loyal Democrat, and certainly not a Communist; a very fine citizen. We had a good, clean-cut campaign, and I was fortunate enough to be successful. I came out of the campaign with the same admiration for the loyalty of Mr. Fosheim as I had for him before.

A little later I was opposed in one of my campaigns for election by Mr. Emil Loriks, whom I believe the Senator from North Dakota knows, who had been the State secretary of the South Dakota Farmers Union, and was I believe once its State president. Mr. Loriks lives on a farm in Kingsbury County near Arlington and DeSmet in my State. I was also fortunate enough to defeat Mr. Loriks who ran as a Democrat. He has not a Communist hair on his head but is a good, loyal American; he is a fine farmer of our State and I am happy to consider both Mr. Loriks and his wife as personal friends.

I know the present head of the Farmers Union of South Dakota. His name is Paul Opsahl, and he too, I am sure, is a good American and does not have any Communist convictions or connections.

During the past few months the junior Senator from South Dakota has had occasion to answer a number of letters written by people of South Dakota inquiring as to whether or not the Farmers Union of our State might be communistic. As is my habit whenever I receive letters from any constituent inquiring about whether some official or individual is a Communist, or a disloyal agent, I try to get the information from the only official and adequate source available to the Members of the Senate and the House, and that is from the House Committee on Un-American Activities. I am happy to report that I have been advised the files of the House Committee on Un-American Activities disclose that there are no Communist records or connections of any kind listed against any of the leaders of the Farmers Union in South Dakota. I have been happy to so advise all those who have communicated with me about that matter.

The State Farmers Union in South Dakota has at times opposed positions taken by the junior Senator from South Dakota and has at times supported them. I have at times supported positions taken by the South Dakota State Farmers Union and I have at times opposed them. I know also that not only the leaders of the Farmers Union in South Dakota, but that assuredly the vast bulk of its membership, a tremendous majority of its membership I would say, an overwhelming percentage of it, is comprised of good loyal Americans. Even if some of the 30 Communists the FBI lists as living in South Dakota belong to the South Dakota Farmers Union it certainly does not indicate that a very high percentage of its membership are Communists. It would not be true, even if all 30 of them belonged to the Farmers Union. All 30 of them however cannot belong, because I happen to know who 5 of them are and none of those 5 happen to be members of the Farmers Union of South Dakota—they are not even remotely connected with our great farming industry.

I shall not attempt to comment on the national Farmers Union leadership, either to commend it or condemn it, because I know nothing about it from personal experience or observation or contact. I have never personally met or seen any of the present National Farmers Union leaders. I do know, however, the situation in my own State, and that our Farmers Union members there are loyal, hard working, patriotic, God-fearing men and women, and I would like to have what I know incorporated in the RECORD.

I thank the Senator from North Dakota for permitting me to make this statement on his time.

Mr. LANGER. I thank the distinguished Senator from South Dakota. The leadership he has mentioned in South Dakota is typical of that of North Dakota. I think the Farmers Union in my State has a larger membership, in relation to population, than the Farmers Union has in South Dakota. In fact

I am sure it has, because in North Dakota 37,000 families belong to the Farmers Union. J. Edgar Hoover says we have only 75 Communists in the State of North Dakota. The Farmers Union in North Dakota is an organization of 37,000 families. A speech like that given here today smearing the Farmers Union is, in my opinion, absolutely unfair and unjustified.

Mr. President, everything the distinguished Senator from South Dakota has said relative to the leadership of the Farmers Union in South Dakota is true of the leadership of the Farmers Union in North Dakota, in Montana, and in Minnesota. I know those leaders. One in North Dakota is Alec Lind, who has been a member of the State legislature, a senator. He is an outstanding citizen of our State. To say that he has the faintest slant toward communism is unfair and untrue.

I know the same thing is true of the president of the Farmers Union, Mr. Glenn Talbott. Mr. Talbott's father was a member of our legislature. Glenn is president of the Farmers Union and has been for years and years. He is an outstanding citizen of the State of North Dakota.

Now we come to the matter of the national president. The distinguished Senator from South Dakota says he does not know him.

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

Mr. LANGER. I yield.

Mr. YOUNG. I wish to make a brief comment on the speech delivered by the Senator from New Hampshire [Mr. BRIDGES] today. I have not had an opportunity to see it or to read it. I have spent most of the day in hearings before the Appropriations Committee concerning the funds to meet the international crisis. From what I heard of the remarks made by the Senator from New Hampshire I certainly would have to take exception to most if not all. The fact that according to the FBI records we have only 70 known Communists in the whole State of North Dakota would indicate that this great organization, the Farmers Union, has probably fewer Communists in it than probably most any other big organization in the United States. The members of the Farmers Union of North Dakota are just as loyal as any people one can find anywhere.

I thank my distinguished colleague for yielding.

Mr. LANGER. I thank my distinguished colleague. I agree fully, completely, entirely, and unreservedly with every word he has uttered.

We come now to the national president, James G. Patton, who was mentioned by the Senator from New Hampshire. In April 1947 a meeting was held at St. Paul, Minn. I have a copy of the resolution adopted at that meeting by the National Farmers Union board of directors, composed of State presidents, not only the State presidents of Montana, North Dakota, and Minnesota, but all the State presidents of the National Farmers Union. Mr. Patton was one of them. I shall read the resolution. It might have been passed by the Sons of the American Revolution. The idea of calling any one of these men a Red or smearing him is, in my opinion, entirely unjustified. I read the resolution:

RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS, COMPOSED OF ALL STATE PRESIDENTS, OF THE NATIONAL FARMERS UNION, ASSEMBLED IN ST. PAUL, MINN., MARCH 23, 1947

Whereas American liberties, which millions of men have spent their blood and their lives to establish and defend are under widespread attack in the United States, and we are convinced that if the attack continues no race, no religious group, no political party, nor any fraternal, farm, labor, or commercial group will be safe from oppression, persecution, or destruction; and

Whereas our Government itself has launched a witch hunt through the Federal Bureau of Investigation, using standards of loyalty acceptable only to a politico-economic group which are inconsistent with the Constitution of the United States—a witch hunt which will inevitably result in besmirching, branding, penalizing, and oppressing many people who are guilty of nothing more than a Christian attitude toward other men; and

Whereas in the international field our Government also proposes to bypass the United Nations and to give support in various parts of the world where our cartelists have economic interests to undemocratic regimes which act in violation of every basic principle of democracy, for the purpose, we are convinced of supporting the creation of a corporate imperialism in the world more virulent and vicious than any colonial imperialism of the past; and

Whereas our Government proposes to use billions of American dollars to impose this new imperialism on the world while at home we are curtailing farm programs, and such programs as REA, school lunch, aid to disadvantaged family farmers, Federal aid of education, and development of natural resources, thus apparently preferring to force our Government's will on the American people and the world rather than to lift up democracy to a bright and shining goal for all peoples; and

Whereas farmers in America have proved repeatedly in the war that they prize their liberties and democracy above their very lives, and the Farmers Union—

Mind you, Mr. President, this is a resolution adopted by the national organization, one which has been attacked for 2 hours this afternoon on the floor of the Senate—

is committed to full support of the creation and use of the United Nations Organization as the only available democratic means to achieve and maintain world peace: Now, therefore, be it

Resolved, That the Board of Directors of the National Farmers Union hereby calls upon its national president and executive committee, its State and local organizations, and all its members, as well as churches—

Mr. President, it is a strange thing for them to call on the churches, if that organization is Communist—

fraternal, labor, commercial, and civic groups, other farm organizations, and all liberty-loving people to oppose with all constitutional means at their disposal these destructive violations of democratic rights at home and abroad, which are clearly a step toward national and world-wide corporate totalitarianism.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter written to me on April 1, 1947, by James G. Patton, president of the National Farmers' Union, transmitting these resolutions to me as a United States Senator.

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

FARMERS EDUCATIONAL AND COOPERATIVE UNION OF AMERICA,
Denver, Colo., April 1, 1947.

Senator WILLIAM LANGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am enclosing a mimeographed copy of a resolution on democratic liberties involving the proposed Communist hunt and our foreign policy, which was adopted by our State presidents, sitting as the National Farmers Union board of directors, at St. Paul, Minn., March 23.

Sincerely,

JAMES G. PATTON,
President, National Farmers Union.

Mr. LANGER. Mr. President, the James G. Patton who wrote that letter to me is the same James G. Patton who has been attacked here this afternoon as a Red.

Today there is much talk in high places about democracy and about the great battle now occurring between democracy and totalitarianism. Many of those who prate the loudest about democracy do not even know the fundamental meaning of the word, let alone try to practice it. Constitutional democracy in its theoretical state, Mr. President, and as the men who wrote our Declaration of Independence and our Constitution envisioned it, is the utopia of all forms of government yet known to man. It protects and aids the weak; it restrains and controls the strong. It proclaims that all men—red, white, yellow, brown, or black—are created equal and are entitled to equal rights and equal justice under the law. It gives to every adult citizen an equal voice in the selection of those who shall make the law, and, likewise, an equal voice in the selection of those who shall administer the law.

In short, Mr. President, the ideal constitutional democracy is the American way of life. Unless we believe in it wholeheartedly—not as it is today, but as it should be—unless we believe in democracy as it was originally created in this country by those who came to America to establish a new country, we shall fail of our purpose. If we carry out those original ideals, we shall have a great democracy in America.

Never before has our democracy been so seriously threatened, not by those from without, I repeat, but by those who, within our own country, cry the loudest about our democracy and about our American way of life, but actually attack it whenever it affects their profits.

Mr. President, I wish to impress upon the Members of the Senate in the strongest manner possible that our ideal democratic way of life is threatened whenever exploitation or injustice exists in our land. Our way of life is threatened whenever freedom of speech, freedom of the press, freedom of assembly, or freedom of worship is denied to any group in our land. Those are the threats which confront us today; those are the threats which are contained in the bill we are now considering.

Mr. President, I am proud of the fact that when the original Mundt-Nixon bill came before the Judiciary Committee, of

which I was a member at that time, all alone on that forenoon I had the fortitude to fight that bill in the committee. I offered amendments, and finally I submitted minority views. Those minority views were concurred in, later—within 48 hours, I believe—by four other members of the Judiciary Committee. I now ask unanimous consent to have those minority views printed at this point in the RECORD, as a part of my remarks.

There being no objection, the minority views—Report 1358, part 2—were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS (TO ACCOMPANY S. 2311)

This bill, if enacted, would constitute the greatest threat to American civil liberties since the alien and sedition laws of 1798. Like that bill, it is the product of hysteria and frantic, unthinking fear. Like that bill, it would strike at the very foundations of our democratic institutions—the right of the people to speak their minds, to hear every viewpoint on public questions, and to associate together freely to advance their common views. Like that bill, it merits the opposition of all who cherish liberty.

Under the guise of protecting our democratic institutions against an alleged threat of subversion from foreign agents who seek to overthrow our Government by coercive means, it is proposed to regiment the thinking of the American people and to impair or prevent the free exercise of constitutionally guaranteed freedom of speech and association.

It is proposed to confer on a politically appointed board vague and, therefore, unrestricted power to outlaw associations of citizens whose views and policies are considered by it to be dangerous. Under these vague powers trade-unions and other organizations which may seek to alter the status quo or oppose this or that governmental policy, by lawful means, with no evil intent, could be branded as traitorous agents of foreign governments or movements. Their members could be relegated to the position of second-class citizens—made subject to economic and social outlawry.

In the effort to avoid obliteration, voluntary associations of citizens would be compelled to conduct witch hunts to determine the views and associations of their members, to fear to express their views on any controversial questions, to encourage their members to spy and inform on each other.

It is proposed to punish as a crime mere membership in an organization which has failed to destroy itself by registering when ordered to do so, to make criminal the agreement to do any act, however innocent and lawful, which a court might find would substantially contribute to the establishment within the United States of a totalitarian dictatorship.

In the atmosphere created by this bill the American tradition of freedom could only stifle and die. That is why the trade-union movement represented by the AFL, the CIO, and the Brotherhood of Railroad Trainmen, has expressed its vigorous opposition to this bill. That is why the National Farmers' Union has opposed the principles which underlie this bill. That is why the National Association for the Advancement of Colored People and the American Jewish Congress have expressed their opposition to such a bill. That is why the American Civil Liberties Union and the National Lawyers Guild have opposed the bill. That is why the most distinguished constitutional lawyers, including those whose opinions were sought by the Senate Judiciary Committee, have said that the principles which underlie this bill are repugnant to the Constitution, which every Senator is sworn to uphold. These authorities include the late Charles Evans Hughes, Jr.; John W. Davis; Seth W. Richardson, Chairman of the Loyalty Review Board; and Zechariah Chafee, Jr., of Harvard.

What emergency can be pointed to as a possible justification for this departure from our constitutional principles which have served us so well for more than 150 years, and through two world wars? Ours is the strongest Government and Nation in the world. Does anyone seriously believe that it can have anything to fear from the continued exercise of constitutional rights by the people? Attempts to overthrow the Government, sabotage, espionage, treason, armed civilian groups, must be stopped, and proved foreign agents should be required to register. Any forcible resistance to law should be punished. Attempts to undermine the loyalty, discipline, or morale of the Armed Forces should be a crime. But all of these are now punishable as crimes, or required under existing law. This bill has no connection with any of these actual dangers, except perhaps sections 4 (b) and 4 (c), concerning the unauthorized disclosure of classified information, which have no proper place in this bill.

The political party which enacted the alien and sedition laws soon met the wrath of the people. That party was swept from the American scene at the first ensuing national election. I fervently hope that reason will prevail over hysteria in the Senate of the United States when the time comes to vote upon this measure. In that event, I am confident that Senate bill 2311 will suffer the resounding repudiation it deserves.

SECTION BY SECTION DISCUSSION OF THE BILL

Section 2. Necessity for legislation

This section makes it appear that the bill is directed solely at the Communist Party of the United States, without naming it. It amounts to a legislative finding that this party is an agent of Moscow and that it endeavors to overthrow our Government by conspiratorial and coercive tactics, and to set up a totalitarian dictatorship here under the control of Moscow. Since being a foreign agent without registering as such (and the Communist Party has not registered), or attempting to overthrow the Government by force (coercive tactics), are crimes, this section is a declaration of guilt by legislative fiat. Former Attorney General Tom Clark has said that "a statute which would define the nature and purposes of an organization or group by legislative fiat is likely to run afoul of the due process requirements. *Manley* v. *State of Georgia* (279 U. S. 1 (1929))." (Hearings on H. R. 5852, p. 424.) However obvious the truth of these proposed findings may seem to many Senators, it is a fact that the Communist Party has never been prosecuted for being a foreign agent without registering, or for attempting to overthrow our Government. Under our constitutional system people are presumed to be innocent until proven guilty before a court and jury according to due process of law.

Section 3. Definitions

Because these definitions must be considered with other criteria referred to in section 14 and they are connected with the registration sections (7 and 8) they will be discussed at a later point in this report.

Section 4 (a). Unlawful agreements

This section makes it a crime for any person—

"Knowingly to combine, conspire, or agree with any other person to perform an act which would substantially contribute to the establishment within the United States of a totalitarian dictatorship the direction and control of which is to be vested in, or exercised by or under the domination or control of, any foreign government, foreign organization, or foreign individual. For purposes of this subsection, the term 'totalitarian dictatorship' means a form of government characterized by (1) the existence of a single political party, with such identity between such party and its policies and the Government and governmental policies of the country in which it exists as to render such party and the Government itself indistinguishable for all practical purposes, and (2) the forcible suppression of all opposition to such party."

This section requires proof of no overt act, or evil intent. All that need be found is an agreement to do some perfectly lawful and peaceful act which, in the opinion of a court, would, if the agreement were carried out, "substantially contribute" to the establishment of the described dictatorship. Who can say with definiteness where the boundaries lie of that vague phrase?

Would an unbalanced budget, compulsory health insurance, Federal low-rent housing, or the Brannan farm subsidy bill substantially contribute to the establishment of such a dictatorship? Some people seem to think so. What about the peaceful advocacy of socialism? In truth the answer is very much a matter of political judgment. But mere membership in or cooperation with the Communist Party, which by the "findings" in section 2 seeks to establish such a dictatorship, would seem to come clearly within the probable intent of this section, though the individual had done no unlawful act, or any act for that matter.

What is the precise meaning of the words "vested in, or exercised by or under the domination or control of"? I do not see how the average American can understand such vague or indefinite terms. But I know that it is an elementary principle of our Constitution that a criminal law which an ordinary citizen cannot be expected to understand violates the due-process clause. I also know that mere speech which is not uttered under such circumstances as to create an immediate and very serious clear and present danger to the state, or a mere peaceable assembly or association, cannot be punished consistently with the first amendment. Yet, it is clear that this section could strike at just such speech or assembly.

"A failure of a statute limiting freedom of expression to give fair notice of what acts will be punished and such a statute's inclusion of prohibitions against expressions, protected by the principles of the first amendment, violates an accused's rights under procedural due process and freedom of speech or press." *Winters* v. *New York* (383 U. S. 507 at pp. 509–510 (1948)).

Charles E. Hughes, Jr., discussing the corresponding section of H. R. 5852, said:

"Manifestly, this (the section) would include attempts to bring about such result by expression of opinions through speech or publication, or by participation in peaceable assemblies, designed to bring about changes in the Government through orderly processes of amendment to the Constitution. Statutes which spread as wide a net as that violate the first amendment." *Stromberg* v. *California* (283 U. S. 359 (1931)); *Herndon* v. *Lowry* (301 U. S. 242, 249–250, 255, 260–261 (1936)). See *Schneiderman* v. *United States* (320 U. S. 118, 137–138 (1943)).

"In addition, section 4 fails to meet the test of due process which requires that the definition of a crime must be sufficiently definite to be a dependable guide to the conduct of the individual and to the court and jury which passes upon his guilt or innocence. This is true of the critical terms * * * 'vested in, or exercised by or under the domination or control of, any foreign government, foreign organization, or foreign individual' * * *" (p. 416 of hearing on H. R. 5852).

Referring to the same section Seth W. Richardson said:

"I am inclined to the view that before section 4 of the act can be deemed a proper exercise of the power of the Congress to protect the country against threatened danger,

the bill should provide that efforts to establish a totalitarian dictatorship must be accompanied by force and violence and by unconstitutional procedures." (P. 444 of hearings on H. R. 5852.)

Sections 4 (b) and 4 (c)

I have previously commented on these sections. If they were proposed as amendments to the Espionage Act, or separated from the rest of the bill, I should undoubtedly support them.

Sections 5 and 6

These sections make it a crime for a member of a Communist political organization which has registered or been ordered to do so to seek or hold nonelective office, or employment under the United States, or to seek or use a passport.

The major objection to these sections is that they apply the unconstitutional doctrine of guilt by association. People may be reduced to second-class citizenship for mere membership in a proscribed organization. The conduct or the views of the individual are irrelevant. But under our laws guilt is personal.

"Under our traditions beliefs are personal and not a matter of mere association, and that men in adhering to a political party or other organization notoriously do not subscribe unqualifiedly to all of its platforms or asserted principles." *Schneiderman* v. *United States* (320 U. S. 118 (1943), (p. 136)).

Sections 3 (3), 3 (4), 7, 8, 14 (e), and 14 (f), registration, etc.

Section 3 (3) defines a Communist political organization. The definition provided is vague indeed. We find such expressions as "some but not necessarily all, of the ordinary and visual characteristics of a political party." But how many are "some"? What are the ordinary and usual characteristics of a political party? The words "substantially dominated or controlled" are even more indefinite.

This definition is amplified and made much more indefinite by the criteria to be considered by the Subversive Activities Control Board in deciding which organizations must register as a Communist political organization, set forth in section 14 (e).

Each of the eight criteria mentioned begin with the words "the extent to which," but there is no indication of the extent that is to be deemed significant. There is no indication of the number of criteria, if more than one, that must be present to justify condemnation.

The first criterion refers to the organization's policies being carried out to effectuate the policies of the foreign government, followed by the vague terms "in which is vested, or under the domination or control of," and "direction and control of." It is not specified that there be any proof of intent to effectuate such policies of a foreign government. It is made clear that policies, another word for views, can be made the basis for branding an organization as a traitorous foreign agent whether or not these views have some connection with an effort or purpose to establish a dictatorship.

The second criterion refers directly to views and policies—the area of speech protected by the first amendment. The fact that there is an unspecified amount of similarity between its views and those of a foreign government is enough to condemn an organization, and this is true regardless of the irrelevance of those similarities to any purpose to establish a totalitarian dictatorship.

The third criterion refers to the extent to which it receives aid directly or indirectly from or at the direction of such foreign government. There is no indication whether the organization must know or have reason to believe that aid received indirectly from such source was so derived. Presumably if there are Communists in an organization, and they aid the group, and contribute funds, or pay dues, the organization could be condemned without ever doing anything which has any relation to a purpose or effort to establish a dictatorship. The whole organization could be condemned because an unspecified number of its members were or were believed to be Communists, and whether or not the organization knew they were Communists.

The fourth criterion refers to the extent to which it sends members abroad for instruction or training in the policies or tactics of the world Communist movement. It is not clear whether attendance at a public foreign international peace or scientific conference in which Communists took part would be enough to bring condemnation, or whether the purpose and intent must be to obtain instruction connected in some way with a purpose or effort to establish a totalitarian dictatorship.

The fifth criterion is substantially the same as the next preceding one, and subject to the same objections. It refers to the organization reporting to the foreign government, or its representatives. What is a report? Who is a representative? If an organization sends a representative to a public international conference wholly unrelated to a discussion of methods of establishing a dictatorship, and Communists take part, is the organization "reporting" under this section if the delegate expresses the organization's views?

The sixth criterion relates to the extent to which its principal leaders or a substantial number of members are subject to such foreign governments, etc. How many is a substantial number? What is the meaning of the words "subject to?" Obviously a minority of its members or leaders could condemn the whole organization because of their state of mind. This is true even if the organization has never done anything remotely connected with a purpose or effort to establish a dictatorship. The element of guilt by mere association is apparent.

The seventh criterion relates to the extent to which the organization keeps its membership, records, meetings, and information concerning it "secret" (another word for private), and resists efforts to obtain such information. There is no indication of whose efforts to secure information must be resisted. Keeping such records private certainly has no necessary connection with an illegal or nefarious purpose. All kinds of organizations do not publicize their closed meetings. Trade-unions engaged in organizational efforts undoubtedly keep their meetings secret in certain places hostile to union organization. In some places branches of the National Association for the Advancement of Colored People may keep their membership lists secret. Trade-unions generally have resisted disclosure of their membership lists. Minority groups which have been visited with hostility in their communities no doubt attempt to shield their members' identity. But this has no necessary connection with a purpose to establish a dictatorship.

The eighth criterion is substantially identical with the sixth criterion, the vague terms "subordinate allegiance" being similar to the words "subject to," and this criterion is open to the same objections.

Thus it is apparent that the vagueness of the definition in section 3 (3) infects, and is in turn infected by the vagueness in section 14 (e). Because of this vagueness the power of the Board would be arbitrary and unlimited. Any organization which seriously criticized the status quo could be branded as a Communist political organization, and thus destroyed. No organization could register as a traitorous agent of a foreign dictatorship seeking to establish a foreign controlled dictatorship here and could survive. Yet if it didn't register, its officers would face fantastic penalties of imprisonment. Moreover, absolutely nothing germane to the finding to be made by the Board need be proven.

Section 3 (4) defines a Communist-front organization as one under the control of a Communist political organization, or primarily operated for the purpose of giving aid and support to such an organization, or the world Communist movement. This definition is, therefore, dependent upon the vague definitions of a Communist political organization, and inherits all of that indefiniteness. In addition, the term "control" has no clear meaning. The aid given to such an organization may be wholly unconnected with the purpose of any Communist political organization to establish a totalitarian dictatorship. It may cooperate in such objectives as antidiscrimination—protection of civil rights or liberties—social-welfare legislation, and so forth.

The four criteria referred to in section 14 (f) as elements to be considered by the Board in determining which organizations must register as "Communist fronts" are on a par with the criteria in section 14 (e). They increase the vagueness rather than diminish it. There is no indication how many of the four criteria must be present. All of them begin with the words "the extent to which," without any indication of the extent which is to be deemed significant.

The first criterion relates to the number of persons active in the management, direction, or supervision, whether or not holding office therein, who are representatives of any Communist political organization or the world Communist movement. Again, a few individuals can condemn the whole group, even though the organization has done nothing objectionable, or related to a purpose or effort to establish a dictatorship. There is no suggestion that the organization or members as a whole must know of the representation or connection of the individuals mentioned. Who is a "representative"? What is required to fall within the term "active"?

The second criterion refers to the source from which an unspecified portion of its "support" is derived. This criterion is substantially identical with the third criterion of section 14 (e), and subject to the same objections.

The third criterion refers to the extent to which its resources or personnel are used to further the political objectives of a Communist political organization. Again, there is no requirement that the organization have any intent or purpose to further such objectives. There is no suggestion that the objectives furthered must be connected with a purpose or effort to establish a totalitarian dictatorship. The mere similarity of some political objectives would be enough to bring condemnation and destruction upon an organization.

The fourth criterion refers directly to the identity of some positions adopted by it on matters of policy with some policies adopted by a Communist political organization. The penalty for views held is here clearly expressed. There is no indication that these views must in some way be related to a purpose or effort to establish a totalitarian dictatorship.

Thus it must be said that here, too, an organization can be destroyed on the basis of vague and irrelevant standards, for the mere exercise of the constitutionally guaranteed rights of freedom of speech and association. On the basis of such standards, individuals can be blacklisted and their means of livelihood destroyed, their social relations disrupted. Over and above the penalties visited upon the organizations and individuals affected, is the far-reaching interference with the right of the people generally to hear every viewpoint, and the pervasive threat of denunciation which would be made to hang over every group of dissenters—and it has been said that we are a nation of dissenters.

These are the definitions upon the basis of which the registration provisions in sections 7 and 8 operate. They make the registration requirements the most dangerous and far-reaching abridgments of freedom of speech and association and of due process of law thus far seriously considered in the Senate of the United States, for they would permit the board, to be created under section 13, a mere politically appointed commission, operating according to loose administrative procedures, to dictate what organizations could continue to exist, what views could be propagated, and to deprive citizens of the ordinary rights of other citizens, on the basis of mere membership in a proscribed organization. Under our democratic system of government, no board or commission can or should be granted such a power to dictate political orthodoxy.

As Mr. Justice Jackson has said:

"If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion or force citizens to confess by word or act their faith therein." *West Virginia State Board of Ed.* v. *Barnette* (310 U. S. 624 (1943)).

Indeed, the requirement of registration as a condition to the exercise of freedom of speech has been held to violate the Constitution.

"As a matter of principle a requirement of registration in order to make a public speech would seem generally incompatible with an exercise of the rights of free speech and free assembly. * * * If the exercise of the rights of free speech and free assembly cannot be made a crime, we do not think this can be accomplished by the device of requiring previous registration as a condition for exercising them and making such a condition the foundation for restraining in advance their exercise and for imposing a penalty for violating such a restraining order. So long as no more is involved than exercise of the rights of free speech and free assembly, it is immune to such a restriction." *Thomas* v. *Collins* (323 U. S. 516 (1945) at pp. 539-540).

It is no answer to the demonstration of persuasive vagueness in this bill, that it is believed that the Board will exercise good judgment, and use its power wisely.

"Proof of an abuse of power in the particular case has never been deemed a requisite for attack on the constitutionality of a statute purporting to license the dissemination of ideas—it is not merely the sporadic abuse of power by the censor but the persuasive threat inherent in its very existence that constitutes the danger to freedom of discussion." *Thornhill* v. *Alabama* (310 U. S. 88, 1940, at p. 97).

In this connection the statement of the Supreme Court in *Stromberg* v. *California* (283 U. S. 359 (1931)) is worthy of note:

"The maintenance of the opportunity for free political discussion to the end that government may be responsive to the will of the people and that changes may be obtained by lawful means, an opportunity essential to the security of the Republic, is a fundamental principle of our constitutional system. A statute which upon its face, and as authoritatively construed, is so vague and indefinite as to permit the punishment of the fair use of this opportunity is repugnant to the guaranty of liberty contained in the fourteenth amendment (at p. 369)."

Section 9. Keeping of registers, etc.

This section requires no comment.

Section 10. Membership in certain Communist political organizations

This section make it a crime (punishable by fine up to $5,000 and imprisonment up to 5 years) to remain a member of the Communist political organization if he knows that a final order is in effect requiring his organization to register and it has failed to do so after 30 days have elapsed. This is a pure case of guilt by association, and punishment for mere inaction. Since it is unlikely that any organization can register and exist, this section is intended either to guarantee its destruction, or to open many thousands of persons to criminal prosecution for no more than the exercise of their constitutionally guaranteed right of association. This section is obviously affected by all the constitutional infirmities of the registration sections.

Section 11. Use of the mails, etc.

This section makes it a crime for an organization required to register, or for any person acting for it, to mail anything in interstate or foreign commerce without labeling the wrapper "Disseminated by ———, a Communist organization," or to broadcast anything unless such broadcast is preceded by a similar announcement.

This section violates the first amendment prohibiting Congress from making any law abridging freedom of the speech or press because it requires opprobrious labeling intended to discourage reading or a hearing, without regard to the contents of the matter to be mailed or broadcast.

As Charles Evans Hughes, Jr., said, when discussing the corresponding provision of H. R. 5852:

"The publications and broadcasts which are thus required to be identified as Communist-inspired may be on any subject, however far removed from any international Communist objective or even any domestic Communist program. The language of many of the decisions of the Supreme Court supports the view that the concept of free speech contemplates that ideas and opinions should be judged solely on their merits. In the Thomas case (*Thomas* v. *Collins*, supra), Mr. Justice Jackson, in his concurring opinion, said (p. 545) that while the State is entitled to protect the public, through licensing, from those who seek for one purpose or another to obtain its money, "It cannot be the duty, because it is not the right of the State to protect the public against false doctrine" with respect to Communist-front organizations, which might, within the definition, exist chiefly for relief or other humanitarian purposes, the obligation to label themselves as 'Communists' organizations appears particularly onerous." (Hearings on H. R. 5852 at p. 419.)

Section 12. Denial of the deductions and exemptions

There is no comment on this section except that it is affected by the infirmities of the registration sections.

Sections 13 and 14. Subversive Activities Control Board, and proceedings before Board

Little need be added here to what has already been said regarding the extraordinary and unprecedented powers intended to be conferred on the Board. But the substitution of an administrative body for the duly constituted courts is undoubtedly a violation of due process. The destruction of organizations, and the severe penalties which can be visited upon their members are matters of vast importance both to those concerned, and to the democratic process which is the basis of our institutions. Where the smallest penal offense, or a suit over any substantial sum of money is involved, we have always assured a right of trial in the courts before a jury if desired. No less can be justified or permitted when so much more is at stake.

The Supreme Court has indicated that full due process of law before the courts is required in a case involving a lesser penalty than here. When the Congress adopted a statute to prohibit the employment of certain individuals who in its opinion had engaged in "subversive activities," that Court compared the penalty imposed to that administered for special types of odious and dangerous crimes, and declared that it was the intention of the Constitution "to safeguard the people of this country from punishment without trial by duly constituted courts." (*United States* v. *Lovett* (328 U. S. 303 at 316-217).)

Seth W. Richardson made a similar point when discussing the similar provisions of H. R. 5852. He said:

"The trial in a proper court, in the first instance, of the question of the guilt of the citizen, under whatever form the accusation may be made, is too important a step in the application of a penal statute to the citizen to be curtailed even by the allowance of full appeal rights. An appeal is not the same thing as the original trial, nor does it protect the rights of a defendant in an equal degree, particularly where the findings of the public prosecutor as to the facts might weigh heavily with the appellate court, since 'preponderance of the evidence' is always an indefinite term and depends largely upon the view, or possibly the indolence, of an appellate court * * * the duties of the Attorney General should be confined to the matter of registration, investigation, and prosecution, and that questions as to whether a particular organization is of such a character or activity as to justify registration should depend upon the judgment of a court of competent jurisdiction under a proper proceedings brought in such court by the Attorney General for such purpose." (Hearings on H. R. 5852, p. 446.)

Section 15. Judicial review

By this section a party aggrieved by any order entered by the Board may obtain a review in the Court of Appeals for the District of Columbia. But no evidence may be presented before that court, and the findings of the Board are conclusive if supported by a preponderance of the evidence. The comment of Mr. Richardson on the nature of this review, quoted above will not be repeated here. The appellate court must make its decision on the basis of the same vague standards used by the Board. Our courts were not established to pass judgment on ideas and associations, but only on the actions of men. For them now to begin the witch-hunting function could only serve to undermine the respect in which our courts are now generally held.

It is, moreover, a very inadequate remedy for most individuals and groups to oblige them to come from the place of their residence, perhaps in California, to Washington to seek this inadequate appeal.

Section 16. Penalties

By section 16 (a) (2) each day of failure to register is made a separate offense punishable by fines up to $5,000 and imprisonment up to 5 years. Other penalties are of a similar order. Thus the officer of an organization required to register has these alternatives: He can register, and thereby destroy his organization and subject his members to untold penalties, while placing himself in danger of life imprisonment for any omission of a necessary fact or misstatement. He cannot register and face imprisonment for life. He can resign and/or dissolve his organization. The alternative he will choose is perfectly obvious. The organization will cease to exist. It is, therefore, apparent that any claim that this is a disclosure bill is entirely erroneous. No one will register. Every group attacked would be forced to disappear. It is probable that only the Communist Party would continue to exist underground as it has done everywhere under every form of suppression. Many people believe that it would grow more powerful under those conditions.

For the foregoing reasons, among others, this bill should be emphatically rejected.

WILLIAM LANGER.

Mr. LANGER. Mr. President, later on, when I made a motion to recommit

the original Murdt-Nixon bill—which is called the Mundt-Ferguson bill, this year—that motion was defeated in the committee by only one vote, as I recall; I think the vote in the committee was 4 to 5, on the question of adopting that motion, according to my recollection. The other members of the committee were absent at that time.

Mr. President, again I say that our American way of life is threatened whenever freedom of speech, freedom of the press, freedom of assembly, or freedom of worship is denied any group of persons in our land. Those are the threats which confront us today, and that is the challenge we must meet. To meet that challenge requires faith in our American democracy, faith in the substance of things hoped for. Everyone of us who is a real American hopes for an ideal American democracy in which to live out his years. If that hope is denied us, we still hope that our children may enjoy that great and glorious privilege.

Mr. President, I want to refer again to the book, entitled "Grass Roots." It is really the story of the North Dakota Farmers Union. I believe what happened in the State of North Dakota is symbolic of what happened in Minnesota, South Dakota, and Montana—I know it is. I feel sure that after Senators have carefully gone over the resolutions adopted at Denver, Colo., by the convention of the Farmers Educational and Cooperative Union, which I read a few moments ago, they will agree with me that what took place in those Western States is taking place, or has taken place, throughout the United States.

Mr. President, the Farmers Union is not merely a fly-by-night organization. The organization has grown up through decades. It has involved a prolonged fight. The opposition has never quit, and it is not quitting today. The speeches which are given here are broadcast throughout the Nation. I can hear the radios now saying, "The leaders of the Farmers Union are a bunch of Reds and Communists."

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

Mr. LANGER. I am glad to yield to my distinguished colleague from Minnesota.

Mr. HUMPHREY. At this point I think it would be fitting and appropriate if the Senator from Minnesota were to call to the attention of the Senate and to the attention of the Senator from North Dakota—I am sure he has already read this statement—the statement of the president of the Farmers Union, Mr. James G. Patton, which appeared in the official publication, the National Union Farmer. It is a statement pertaining to the Korean war. Fellow travelers, Commies, and members of the Communist Party and Communist-front organizations do not support the United Nations in the Korean war. Communists and fellow travelers do not support the American action in the Korean war. Yet here is a statement on the front page of the August issue of the National Union Farmer, the Farmers Union national publication, in which the leader of this organization, Mr. James G. Patton, comes out 100 percent four-square for the United Nations resolution and for the action of our country. That, I may say, is what one would expect an honorable American citizen to do. Listen to these words:

> Our country is involved in a war not of its choice or making. The United Nations declared against the North Korean aggressors, trained and agitated into waging war on South Korea by Russia. The United Nations appealed to its members to resist aggression. The United States is the principal supplier of men and materials.
>
> * * * * *
>
> We are now involved in war. Our men are facing trained and armed aggressors and some are dying on the fields of battle under the banners of the United Nations. It is a basic concept in the United Nations Charter that peace will exist only when armed aggression is outlawed and is thereafter defeated if madmen shall anywhere resort to it. To this we gave our pledge and will of course give our support.

The last paragraph by Mr. Patton reads:

> Let Russia show her good faith by really joining the United Nations and putting an end to the walk-outs. Let her join the Food and Agricultural Organization and the International Wheat Agreement. Let her rejoin the World Health Organization. In all instances but the World Health Organization she has refused to cooperate, without walking out, in the original formation of those organizations. If she will join in building these devices for bettering the welfare of people and in turn join the United Nations in stopping aggression everywhere, then there can be hope for lasting peace.
>
> Fraternally,
>
> JAMES G. PATTON.

I ask, in all conscience, in all honor, how in the name of common sense can anyone get up on the floor of the Senate and brand a man like Mr. Patton a fellow traveler or as one being duped by the Communists, or his organization as being a Communist-front organization? To be sure, as the Senator from North Dakota well knows, people who are Communists have in the past worked their way into the Farmers Union, into the A. F. of L., into the CIO—yes, into the chamber of commerce, into the National Manufacturers Association, and into the churches. But I think it is a real testimonial to the Farmers Union that, in State after State, the rank-and-file membership has risen upon its feet and has cleaned out these rascals, wherever they have been identified.

I think it is also important to note that if irresponsible talk goes on continuously in the Congress of the United States, branding this group and that group, and this person and that person as a Communist or a fellow traveler, soon we are going to destroy the respect or regard which the people may have for the Congress of the United States.

If the Senator will permit me, referring to subversives, I should like to know who is undermining the Government of the United States. Is it not subversive for Members of the Congress continuously to brand honorable American citizens as being Communists? Is it not undermining the confidence of the American people in their Government to have men elected to office, or men in responsible positions, continuously brand someone in the Government as a Communist? I submit that the irresponsible charges which have been made in the Eighty-first Congress, second session, have done more to undermine the faith of the American people in representative government than the Communist Party will ever be able to do.

The American people do not like the Communist Party—they hate it, as they justly should. They do not like frauds, and they do not like deceitful people. But I submit that there is hysteria in this country which has been generated by irresponsible, unfounded charges, and which has spread throughout the land, until today, when I go back to my State, or when any Senator goes back to his State, people ask again and again, "Is not Acheson a Communist?" I suppose now they will be asking, "Is not Mr. Chapman a Communist?" Soon they will be asking whether someone else is not a Communist. This is the way to breed disregard for law. This is the way to break down the institutions of law and order. All one has to do is continuously harass and continuously shout irresponsible charges against men in Government, and ultimately democratic government will grow weak from the disunity in our people and the distrust of our officials.

I submit that this Congress has done a very great deal to undermine the confidence of the people of America in representative government. It is a tragedy, it is a shame, and it is about time that Congress started acting as a responsible body. It is about time that the Senate floor became a forum for responsible action and for statesmenlike statements given in the spirit of democracy and understanding, rather than having the Senate become a forum for every kind of foolish, ridiculous, unfounded charge that can be made.

Today, I thought I heard that Mr. Brannan was following the Communist Party line. Two days ago it was Mr. Chapman. A few weeks ago, it was Mr. Acheson. No one knows where this may stop. This is beyond my understanding of democracy, and frankly it makes a man very unhappy. I believe it an honor to be elected to the Senate. I did not think there could be any finer body in the world to which one could come. But I must say in all candor that I have heard more irresponsible, foolish statements on the floor of the Senate about the character and the loyalty of American citizens than I have heard anywhere else in America. It is cheap politics, irresponsible politics, and it is beneath the dignity of democratic citizenship.

I, for one, deplore and resent it. If this country is going to become the victim of hysteria by this kind of talk, then indeed Russia has won her fight. She has driven us half crazy, fighting and accusing one another, by all kinds of rumor, innuendo, and irresponsible talk. I repeat, where the problem of communism exists in this country, intelligent, alert American citizens can meet it as they have done in the CIO, as they have done in the Farmers Union, as they have done in organization after organization. If we cannot meet it in that way, we have a Justice Department, we have an

FBI, and that Department of Justice and that FBI are capable of ferreting out these evil men. It takes time really to catch a dangerous man. Very seldom does a synthetic G-man get hold of anyone.

I submit that the Department of Justice has done much to protect the rights of the people. It has relentlessly tracked down the Communists. I also submit that the CIO, for example, has done more to clean out "commies" from responsible positions in American industry than have all the employers put together. After all, the employers hire these persons. Let us not forget that. The employers permitted them to be hired, and the CIO takes them into the union. The CIO has had the courage to kick out Communists and put the badge of disloyalty on them. The Farmers Union in my State has had that same courage, as the Senator from North Dakota knows.

Mr. President, when I heard charges made against the new president of the Farmers Union, Mr. Wiseth, it made me sick to think that this man has to stand up in his home community and hear someone say "I heard a man say in Congress that your organization is a Communist organization." That is ridiculous. It is more than that—it is pitiful and pathetic. Let us put the label on the people who deserve it. If a man is a murderer or an arsonist, let us get the facts. If someone has repented, if someone has changed his way, if some organization has cleaned house, let us praise rather than abuse.

The charges of the Senator from New Hampshire are nothing more than warmed-over dried biscuits—the same old accusations coming out again and again in an effort to frighten the American people.

Mr. President, I heard read on the floor of the Senate a letter from the packinghouse workers. Only a couple of years ago this union was called a Communist-front organization. Now the packinghouse workers have presented a petition which has been inserted in the RECORD.

The American people are alive to the Communist problem. They are not going to be taken into the Communist conspiracy unless we destroy faith in one another. We are doing a great deal to destroy the faith of the American people and in the American Government. Here is the sinister evil of this decade. It is about time that we stood up and recognized that we have a great way of life and a great government. We should be asking the American people to believe in their Government, not to disbelieve in it; to rally around the Government rather than be constantly pointing the finger of suspicion at it. If Senators on one side of the aisle can point the finger of suspicion at a man in the Democratic administration, then when the other party gets into power, Senators on this side of the aisle can point their fingers. Such a process will ruin the American political system. It will undermine the prestige and strength of free institutions.

I say, in all reverence, may God spare this Nation if this program of accusation and smear continues to go on. It is the lowest level of political activity. It is beneath the honor and dignity of representative Government.

I have long wanted to make this comment, because it has been heavy on my heart, and I thank the Senator from North Dakota for giving me an opportunity to say it.

Mr. LANGER. Mr. President, I believe the best way for me to show what a fine, strong, patriotic organization the Farmers Union is, is to give some of its history, to tell the Senate what it stands for, what it has accomplished, what its future plans are. I think the Farmers Union is active in practically all the 48 States. I know more about the situation in North Dakota, the State in which I was born. I am familiar with the organization in that State from the day it began, and I shall take that State as an example.

Let me read now from Grass Roots:

> Nineteen hundred and forty-seven marked the twentieth anniversary of the chartering of the North Dakota Farmers Union as a division of the Farmers Educational and Cooperative Union of America. What changes that score of years have brought to the world and to the farmer. The Farmers Union has had a significant part in bringing about some of those changes.

Perhaps, Mr. President, that is one reason for this continuous sniping at the Farmers Union and for the continuous attacks made on it.

They have brought about some of the changes, one of which is the reduction in margins in the cost of petroleum products and the development of a great cooperative grain-marketing system. In other areas the union has influenced changes in the whole field of farm legislation.

During those 20 years farming itself has gone through a veritable revolution. It has been mechanized. In 1927 the tractor was just coming into its own. In 1947 the change from a horse economy to a tractor economy had been completed, and with that change there have come other new machinery, new methods, improved seeds, and better animal breeding.

Mr. President, I invite the attention of the Senate to what the Senator from New Hampshire [Mr. BRIDGES] said with reference to collective farming. The Senator from New Hampshire asks:

> What, Mr. President, has collective farming meant throughout the whole history of bolshevism?

Does not the Senator know who is responsible for collective farming in Russia? Does he not know that the man was selected by the House of Morgan—John J. Raskob, of General Motors? Representatives of the House of Morgan went to the great State of Montana, and in World War I, near Hardin, Mont., they leased thousands upon thousands of acres of Indian lands. They bought some for the home place. Then they looked all over the United States to get a man who could operate the farm. They picked out a man by the name of Tom Campbell. After the war was over whom did Russia hire to put over its collective farming? It hired the same man that the House of Morgan and John J. Raskob, of General Motors, had hired—Tom Campbell. He was hired simply to go to Russia and improve conditions in agriculture there. He is the same man whom England hired during the last World War when England said, "We have a lot of idle land, and even though this is an island, we want it to be more productive." They hired the same Tom Campbell. Campbell went to Russia, and he advised the Russians how they could make their country more productive. Some of the peasants there had only 3 or 4 acres. They were doing their work by hand. Mr. Campbell advised the Russian Government to make a study of soil. He said, "In some parts of this country it may be more profitable to raise wheat than to raise oats, barley, or rye, and in another part of the country it may be more profitable to raise rye than it would be to raise barley, oats, or wheat."

He said, "Instead of a farmer having a 320-acre tract or section in one crop, put part of it in wheat, part of it in rye, and part of it in oats."

Mr. Campbell, through the shrewd brain he had, because he is one of the great agriculturists of this country, said: "If you have a large tract, put a lot of tractors on it, and produce oats over here, and over there produce only wheat." The farmers had to cooperate. There was nothing optional about it. In other words, a farmer could take it or leave it.

Mr. Campbell made seven trips to Russia. He went to see Herbert Hoover, and he gave some good advice. At the time when we had soup kitchens stretching all over our country during the depression, and when Russia wanted to buy $2,000,000,000 worth of farm machinery, Mr. Campbell advised Mr. Hoover to sell Russia farm machinery. Herbert Hoover said no. His refusal did not bother Russia. They merely went to other countries, and got their $2,000,000,000 worth of farm machinery. It gave the people in other countries employment, while our country had unemployment all over the land. In some States more than half the people were unemployed. Talk about Communists and Reds. Talk about Communists when a man is hungry, and when millions and millions of our men could not get work to support their families.

The junior Senator from Minnesota [Mr. HUMPHREY] a few moments ago stated the truth of the situation. He gave as good an answer as can be given to what was said by the senior Senator from New Hampshire [Mr. BRIDGES]. When they do not want to mention their own record they like to point their finger at someone holding office at the present time and try to blame him. But, Mr. President, I say that one of the great bulwarks against communism is the family-sized farm, which the Farmers Union has stood for since it was formed. A man who owns his own little home in the city, village, or town, or one who owns his own little farm, in my opinion represents the greatest bulwark we can have against communism. That is what the Farmers Union has fought for from

the day of its inception, and I can prove it.

I turn to page 10 of "Grass Roots":

In going over the early reports of the Farmers Union in North Dakota not so many years ago, one will find practically no reference to family-type farming. One does find that the basic objective the Union sought was to give farmers more control of their products so that they could realize more income, a fairer share of our national wealth. But the stability of the family-type farm was taken for granted; a few, indeed, foresaw the threat of another type of farming displacing families on the land.

Truly enough, when organization work for the Farmers Union began in North Dakota in 1926, farmers had suffered much from the deflation that had come on the heels of the boom after World War I. Many had lost their farms and their savings in banks which had gone broke. They saw the rest of the Nation glorying in the era of Coolidge prosperity, while farm prices slumped and the cost of what they had bought remained high. They had seen their first efforts at cooperation smashed by the concerted effort of the powerfully organized grain trade. They had seen their political revolt, which had started out so successfully in 1916 to bring a new day in North Dakota, watered down and soothed over as professional politicians infiltrated and split the organization the farmers had built.

In 1926 farmers of North Dakota—at least a few thousand of them—were ready to try one more organization, to be convinced once again to unite in a cooperative effort to better their lot.

Mr. President, what was our problem?

It is well to remind ourselves of some of the major problems we have faced and the proposals we made to meet them.

Mr. President, I wish particularly to call to the attention of the Senate the fact that these are the same principles which the Senator from New Hampshire stated were communistic. Talk about Communists. Here is what the Farmers Union stands for. This is the organization which it is attempted to smear. It stands for—

1. Marketing: The problem of getting a price for the grain, livestock, and other commodities we produce.

2. Buying: The problem of getting the most value for the things we have to buy to operate our farms and our farm homes.

3. Land ownership and tenure: The problem of gaining more security on the land as owners or as tenants.

4. Credit and finance: The problem of securing adequate credit at a cost which will not make the debt load of a farmer a millstone around his neck.

They might add, and around the neck of his wife and around the necks of their children. Is that communistic?

5. Taxation—

Mind you, this is the program—

5. Taxation: The problem of securing a tax policy which will secure the services that we want from the States and subdivisions and which will equitably distribute the load so as to promote a sound family-type farm economy.

Is that communistic? Two or three days ago we witnessed the junior Senator from Minnesota, the junior Senator from Illinois, and some of the rest of us, fighting for an excess-profits tax. There is not a Senator who is not familiar with the desperate fight which took place in this Nation to get enacted even an income-tax law, to make the rich and the powerful and the strong pay their just share. The junior Senator from Minnesota defined the formula very well when he said that all we want is to have people pay taxes according to their ability to pay.

Plank 5 of the Farmers Union program stands four-square for that. Is it communism to say that those who make a great deal of money should pay their fair share of the taxes?

6. Conservation—

Is that communistic?

The problem of the proper utilization of our land and water resources.

The Farmers Union has stood for the St. Lawrence waterway. If that is communism, then Herbert Hoover was a Communist, Theodore Roosevelt was a Communist, Harding was a Communist, Taft was a Communist, Coolidge was a Communist, Eleanor Roosevelt is a Communist, and Truman is a Communist, because they have all endorsed it.

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

Mr. LANGER. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Is it not entirely possible that had we spent a little more time working on the St. Lawrence waterway program, which may be needed to save the Nation if we should become involved in war with Communist Russia, instead of running around sniping and snooping like amateur detectives, we would have had the St. Lawence waterway, and the great Midwest and the great industrial East would have benefited from the transportation and the hydroelectric power that would have been made available? Instead of that, what have we been doing? The waterway bill is still in committee, and although millions of people want that bill to come to the floor of the Senate, we spend 25 percent or 15 percent of our time talking about the Secretary of State, or the Secretary of the Interior, or the Secretary of Agriculture, or listening to accusations and wild charges against Mr. Jessup or somebody else, trying to prove that they are undermining the country. The day may well soon be upon us when we will need the St. Lawrence water transportation route to bring the ore from Labrador to the great factories of Cleveland, Pittsburgh, and Chicago, and to take the grain and ore from the Midwest, from North Dakota, South Dakota, Minnesota, Wisconsin, and all the other great Midwestern and Western States, to the factories and the processing plants.

But here we are going around on some kind of spy hunt, looking for somebody we cannot find, when we could be passing legislation designed to strengthen America. The people have been waiting for years for the creation of the St. Lawrence waterway. Some day we are going to wake up and wonder why it was not constructed, and then all this talk will not sound so good. As a matter of fact, the charges and half truths will sound very hollow.

Mr. LANGER. If we had built the St. Lawrence waterway 10 years ago we would not have the present boxcar shortage.

Mr. HUMPHREY. At this very time in Duluth, Minn., in a shipyard that is about ready to be opened by the Federal Government, for the building of ships for the Nation, the big inside plant has in it 37,000 bushels of wheat, and they cannot start making a ship until they get boxcars in order to get the wheat out of that inside plant. That is the kind of planning that is going on. I submit that if somebody would spend more time getting constructive legislation through, instead of trying to get a headline about the Reds, we would be much further along on the program of resisting totalitarian power, and getting rid of communism.

Mr. LANGER. This is plank No. 7:

Farm-family living: The problems of education, formal and informal, health, housing, roads, electrification, and the other things that will improve rural living.

Mr. President, I see sitting here the distinguished Senator from South Dakota, and I know he will bear me out in what I am saying. Less than 5 months ago, at a public hearing in South Dakota, the Governor was speaking about power control, and one of the leading editors rose and said that rural electrification was communistic—not even socialistic, but communistic.

I looked at that report from the Associated Press, and I could not believe my eyes.

We come to plank 7, as I have said:

Farm-family living: The problems of education * * *, health, housing, roads, electrification, and the other things that will improve rural living.

8. Relations with others: The problems that affect community and national life, relations with labor, with business, with various minority groups, with educational, civic, religious, or other organizations, which may share specific goals with us.

Improving the relations of labor with business was something we should have attended to in this country long ago. Whenever a strike takes place, both sides lose.

9. International affairs: The problems of world trade as they affect the farmer, and, even more important, the problem of creating a peaceable community of nations without which all of our other efforts are doomed by recurring wars.

Is it communistic to wipe out war?

Other—and better classifications—might be made. A few activities of the Farmers Union may not fit under any of these classes. Whatever value such a grouping may have in appraising Farmers Union development, we may be sure that nobody in the union had any such category of objectives in mind.

The pioneers in the building of the union did, however, have an idea and a vision of an organization of farm people who would unite to work together to solve whatever problems concerned farmers as a group.

With a crusading zeal which spread to ever-increasing numbers, the idea and vision was transformed into dynamic reality which made the Farmers Union what it is today in North Dakota.

Mr. President, what was the situation before we had a Farmers Union in North Dakota? When I mention North Dakota, I might as well mention Minnesota and the other States. I have here the record.

History does not begin on a certain date. Even the history of an organiza-

tion begins before it is organized. The record of the past 4 years is built on the events of the 20 years before. This is particularly true of the North Dakota Farmers Union.

The National Farmers Union—officially the Farmers Educational Union of America—had been organized in Texas in 1902. A division had been chartered in North Dakota in 1912 and had flourished for a few years in certain areas of the State, but this early organization had no direct influence in the building of the present North Dakota Farmers Union.

Rather, the direct antecedents in the chain of events that gave rise to the birth of the Farmers Union in 1926 centered in the struggle of the North Dakota farmers against a vicious—

I want to repeat that word—

a vicious system of grain marketing. Under it farmers were literally robbed by the organized grain trade at the terminal market.

Listen to this, Mr. President. I am sorry the Senator from New Hampshire is not here. I wish he were in his seat so he could listen while I read the next paragraph.

So bad were conditions in 1906—

So badly were the farmers of North Dakota being robbed—

that the North Dakota Bankers' Association—

Mr. President, the bankers' association, and surely they are not Communists—

appointed a committee to investigate the marketing practices at Duluth and the Twin Cities to see if the growing discontent among the farmers was justified. They found that screenings taken out of the wheat averaged three-fourths of a pound per bushel, much less than the dockage taken from the farmer.

This committee, a committee of bankers, Mr. President, found that—

Besides paying freight on the dockage, the farmer received none of the $8 a ton which the grain merchants were paid for the screenings. Often grain was bought from the farmer at grades lower than its actual worth, even in its unprocessed state.

This committee of bankers reported further, Mr. President:

The shipper must accept the inspection rules and customs which have been forced upon him by the powerful combination of elevator and railway interests and the eastern miller must take the grain that is offered to him by the Grain Trust, so-called, and not in the condition as to mixing that he wants it.

That is a banker speaking, Mr. President. That is a committee of the North Dakota Bankers Association speaking, Mr. President.

One of the reasons why the Grain Trust was able to enforce its rules was the law which the Minneapolis Chamber of Commerce (now called the Minneapolis Grain Exchange) secured from the legislature in 1883, which gave it the power of a court by making its awards in disputes among members enforceable by district court—even though the proceedings were secret and could not be appealed.

Mr. President, every once in awhile when one goes out campaigning he meets a farmer or a town man, usually a town man, who fights progressive moves, and says, "You cannot better your conditions by electing some politician or some demagogue"—whatever name he may want to choose to call an individual who is leading the fight—"you cannot change progress by passing some law. You cannot legislate prosperity." That is what one is told. Here we have a typical example, Mr. President. I hope every Progressive writes it down in his book that the committee of bankers found that one of the reasons why the Grain Trust was able to enforce its rules was the law which the Minneapolis Chamber of Commerce secured from the Legislature of Minnesota which gave the Minneapolis Chamber of Commerce the power of a court by making its awards and disputes among members enforceable by district courts even though the proceedings were secret and could not be appealed.

In 1908 the Interstate Commerce Commission conducted an investigation of the grain trade, which revealed shocking frauds, by which it was exploiting the farmer.

Mr. President, we now come to another phase of this matter, one with which I am intimately and personally acquainted. I was born on a farm near the little town of Casselton. There is an equity exchange there. We did not get men without education to head it. My father was a member of that organization. They looked around for a good man and they got a graduate of a university, John M. Anderson, to head it. They got a man in Minnesota named George Loftus, and they also got a man from Minnesota by the name of James M. Manahan, a former Member of Congress, a man so good that they tried to get rid of him by jerrymandering him out of his congressional district. What did those farmers in North Dakota, who, according to the committee of the North Dakota Bankers' Association, were being robbed, do? And what happened to their project?

First protest of the farmers themselves came in 1907, when the American Society of Equity * * * organized in the first district, comprising North and South Dakota and Minnesota. Its primary object was to form a wheat pool—to hold wheat off the market until it reached a dollar a bushel. Thirty million bushels were signed up in the dollar-wheat campaign. But the withholding plan failed. Every other effort of leaders to strike, by keeping their commodities off the market until prices rose, had also failed.

In 1908 the equity leaders in Minneapolis took a sounder approach.

Mr. President, I was there.

They determined to organize a terminal marketing cooperative and set $50,000 as the goal for capital stock subscriptions. In 3 years' time, however, only $14,000 was actually raised—not as much as the sum ofttimes raised in a single community, in recent years, to establish a local Farmers Union elevator.

O Mr. President, it was a great fight, and we had strong opposition, as I shall show.

But with the meager capital, the Equity Cooperative Exchange was established in Fargo, N. Dak., February 17, 1911. (Later its headquarters were moved to St. Paul.)

What happened?

The Minneapolis Chamber of Commerce, under its rules, would not admit a cooperative to membership—

It was quite simple, was it not, Mr. President?—

a situation not finally corrected until 1935 when Congress, as a result of a vigorous Farmers Union campaign led by M. W. Thatcher, adopted the Commodity Exchange Act.

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

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. LANGER. I yield.

Mr. HUMPHREY. When the Senator from North Dakota speaks of the Farmers Union Grain Terminal Association and of Mr. M. W. Thatcher, the Senator is speaking of one of the most successful cooperative enterprises in the entire United States. Its office is in the Midway district, in St. Paul, Minn. I have visited it many times, and I have attended their meetings and conventions. Mr. Thatcher, the general manager of that great cooperative terminal association, has saved literally millions of dollars for the farmers and has helped stabilize a great grain market for the benefit of the producers, as well as the consumers.

This is that kind of program which was under attack in the Senate earlier this afternoon, and it is that kind of program which has been accused by one Member of the Senate of being subverted by and under the domination of fellow travelers, and dupes, and Communist stooges who, it is claimed, have infiltrated their way into the Farmers Union organization.

Mr. President, I extend a most cordial invitation to every Member of this body to take a trip to St. Paul, Minn., and visit the Farmers Union Grain Terminal Association. If Senators will do so, they will find there an enterprise which is operated as efficiently as General Motors or the du Pont Co., and they will find that the Grain Terminal Association has a management which is just as capable as is the management of any other organization in America. They will find further that the farmers come there from practically all the States in the Midwest, including Montana, Minnesota, North Dakota, and South Dakota, send their grain in ever-increasing quantities. They are proud of their cooperative.

I do not think any farmer in the State of Minnesota would raise his voice against this fine organization. In fact, today the Farmers Union Grain Terminal Association has a seat on the Grain Exchange. I have been there many times. The representative of the Farmers Union Grain Terminal Association is on the selling floor there, buying and selling, along with the private grain traders. That has been the situation since the law of 1935.

Mr. LANGER. Mr. President, let me say to the Senator from Minnesota that I have before me a condensed statement of the financial condition as at May

31, 1948, of the Farmers Union Grain Terminal Association, and I now wish to read it into the RECORD:

Farmers Union Grain Terminal Association—Condensed statement of financial condition as at May 31, 1948

Cash with banks	$4,557,886.82
Government bonds—amortized value	5,137,109.75
Receivable and accruals, less reserve	7,095,759.94
Inventories	2,922,157.91
Total current assets	19,712,914.42
Noncurrent assets, covering margin deposits, stock in cooperatives, contracts receivable, not receivable for stock, etc	2,093,019.47
Fixed and deferred assets (mostly land, buildings, machinery, and equipment) less depreciation	5,739,339.96
Total assets	27,545,273.85
Current liabilities	10,215,611.10
Noncurrent liabilities and current reserves	317,349.42
Members' net worth:	
Common stock	5,133.00
Preferred stock	14,716,984.55
Preferred stock credits	516,913.74
Permanent surplus	1,773,282.04
Total liabilities and net worth	27,545,273.85
Summary of financial condition:	
Net current assets	$9,497,303.32
Net noncurrent assets	1,775,670.05
Net fixed assets	5,739,339.96
Your GTA net worth	17,012,313.33

Mr. President, that is the kind of organization about which my friend the distinguished Senator from Minnesota [Mr. HUMPHREY] has been talking.

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

Mr. LANGER. I yield.

Mr. HUMPHREY. I have read the Grain Terminal Association's paper, the Farmers Union Herald, which is published in my State. It also goes into the State of North Dakota. In that paper I have seen laudatory comments about the Senator from North Dakota [Mr. LANGER], the Senator from North Dakota [Mr. YOUNG], my colleague the senior Senator from Minnesota [Mr. THYE], and the Governor of the State of Minnesota. I attended the last convention of the Farmers Union Grain Terminal Association. I wish to say now for the CONGRESSIONAL RECORD that every session of that convention was opened with prayer. That does not occur in the case of a Communist organization.

Not only that, but the Governor of my State was not only an honored guest but the principal speaker; and he praised to the high heavens the work of the Farmers Union Grain Terminal Association, as he justly should do. He has a host of friends in that organization.

I have heard the head of that organization say many kind things about the Governor of Minnesota, who is of another political party than mine.

I attended that convention and I saw there farmers from every State in the Midwest.

I wish to say with all the vehemence and all the vigor at my command that anyone who calls the members of that organization Communists is guilty of gross irresponsibility. It is about time that such nonsense was stopped in the Senate of the United States, Mr. President.

Mr. LANGER. Mr. President, let me call the attention of my distinguished friend the junior Senator from Minnesota to the fact that at two of those annual meetings, one of which my distinguished friend attended, the chief speaker was the Senator from the State of Vermont [Mr. AIKEN]. Anyone who said that a man like the Senator from Vermont [Mr. AIKEN] has a single Communist hair in his head of course would be known to every Member of this body as being an abject liar and a scoundrel.

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

Mr. LANGER. I yield.

Mr. HUMPHREY. As a matter of fact, I have heard many, many times in my State most laudatory statements about the addresses and speeches made by the Senator from Vermont; and I have heard many of the leaders of the Farmers Union and of the Farmers Union Grain Terminal Association praise the splendid work he has done. He is loved in our State for the work he does; in fact, he is a very popular man among our farm population, as he justly should be.

Again, Mr. President, that is only a further testimonial in support of what we have been saying, namely, that irresponsible charges of the sort we heard in the Senate earlier this afternoon do not apply to our section of the country. The Senator from New Hampshire may know of Communists in other sections of the Nation; but when he begins to accuse the Farmers Union, in my part of the country, of being Communist-dominated, he has a scrap on his hands, because, just as the Senator from North Dakota knows them, so do I know them; they are not strangers to us. We honor them and respect their work.

I repeat that that farmers' organization represents plain people who are sincere, hard-working, good Americans. Americans who build churches and support them, Americans who send their children to Sunday school, Americans who build and keep up their homes and pay off their debts and, as the Senator from North Dakota has said, want to have family-sized farms. They do not like corporate farming and absentee ownership. The people in our part of the country want to own their own land and take care of their own land.

I wish to point out for the RECORD that there is not a Communist anywhere who believes in private ownership or the private holding of land or in family land ownership.

However, the people of Minnesota and the members of the Farmers Union and the members of the Farmers Union Grain Elevator Association do believe in the private ownership of land and in family land ownership, and they have dedicated their lives to that belief.

Mr. LANGER. Mr. President, my sentiments have been well expressed by the Senator from Minnesota.

I now ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the full Eleventh Annual Report to the 100,000 members of the Farmers Union Grain Terminal Association, made by Mr. Thatcher and his associates, as of December 13, 1948.

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

FARMERS UNION GRAIN TERMINAL ASSOCIATION—ELEVENTH ANNUAL REPORT, 1948

"The farmer is so placed in the economic system that both as a producer and consumer he deals with business concerns which are in a position to make the terms of the traffic, which it is for him to take or leave. Therefore the margin of benefit that comes to him for his work is commonly at a minimum."—Thorstein Veblen.

The heritage of free men is the land. The land has always been bountiful, but the American farmer has rarely been prosperous. Statistics are tedious, but they tell the story. Down through the years the farmer has mostly been on the short end of the bargain. Chance brought him occasional periods of seeming profit; rather just enough of the real thing to give the farmer courage for renewed effort.

It always has been the same story; brief periods of inflation, generally accompanied by the curse of war. Farm prices are stimulated by these twin afflictions. In such periods the farmer expands his operations. He adds to his acres. Then comes the inevitable deflation. Everything goes down but mortgages.

Depression and hopelessness generally settle on the farmer long before they are felt by other groups. And they stay with him the longest. From 1864 to 1897, except for two years, the swing of farm prices was constantly downward. Then came 23 years of zig-zags, the brief inflation—prosperity of World War I—followed by the sharp drop of the early 1920's. Agriculture stayed bankrupt for 15 years before the farmer had a chance to get back on his feet.

This story of the American farmer, and his struggle for a better life for himself and his family, also is the story of all the farmers of the Northwest. Here the span of history was compressed into 50 years. Just a hundred years ago the entire Northwest was without government. It was a little over a half-century ago that Montana, North and South Dakota were admitted to statehood.

This is how young we are: there still are farmers living who remember when their plows bit into the virgin sod and turned the first black dirt on the prairie grass. This is how rich the land is: it produced in such abundance that it built the railroads and the wealth of the towns and cities.

The homestead, the sod hut, herds of buffalo, vast expanses of prairie grass, hopes inspired by the land, these are things still within the memory of many. Adventuresome pioneers settled on the fertile lands. The land produced in great abundance. But the farmer rarely prospered. It was not his conflict with the climate or the soils that baffled the farmer. What he could not understand at first were the business and political evils that preyed on the producers. The farmer was faced with obstacles in selling his grain.

When the Northwest was settled, the farmers turned naturally to wheat. The tremendous production caused prices of farm products to go down. In the wake of abundant production came low prices, hard times, and unrest on the land. The farmer fought unscrupulous politicians, grasping land speculators; he joined organizations to keep bankers, brokers, and middlemen within bounds, and to control the railroads.

Farm prices went down. But marketing margins failed to narrow. The farmer's re-

sentment grew against the trusts. It flared up at the dominance of the organized grain markets and commodity exchanges. The usurious rates of money lenders made debt seem eternal.

These were the conditions of 50 years ago. Some abuses had been corrected, but the worst still existed. What was the farmer to do? Alone, he could not correct the evils of a business system that said to him, "Take it or leave it."

But the farmer has always, in the very nature of his business, found he had to work with others to get his job done. He works with his neighbors in such informal cooperative tasks as spraying, silo filling, threshing rings, barn-raising bees. From the very beginning, from the time he first settled on the land, the farmer engaged in many kinds of cooperative effort on the farm.

Nevertheless, it has never been easy for the farmer to cooperate in attempts to solve his marketing problems. When he started, the farmer was not familiar with the markets. He was attacked as an interloper when he joined together in associations to sell his grain. In spite of all these difficulties, the hard times forced him to keep trying.

It was just a half century ago that the first serious effort to organize grain cooperatives started in the Northwest. It was not a revolt. The wheat farmer is obstinately loyal to the whole system of law and order. All he asked was for the right to own the land he farmed, to have a home and hold it. For this he was willing to suffer privation and undergo untold hardships.

But the farmer also has his strong sense of justice. He sustained reverses and failures with a stoic courage. That is the great tradition handed down by these early settlers. That is the heritage that today's farmers—the sons and grandsons, the daughters and granddaughters, of these pioneers—still cherish.

That, also, is the heritage of the Farmers Union Grain Terminal Association. The seed of cooperative effort, planted fifty years ago on the prairies, has flourished and returned the fruits of the farmer's labor a hundredfold. This great farmers' grain cooperative is firmly rooted in the early history of the Northwest. It is part of the farmer's struggle for economic independence.

The lesson taught by the hard experience of a half century is that the farmer has learned he must plow the furrow straight, sow wisely, to reap the full harvest.

THE CHALLENGE

Wheat is a world symbol. Not only does it represent food for hundreds of millions of people, but it is also symbolic of economic conditions, political stability, and, particularly, of democracy.

As far as the eye can see the land is ripe with wheat. Wheat 's the basic crop in this rich Northwest. The prosperity of all is affected by the yield and price of wheat. There is mining and forestry and commerce and industry, and other kinds of farming, too. But their prosperity hinges on wheat.

It is the same in other parts of the country, as it is in the spring wheat area. Wheat is one of the most important products of American agriculture. Its economy is contagious. When wheat farmers suffer from oversupply, or poor outlets or low prices, their ills are catching. They spread first to the main streets of the villages and trading communities, and then to the financial and industrial centers.

That is why the welfare of wheat farmers is a matter of national concern. Businessmen, as well as farmers, must understand the problems of this basic crop. A way must be found to maintain a stable economy for the wheat farmer.

Ways must be devised to store wheat and keep it in condition, to provide a method of orderly distribution, to maintain a fair price. There must be a balance between effective demand and supply to achieve this stability. It is no simple thing to do. But it must be done.

In the Northwest 150,000 grain farmers look to their local cooperatives and Farmers Union Grain Terminal Association to lay the foundation for such a far-reaching program. These farmers, living in the Dakotas, Montana, and Minnesota, have with their patronage savings been able to build country elevators and terminals and create a remarkable marketing organization.

But the farmer who looks into the future and recalls the experiences of the past 50 years knows that his cooperative and his Farmers Union Grain Terminal Association have a much greater task before them than just marketing grain.

Competition is the life of trade, so it is said. But the farmer has often found competition is not a very dependable medium for lowering marketing costs and increasing the producer's share of the market dollar.

The farmer knows that even if the operation of huge corporations or monopolies in the distribution of farm products do cause economies of operation, still there is no assurance that such gains would be passed on to the farmers in the form of higher prices or to consumers in the form of lower prices. Fifty years ago the farmer had his experience with the monopoly of the local independent or line elevator.

The farmer knows that he must produce in abundance for his own prosperity and for the Nation's prosperity. He knows the whole future of this country and its people is bound up in its capacity for using and increasing productivity. He understands this about the land.

It is the problem of the market place, however, that still challenges him. The farmer's struggle does not end with the harvest. Often it has scarcely begun. How can the farmer move the grain to market and sell it at a fair price? That is the challenge that faces the farmer as he starts his bushels on their cooperative trip to market.

FARMERS ELEVATOR

The market is the farmer's problem. Good fortune graces the grain farmer now. But too often he is confronted with low returns, wide marketing margins. Those are marketing problems that only the farmer must solve for himself.

The great bulk of grain which is marketed in the United States is handled through country elevators and warehouses. It is estimated that about 70 percent of the grain shipped by country elevators goes to terminal markets—places that receive more than a thousand cars of grain annually. That means that the problem of farm marketing is the problem of country and terminal marketing.

The average farmer is a small-scale producer. His farming unit may be efficient, but unfortunately efficiency in production does not assure efficiency in marketing and distribution. That means that the farmer, in order to have something to say about grades and premiums and prices, must have a way of getting mass distribution for his grain, and the grain of other independent, small production units. The cooperative country elevator came into being as the farmer's first step toward improving a complex marketing problem at the local level.

The setting up of a local cooperative elevator is a serious undertaking that calls for hard work and cash on the barrel head. It must begin at the grass roots with an understanding of what a cooperative means. The strength of a cooperative must be in its people.

When a farmer learns that he gets only 25 to 50 cents of the consumer's dollar, he comes to the conclusion that the existing system of marketing must be at fault somewhere. It is almost certain that the farmer's neighbors and friends believe the same thing.

The next thing he does is to look about for a way to correct the fault. He finds that the way to begin is through cooperation. Through his cooperative elevator—once it is operating—he expects to lower the costs of distribution, improve production, tie together production and marketing operations, reduce wastes, do away with expensive duplication of marketing agencies, and be able to start distributing his grain in a systematic manner.

When these marketing reforms are put into practice by the cooperative elevator, the farmer feels he has a better opportunity to compete in the markets on an equal basis with the buyers. It is true that times have changed. The farmer of today is better informed than his father before him, but it was not so long ago when the farmer was the frequent victim of shrewd and well-informed grain buyers.

What else could be expected in a country market transaction when the uninformed farmer went up against a well-informed buyer?

These transactions were proof to the farmer that his distrust of those remote and unfamiliar big city operators was justified. He may never have been inside a grain exchange, but he knew that on the same day and in the same market there often were wide variances in the price of his grain. He saw no reason why the price of his grain should bobble from hour to hour on the market blackboards. He refused to accept a marketing system which made millionaires out of speculators, and showed little regard for the prices the farmer got, as something infallible and eternal.

GRAIN MARKETS

There was a time, not so long ago, when the farmer could not go into the grain exchanges to sell his wheat. The big trading pits were barred to him. It took a Government law to open the doors to the market place. Now the farmer is free to sell his own grain. He can be represented in all the grain exchanges by cooperatives of his own choice. In the Northwest the Farmers Union Grain Terminal Association markets the grain of 150,000 members on the trading floors in Minneapolis and Duluth.

There are private grain traders who still resist the right of the farmer to advance his cooperative from a country elevator to a terminal selling agency. In the past grain traders frequently took active steps to slow the growth of these regional cooperatives and to curb their activities. Many grain merchants, whose business came from farmers' cooperative elevators, were strongest in opposing the farmers' regional cooperatives.

They raised slush funds, passed resolutions condemning farmers' selling associations, and used other similar means to prevent the efforts of the farmer to market his own grain. Such organized resistance is evidence that private traders recognize that in cooperatives farmers have a powerful voice in the markets.

Why do some grain traders object to Farmers Union Grain Terminal Association? One reason is that GTA exerts a different competitive force in the grain markets than that of the usual grain dealer. This difference is summed up in the cooperative concept that it should return to the farmers all it can, while a private dealer pays only as much as competition forces him to.

That does not mean that cooperatives are competitors of all private business. Many firms know that cooperatives are their most dependable sources of raw materials. That is one reason why some merchants in terminal markets who depend on local cooperatives for their livelihood, approve of local cooperation as sound but condemn cooperation beyond that point as unsound.

The real test of Farmers Union Grain Terminal Association or any other cooperative is its economic soundness. It must

prove its ability to improve conditions in the distributive system for farm products.

Here is what the farmer is up against in a market, when he must depend on outside organizations to do his selling:

One of the first lessons that a merchant learns, if he is to stay in business, is that price wars in a commercial sense are ruinous. It is not necessary to enter into formal agreements. But somehow prices to be paid or charged assume a high degree of similarity in a given market. As a result of this leveling out of retail prices every effort is made to widen the marketing margin by lowering prices paid to farmers.

It's true that competition keeps their prices uniform, but competition is not the easy-working, price-lifting force for producers—or the price-lowering force for consumers—that the classical economists say it is. There is too much that goes on between the time the grain leaves the farm until it is in the hands of the ultimate consumer.

The 150,000 farmers who own Farmers Union Grain Terminal Association, ask for no special privilege or concession that is not accorded to other commercial organizations. Laws which legalize cooperatives do not grant special concessions. All the farmer asks is the same fair treatment granted to others.

GTA TERMINALS

The combines begin to roll across the Oklahoma and Texas Panhandle wheat fields in May and June. By late October the last of the harvests is finished in the northern spring wheat States. As these harvest brigades move from one wheat region to the next a torrent of wheat pours in on the markets.

Storage must be found for a billion bushels of grain. At the peak of the harvest wheat is hard pressed to find a home. Most of the wheat reaches the various terminal markets in a matter of weeks. Where can it be stored? Homeless wheat sells at a discount because the buyers have their way. Farmers are forced to sell rather than pile it on the ground.

Years ago farmers found that it was not enough for their local cooperative elevators to just be receivers of grain or their regional cooperative elevators to just be sellers of wheat. They saw terminal operators skim the market, buying cheap and selling high. Farmers wanted their regional cooperatives to store the wheat and other grain as it poured in during the harvest and prices were low. To be of greater service to farmers the regionals had to take the wheat and merchandise it for them through the year.

That is why Farmers Union Grain Terminal Association operates eight terminal and subterminal elevators. These houses are strategically located in Minneapolis, St. Paul, and Rush City, Minn.; Superior, Wis.; Sioux City, Iowa; Lewistown and Shelby, Mont.; and Spokane, Wash. They have a total storage capacity of nearly 11,000,000 bushels. But many times this amount of grain is moved through these elevators each year.

The money that was needed to build these terminal elevators was provided by farmers out of their patronage savings. Not only have these terminal elevators given the farmers larger savings but they have helped to provide better service, which means better market prices.

The question that farmers must soon decide is whether or not their cooperatives have all the storage space they need to do the job that is expected of them. Farmers Union Grain Terminal Association is committed to a program of agricultural abundance.

The present marketing system is becoming obsolete. It is not geared to existing production methods. There is not enough available storage space to even properly handle the year-to-year movement of crops, to say nothing of stockpiling wheat and corn. The Government estimates that between 200,000,000 and 300,000,000 bushels more of storage space must be built in the near future.

What is the answer? Members of Farmers Union Grain Terminal Association regard this problem as a cooperative responsibility. Directors and management already have carefully studied the storage requirements of the Northwest, both as to terminal and local needs.

The farmers can look today with pride on the huge terminal elevators that they cooperatively own. These cooperative elevators are the result of more than 50 years of effort. They are symbols to thousands of farmers of the enduring strength of cooperative principles that were developed in the long struggle to gain a place in the markets.

But farmers will look with even greater pride when the blueprints are unrolled and the program is launched to build a better marketing system for the future. This will make it possible for more and more bushels to make the trip from farm to processor GTA the co-op way.

LAND AND SECURITY

Only a free and prosperous agriculture permits a Nation to live freely and prosperously. And a free and prosperous agriculture means the small, independent farmer who works his land alone, with the help of his wife, his children, and his machines. The way he works and lives, and raises his family, is part of the fabric of American democracy.

It has been the independent farmer, working his own land, who has contributed so abundantly to the prosperity of America and the needs of Europe. His is no frenzied desire for riches. He is a man full of humanity and decency and understanding, slow to anger but long to remember.

His work has fed and clothed this Nation well. As his reward, he wishes to share in the good things that America can furnish to her people. Oris V. Wells, the head of the Bureau of Agricultural Economics in the Department of Agriculture, expressed it well:

"The central issue in the farm price field is not whether farmers have support prices, or Government payments, or what not; rather, it is whether or not farmers can find ways of working together which will allow them to exercise equal bargaining strength with other segments of our extremely complex and complicated economic world. It was an endeavor to find an answer to this issue which led farmers into their farm supply and marketing cooperatives, into farm organizations, and into such farm programs as those provided for in the Soil Conservation Act of 1937 and the Agricultural Adjustment Act of 1938."

The following information prepared by the Bureau of Agricultural Economics, Division of Statistical and Historical Research, is worthy of careful study:

Per capita income and expenditures, United States, 1929–47

Year	National income	Disposable personal income	Personal consumer expenditures	Retail food expenditures	Percentage of expenditures for food
1929	$718	$677	$647	$162	25.0
1930	609	599	575	147	25.6
1931	475	508	494	119	24.1
1932	334	383	394	91	23.1
1933	315	360	369	87	23.6
1934	384	408	411	96	23.4
1935	447	456	442	107	24.2
1936	505	516	488	118	24.2
1937	571	552	521	127	24.4
1938	519	505	497	120	24.1
1939	554	536	516	120	23.3
1940	616	573	546	128	23.4
1941	779	691	618	149	24.1
1942	1,013	863	674	185	27.4
1943	1,233	964	744	212	28.5
1944	1,321	1,054	807	228	28.3
1945	1,302	1,070	880	249	28.3
1946	1,270	1,127	1,044	298	28.5
1947	1,406	1,206	1,144	335	29.3

The independent farmer has made headway in his endeavor to strengthen his bargaining power in the markets. In this connection, the table above shows that in spite of the general belief that farmers have become extremely rich, and that the people of the United States are spending tremendous amounts of money for food, the truth is that people today are spending only six percent more of their total personal consumer expenditures for food than they did in the depths of the depression.

The independent farmer knows that the cornerstone of prosperity on the farm is abundant production, fair prices and good care of the land.

In America, the goal of the farmer is to build cooperation for better living and conservation for better land. That will provide abundance and plenty for all.

This is how Farmers Union Grain Terminal Association operates. It is owned by 150,000 farmers in the Northwest. It is a voluntary association of farmers who have found a practical way to market their grain together. Any farmer can belong merely by shipping his grain through his local cooperative to GTA.

Most of these farmers live in Minnesota, the Dakotas and Montana, but there are some in Iowa, Idaho, Washington, and Oregon. Since this is their business, they have the say as to how it should be run. But it is impossible to bring 150,000 farmers together once a year to carry on their business.

That is why these farmers entrust this responsibility to delegates. Any stockholder can take part in these business meetings, but nearly all of the delegates are elected by people who know them—by stockholders at the annual meetings of their local cooperative elevators.

For the past few years more than 3,000 people have attended these annual meetings in St. Paul.

But 3,000 delegates cannot leave their farms a dozen times a year to run their business. So at the annual meeting, the delegates elect directors. There are 11 directors. All of them must be farmers.

The full board of directors meets at least once a month. The reason for this is that in a marketing cooperative the size of Farmers Union Grain Terminal Association, the best results are obtained when all available facts are collected, properly interpreted and quickly passed on to all who may benefit from the information.

The management of the vast cooperative enterprise, is entrusted to General Manager M. W. Thatcher, who has been identified with the cooperative movement in the Northwest for 34 years. It is his responsibility to guide the cooperative along the course charted by the stockholders and to give leadership to the cooperative movement.

The administrative and marketing operations of Farmers Union Grain Terminal Association are centered in the GTA building, midway between St. Paul and Minneapolis. The modern, three-story structure is the latest word in office efficiency.

There are 400 employes in the building, carrying on the cooperative work for grain farmers of the Northwest. In their daily routine the ideals and principles of cooperative technique continue to serve the public interest. Many of the employees are sons and daughters of farmers who are members of GTA.

The GTA building was dedicated at the stockholders' meeting on December 11, 1946.

In 2 years thousands of farmers have visited their GTA headquarters, learned how terminal marketing operations are carried on.

Businessmen marvel at the efficiency which makes it possible to handle more than 100 million bushels of grain a year with such promptness and dispatch, and at the same time to keep a running account of the patronage earnings of 150,000 farmers.

THE BALANCE SHEET OF THE UNITED STATES FARMER, 1948

How well off are American farmers today? Let's forget the extremes, the individual cases of wealth or poverty, and measure up the whole agricultural economy. The balance sheet of American farmers for 1948 is an amazing story.

The farmers are better off today than they have been for a long time. During the past 8 years they have managed to reduce their debts and to accumulate financial assets. They have strengthened their cooperatives.

But how does the farmer share in the Nation's income? Our national income for 1948 is about $212,000,000,000. According to the Government's Bureau of Agricultural Economics, gross farm income—which includes cash receipts from farm marketing, Government payments, value of products consumed in farm households and rental value of farm houses—is about $34,600,000,000. Compare this to corporation earnings of $35,600,000,000 in net profits before taxes in 1948.

The real net income of people actually on farms is about $19,000,000,000 for 1948. That's 9.2 percent of the national income for that year. It represents a drop of 0.5 percent from 1947, when the farmers' net income—after culling out rents and interest going to people not on farms—was 9.7 percent of the national income.

Now let's look at the farmers' physical plants. All through the war, and in the years since, nonresidential farm construction has lagged far behind industrial and public utility construction. That means that the farmers' physical plants are running down.

Let's examine some of the high points of the American farmers' balance sheet for 1948. Assets are $122,100,000,000, compared to $54,000,000,000 in 1940. But this $68,000,000,000 increase includes $49,000,000,000 inflation of inventory valuations due to higher prices, $17,000,000,000 more in financial assets, $2,000,000,000 physical increase in inventories.

The financial position of farmers is insecure. It could deteriorate rapidly when the crest of this inflation passes—as it will—because the fortunes of farmers are particularly sensitive to price changes. That is why so many farmers are bothered.

But farmers who own Farmers Union Grain Terminal Association believe there are certain ways by which they can preserve their generally solvent position. Some of these ways are explained by General Manager M. W. Thatcher and officers of GTA in the following pages. They suggest what farm organizations and cooperatives can do to help farmers build better the co-op way.

THE ELEVENTH ANNUAL REPORT OF THE GENERAL MANAGER TO THE STOCKHOLDERS, DECEMBER 13, 1948

FOREWORD

The demands of a changing world give a new urgency to our cooperative movement. Time is on our side, but we cannot waste it. We must make the most of the tremendous opportunities that are before us. To do this, we must recognize that a cooperative is only as great as it is useful. Its real measure of usefulness is not resources or size. Rather it is its usefulness to people.

We mut profit from what history teaches. The development of agriculture in the Northwest has been a constant struggle between those who have and those who want. It is the story of the farmers' efforts to find a place in the sun.

That is why, as general manager of Farmers Union Grain Terminal Association, I am prefacing my regular annual business report to the stockholders with a review of the developments of cooperative grain marketing in the spring-wheat areas of Minnesota, the two Dakotas, and Montana.

This review, I hope, will help to remind us of our beginning. How was it possible for an unorganized and hard-pressed people to challenge and conquer an entrenched adversary, with wealth, power, and all the weapons of economic warfare at their command? It was the stubborn courage of a few, whose fighting hearts refused to surrender when everything seemed lost, who finally won against great odds. That is the story that we must remember, and must tell over and over again.

The history of grain marketing in the Northwest begins in the early 1880's. The Minnesota Legislature had granted a charter, vested with extraordinary powers, to the Minneapolis and Duluth grain exchanges. Thus the grain markets became a law unto themselves. Too often the rulers were high-handed in their actions, indifferent to the needs of the people on the land.

Down through the years charges were made time without number in the legislatures of Minnesota, the Dakotas, and Montana that these special marketing powers had been tremendously misused. Many of the charges were of extremely serious nature. They could not go unheeded forever.

The piling up of 50 years of complaints and charges had their culmination in a lengthy and thorough investigation of the activities of the Minneapolis Chamber of Commerce. The hearings were conducted by the United States Government through the Federal Trade Commission. The full report, together with a cease-and-desist order against the Minneapolis Grain Exchange was rendered in 1923. (Federal Trade Commission, Docket No. 694).

In essence, these findings show how the Minneapolis Grain Exchange spread false and misleading information; how its officers conspired to defeat the farmers' efforts to market their grain through their Equity Cooperative Exchange; how its tactics were intended to injure the cooperative, particularly by filing unfounded suits, and causing other damage and embarrassment to the cooperative.

The Federal Trade Commission report speaks for itself. It is mentioned here to remind you that cooperative grain marketing at the terminals is not a new venture, and that the present achievements are the result of a long and difficult route. Actually, what happened 25 years ago offers a background for understanding the machinations of the past several years, when every effort was made to destroy the usefulness of your Farmers Union Grain Terminal Association in the market places.

When we review what has happened over the past 50 to 75 years, we find that early period of grain marketing in the Northwest also was the period of settlement and homesteading. Millions of acres of farm land were given to the railroads. Warehouses took a healthy toll for handling grain. The grades, dockage, and margins on grain were liberal. Banks collected usurious interest charges and commissions.

Fortunes were accumulated. Many came out of the sweat and toil of farm families on the prairies. These fortunes were tax free; they were accumulated before anyone knew anything about income taxes. It was against this kind of exploitation that the farmers revolted. They were compelled, as a means of economic survival, to sell their grain themselves.

This was the start of cooperative grain marketing. All that the farmers wanted was to get a fair price for their grain, and thus to increase their share of the ultimate price realized for their products. They wanted to correct the abuses that they felt kept them on the edge of bankruptcy. They believed the way to do this was to organize cooperative elevator associations in their communities. This was very noticeable after the turn of the century.

The farmers had to overcome almost insurmountable difficulties. But they progressed. Finally, they were accepted as part of the business community. But farmers soon realized that as important as the gains in the local community were, they had to go at least one step further to successfully market their products.

In 1907, farmers representing a group of local cooperative elevators formed the Equity Cooperative Exchange as their own terminal market sales agency. Sixteen years later, on March 10, 1923, the Equity went into voluntary receivership, largely as a result of unscrupulous and unfounded attacks made against it. But by 1925 the Farmers Union Terminal Association was formed with some of these same local cooperative elevators as key members. It grew rapidly. In 1929 it become a part of Farmers National Grain Corporation, a national grain marketing organization created by the Federal Farm Board under the Agricultural Marketing Act of 1929.

This ambitious effort by the Federal Government, however, did not achieve its goal. When Farmers National Grain Corp. ceased operations on May 31, 1938, farmers from 121 local cooperative associations were determined to have their own regional cooperative in the terminal markets. On June 1, 1938, these associations transferred their accounts to the logical heir, Farmers Union Grain Terminal Association.

With $30,000 in the preferred stock, a capital loan of $300,000 from the Central Bank for Cooperatives, and the support of thousands of farmers, Farmers Union Grain Terminal Association started marketing grain cooperatively for these farmers on June 1, 1938.

Several sections from the articles of incorporation of GTA illustrate the purpose for which it was created by the farmers of the Northwest. Section 2, article I, states:

"The purpose of this association shall be to market the agricultural products of its members and patrons, and to procure supplies and equipment, and to perform any and all services for its members and patrons. All its activities shall be conducted strictly upon the cooperative plan and on a nonprofit basis. The association shall not engage in any activity with a view to any gain or profit for its own account; and no financial gain or profit shall accrue or be paid to any member solely by reason of his membership in this association."

Section 5, also of article I, states:

"Limitations: This association shall not market the products of nonmembers in an amount the value of which exceeds the value of the products marketed for members. It shall not purchase supplies and equipment for nonmembers in an amount the value of which exceeds the value of the supplies and equipment purchased for members. It shall not purchase supplies and equipment for persons who are neither members nor producers of agricultural products in an amount the value of which exceeds 15 percent of all its purchases. Business done for the United States or any of its agencies shall be disregarded as determining the limitations imposed by this section."

Article IV, section 2, subsection (c), states significantly:

"No dividends, interest, or other income or financial gain or profit shall be declared or paid on any shares of capital stock or otherwise result to any stockholder solely by reason of his or its ownership of such stock. All increase or increment, if any, in the assets of this association, resulting otherwise than from payment to the association of the par value of shares of its capital stock for the issuance thereof, shall belong to and be held for its patrons in proportion to their patronage."

We cite the above so that you may be clear as to the purpose of this long effort of Northwest farmers to improve their own situation.

CAPITALIZATION AND CONTROL

GTA is a capital stock corporation organized under the cooperative laws of Minnesota. It is owned by approximately 500 cooperative elevator associations and approximately 4,000 individual farmers, nearly all living in Minnesota, North and South Dakota, and Montana.

GTA has two classes of stock, common and preferred. The common stock has a par value of $1 per share and has exclusive voting power. The preferred stock has a par value of $25 per share. No dividends are or may be paid upon such stock. As of May 31, 1948 (the end of our fiscal year), there were outstanding in par value:

Common stock shares	$5,133.00
Preferred stock shares	14,716,984.55
Part paid shares of preferred stock	516,913.74

The Minnesota cooperative law requires us to place in a permanent reserve 10 percent of our annual savings until the reserve equals 50 percent of our outstanding capital stock. That reserve, all of which is allocated to the patrons who contributed it, on May 31, 1948, was $1,773,282.04. The total members' and patrons' equity on that date was $17,012,313.33.

With the exception of about $967,000, all of the capital of GTA has been created by patrons' reinvestment of their patronage refunds. That part of the capital which does not consist of reinvested patronage refunds represents preferred stock sold to members. All of our patronage refunds have been distributed as shares of preferred stock and credit certificates (the latter issued when a refund cannot be divided into even parts of preferred shares). Patronage refunds are paid to members and nonmember patrons on the same basis and without discrimination.

The affairs of the corporation are managed by a board of directors of eleven farmers. The annual meeting of the stockholders is held in St. Paul in December of each year. Cooperative association members are represented by delegates. There is no proxy voting.

Delegates are chosen by the local member cooperative elevator associations. Neither the management nor the directors of GTA has any voice or control in the selection of the delegates and members who attend the annual meeting. These delegates come great distances at substantial expense to attend their annual meeting.

The GTA has no subsidiary corporations. It makes a profit not for itself but for its members and patrons whose agent it is in all its operations, as the Supreme Court of Minnesota ruled in 1947.

THIRTY-FOUR YEARS

Your general manager is proud that he has been actively identified with progressive farm and cooperative causes for 34 years. During all this time we have had the counsel and help of two men: T. C. Croll, who is in charge of developing and expanding the cooperative business in the country, and T. F. O'Neill, who directs the day-by-day operations of the business in St. Paul. There is no other instance, so far as we know, where 3 men have been so closely associated and identified for so long a time in the cooperative movement.

All through these years the cooperatives have had their ups and downs, but at no time were the gains so near to being destroyed as in the past 3 years. To keep the record clear, I'd like to recount our experiences.

As a public accountant, in 1914–15, we helped the Equity Cooperative Exchange successfully defend itself against a receivership action started by the attorney general of North Dakota. The lawsuit disclosed the machinations of the secretary of the Minneapolis Chamber of Commerce, now the Minneapolis Grain Exchange, and the North Dakota attorney general. That was our baptism of fire, our first understanding of what the cooperatives were up against, and the lengths to which some people and organizations would go to destroy them. We also saw how, as a result of years of constant attack, discrimination by banks and the grain exchanges, the Equity was finally compelled to file a voluntary petition for bankruptcy in 1923. Out of the remains of the Equity your general manager was given the responsibility of salvaging enough with which to start a new regional cooperative grain-marketing association, Farmers Union Terminal Association.

When the Equity fell, we were aware that it had withstood the direct frontal attacks, but its members were victim of the more subtle propaganda of half-truths and lies spread against it. We recognized that information and education had to be an important part in the building of any cooperative organization. In addition, we felt, a cooperative had to be identified with a grassroots farm organization that really spoke for its members.

With all that in mind, we accepted the responsibility of acting as chairman of a Farmers Union executive committee in 1925. Together with A. W. Ricker and C. C. Talbott, we started in that year to build a Farmers Union organization in North Dakota, Montana, Minnesota, and Wisconsin. There were a lot of headaches, plenty of hard work, and moments of discouragement. But the work had its reward. These State units of the Farmers Union are now flourishing educational organizations and a strong bulwark for the entire cooperative movement in the Northwest.

In 1932, in the depths of the depression, your general manager resigned from the old Farmers Union Terminal Association to become a "lobbyist" for grain cooperatives and the Farmers Union in Washington, D. C. We were in Washington during those dramatic 6 years when a new chapter was being written in the history of American agriculture.

When we arrived in Washington, we found a helpless, floundering Congress, bankrupt of ideas and hope. In 1933, a new administration had been given a mandate by the people to start building something better. Pressing for "legislative parity" for farmers in a "legislated economy," we either initiated or cooperated in bringing about the enactment of many far-reaching farm laws. These laws are the first real group of Federal statutes and appropriation measures designed to bring parity of income to the farmers. Some of these laws provided:

1. Price supports and the ever-normal granary;
2. The first wheat program with its "benefit payments";
3. Crop insurance;
4. Banks for cooperatives;
5. Banks for farm mortgages;
6. Interest rate reductions on Federal Land Bank mortgages;
7. Commodities Exchange Act, to protect cooperatives and minimize gambling in farm commodities;
8. Appropriations for Resettlement Administration and Farm Security Administration which, in our area,

(a) Provided monthly grant payments to help keep farmers on the farms during the depression. Forty percent of the farmers in the Dakotas and Montana received monthly grants during the depression.

(b) Helped needy but worthy farmers acquire farms.

(c) Helped farmers set up local cooperatives.

9. Support prices for grain;

10. Permanent legislation to protect farmers' income.

In 1938, your general manager was asked by the leaders of your farm organizations to return to the Northwest to set up and assume the management of the Farmers Union Grain Terminal Association. We accepted and have served in that capacity ever since.

When we took over the responsibilities of guiding an infant cooperative through its first dangerous years, we thought that most of our efforts would be confined to business. But from the time we started our new duties on June 1, 1938, we ran head-on into a conspiracy of opposition. The intensity of the economic battle has increased with each passing year.

The opposition took to litigation, propaganda, and political pressure. Let us review what has happened during the past 36 months. We mentioned earlier in this foreword that all through the years some segments of the grain trade have constantly sought to embroil the farmers' cooperatives in legal entanglements. The purpose of all these costly litigations was to create doubt among farmers by casting suspicion on the operations of their cooperative elevators. But not once has the grain trade won a case against our cooperatives.

Space does not permit a full review of these legal joustings. There was the famous Elevator M case. That began as an attempt by the grain trade to make farmers believe that their regional grain cooperative was engaged in illegal and dishonest grain handling. It ended up by forcing spokesmen for the grain trade to take the witness stand to defend their own acts. There were efforts made to disqualify the cooperatives from carrying on their business in a manner authorized by the Minnesota Legislature.

But for sheer persistence, nothing equals the manner in which the adversaries of Farmers' Union Grain Terminal Association have carried on during these three past years. The flimsiness of the charges and the utter weakness of their case is borne out by the fact that they were roundly whipped in every instance.

Why, then, did the grain trade press what, even to them, must have seemed a hopeless campaign against your GTA? Now the reason is obvious. There was much more to the battle than first caught the eye. These legal skirmishes were part of a much larger conspiracy against cooperatives that led directly to the Halls of Congress.

The campaign which was aimed directly at your GTA—but which, if it had been successful, would have pulled other cooperatives down with it—began in 1946 when the Minnesota Railroad and Warehouse Commission was prevailed on to issue an order to show cause why the Farmers Union Grain Terminal Association should not cease buying consigned grain. Although this matter had been thrice disposed of, the Commission declared that it felt the practice was a violation of a statute of Minnesota. That statute forbids a commission merchant from acting as both buyer and seller of the same grain.

When the case came up for a hearing, two elevators in the country asked to intervene. They alleged they were in competition with Farmers Union Grain Terminal Association and wanted the practice stopped. The Minnesota Railroad and Warehouse Commission had its trial. It issued its order forbidding Farmers Union Grain Terminal Association from continuing the practice.

So, Farmers Union Grain Terminal Association appealed the Minnesota commission's order to the District Court of Ramsey County. That stayed the commission's order until the court had an opportunity to hear the case and rule. When the matter reached the district court, more intervenors showed up. This time these intervenors were commission merchants in Minneapolis and members

of the grain exchange. The court refused to let them intervene.

While this appeal was pending, a test case was started to speed the case along. A cooperative elevator affiliated with your GTA asked the district court to forbid Farmers Union Grain Terminal Association from continuing the practice of buying consigned grain because the practice might be in violation of the Minnesota statute. In this case, too, applications to intervene were made by the grain-commission merchants from Minneapolis who were members of the grain exchange. Again their applications were denied.

The district court ruled favorably in behalf of Farmers Union Grain Terminal Association. So an appeal was made to the Minnesota Supreme Court. The supreme court heard all parties, even the grain-commission merchants who wanted to become intervenors. Everyone had his say.

The Minnesota Supreme Court ruled on February 13, 1947, that the Farmers Union Grain Terminal Association had every legal right to buy consigned grain, and was not violating any State laws.

The Minnesota Supreme Court, in constructing the law upon which its unanimous decision was based, outlined the nature of Farmers Union Grain Terminal Association in very simple language. It made it clear that the whole contention of the grain traders was wrong. It also made clear the fundamental nature of a cooperative such as Farmers Union Grain Terminal Association. One paragraph is worth repeating:

"The defendant"—that's Farmers Union Grain Terminal Association—"is engaged in the business of marketing grain for its members and patrons on a cooperative, nonprofit basis. All of its so-called savings belong to and are distributed to its members and patrons on a patronage basis without discrimination between members and nonmembers. It makes no profits of its own. The patrons are entitled to receive all financial benefits of the defendant's activities. In handling the grain of its patrons, the defendant is in reality a selling agency. In order-business transactions the buyer, if he resells, is entitled to all the profits of the deal. The seller has received all he is entitled to. If a cooperative is a so-called buyer of the agricultural products of its patrons, the profits made in the resale inure to the seller, not to the association. The buyer and seller in this kind of a transaction occupy a different status from that of the ordinary buyer and seller. The association is in reality merely a selling agency."

There you have clearly pointed out in the language of the highest court in Minnesota the legal difference between a cooperative and the ordinary business corporation owned by shareholders to whom the profits of the corporate transaction go. There you also have the real reason why Farmers Union Grain Terminal Association is so bitterly opposed by its competitors. It's all a matter of where the profits go.

But even these reverses did not end the hopes of the grain trade. The summer of 1947 wore on. Everything was quiet until on September 12, 1947, the Minneapolis Grain Exchange started a suit in the Federal district court against Farmers Union Grain Terminal Association. It was the same thing all over again. The Minneapolis Grain Exchange said that it wanted a declaratory judgment from the court to decide whether Farmers Union Frain Terminal Association, in buying consigned grain, was violating a rule of the grain exchange.

The rules of the grain exchange are substantially like the statute on which the Supreme Court of Minnesota had ruled favorably to Farmers Union Grain Terminal Association on February 14, 1947. The general effect of the exchange's rules is to forbid members of the grain exchange from acting both as receiver and buyer of the same grain. But this similarity did not seem to make any difference to the grain exchange.

The Minnesota Supreme Court, in referring to the statute on cooperative marketing, and judging from the paragraph that I have just referred to, had set the matter to rest. But the grain exchange now was asking the Federal court to decide whether the practice violated the rules of the exchange.

Lawyers for Farmers Union Grain Terminal Association promptly made a motion to dismiss the case because the matter did not belong in Federal court but should ge before the Commodities Exchange Commission, which forbids grain exchanges from discriminating against cooperatives. That is the way the Federal court so ruled on December 31, 1947. It suggested that the grain exchange first go before the Commodities Exchange Commission. The grain exchange has not found it wise to do so.

So, here is what we have: the original petitions against Farmers Union Grain Terminal Association; the Minnesota Railroad and Warehouse Commission proceedings; the test in the Minnesota District Court; then the test before the Minnesota Supreme Court; finally the same case bobbing up again in Federal court. You had grain exchange members seeking to intervene throughout.

Defeated in every legal battle, the grain trade has tried to use propaganda and politics to destroy or cripple cooperatives. On the propaganda front our adversaries have made use of the notorious so-called National Tax Equality Association. This organization was created 5 years ago, largely through the efforts and money of the grain trade.

Its attack on cooperatives has been both unscrupulous and dishonest. It has charged that cooperatives are tax dodgers, socialistic, and monopolistic. It has preyed on the fears of Main Street merchants for moral support while receiving substantial financial aid from large corporations. We have given our members a detailed, running report of the activities of the NTEA in our Farmers Union Herald and GTA Digest and on our radio broadcasts.

In August of 1947, the chairman of the NTEA board, and a Minneapolis grain dealer, was so confident that the NTEA campaign against cooperatives would be successful that he made a strong appeal for more funds—increased 10 times in 5 years—and declared that 1949 must be the year of decision.

That confidence was based on a number of things, particularly the unhealthy influence that the grain trade seemed to have with the Eightieth Congress. Several congressional committees were extremely partisan to the NTEA program. Several bills had been introduced in the Congress of the United States—particularly one by Senator WILLIAMS—which would have put cooperatives out of competition by imposing punitive restrictions. The farmers' credit agencies and such institutions as the Central Bank for Cooperatives, were in danger of being put out of business.

The NTEA had its greatest day in Congress when the House Ways and Means Committee held its hearings on cooperative taxation. This was a repetition of the preview hearings held by the House Small Business Subcommittee, in which much of the evidence was stacked against cooperatives.

The fact that the chairman of these two committees, as well as a number of the members, have been returned to private lives is encouraging to us. But in 1947 and 1948 the outlook was grim. There was every reason for the grain trade and NTEA to boast that the political complexion is favorable. They expected it to favor them for the next 4 years, and they made their plans accordingly.

The Minneapolis Grain Exchange, among other grain organizations, paid former Congressman Roger Slaughter of Missouri, whom the Federal Government has since indicted as a lobbyist. It is generally believed that representing the grain traders, Slaughter was successful in having the Eightieth Congress do two things: one was to bar civilian agencies of the Federal Government from engaging in grain exports, thus letting down the bars to such international grain operators as Bunge, Continental and Laval; the other was to cripple the Commodity Credit Corporation grain storage program, thus denying farmers adequate storage and forcing them to sell grain on the market during harvest in such quantities that the prices went below the Government support level because it could not be stored.

On November 4, President Truman, in a memorandum to Paul Hoffman, head of European Recovery Program, rescinded the order giving the foreign grain business to the big exporters. The Minneapolis grain traders have lamented in the newspaper headlines.

The grain trade also had its field day in helping to pigeonhole the International Wheat Agreement twice, once at the regular session of the Eightieth Congress and again at the special session.

Such a vicious campaign, in which the truth is cynically distorted to serve the purpose of the propagandists for the anticooperative forces, must be met head-on. Your Farmers Union Grain Terminal Association has never hedged, appeased, or compromised on the right of farmers to engage in business for themselves.

Twenty-five years have passed since farmers of the Northwest began to rebuild their present regional grain cooperative system. The rapid growth of Farmers Union Grain Terminal Association during the past 10 years has made it necessary for us to give careful attention to a department of public relations.

The GTA Digest, the Farmers Union Herald, and the Co-op Grain Quarterly are prepared and published by this department. The Herald is owned by the patrons of GTA, the Farmers Union Central Exchange, and Farmers Union Livestock Association, which share in the operating costs. In addition to these publications, your organization sponsors a daily noontime radio program of information and comment over a network of six stations in Minnesota and the Dakotas. It also provides daily grain-market reports five times daily over six radio stations.

I want to mention, at this time, the importance of the Herald, because it goes to every patron of Farmers Union Grain Terminal Association, as well as members of the Farmers Union Livestock and Central Exchange. We are free to speak out in the Herald, and to print the facts, just as we are in the other publications and over the radio. We are able to do this because there are no pressures or influences exerted by advertisers or other outside groups. The patrons of these Farmers Union cooperatives are the only ones who dictate policy.

The public-relations work furnishes the strongest weapons that cooperative patrons have to fight their battles.

The cost of bringing this information to the people is sizable. Unlike merchandising grain, there is no tangible way of measuring the importance of this department to our cooperative. But I do know that it is as valuable a department as we have. It pleases the management that the board of directors has always enthusiastically supported the work carried on by this department by unanimous vote.

That's the history of the grain traders—just a 3-year briefing of their main acts. It shows what they have done on the legal, the propaganda, and the political fronts to "protect the profits of the free-enterprise system." No wonder farmers want co-ops. When they know the history of the grain trade they believe that there is no protection except to build a better marketing system for themselves. That is what they have

done in Farmers Union Grain Terminal Association.

The purpose of this foreword is to forewarn our people. If we should ever forget the sacrifices and heroism of the pioneers who started these cooperatives, or permit ourselves to become soft with prosperity, we are in danger of losing not only all that we have worked for but the heritage of a half century.

My confidence that we are on the right road is that an informed, intelligent membership has no fear of change, is ready to meet the challenge. The strength of Farmers Union Grain Terminal Association, its true greatness, continues to be its usefulness to the people of the Northwest.

Farmers Union Grain Terminal Association—condensed statement of financial condition as at May 31, 1948

Cash with banks	$4,557,886.82
Government bonds—amortized value	5,137,109.75
Receivable and accruals—less reserve	7,095,759.94
Inventories	2,922,157.91
Total current assets	19,712,914.42
Noncurrent assets—covering margin deposits, stock in cooperatives, contracts receivables, notes receivable for stock, etc	2,093,019.47
Fixed and deferred assets—(mostly land, buildings, machinery and equipment) less depreciation	5,739,339.96
Total assets	27,545,273.85
Current liabilities	10,215,611.10
Noncurrent liabilities and current reserves	317,349.42
Members' net worth:	
Common stock	5,133.00
Preferred stock	14,716,984.57
Preferred stock credits	516,913.74
Permanent surplus	1,773,282.04
Total liabilities and net worth	27,545,273.85

SUMMARY OF FINANCIAL CONDITION

Net current assets	$9,497,303.32
Net noncurrent assets	1,775,670.05
Net fixed assets	5,739,339.96
Your GTA net worth	17,012,313.33

ELEVENTH ANNUAL REPORT

Our foreword briefly sets forth the story of the grain farmer's struggle. We traced his efforts to make a success of his business of farming, his struggle to have a voice in the marketing of his grain by building cooperatives. We also brought up to date the farmer's conflict with the private grain trade.

There have been advances, especially in the field of cooperative grain marketing. But the fight of the years gone by is still the fight of today. What is encouraging is the attitude of the thinking, progressive grain farmers who make up the cooperative family known as Farmers Union Grain Terminal Association.

The pioneering era may be said to be over in American agriculture. But the spirit of the pioneer-farmers goes marching on. They are finding new ways to carry on their business. They are showing both vitality and imagination in the struggle against the private grain interests. Your Farmers Union Grain Terminal Association was forged out of this struggle. The foreword demonstrates how your Farmers Union Grain Terminal Association has helped to secure many of these agricultural gains.

Therefore, your directors and management have two responsibilities in this annual report. First, to report the general operations of this cooperative for the fiscal year ending May 31, 1948. We shall touch only on the main points, leaving the more detailed report to be covered in the annual statement by secretary-treasurer A. E. Kathan, a member of the board of directors. Second, to report on the continuing struggle by farmers to gain economic security and social well-being in their business.

OPERATING RESULTS

We know of no other type of business in the United States, cooperative or private, which operates on such a small margin of sales as your GTA. Many of the large institutions in the field of processing and distribution take a gross profit from their sales of 3 or 4 or 5 percent. Some show a considerably higher percentage of sales taken as gross profit.

In the case of GTA, the following percentages therefore become most interesting:

	Percent
Sales and services	100.00
Cost on sales	99.03
Savings on sales and services	.97

These savings are the result of many services: Income from interest charged for financing farmers' cooperative elevator associations; auditing, bookkeeping; commissions from grain sales; grain merchandising; line elevator operations; storage and handling charges for grain at terminal and subterminal elevators operated by GTA; operating a flour mill; grain operations at branch offices. From such savings are deducted the interest paid for temporary borrowings of large operating funds; general expenses; property maintenance; and reserves for losses on accounts receivable, and depreciation of property.

SAVINGS FOR THE YEAR

Because of the small percent of sales taken for margins of the business, the savings are limited, yet these savings amount to $3,517,043.37. This is approximately a million dollars less than the savings a year ago. The difference is due to the tremendous savings on flaxseed a year ago when ceiling prices were lifted. We arranged to accumulate, a year ago, a substantial inventory of flaxseed while we were engaged in helping remove the flaxseed ceiling which was so unfairly held against the flaxseed growers in the fall of 1946. When that extraordinary saving on flaxseed is excluded from the previous year's business, our past year's savings were larger than any previous year in the history of GTA.

The volume of grain we handled would have been much larger except for the continuation of the discriminatory order of the Interstate Commerce Commission dealing with the distribution of boxcars to country elevators. We hope that this year we will yet be able to correct that car order No. 144 issued by the Interstate Commerce Commission. This order favors the country elevator with a small normal handle of grain and discriminates against the elevator which normally has had a large handle of grain. Of course, these are mostly farmers cooperatives.

This year's savings, after deducting for operating expenses, depreciation, reserve for doubtful accounts, and 5 percent for educational funds, amounted to $3,517,043.37. These savings were distributed to our patrons according to their patronage on the following per bushel basis:

	Cents per bushel
Wheat	3.64
Durum	3.64
Flax	2.97
Rye	2.09
Barley	1.87
Oats	1.10
Corn	1.30
Soybeans	1.99

All the payments made by the farmers' elevator associations to GTA during the fiscal year for services covering interest, commissions for selling grain, auditing, bookkeeping, etc., were a little more than half of the total patronage savings for the year. This means that the savings in the total operations of GTA returned in patronage dividends are far in excess of all the payments made by farmers and their cooperatives to their GTA for services. In other words, the farmers and their grain cooperatives, through their GTA, enjoy not only a complete refund for all service charges they pay, but also enjoy refunds as a result of other savings in the many operations of GTA. It must occur to anyone, then to ask why in the world some farmers and their grain cooperatives pay service charges to competitors of GTA when such competitors never return a dime of the service charges to farmers and their grain cooperatives.

As to your general financial structure, the balance sheet shows that at the end of the fiscal year May 31, 1948, you had net quick surplus current assets of close to $10,000,000. That represents your foundation of current capital or the equity capital which stands as the base for your borrowing from the banks. Of course, this net financial position must be increased because your business is going to increase. If the business should increase faster than this current equity capital increases, then you would be called upon as farmers to invest more capital to bring the equity capital up to where it is needed for your total financial requirements. For every million dollars that the farmers put into this equity capital, $3,000,000 may be borrowed from the private banks.

The amount of your investment, less depreciation, in your fixed assets covering real estate, buildings, etc., was a little more than $5,700,000 at the end of your fiscal year. These properties, because of inflation, would cost at least $15,000,000 to replace. That may become a serious problem for you to consider in the years ahead. These properties are wearing out. The old rate of reserve for depreciation which we set up each year would not be enough to provide the funds needed in the depreciation account to rebuild the facilities that one day must be replaced at present inflated construction costs. This is true in the whole grain business. Terminal elevators now operated by us or our competitors cannot be replaced if the present costs of operation and the present public terminal elevator rates remain as they now are. That means that eventually the service charges at public terminal elevators will have to be high enough so that eventually properties will be replaced by somebody. That is a serious problem that lies ahead in the whole field of grain marketing, both for us and our competitors.

IMPLEMENTING SERVICES

The departments and institutions which have been set up by GTA are all important in effectively implementing the marketing problems of the farmers.

The Terminal Agency, Inc., is a general insurance agency. It has direct relations with the Nation's largest insurance companies. Under State law, this insurance agency cannot be operated as a cooperative. Therefore, it operates as a private-profit corporation and pays income taxes to the State of Minnesota and the Federal Government. It provides an important and needed service to cooperative elevators in the field of insurance. It is important that GTA has all the insurance it needs to cope with the hazards of conducting its business in the fields of fire, casualty, and fidelity. It is equally important that our affiliated cooperative elevators are fully protected in all these needed fields of insurance and services. That is why it is important that GTA

and its affiliated cooperative elevators have a general insurance agency that is devoted entirely to protective service in all the fields of operations where insurance is required. The Terminal Agency, Inc., has grown from a small agency to one that as of November 27, 1948, had open insurance protection, as follows:

Buildings	$23,973,000
Inventories	144,204,000
Bonds	8,454,000
Miscellaneous	4,500,000
Total	181,131,000

Now, of course, the Terminal Agency collects large sums in commissions at established legal commission rates. After paying all expenses and income taxes, the net profits that are left belong to the Grain Terminal Foundation, which is a charitable trust.

In the recent acquisition of 38 lumber yards by our Great Plains Supply Co., we also acquired two lumber wholesale houses at Minot, N. Dak., and Havre, Mont. The lumber yards we acquired for our Great Plains Supply Co. were formerly operated by Midwest Lumber Co. The wholesale houses, largely owned by the same people, were operated as the Minot Builders Supply Co. Because the Minot Builders Supply Co. deals with many private lumber yards in the Northwest, it does not lend itself to becoming a farmer's cooperative. Therefore, all of the capital stock of the Minot Builders Supply Co., Inc., which is the new company, is owned by the Grain Terminal Foundation. After the profits of the Minot Builders Supply Co., Inc., over and above State and Federal income taxes, become sufficient to pay for the cost of that company's assets, all profits will go to the Grain Terminal Foundation.

The wholesale house, which is now controlled by the Grain Terminal Foundation, will supply a substantial amount of merchandise needed by the 117 local cooperative lumber yards. GTA also buys some of its supplies from the Great Plains Supply Co. for the repair and maintenance of its elevators.

The Great Plains Supply Co., with its recent acquisition of local lumber yards from the Midwest Lumber Co. (35 yards in North Dakota and 3 in Montana) now operates 117 retail lumber yards in Nebraska, Iowa, Minnesota, South Dakota, North Dakota, and Montana, on a cooperative basis. It started with nothing on May 1, 1943, except the debts for the 35 yards which were taken over from the old St. Anthony & Dakota Elevator Co. at that time. Five years later, on May 31, 1948, it had a net worth owned by the patrons of nearly $1,500,000.

The Farmers Union Grain & Supply Co., which GTA sponsored at the urgent request of the farmers in northern North Dakota and northern Montana, started from scratch 6 years ago. It renders a needed service in the field of feed, seed, as well as other services, including weed destruction. By the summer of 1948 it had acquired a net worth of over $530,000, in addition to rendering many needed and useful services to farmers in the area it serves. It does a substantial business in seed, as well as carrying on a large bean operation at Billings, Mont., where the farmers lacked marketing service for their beans. Their institutions, the Terminal Agency, Inc., the Great Plains Supply Co., the Minot Builders Supply Co., Inc., and the Farmers Union Grain & Supply Co., conceivably have a great future for expansion and usefulness. For whatever the future may tell, so far we may summarize the cooperative institutions which we have fostered, financed, and managed, as follows:

As at May 31, 1948, GTA net worth	$17,012,313.33
As at May 31, 1948, Great Plains Supply Co. net worth	1,470,770.76
As at May 31, 1948, Farmers Union Grain & Supply Co. net worth	532,418.41
Total net worth of our three institutions	19,015,502.50

These institutions have carried on operations with results which are very encouraging to all of us in such a short period of years. The acceptance and use made of them by farmers is evidence that these institutions were needed and wanted by the farmers. Their growth and their present financial position suggest the great field of opportunity that lies ahead for farmers if they will but patronize their own institutions.

All of these institutions set aside 5 percent of their net savings for State organizations of the Farmers Union. The distribution of the 5 percent educational funds is made on the basis of the volume of business in the several Farmers Union States. The educational funds in the hands of the State units of the Farmers Union are used to carry on organization, support legislative work, and promote the expansion and usefulness of these cooperatives among their members. That is teamwork. Both GTA and the Farmers Union in their fields of activity thus implement the development and growth of each other.

COOPERATIVE ELEVATOR MANAGERS

When GTA started marketing grain cooperatively, 90 percent of the managers of farmers' cooperative grain elevators were of the old school. Most of them were on an intimate basis with private grain commission merchants, and favored them with the business from their cooperative elevators.

How could more farmers' cooperative elevators be induced to ship to GTA instead of to the friendly commission merchant? In such situations the Farmers Union has been helpful. Where the Farmers Union is strong, the farmers gradually learn how to divert their business from the private grain commission merchant to GTA. It is a slow but effective process.

The immediate job for GTA, however, is one of educating and training of managers. GTA each year conducts a school to train competent managers. These young men are taught the important aspects of managing a farmer's elevator. Invariably they get a complete understanding of our philosophy of service and eagerly await their appointment as manager of a farmers' elevator. When they are placed at an elevator, these young managers tell the board of directors of their local grain cooperative why they believe the shipments should be marketed cooperatively. There is no doubt but that we will ultimately attain the cooperative goal, through farmers who belong to the Farmers Union or other farm organizations, together with the attitude and determination of the friendly managers. They will help build GTA to the place where it is the controlling factor in the field of marketing the farmers' grain in this area.

The large portion of country business handled by GTA represents grain consigned to be sold on a commission basis. However, there are millions of bushels of grain which are not handled on a commission basis. At our branch offices in Great Falls, Mont., and Sioux City, Iowa, the grain is bought outright from the farmers and their grain cooperatives and is merchandised by GTA rather than sold on a commission basis. On such grains, of course, GTA assumes all market risks.

At this point you will be interested in knowing that in the twin cities of Minneapolis and St. Paul and the twin ports of Duluth and Superior are to be found practically the last vestiges in the United States of grain marketed on a commission basis. In other great market places, such as at Amarillo, Tex.; Enid, Okla.; Hutchinson, Kans.; Kansas City, Mo.; St. Louis, Mo.; Chicago, Ill.; Ogden, Utah; Portland, Oreg.; Spokane, Wash.; Denver, Colo.; Great Falls, Mont.; Sioux City, Iowa; Omaha, Nebr.; Columbus, Ohio; and Indianapolis, Ind., there is only a small amount of grain consigned to be sold on a commission basis.

The old system of selling such a large portion of the grain on a commission basis in the Northwest rather than on a straight merchandising basis is due to long-established practices. In the Twin Cities and the twin ports farmers' cooperative elevators and independent elevators have received a service from grain commission merchants. The country elevator operations are financed by commission merchants.

This operating credit is extended to farmers' elevators and independent elevator operators because these country elevator operators do not have enough capital and credit to carry on their grain business independent of credit extended by grain commission merchants.

The grain exchanges in Minneapolis and Duluth, through their boards of directors, establish rules of marketing conduct and practice. These rules protect the grain commission merchants in two important respects. First, the rules, which the commission merchants help to establish, require all commission merchants who finance country elevator accounts to pay a specific uniform rate of interest to country accounts for credit balances and charge a uniform interest rate against country accounts for debit balances. At present, the interest credit rate given by the commission companies is 1 percent and the debit interest rate is 4 percent. This is a spread of 3 percent interest in favor of the grain commission merchant. To the extent that grain commission merchants have substantial credit balances for country accounts on which 1 percent is paid, the grain commission merchant is permitted to loan those credit balances back to country accounts with debit balances and charge a rate of 4 percent. Your GTA is required to engage in the same practice under the rules of these grain exchanges of which GTA is a member.

In the case of "adversary" grain commission merchants, our competitors keep this profit in interest. In the case of GTA, any profits that are earned by financing at these rates are credited into the savings for the year and prorated back as part of the patronage refunds.

Second. The rules of the grain exchanges also establish the rates of commissions that grain commission merchants must charge. This is required of GTA also. Interestingly enough, these commission rates have a floor price and a ceiling price. Generally, the private grain trade has condemned the Federal Government for setting ceiling prices and for providing floor prices on farm commodities. What they call socialism and Government interference with private enterprise is just good business for the grain commission merchants when they make the rules.

The commission merchant's floor price on wheat for illustration is 1½ cents a bushel. Even if wheat went to 25 cents a bushel, the commission merchant would still collect that support price of 1½ cents a bushel. If, however, the Minneapolis or Duluth price on wheat should go above $1.50 a bushel, the commission merchant takes 1 percent of the proceeds until it goes as high as 2½ cents

a bushel. The grain commission merchant therefore enjoys a floor price of 1½ cents a bushel commission and a ceiling price of 2½ cents a bushel on wheat. In the case of flaxseed the range is a support price of 2½ cents a bushel and a ceiling price of 3½ cents a bushel. It varies on the other grains and seeds.

TERMINAL ELEVATORS

As you know, we operate terminal elevators in Minneapolis and St. Paul, Minn., and Superior, Wis. These three houses have a combined capacity of about 8,000,000 bushels. We also have large elevators at Spokane, Wash., Shelby and Lewistown, Mont., Rush City, Minn., and Sioux City, Iowa, the last of which was acquired this year.

During marketing periods when grain prices fall to the floor prices supported by Government loans, your management is confronted with difficult problems. In this current marketing year, as you know, wheat prices in Minneapolis were for a time below the Federal Government support prices. Your management became convinced that a tremendous amount of wheat would be put under Government loan. The terminal elevators which we operate in Minneapolis and St. Paul, Minn., and Superior, Wis., are known as public elevators.

In operating public elevators we are required by law to accept any grain offered to us for storage. Thus, the grain commission merchants who are not operating public terminal elevators could ask for this space in your cooperative terminal elevators to store wheat for their accounts. That would leave you farmers in the position of having your cooperatively operated public terminals filled with competitors' wheat for Federal-loan purposes while your own wheat had no place to go. There was only one thing GTA could do. To prevent such a situation from arising, we wrote a letter to all of our affiliated farmers' cooperative elevators and offered them the opportunity of contracting a specific amount of space in these cooperative public terminal elevators. In that way your management could say to anyone else: "No; we cannot take your wheat for storage because the space has been contracted for by our affiliated shippers."

When we made this offer to our affiliated cooperative elevators they not only contracted for all available space, but so much more that your GTA was required to acquire additional space in other public terminal elevators. The contract your GTA made with these public terminal elevators was a specific contract.

The price of wheat began to rise. Then, as a result, much less wheat was offered for storage than we had anticipated. When we were certain that our shippers were protected on storage space, it became apparent that some had contracted for more space than they needed. We recognized that these shippers might be severely penalized for trying to protect their operations by contracting for space which they probably were not going to use. This would prove to be a substantial loss to some of the country affiliates.

When this situation became clear to your management we notified all of our affiliated accounts that had contracted for space that we were willing to cancel their contracts. Some country affiliates took advantage of our effort to be helpful. We were pleased to cancel their contracts, although, of course, your GTA has sustained this loss in the amount of income and savings that we will have for this year.

If we could have foreseen what conditions would ultimately be like, we would have been in a position to do what we wanted—to buy heavily early in the year when the wheat consignments were selling below the loan price. If we had followed this course, GTA would have shown tremendous savings for its patrons on such wheat purchases.

Primarily, however, your GTA, as a cooperative, is interested in marketing services that protect the farmers and their cooperative elevators. That is the reason GTA was created. It was not created merely to accumulate savings, but to help in every way possible to get a fair price for the farmers in the market. It is apparent, therefore, that GTA can and does render valuable services in the field of marketing even though there may be no savings to report at the end of the year.

We never know from year to year what the conditions may be for marketing the crop. Our first responsibility is to try to appraise those marketing conditions, and to establish policies which will best serve the interests of the farmer's marketing of his grain.

GENERAL FINANCIAL POSITION

In contrast to other years, when grain prices were generally far below what they had been in the last 2 years, the problem of financing our country affiliates has at times this year been stupendous. This has been true not only because of the extraordinarily larger amount of credit that must be extended by GTA to country affiliates in order to carry high-priced inventories in country elevators but likewise it is true in furnishing credit to our country affiliates who have enlarged their country elevator facilities at these extremely inflated prices today.

You are all aware that construction costs have almost gone beyond the limit of anyone who cares to risk capital on these high-priced construction jobs.

SERVICE IN FINANCIAL STRENGTH

I want to give you another illustration of what can bob up in a hurry to test the financial strength of your cooperative marketing organization.

As you farmers know, the Federal Government had a support price of $6 per bushel for flaxseed. The Federal Government entered into a contract with the flaxseed crushers guaranteeing them a support price on the linseed oil they extracted from flaxseed. This contract, however, did not cover the linseed meal extracted from flaxseed. As you know, the linseed meal price this fall took a big drop. The result was that the crushers had a support price on linseed oil but none on linseed meal. On a given Friday afternoon the flaxseed crushers went on "strike." That is, they stopped buying. The Federal Government's Commodity Credit Corporation was not prepared for this strike. There were huge amounts of flaxseed in transit to the market. GTA was caught with 1,500 cars of flaxseed looking for a price of $6 a bushel. There was no support price on flaxseed the next morning except that the Government had said there was a support price of $6 a bushel on flaxseed. But, effectively, there is no support price on anything unless there is a way to get the money.

There was hysteria in the market place. Your management was confronted with the job of protecting both the shipper and GTA with this $6 price. We did not hesitate. We telephoned to the Secretary of Agriculture of the United States, the Honorable Charles F. Brannan. He advised us to pay the $6 price in the market while the Department of Agriculture and the Commodity Credit Corporation were trying to find a way to protect your cooperative. From the time that we went into the market to support flaxseed at $6 until it was able to get its money back from the Federal Government's Commodity Credit Corporation, your GTA had millions of dollars tied up in flaxseed. When the situation finally cleared up your cooperative came out with a loss of only a few thousand dollars in demurrage charges. These demurrage charges arose out of the fact that we could not unload the flaxseed at our elevators as fast as shippers were pouring it in at the $6 price.

Instead of hesitating at the critical moment—which could have broken the flax market—your cooperative went on the radio and told the farmers to ship their flaxseed to us. GTA would protect the price. We got a lot of new business. We doubt if any receiver of flaxseed ever received as much flaxseed in one marketing year as we received on this crop.

Without commenting on what our competitors did in this situation, we feel that GTA rendered a great service to the farmers who produced and marketed flaxseed this year.

BANKING CREDIT

For the past few years we have had some Twin City bankers call on us, seeking an opportunity to lend money to GTA in its operations. We continued, however, to borrow all of our credit from the Government's Central Bank for Cooperatives. Down through the past 10 years, we have borrowed in excess of $250,000,000 from the Central Bank for Cooperatives. Every note has been paid in full at or before maturity date. The Federal Government's Central Bank for Cooperatives has always made a profit from its loans. The profits from such borrowings by GTA are part of the contributions to the present large surplus now owned by the Federal Government's Central Bank for Cooperatives.

It is important at this point in the report to put the public straight with reference to a notorious lie repeated again, and again, and again by the National Tax Equality Association. The National Tax Equality Association, as you know, wants to destroy cooperatives because it says they are socialistic. During the past few years it has repeatedly stated that your GTA, like many other cooperatives, enjoys a pipeline into the United States Treasury and thus has benefited by loose credit at interest costs less than is paid by GTA's competitors, such as private grain merchants who contribute generously to the National Tax Equality Association. That is NTEA hokum. Here are the facts.

A year ago, seeing the attitude exhibited by the Eightieth Congress toward cooperatives and Federal farm credit agencies, and fearing this trend might be continued into 1949 and 1950, we took prompt steps to develop new credit sources for your GTA. We had been offered credit by private banks at slightly lower rates of interest than we have been paying to the Government's Central Bank for Cooperatives. Last summer, bankers from New York, Chicago, St. Paul, and Minneapolis met with your management at the GTA offices in St. Paul. We went through GTA's operations from A to Z. We furnished these bankers with operating statements for the last several years. After hours of discussion, these bankers offered not only to take over the line of credit which GTA had enjoyed with the Central Bank for Cooperatives but also offered millions more in credit if we needed it.

We finally completed a loan agreement with the Bankers Trust Co. of New York, N. Y.; the Continental Illinois National Bank and Trust Co. of Chicago, Ill.; the Northwestern National Bank of Minneapolis, Minneapolis, Minn.; the First National Bank of St. Paul; the Empire National Bank and Trust Co. of St. Paul, and the American National Bank of St. Paul. They offered to extend open lines of credit to us, which in your language means loans without security. That is how much they respect the financial integrity of your GTA.

But the pay-off on the repeated NTEA lie about co-op favoritism at the hands of the Government is this: Your management insisted and these banks granted your GTA credit at the prime rate. Prime rate means the lowest rate of interest for which credit is extended by these banks to any borrower in the United States except the United States Government. The United States Government gets money from banks on what is known as short-term certificates of indebtedness at a rate of interest lower than the prime rate. Outside of these Government

certificates of indebtedness, your GTA enjoys as low a rate of interest as is paid by the best borrowers in the United States.

In contrast to what NTEA says about your GTA and other cooperatives having Government favoritism, the fact is that we are now borrowing money from private banks at an interest rate 1 percent lower than we can get the credit from the Central Bank for Cooperatives. At present the prime rate is 2 percent.

We had these private credit arrangements completed before the flaxseed market crisis. The heavy flaxseed movement made it necessary for us to borrow more money than we had anticipated we would need during the crop year. We explained by telephone to the New York and Chicago banks that an unusual situation had arisen. These banks promptly increased GTA's credit line by millions of dollars to meet the temporary problem. Further they did not demand notes from GTA, but charged extra millions of dollars on open account and billed us at the end of the month for the earned interest.

We have reason for taking so much time to discuss this particular phase of our financing. We want you to know that, because of your good judgment in the years past, you permitted your GTA to retain the savings in hand for future usefulness, instead of demanding cash at the end of the year in cash patronage dividends. You decided to take preferred stock instead of cash.

The preferred stock is your evidence of ownership in GTA. It is worth 100 cents on the dollar. That is proven regularly. When farmers quit farming your board of directors promptly orders such preferred stock to be retired by cash payment. Because you left your savings in here in the form of cash you provided your GTA with a marvelous financial statement. It has millions of dollars in net current surplus as equity capital. This enables your GTA to borrow all the millions necessary to meet your marketing problems in the country and at the terminal market.

If you stockholders had not followed this recommendation of your board of directors and management, we could not have successfully provided your regular financing needs for operating your country elevators and to meet marketing problems at the terminal market so clearly demonstrated in the case of the flaxseed upset. You should know that these bankers marvel at the sound financial set-up structure and by-laws of your GTA.

These bankers believe your institution was marvelously conceived and is admirably constituted to meet your every need in the field of finance.

These bankers do not lend money to your GTA because they are philanthropic toward cooperatives. As a matter of fact, it is surprising how little some of them know about cooperatives. But for your comfort and satisfaction and to help your future conduct as stockholders, permit your management to impress on your minds that you were exceedingly wise through the years to build this strong financial structure which has been able to serve your every need, even through inflation. The willingness of private bankers to lend such millions of dollars without any hesitation is a measure of their confidence in GTA's ability to repay the loans. It also is the evidence of your wisdom as stockholders, the wisdom of your directors down through the years.

Your management has frequently been criticized by your competitors because it advocated issuing preferred stock instead of paying cash. They have repeatedly ridiculed its value, saying preferred-stock certificates issued by GTA were just something with which to paper the office of your local grain cooperative.

MARKETING CONTROL

The National Tax Equality Association has tried to do a job on GTA's repeated statement that it seeks to be the important factor in the marketing of the farmers' grain. They not only say that we are socialistic but also that we are monopolistic. We are not monopolistic, and as for being socialistic the chairman of the NTEA board of directors was obliged to admit that there was no basis for the charge when he was questioned before the powerful House Ways and Means Committee in Washington a year ago.

Now, what do we mean by being the controlling factor? If GTA had control of 75 percent of the marketing just in this Northwest area we could not control the futures prices of wheat. But we would be an effective day-by-day influence on premiums and discounts—make no mistake about that. So far as a base price is concerned, the only power in the United States to affect base price is the strong arm of the Federal Government. The device is support prices. A lot of you farmers registered your conviction about price supports when you voted last November 2. Within our organization your general manager has long been a vigorous advocate of strong price supports because he knows that price support can control the size of your pay check for farming. If the support price is 60 percent of parity, then your pay check is 60 percent. We don't like that any more than you do.

THE FUTURES MARKET

Your management is vigorously opposed, as most of you know, to speculators playing with the futures prices of your grain. So far as monopoly is concerned, your GTA directors and manager hope to see the day when the futures market such as we have today for wheat in the United States will be as inactive as futures markets in Liverpool, England. If you will recall, in years gone by, the futures prices of wheat in Chicago and Minneapolis were affected by the prices at which wheat traded on the Liverpool, England, Exchange. Because of what has happened in the last 8 years in world affairs, the Liverpool Exchange is as dead as a dodo. I have been informed that the Liverpool Exchange floor is now used for storage. This might serve as an omen to the grain exchanges in the United States that their future usefulness will be controlled by their future conduct.

We are members of the grain exchanges and we believe these exchanges serve a useful purpose by providing a place for buyers and sellers to meet. We also believe in proper rules to enforce proper conduct—but we emphasize the word "proper." If the NTEA or the private grain trade wishes to call farmers' co-ops a monopoly, we have this to say: We want sound and effective floor prices for the farmer's commodities as a support for his future economic security, and we want the great bulk of the farmer's grain handled cooperatively right to the processor so that the farmer is fully protected in premiums and discounts and rates for service charges. Furthermore, we want the bulk of the grain handled cooperatively so that the savings in the field of marketing the farmer's products go to him and not to intervenors. We want to see a stabilization of prices in the field of support price, premiums, and discounts. This would prove to be no disadvantage to any processor. As a matter of fact, it should be to his advantage to be able to buy his supplies in a market where there is stability in the price of raw materials.

There is no futures market for railroad rates, commission rates, bread prices, meat prices, fruit prices; there is no futures market even for barley or durum wheat. The theory that there is a futures market to protect the country in buying grain in too many cases is just so much "bosh." The changes in the market place that really bother our country operators are in the field of wheat premiums. There is no way to hedge wheat premiums. A severe decline in wheat premiums can cause a farmers' cooperative elevator heavy losses. There is no available hedging against this sort of risk. If we had a hedging system whereby the distant futures were sufficiently above the day-by-day futures in which grain is traded to cover the cost to the country elevator for carrying the grain in the country, then, we would gladly agree under such circumstances that there was a sound hedging market for contract grades of grain—but not premiums.

In the case of corn and oats, there are some advantages in hedging, but with the other commodities only the pretense of a futures market is there for hedging purposes.

When May wheat futures is 7 cents a bushel lower than December wheat futures—what is your opinion of the value of the vaunted hedging insurance for the country buyer and the farmer owning wheat still unsold by the end of December?

EMPLOYEES

The attitude of the directors and stockholders toward the employees has enabled the management to develop a high degree of employee services. They are faithful and loyal people who look forward to security of continuation of their employment with these growing cooperatives. Because the report of your president covers this quite fully, there is no need for further comment from the management except to say that all employees are deeply grateful for the concern of the stockholders and directors for their happiness and security.

DURUM MILL

A word should be said about our one processing plant, which is a durum flour mill at Rush City, Minn. This flour mill continues to be very useful to the producers of durum wheat. Because we have a large supply of durum shipped to GTA for marketing, there are at times great advantages to our durum shipper to be found where we are confronted with a soft durum market for good milling durum, at which time we have the opportunity to pay the full market value for that milling durum and divert it to your own durum mill for further handling.

COMPETITION

As previously mentioned in this report, competition is keen, and as far as the grain commission merchants are concerned, they are fighting for survival. We also have competition from a part of the independent and line elevators in the country. Some of these line elevators are operated by people who are also in the milling business. Those people in the field of processing and operating country elevators are naturally alert to procuring the supplies they want and need for their processing operations. That character of competition we do not mind because it is desirable when it helps prices and reduces marketing margins.

We feel that the Grain Terminal Association, with its line of elevators and country affiliates, has made a great contribution to this competition we refer to, all to the general betterment for the farmers' local price. It will be all right with Grain Terminal Association if competition becomes keener and we operate even with the board, with no savings to show in that field. If Grain Terminal Association has no savings in that field, that means our competitors also have less savings. That is all to the benefit of the producers who welcome that sort of competition. This being true, there is further evidence of the need of your own Grain Terminal Association in the field of cooperative marketing on an even much larger scale than it now enjoys.

As you know, your Grain Terminal Association cannot handle the business of privately operated country elevators because, under the cooperative laws which gave us our charter and operating rights, Grain Terminal Association is limited to handling only that grain which comes from farmer-producers. Therefore, the future growth of Grain Terminal Association must lie with the willingness of local farmers' cooperative elevators to favor Grain Terminal Association with

their business and also the farmers to organize and establish local cooperative grain elevators where none now exist. That is all a part of the required technique to carry on the kind of economic war we have with the private grain trade.

So far as we know, we are experiencing no difficulties with processors, that is, those who mill wheat, crush flaxseed, malt barley, or buy grain for processing feed. We believe that the large processors have generally recognized the farmers' right to cooperatively market their grain up to the door of the processor, and understand the whole program for which Grain Terminal Association and the Farmers Union stands is that the farmers be paid a fair price for their produce that will give them parity of income with the other groups in the whole economy of this Nation. Surely it requires no great amount of research on the part of anyone to learn that the terrible cost of living, which is borne by consumers, does not arise from the fact that farmers are paid excessively for the raw material. The processors, bakeries, the butcher shop, wholesale houses, and all are the ones to account to the consumers of this country for the prices that are presently paid by the consumers for the finished products of farm produce.

It has been our hope that with the tremendous expansion in cooperative marketing, together with fair support prices from the Federal Government to protect farm prices, that it would not be necessary for the farmers to go into the field of processing and further distribution. If the processors will join the farmers in this respect, then it will be the responsibility of consumers to deal with others than farmers as regards prices, which to them seem unbearably too high.

NATIONAL FEDERATION OF GRAIN COOPERATIVES

We want to call your attention again to the importance of the National Federation of Grain Cooperatives, which is composed of the following institutions:

The Farm Bureau Cooperative Association, Inc., Columbus, Ohio.

The Farmers Cooperative Commission Co., Hutchinson Kans.

Farmers Grain and Bean Association, Denver, Colo.

Farmers Grain Cooperative, Ogden, Utah.

Farmers Grain Dealers Association of Iowa, Des Moines, Iowa.

Farmers Union Grain Terminal Association, St. Paul, Minn.

Farmers Union Jobbing Association, Kansas City, Mo.

Illinois Grain Corp., Chicago, Ill.

Illinois Grain Terminals Co., Chicago, Ill.

Indiana Grain Co-operative, Inc., Indianapolis, Ind.

M. F. A. Milling Co., Springfield, Mo.

Michigan Elevator Exchange, Lansing, Mich.

North Pacific Grain Growers, Inc., Portland, Oreg.

Producers Grain Corp., Amarillo, Tex.

Union Equity Cooperative Exchange, Enid, Okla.

Westcentral Cooperative Grain Co., Omaha, Nebr.

We have had the honor of serving as its president since it was organized in 1939. It has grown into an effective national force. It maintains a full staff in Washington, headed by Mr. Roy F. Hendrickson, a veteran on Washington's agricultural front.

The federation's Washington office works with all farm groups. Some members of the federation are affiliated with the Farm Bureau, some with the Grange or Farmers Union, and some with no farm organization at all. But regardless of their affiliations, all members realize that the cooperatives' real responsibility on the local, regional, and national level is to work together for a better income for farm families.

The farmers who patronize their local cooperative grain elevator, which, in turn, patronizes any of the federation's regional cooperatives, such as GTA, are doing their marketing through a local institution with national influence. Any problems of regional or national importance which affect grain farmers move from the local level through GTA to the Washington office, where the proper Government agency is contacted. The gains so far achieved for grain farmers through GTA far exceed anything known in the history of grain marketing.

SMALL-BUSINESS MEN

We want to say a word to the small-business men on Main Street who have unwittingly supported such institutions as the National Tax Equality Association. In contrast to the policy makers in the National Tax Equality Association, who go out to the country level and operate at a profit, which profits they take into the cities and none of which ever returns, GTA has this comment: Such earnings as GTA makes on its members in the form of benefits and savings go back into the pockets of the local farmer and thus it increases the amount in the pocket of a farmer which he spends on Main Street, often in the business of the very man who contributes to the National Tax Equality Association.

Further, GTA, with the Farmers Union, is constantly looking for better prices and parity of income for the farmers back of Main Street, thus making a great contribution to the farmers who become better customers of the business people and professional people on Main Street. One day the so-called small-business man on Main Street will learn this truth and will then have as red a face for his unwitting expenditures against his own best interests as the pollsters acquired on November 3 of this year.

LOOKING AHEAD

We want to commend the vision, courage, labor, and unity shown by you stockholders and other patrons of GTA in your determination to build this kind of service for the people of the land. An examination of this annual report shows where you have come from and how you have grown in 10 years. The result of your understanding is shown in the following comparison of your GTA cooperative services with those of your adversaries.

COMPARISON AND CONTRAST

A democratic capitalism can survive only if it is divested of monopoly and permitted to function in a free economy.

Your cooperative GTA	How it works	Private corporation
With the membership.	Control	With investment stockholders.
1 man, 1 vote	Voting	Investment shares.
People-patrons' control.	Voting difference.	Majority stock controls.
To serve people; stabilize prices.	Purpose	To make profits; to exploit prices.
To those who furnish the business—producer and consumer patrons.	Profits	To investors who are neither producer nor consumer patrons.
A fair distribution of profit to the people who produce and consume.	Economic result.	Tendency toward further concentration of capital and property.
A diffusion of national income to the people—does not reduce the national income but serves to stabilize the processes of production and consumption toward a constant level of prosperity. This increases the strength and confidence in our democracy and way of life.	National welfare.	Concentration of profits in fewer hands lessens the annual income to the many resulting in "boom and bust" prosperity. This decreases people's hopes, aspirations, and confidence in our democracy and way of life.
Brotherhood responsibility.		Accumulate profits.

WHERE DO WE GO FROM HERE?

We have reported to you where we have come from and where we were at the end of the last fiscal year, May 31, 1948. As a matter of fact, all thinking people in the United States and the world are wondering: "Where do we go from here?" Because of lack of planning and lack of courage, the simple truth is that we do not know where we are going from here. Even the people of the United Nations do not know where we go from here. While it is true that most of the important decisions are in the hands of other people, we all have a responsibility to do what we can whether as individuals or institutions. There is much that our farm organization and our cooperatives can and should do.

There are two outstanding things that we can do within GTA that ought to engage our attention during this stockholders' meeting. First, how do we increase our business, and second, how do we increase our financial structure to take care of that business? We have one of two choices to make. We can try to stand still, be complacent and shrink, or we can determine to understand the problems that lie ahead of us and go forward.

The character of the people who compose GTA, its local cooperative elevator associations, its farm organization, its GTA board of directors, and all of its employees is such that they have but one understanding: It is the determination to go forward.

In GTA there are two peoples with a common purpose: Those who produce for the market and the employees from the local elevator up through GTA who handle the products in the field of marketing. At the local level, out there on the battleground, it is the responsibility of every Farmers Union local, every local board of directors, and every manager of the local grain cooperative to tell the story of GTA, its purposes and accomplishment, in order to bring the volume through the cooperative channel. There is also the job of providing the financial structure which is the tool of distribution.

Adequate financial structure is as important in the field of marketing as the farm machinery is to put in the seed and harvest the crop. No farmer would think of operating a section of land with one horse and a plow. The wheat farmer with a section of land is combine minded. He must have the same understanding of his cooperative marketing institutions. In this advanced age, no longer can you have a "horse and plow" country elevator. It must have adequate size, modern equipment, in order to meet the local problem of marketing. It must have an adequate base financial structure as part of the requirement of financing the cooperative business from the farmer to the processor.

GTA must have commensurate size to move its finances out there at the local level to furnish the required operating capital not owned by the farmers in their local cooperative. GTA must have the facilities in the form of line houses and subterminals and terminals so that it can properly handle the supply of the grain which is now so quickly harvested and made available to the market place.

The annual supply of grain is used over a 12-month period, but too much is marketed in a short time. Of course, to get the most out of the grain in the form of price there must be an orderly storage of the grain on the farm, at the local elevator, and at the subterminals and terminals. As we envision the period of the next 5 years, we believe that the line elevator department should be doubled to help provide the services and volume necessary to a proper base operation of the terminal elevators. Grain accumulated in the line elevators is intelligently marketed to and through the terminals. Our experts know when it is best to ship barley or wheat or any other commodity. In the

case of the line, the local managers are told when to ship, and they ship.

In the case of the local cooperatives, we only advise what should be shipped. The local manager and board make their own decision, which is proper. But more and more the local cooperative elevator associations and boards and managers respect our advice and cooperate closely with better net results for the local cooperative elevator associations.

Immediately in the next few years we need to double the elevator capacity of the big Superior terminal. A large St. Paul river house is needed to specialize in the handling of barley. A large elevator is needed at Grand Forks especially devoted to handling of durum wheat. A more substantial terminal elevator is needed at Sioux City to handle distribution at that marketing point for grain out of Iowa, Minnesota, and South Dakota. We estimate the cost of these several terminals at $10,000,000.

Last year your management suggested that we attempt to raise $10,000,000 from farmers in the Northwest by offering 3-percent notes to run 20 years, but subject to call within 5 years. The stockholders approved a resolution in support of that suggestion. As you will recall, during the year we have said and done nothing to promote that $10,000,000 program, and for a very good reason.

Right at the time of our stockholders' meeting a year ago the Farmers Union Livestock Association immediately went out on a program to raise a large sum of money through the sale of stock and notes to take over a string of rendering plants. Soon thereafter the stockholders of the Farmers Union Central Exchange, Inc., adopted a program to raise a substantial amount of capital to help them in their field of acquisition of increased petroleum supplies. We felt that our two Farmers Union institutions just referred to had more immediate need of capital than GTA, and it would be more acceptable to our stockholders and patrons if we yielded temporarily some time for them to carry out their financial programs.

All we can do is to suggest and, if the stockholders fail to understand our advice or do not agree with us, then we will just go on lackadaisically as we have and trust to the elements. We are encouraged to believe from what the Secretary of Agriculture has told us, and by general statements made by President Truman, that the Federal Government is going to concern itself about new storage construction to improve the marketing of grain. We sincerely hope that under proper auspices and policy that the new Federal administration will intelligently deal with this problem.

We know of no magic whereby adequate facilities for grain marketing can be made available to farmers. It may be necessary for the farmers to take some of their capital and invest in facilities as an extended arm of their farming. It is just as important as having a combine if farmers are to have due regard for the ultimate cash they receive for their work in producing and marketing their grain. We hope the stockholders, by appropriate resolution, will support our announced program to enlarge our terminal elevator at Superior, building an adequate terminal elevator at Grand Forks, one at St. Paul, and putting a substantial addition to our elevator at Sioux City as a minimum of a construction program in the immediate years ahead.

Conceivably, the Federal Government could engage upon a program of constructing modern elevators to meet the growing requirements of our consumer needs in the United States and the demands abroad. There is one thing in this report our competitors will like to read. That is our notice to the present administration that we will join with any and all groups to keep the Federal Government out of directly operating in the field of farm marketing and distribution. We are asking the Government to first engage upon an engineering job to determine where and what kind of facilities should be built to meet the prospective needs of production and distribution that the Government believes are needed to meet the requirements of domestic and world consumption; and that in that determination the farmers and their cooperatives should be carefully consulted; and that any such project of construction by the Federal Government should be of the REA type which puts the instrumentalities of distribution in the hands of the producers who need them and on a self-liquidating basis so that the Government will suffer no loss.

There is only one way to expand, and that is to move into action and do it. There is the countryside; there are the people on it; there is the volume of grain. You know how to provide the financial tools for marketing, as we explained. Do you want to do this marketing job right in your lifetime, or say you had a nice experience with GTA, but maybe the kids will do better? I know your answer. It is the answer of all of us. We will go forward and do the job in our lifetime.

CONCLUSION

The experiences of the past several years as well as the opportunities that lie ahead make it imperative that we continue to work with all farm groups to build a stronger cooperative program. We have a responsibility to contribute contructive leadership that leads to sound farm group action. Your association was built and is supported by farmers representing all groups of opinion. The measure of their support is their approval of our practices. The programs and achievements of Farmers Union Grain Terminal Association are the best reasons for the continued support of all farmers.

Your GTA has made a name for itself among the Nation's cooperatives. Its progress is watched and its achievements discussed. Even its competitors are impressed with its growth. But the real achievement of GTA must be measured by what it does to make farming more stable and secure.

Your Farmers Union Grain Terminal Association has been able to do more than any farmer individually because it speaks for 150,000 grain producers who are its owners. It represents the combined strength of these farmers on important commodity issues that affect their daily operations.

It was the organized strength of these farmers, and their singleness of purpose, that abolished the worst of the grain warehousing and grain marketing abuses. The demands of organized farmers made it possible to secure a farm security administration and a mortgage moratorium when such things were needed. Then, the organized efforts of farmers helped to bring into being such needed programs as crop insurance, crop loans, and support prices.

All of these achievements were possible because you people recognized the power of cooperative effort. You are on the march. Your fight now is to continue support prices, to get adequate storage for your grain, to build a better marketing system. These are implements that you are using for the purpose of helping to make your lives better and more secure on the farm.

Your work has just begun when you walk out of this convention hall. You are the leaders in your communities. Yours is the responsibility to educate, to inform, and to direct. To the extent that you fail to live up to your responsibilities, to that extent your association is deprived of that power and influence so essential in the life of a strong, militant organization.

It is true that everything is not as we wish today. We see big business entrenched in high places, with its plans well laid to control the national economy. That is the story of aluminum, steel, rubber. But once the people are told the truth, and once they are organized, American democracy will be safe. The voice of the people—in the mines and factories and the offices and the farms—must be heard.

In all plans for the future there is the hope that eventually the control of marketing will be in the hands of farmers who produce man's basic requirements of food and fiber. Some there are who may doubt that such a hope can be realized.

My convictions today are even firmer than when I talked to the Farmers Union national convention in 1942. They are borne out by what has happened in recent months. What I said 6 years ago bears repeating again:

"The voice of the people has been heard in the land. The new hopes also bring new responsibilities. In the next 2 years the people will decide what they can do for themselves in building a more secure economy. That is the sobering challenge that comes in a time of victory. Although we have won an important battle, we have not yet won the economic war."

As the voice of progressive agriculture speaks out, it calls for the support of all farm organizations and cooperatives to help shape a long-time program to give American farmers economic security. To that end GTA has become a moral force as well as a business influence in the market places.

You have shown by what already has been accomplished that cooperation can shape business to serve the people's welfare. This spirit of fair play is setting a new standard of business ethics which benefits both producer and consumer.

A great opportunity is ahead for all of us. We must make the most of it. The spirit of cooperative enterprise is still in its infancy, but its influence is widespread.

We value cooperation for what it already has done. But that is not enough. Its value will diminish unless its higher aims are fully realized. Let us resolve to join with all the progressive forces and move forward to build better—the cooperative way.

M. W. THATCHER.

THE PRESIDENT'S STATEMENT

"Opportunity," it is said, "knocks but once." Fortunately for the human race, most of the old sayings are not wholly true. In recent weeks we have seen another opportunity come to the people on this land—yes, to the people on the land. The people have given themselves another opportunity to build in America a better way of living, a more secure, peaceful and abundant life for themselves and their children. They emphatically rejected the record of the Eightieth Congress for its policies of tax relief for the rich, for its failure to cope with the problems of housing, health, education, and price stabilization, and for its attacks on the ever-normal granary, on the international wheat agreement, on farm cooperatives, on labor, and on the constitutional rights of people to think and speak with freedom. The people made opportunity for progress knock again by selectively defeating the Senators and Representatives who symbolized the forces of reaction which were determined to put a halt to the onward march of the common man. The progressive forces of America have a new climate in which to work.

For family farmers, the opportunity is greater than ever before to achieve the goal of parity of living for farm families on the land, toward which the Farmers Union has been striving for the past 20 years. Our opportunity to establish fundamental legislation for a sound land policy during the next 2 years is greater even than the eventful first hundred days of the New Deal. For one thing, we have an infinitely better idea of what must be done to achieve parity of living for family farmers than we did in 1933. For another, we have a stronger Farmers Union undergirded by great cooperatives like

the Farmers Union Grain Terminal Association and its affiliates. A third factor that gives family farmers a real opportunity is a Secretary of Agriculture of courage, ability, and understanding. The past record of the Honorable Charles F. Brannan proves he has a fundamental belief in the future of family-type agriculture.

The new opportunity has come unexpectedly—it came as a shocking surprise to the pollsters, the press, the reactionary propagandists, and the profiteers—but the people demonstrated again that when the issues are sharpened, they know what they want and choose with a fine sense of discrimination.

The forces which were confident of destroying price supports, restoring unbridled speculation in world commodity markets, and emasculating our cooperatives have now sustained a severe defeat. We were on the defensive, but now we have the chance to take the offensive.

We must not, however, underestimate the strength of reaction. Let us not be lulled into a sense of false security. This may be our last opportunity. The same forces that spearheaded the drive against the international wheat agreement and sabotaged the Commodity Credit Corporation—the private grain trade and allied reactionary interests—are now prepared to spend any amount of energy and money in a drive to divert, to undermine, to sabotage, and finally to defeat the determined efforts of progressive farmers to build a sound long-range program. They know that if we—the people, particularly farm people—take full advantage of our opportunity it may be the last chance of the forces of monopoly and special privilege to dictate the marketing and distribution system in this Nation. These forces, if ever again in control, may not trust the people with the free choice of the ballot and the free choice of patronage.

To make the most of our opportunity we must use the vehicles of democracy we have built. One of the most important vehicles of democratic action at our disposal is our Farmers Union Grain Terminal Association. I have been speaking of the revitalization of the people's march toward progress on the political front, but, of course, that is only one of the sectors of the battleground against reaction. It is an important sector for the 150,000 farmer members of GTA and for GTA itself, for the kind of grain market we have depends to a large degree on legislative action under which we must operate.

This may be a somewhat unorthodox beginning to the seventh annual report I am privileged to make to you as president of the Farmers Union Grain Terminal Association. Our secretary-treasurer, Mr. A. E. Kathan, will make a full accounting to you on our financial status and our general manager, Mr. M. W. Thatcher, will report in detail on our operating policies and results. My report, therefore, must cover the general policies and progress of GTA and outline for your acceptance or rejection the future direction of our association. As an approach to that subject, I would like to quote our good friend from Canada, Mr. W. J. (Bill) Parker, president of the Manitoba Pool Elevators, who says, "Cooperation is a social, an economic, and an ethical ideal."

In reporting to you on the progress and policies of GTA, the purely economic cannot be separated from the social and the ethical. Therein lies the difference between a cooperative enterprise like the Farmers Union Grain Terminal Association and a private corporation. Our balance sheet is important. We point with justifiable pride to the fact that in 10 years to May 31, 1948, GTA has grown from a net worth of $30,000 to a net worth of over $17,000,000. Yet our balance sheet is not the pursuit of profit only; it provides the means, the vehicle, the tools for serving its members and serving the whole community for the common good. Any cooperative is unworthy of its name unless it challenges the system that produces poverty and abundance; unless it challenges the basis of the system—self-interest; unless it challenges its incentive—the pursuit of profit only; unless it challenges its methods—the economic war we miscall competition and the exploitation of producers and consumers alike; unless it deplores the results—riches at one end of the social scale and poverty at the other.

Let us measure the vision and accomplishments of GTA, or any other cooperative to which we belong, by the yardstick of our Canadian friend Bill Parker, when he said, "Against self-interest, cooperators place the common good; against the profit motive, the motive of service for mutual advantage; against the competitive method; they urge working together and sharing together; against the extremes of wealth and poverty, they work for an order of social justice with extremes of neither wealth nor poverty."

How can GTA best serve the common good? What more do we need to provide service for mutual advantage? How does GTA promote working together and sharing together? How can GTA contribute to social betterment?

For grain farmers perhaps the greatest threat to the common good is the decline in grain prices since December 1947. Since last we met, wheat has dropped nearly 28 percent, oats came down 49 percent in a few short months, barley nearly 50 percent, corn about 55 percent, and so on and on. We are reminded of the collapse of agriculture after World War I. According to the yearbook of the Department of Agriculture for 1921, "During the latter half of 1920 the average price in the United States of the 10 leading crops dropped 57 percent and by May 1921 was only one-third of that of the preceding June."

Many of you suffered the loss of your farms and homes during the period following World War I. Most of us looked back upon those days with dread and were fearful that the experience would be repeated. Today, however, there are some deciding factors in our favor. Then we did not have a Farmers Union in this area. We did not have a GTA. The private grain trade had almost succeeded in destroying regional cooperative marketing with its attacks on the old Equity Grain Exchange. In 1921 we did not have an organization of 150,000 farmer patrons, with nearly 600 cooperative elevators, all affiliated with hundreds of thousands of other farmers in a militant farm organization, the National Farmers Union. We have come a long way in cooperation and farm organization, but the private grain trade has apparently learned nothing—as witnessed by their drive against the farm price-support program and the international wheat agreement.

Prices have not fallen as far as they did in 1920 chiefly for one reason—the price-support program. Who fought the floor prices and who fought to improve and continue them? Let us look at the record.

The mechanism of support price is the storage loan and purchase program of the Commodity Credit Corporation. This device, or method, was first proposed by the Farmers Union. The private grain trade fought the farm program embodied in the 1938 Farm Act, and when the Commodity Credit Corporation was set up, the grain trade then attempted to restrict storage loans to grain stored in public elevators only. The Farmers Union was also instrumental in raising the loan rate from 52 percent to 75 percent—and later to 85 percent and 90 percent—of parity, in having the Commodity Credit Corporation transferred from the Reconstruction Finance Corporation to the Department of Agriculture, and in getting price-floor guaranties in the wartime Stabilization Act.

The record of the Farmers Union and GTA on price supports is clear. It is reasonable to suppose that the grain market debacle of the twenties would have been repeated but for price supports.

Where do we find the grain trade? The Northwest Miller, an influential organ of the milling industry, says, "Price supports are insupportable in principle."

Looking at the record, why should any farmers' elevator company ship to an old-line commission company that fights the entire price-support program? If you can answer that question, perhaps we can understand why some cooperative elevators still ship to commission companies, which use the profits from that grain to finance the National Tax Equality Association's fight against cooperatives. The latest blast by the NTEA should prove conclusively to all that no cooperative is exempt from its drive, be it a large regional like GTA or a small cooperative elevator anywhere in the country.

In the years to come we are going to need the export market for the 185,000,000 bushels annually which the international wheat agreement would have assured us. At the behest of the grain trade the Eightieth Congress refused to ratify the wheat agreement, so after 15 years of negotiations which resulted in 36 nations signing the agreement, we have no assurance of a foreign market for our surplus wheat. All three of the major farm organizations advocated ratification; the Department of Agriculture and the State Department advanced strong reasons for it. But the grain trade opposed and won.

The international wheat agreement should be renegotiated and ratified. The Eightieth Congress, as you know, pigeonholed this important effort on the part of the nations of the world to stabilize the international wheat trade. We are encouraged by the fact that both President Truman and Secretary Brannan are recommending that an international wheat agreement be negotiated and passed by the Eighty-first Congress.

The glaring contrast between the system that operates solely in self-interest and the cooperative system for the common good is again shown by the restrictions passed by the Eightieth Congress, again due to the influence of the private grain trade lobby, which forbids the Commodity Credit Corporation to lease, buy, or build additional storage facilities needed in its price operations. Many farmers have been forced to sell their grain this fall below the loan rate because of this provision.

Naturally, GTA will join with the Farmers Union and other forces in demanding repeal of this ban on Commodity Credit Corporation's acquiring storage facilities, so that it can effectively maintain our loan position at all times.

To serve the common good, a cooperative must provide service for mutual advantage. Since its beginning, GTA has marshaled its resources to provide the physical facilities and the personnel to market the grain of the growers to their best advantage. Good crops and favorable margins gained through expert handling have enabled us to build rapidly, but our physical facilities for handling your grain to best advantage need rounding out. In the past year we purchased a 385,000-bushel terminal at Sioux City, Iowa. Plans being developed by your board of directors and management call for the building of a large terminal at Grand Forks, N. Dak., and a big expansion in capacity at our Superior, Wis., elevator as soon as construction, supplies and costs will allow. These plants also include the building later of subterminals at strategic points throughout our entire territory. If farmers are to control the marketing of their grain, they must have permanent, ample storage facilities on the farm, at the local elevator and in the terminal markets to keep grain until it is wanted and to put it in the condition required by the processor.

The future expansion and effectiveness of GTA depends largely upon getting new accounts and greater volume. If we could double our volume, we would be well on our way toward stabilizing the premiums and discounts according to the true value of the grain. Our operations today have a very definite influence upon the markets, but when the big percentage of grain produced in this area is shipped to us, the service that GTA can render for the mutual advantage of its members will be greatly increased. You, as farmer patrons of GTA, can do much to bring about a better understanding of the issues by farmers in communities where the farmers' cooperative elevator does not ship to us. Show your patronage-dividend-refund record to the doubter. It is very convincing. Building Farmers Union locals in communities surrounding those elevators is a most effective means of developing understanding of the whole program of which GTA is such a living part. Our size and accomplishments today do not mean that we have arrived; we have merely built the machine with which to begin the real job.

Cooperatives urge working together and sharing together, rather than the economic warfare called competition. Much of our agricultural policy is based on the competitive ideal that pits one farmer against the other in a race of production. Such a contest can only result in the "factory in the field" and corporation type of agriculture without any consideration for the long-time political, economic, and social values to the Nation. Believing that the long-time interest of this country rests upon the survival and prosperity of the family-type farms of America, GTA will use its full influence on farm policies and legislation to protect the family farmers in any acreage reduction and benefit payments. We stand positively for farm prices of at least 90 percent of parity and will not accept the concept that farmers should be penalized for abundant production by being forced to accept 60 percent of parity. I challenge the two farm organizations that have adopted the principle of the 60-percent parity formula to control production to show why farmers should receive less than 100-percent parity prices for their social contribution of plenty, when other segments of the society have their income based upon the 100 percent of parity ratio.

The fourth and final measure of a cooperative is that they work for an order of social betterment with the extremes of neither wealth nor poverty. We work for social betterment as we create a distribution system which spreads wealth rather than concentrates it. We also work for social betterment as we create an understanding of basic economies among people. The additional work, which the several State Farmers Unions are able to carry out because of educational funds paid by GTA, brings dividends of future understanding that cannot be measured.

Besides paying educational funds, GTA has developed a public relations program that brings the truth to the people of the Northwest as they get it nowhere else. I refer to our daily radio program, the Co-op Grain Quarterly edited by our staff for the National Federation of Grain Cooperatives, the GTA Digest for managers and directors of elevators, and the Farmers Union Herald owned jointly by GTA, the Farmers Union Central Exchange, and the Farmers Union Livestock Association. Rather, you own it, you and the hundreds of thousands of farmers who own these three regionals. The Farmers Union Herald owes no allegiance to any other owners or to any advertisers. Therefore it is free to tell you the facts about our economy and the forces that control it.

Together with the other Farmers Union publications, the Herald is doing an increasingly effective job in bringing to the farmers of the Northwest the story of what the cooperatives are doing for them and what the monopolies are doing to them. Our radio program and other publications contribute much to the general knowledge of grain marketing, of cooperation, and of the farmers problems; but in our opinion, a well-edited Herald is our most effective means of bringing the whole story of the Farmers Union cooperative activities to the farmers.

A cooperative must at all times operate efficiently as a business to best serve its members. It must render service to its patrons equal or better than that of its competitors. Its direction must be in the interest of those it serves and must be susceptible to the needs of its patrons. These objectives cannot be achieved unless the cooperative has good management and efficient personnel. The stockholders of GTA have recognized this and have by unanimous action accorded the employees: Security for the future by a retirement policy; security in their jobs through collective bargaining; and security for their families through health and life insurance. We are proud of our employees, from those at the bottom to those at the top of the scale. Loyalty and application to duty can come only when our employees recognize and know that the principles for which we stand are applied also to those who are charged with the everyday job of serving us and our interests. We point with pride to the efficiency of GTA, and I wish to give full credit to our employees who have all helped to make our success possible.

At this point I want to pay tribute to the man who has done more than anyone to make GTA what it is today. The Farmers Union Grain Terminal Association has not only become a great marketing organization, but it stands out in this Nation as a symbol of hope for justice and security for the farm families on the land. This could not have come about but for exceptional management. At the helm, guiding GTA with vision, courage, and honesty all through the years was M. W. (Bill) Thatcher. His philosophy is of the finest, his business and management ability without peer, and his loyalty to the Farmers Union as a whole is unquestioned. The best of management, highly efficient employees, and the loyalty and support of our patrons are the primary assets that are reflected in every phase of GTA's operations.

During the remainder of this annual meeting you will hear detailed reports of GTA's many activities. We are proud of the advances we have made. We are confident that we will meet any operating problems that may come in the future, just as we have met them in the past. Above all, we are proud to be a part of a militant movement of farm people—the Farmers Educational and Cooperative Union of America—dedicated not to self-interest, but to the common good; not to the profit motive, but to service for mutual advantage; not to warring competition, but to working together; not to poverty and plenty, but to an order of social betterment and economic abundance for all.

OLE L. OLSON,
President.

SECRETARY-TREASURER'S STATEMENT

It is again my honor to present the annual statement of the treasurer to the stockholders of the Farmers Union Grain Terminal Association. I shall only present the essential high lights of our association's operations for the tenth fiscal year ended May 31, 1948. The management will give you a detailed report covering the association's financial condition, history, and its operating results.

You are well aware of our record of continued growth. Farmers Union Grain Terminal Association began business June 1, 1938, with a paid-in capital of $30,000, a capital loan of $300,000 from Farm Credit Administration, and a $900,000 line of credit from the Central Bank for Cooperatives. GTA closed its first year of operations on May 31, 1939, with a net worth of $344,000 and savings for that year of $144,000. A little over 17,000,000 bushels of grain were handled.

The association now has a net worth of over $17,000,000. The savings for the year ended May 31, 1948, were $3,517,043.37, and the volume of grain handled was approximately 126,000,000 bushels.

Now, the statements I have just made are practically the same as I made a year ago. It is important for the record that we keep making reference to this historical growth of our great GTA.

As farmers, we take pride in this cooperative's accomplishment. We have at last established ourselves firmly in the field of marketing and distribution. Even though that success has been phenomenal, I am still concerned about our financial condition. Do we have ample capital to finance our constantly expanding business? Do we have sufficient liquid assets and are we freezing too much of our capital?

Your board of directors and the management keep watching this financial position of your association at every board meeting. Your board usually meets each month except November. That one we pass up because it is so close to the stockholders' meeting which is held the forepart of December.

Several years ago, we all became convinced that, with the cooperation of the stockholders, we would, so far as possible, establish a sound financial position where our net liquid assets would always be a safe financial base for the tremendous borrowings which necessarily GTA must secure in order to help carry the tremendous financial requirements of each local cooperative farmers' elevator affiliated with us.

As you will observe, by looking at the printed balance sheet, which shows the condensed statement of the financial condition as at May 31, 1948, our net current assets were getting up close to $10,000,000. The remaining part of our net worth, somewhat in excess of $7,000,000, is represented by noncurrent assets which are described in the report, a little over $2,000,000, and our fixed assets, mostly in land, buildings, machinery, and equipment, less depreciation, at a little over $5,700,000.

To give you the exact dollars and cents of our net worth and how it is divided into the different groups of assets, they are as follows:

Net current assets	$9,497,303.32
Net noncurrent assets	1,775,670.05
Net fixed assets	5,739,339.96
Your GTA net worth	17,012,313.33

We have been asked the question: Why does GTA invest so heavily in Government bonds, and wouldn't it be all right to use those funds to retire preferred stock? Well, of course, the answer is absolutely "No." If we liquidated those bonds, it would little more than cut our net current assets in two. Then we would have only half as much in net current assets, and then we would have only half as much base capital for borrowing funds, and that means we could borrow only half as much as we borrowed during the peak season of the grain movement. That would mean that we would be unable to borrow as much money from the banks to carry the local elevators through the heavy crop movement, and that wouldn't be as much as the local elevators require in financing at that time.

Well, since it is necessary to have as much net current assets as we have for our financial base for borrowing, and, since our seasons of the year when the borrowings are light and our cash on hand is heavy, it was the judgment of your board and management that $5,000,000 should be invested in Government bonds. Therefore, during the period

of time when borrowings are light, these funds are working for GTA by earning interest on the bonds. That means the capital does not lie dead in banks. When the time comes to borrow money again, these bonds, of course, represent the highest grade of collateral that can be offered to banks. So your money is always at work, either out in the country to the local co-ops helping them move the crop or lying in the vault drawing interest from the United States Government.

Since the management has somewhat in detail covered the experience of GTA during this last year in arranging for credit with private banks in the Twin Cities and Chicago and New York, I have only this comment to make. The matter of policy of making this change and its long-time effect on the interest of the farmers in grain marketing was before your board of directors for many months. Of course, we were reluctant to take any of our borrowings out of the Central Bank for Cooperatives, from which we had always received our credit. Finally, it was our unanimous judgment that this policy should be adopted but with the proviso that we continue to borrow some of our funds from the Central Bank for Cooperatives which keeps that channel of credit always alive so we could have that source of credit to meet any unusual contingency which might arise. You will also be glad to be informed that this policy met with the full approval of the officers of the Central Bank for Cooperatives in Washington, D. C. Our experience to date in this new field of financing with private banks has proven to be most satisfactory to date.

I want to repeat what we said a year ago. Some of you may not be aware of how serious it would be for our association to have its borrowings restricted in the peak of the grain movement. This could, in some instances, cause serious repercussions out in the country. Sound finance is the lifeblood of any business. Failure to obtain adequate credit has in the past ruined a number of solvent institutions. Our association has an enviable record of financial stability. Our rating in Dun & Bradstreet is the highest accorded to any corporation. It is AA-1.

Because we were able to bring together loyal and understanding farmers and a capable and efficient staff of employees, we have grown from a small cooperative commission firm, with its limited opportunties, into big business. In this instance, however, it is big business by farmers alone. It is a cooperative implementation of their farming operations. Its purpose is to serve our farmers and to advance their economic interest rather than make profits.

It is important for every patron to be aware of the need for making our association bigger and stronger. This requires more capital. It should require that every penny saved be reinvested for your protection in the market place. It should make certain that its funds are available to meet the economical and political attacks which most certainly will be intensified against the co-ops in the months and years ahead.

I make this most encouraging report to you stockholders here in behalf of the board of directors. It is with great pride that I submit this report of our growth and financial stability. At the same time I would like to sound a warning. The success we have already achieved should not lead us to neglect our responsibilities. We must maintain our strong financial position and keep it commensurate with our growing operational needs.

In conclusion I would like to emphasize again that our association, unlike a private profit business, is so constituted that it can grow to any size that its members wish, consistent with giving them the maximum service and the greatest savings. This requires hard work, wise management, sound financing, and the continued support and patronage of members.

We are entering upon a new business era. Business is confronted with many new and complicated problems. The pattern of cooperative progress was laid down long ago. What we must do is to adapt that pattern to changing conditions. Following that course, we cannot fail. Our reward will be success which is beyond even our fondest dreams. Every member has a voice in helping to make that decision. It is our responsibility to do it cooperatively so that the greatest number benefit from our work.

By A. E. KATHAN,
Secretary-Treasurer.

Mr. LANGER. Mr. President, I wish to refer further to the Equity Exchange, and tell the Senate what happened to it. I now read further from the book Grass Roots:

Thus—

Because of the rule of the Minneapolis Chamber of Commerce not to admit any cooperative—

the early terminal marketing association had to pay commissions to a private grain merchant who did hold membership in the Minneapolis Chamber of Commerce.

Local farmers' elevators had been built in various communities of North Dakota, but they had been, with a few exceptions, promoted by private commission companies as a means of channeling grain into their hands. These companies fought efforts of the Equity to induce cooperative elevators to ship to a cooperative market. (Likewise today Ben McCabe of the National Tax Equality Association, and other commission merchants, will go to almost any length to prevent a local farmers' elevator from transferring its account to the Farmers Union Grain Terminal Association.)

The fight of the old Equity was a battle every inch of the way—a fight that only a warrior of the caliber of George S. Lofthus, manager of the Equity Exchange, could lead. He battled to build volume. He persuaded the Minnesota House of Representatives to investigate the Minneapolis grain trade only to have the Minnesota Senate vote to probe the Equity. He went to Washington to get the elder LaFollette to force the railroads (who had joined with the Minneapolis Chamber of Commerce to put Equity out of business) to handle Equity cars and transfer them to lines serving the small mills who would buy Equity grain. (The elevators in Minneapolis refused to store Equity grain, the banks refused the Equity credit.) Denied a seat on the Minneapolis grain exchange, Lofthus organized the St. Paul Grain Exchange.

Only the jealousy of St. Paul, goaded at Minneapolis' success in obtaining the Federal Reserve bank, saved the day for Equity. In 1914 the St. Paul Commercial Club offered the Equity a free site on the river to build a terminal elevator, plus $30,000 subscription in stock, and promised bank credit. As the outcome of this offer, in 1920 a $300,000 terminal elevator facility was erected, owned by the farmers of the Northwest, paid for by the sale of stock to farmers. It is still operated by the Farmers Union Grain Terminal Association, on lease from Farm Credit Administration, which took it over during the hard times of the thirties.

This struggle to obtain terminal facilities at the terminal market, without which the farmers' cooperative effort would forever be at the mercy of the grain trade, was the theme of a continuing battle out here in North Dakota.

First, it was proposed that the State should erect and own one or more terminal elevators in Wisconsin or Minnesota, which would receive and handle the grain of any shipper. Such a proposal was put in the form of a constitutional amendment, twice approved by the legislature, and in 1912, approved by a 3-to-1 majority of the voters of the State. Again in 1914, a second amendment permitting erection of State-owned terminal facilities within North Dakota was adopted by a similar 3-to-1 margin.

But the legislature did nothing about the mandate of the people. When a delegation of farmers met at the capitol at Bismarck in February 1915 to petition the legislature to build an elevator they were met with the retort, "Go home and slop your hogs." (Twenty-five years later, with the strength of many years' experience and greater numbers, 5,000 farmers went to Bismarck to protest threatened repeal of the Anticorporation Farming Act. Members of the legislature then treated them courteously—if not all warmly.)

The Minneapolis Chamber of Commerce was not content, however, in fixing enough legislators to defeat a State-owned terminal; it tried to get the charter of the Equity Cooperative Exchange revoked, on the grounds it was bankrupt.

The proceedings against Equity were tried in Fargo District Court in the early summer of 1915, before a courtroom packed with farmers, members of Equity. Finally, August 1916, the judge dismissed the case and found Equity solvent. It was a complete victory for the farmers.

The facts of the case are recorded in the findings of the Federal Trade Commission, docket 694, which in 1923 ordered the organized grain trade, the Minneapolis Chamber of Commerce, to forever cease and desist from interfering with, injuring, destroying the business or the reputation of the Equity Cooperative Exchange or the St. Paul Grain Exchange.

These facts showed that the Minneapolis grain trade had paid the costs and attorney's fees in a series of suits. These culminated in an action by the North Dakota attorney general seeking to have the Equity Cooperative Exchange adjudged bankrupt, a receiver appointed, and its charter annulled. The attorney for the private grain trade was made an assistant attorney general. Thus political and economic chicanery went hand in hand.

Much of the evidence upon which the Equity was judged solvent was the technical testimony of a young auditor, Myron William Thatcher. It was his baptism of fire working upon behalf of the farmer—and M. W. (Bill) has been in the fight ever since.

The Federal Trade Commission cease and desist order in 1923 came too late. Despite the fact that the number of stockholders had increased from about 7,000 in 1917 to about 17,500 in 1922 (says the FTC report), the continued abuse and relentless attacks caused no end of trouble, expense, and embarrassment, undermining confidence and credit. The Equity was forced into operating receivership in 1923, with three receivers being appointed: James Manahan, George Lambert, and Carl Somers. The first two were friendly, but Somers proved to be otherwise.

The marketing of grain was not halted, but was carried on until the Farmers Union Terminal Association was organized in 1926.

Mr. President, the Farmers Union not only deals in grain, but, in North Dakota, it also deals in Equity livestock—swine, cattle, and sheep. I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the chapter on Equity livestock.

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

EQUITY LIVESTOCK

In 1916 the stockholders of the Equity Exchange organized a cooperative livestock

commission company in St. Paul to market the second most important commodity produced by farmers of North Dakota. In 1922 it was sold to the Iowa Farmers Union and reorganized under the laws of that State as a nonstock, nonprofit membership cooperative, the Farmers Union Livestock Commisssion Co. Later it was to become a key activity of the Northwest Farmers Union group.

Out of the experience with Equity, the farmers who participated—and that included only a small percentage of all the farmers in North Dakota—learned some valuable organization lessons.

They learned the tactics of the opposition was not to attack them directly but to divide and conquer. The Society of Equity was all right, said the North Dakota dailies of the day, but the Equity Cooperative Exchange was bad. In other words, the idea of cooperative marketing was perfectly all right as long as it is not put into practice.

"The Tribune is in sympathy with the efforts of the farmer to secure a more open market at terminal points, but under the present leadership, they will never get out of the wilderness into the promised land" commented one daily.

It was ever thus—pretend to favor the farmer but attack the leaders who are attempting to actually do something.

The Society of Equity itself had declined out in the communities even before the Equity Exchange succumbed—because it was a farm organization without a continued educational program. Its activity was centered almost entirely around cooperative grain marketing—doubtless the greatest need of the North Dakota farmer, but certainly not the only thing he needed to solve all his problems. Without the understanding and loyalty gained through discussing his problems with his neighbors, his cooperative marketing attempts could not withstand his attackers.

Mr. LANGER. Mr. President, now we come to the politics involved. In this book there is a chapter entitled "Political Revolt." I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, that chapter.

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

POLITICAL REVOLT

Early in the fight the close alliance between political action and marketing problems was manifest. The kicking around the farmers received at the capitals in Bismarck and St. Paul stirred the embers of indignation that burst into flame when the power of organizing genius came along to form the Nonpartisan League.

If ever a political revolt of farmers was justified, the whirlwind that swept the Nonpartisan League into complete power in 1916 was just retribution to the corrupt and reactionary political machines of that day. Many farmers thought, however, that all of their problems would be solved by such political action.

Always, however, there are those who see a chance to use political organizations as a means of advancing their own selfish interests and of bending its program, no matter how nobly conceived, into other ends. The Nonpartisan League was no exception. Although most of its original program was adopted, it brought no millennium to the farmers. As the years went by dissensions arose, professional politicians infiltrated, and the objectives were watered down or diverted to other ends. The league survived as a political factor in the State, but farmers learned that political action alone would not solve their problems.

After the disastrous and planned deflation of 1920 it became increasingly apparent that the disaster which faced farmers could not be solved by building cooperative facilities at terminal points or by State legislative programs. The country-bank failures and resulting foreclosures, the collapse of farm prices and resulting ruin of farmers, came directly as a result of decisions made in Washington and New York. International trade policies were increasingly affecting the prices the North Dakota farmer received for his wheat.

Throughout the Farm Belt came a rising ferment. In 1925 the National Farmers Union was persuaded by Milo Reno, president of the then large and militant Iowa Farmers Union, to call a conference of all Midwest farm organizations and cooperatives. This meeting at Des Moines in May 1925 was the beginning of the Corn Belt Federation, which focused national attention on the serious plight of the farmers, who universally agreed something had to be done.

Out of the discussions at this meeting came the demand for raising domestic prices above world prices to be later embodied in the McNary-Haugen bill.

Mr. LANGER. Mr. President, we now come to an article entitled "The Producers Alliance," appearing on pages 24 to 27, inclusive. I ask unanimous consent that the article be printed in the RECORD at this point as a part of my remarks.

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

THE PRODUCERS ALLIANCE

The Des Moines meeting was also significant because it brought Bill Thatcher, and two leaders of the Northwest Producers Alliance—C. C. Talbott and A. W. Ricker—into contact with the leaders of the National Farmers Union. That was the beginning of the three-way merger which was to produce a strong Farmers Union in North Dakota.

The Northwest Producers Alliance had been started in 1924 by some of the Nonpartisan League leaders who had seen their hopes of solving farmers' ills through political power falter. A. C. Townley, perennial promoter that he was, stirred enthusiastic audiences with proposals for a farm organization with power to strike by withholding farm products from market until their price demands were met.

An economic program, however, means long hard years of organizational and educational work. Townley soon tired of the less exciting pace than the spontaneous political revolt he had organized into the Nonpartisan League a few years before. He asked A. W. Ricker, a progressive editor of St. Paul with a long record of battling for progressive causes, to take over as manager of the Producers Alliance in addition to editing the Farmers Market Guide.

Ricker recognized that if a farm organization were to endure farmers must be organized into local community groups which could meet often, discuss, and act. Mass meetings were not enough. So he sent a crew of organizers into South Dakota to organize township locals. Later they expanded into North Dakota.

In their first North Dakota county—Dickey—they discovered C. C. Talbott, a natural born leader, whose own battle against a marketing system which periodically crushed farmers to the earth, had already made him outstanding in the League and in his local farmers' elevator company.

The economic program of the Alliance appealed to Charley Talbott.

"This kind of a program is what I have been looking for, for many years," he said after the first "sodbuster" meeting in the township. The next day he started out organizing his neighbors—a task he never ceased until his death in 1937.

At the Corn Belt conference in Des Moines the Alliance leaders arranged to attend the national convention of the Farmers Union which was to be held at Mitchell, S. Dak., that fall (1925). Members of the Alliance's national committee recommended to the 50,000 members enrolled in the organization that they merge with the Farmers Union. The welcome from the union was far from unanimous. The South Dakota delegation opposed it because it had fewer members in the State than the Alliance. The Nebraska delegation opposed it because the Alliance held to a program of "collective bargaining" for farmers rather than the building of cooperatives. An overwhelming majority of Alliance members who voted in the referendum, however, favored merging with the Farmers Union.

In the meantime, the Equity had begun to work closely with the Producers' Alliance. Thatcher, who had become the leader in the grain fight after the death of George Loftus in 1916, saw that a cooperative business activity would have a very difficult time unless it was closely affiliated with an organization of farmers which reached into the local communities and which had a broad interest in all farm problems. He saw the Farmers Union as the only organization, national in scope, which had a program similar to that of the Equity.

After the Corn Belt conference he urged other leaders in the Equity to consider a merger with the Alliance and with the Farmers Union.

On January 14, 1926, Equity stockholders and Alliance members held separate conventions on the same day in Fargo. Both appointed merger committees to meet with a committee appointed by the board of the National Farmers Union.

On the following day a thousand farmers unanimously adopted the merger resolution submitted by the joint committee. The National Farmers Union board designated Thatcher, Ricker, and Talbott as the Northwest organizing committee and gave them its blessing, plus $500 in cash, with which to organize North Dakota and Minnesota. (Many a county Farmers Union today spends that much money every year in organizing work.)

If, however, those who made up the new organization lacked in cash, they knew what they wanted. As one speaker at the Fargo meeting said:

"We have realized for some time the necessity of organization for the purpose of supporting your marketing activities. * * * The mother of your marketing organization was the little local out at the crossroads.

"You let that local die.

"When you got into trouble and needed help you looked around and you found that you had forgotten to keep in existence the thing that had made you."

Thus the Farmers Union was born in North Dakota out of the experience of years of struggle with the recognition that the basis of any organization to help farmers must be the farmers themselves, informed and active in their own community.

Mr. LANGER. Mr. President, we now come to Chapter 3, Building the Union. I ask that the article contained in that chapter, entitled "The Farmers Union Terminal Association," beginning on page 31 and ending with the first paragraph on page 33, be printed in the RECORD at this point as part of my remarks.

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

THE FARMERS UNION TERMINAL ASSOCIATION

In terms of actual volume of commodities handled, the record of the regional activities was not very significant. During the crop year ending in 1926 the Terminal handled

only a million bushels of grain. (In 1946 its successor, Farmers Union Grain Terminal Association, handled 130,000,000 bushels.)

It was significant, however, that the farmers had any terminal marketing facilities left at all. The Equity stockholders who, after the receivership of the Equity Exchange, started another cooperative, the Farmers Union Terminal Association, must have had unbounded faith in cooperation to again try to overcome the boycott of Minneapolis grain traders and the reverses which caused many of the farmers elevators elsewhere to fail.

Much of the time of Thatcher and Talbott was taken up with personal calls on farmers who had unpaid claims against the old Equity, persuading them to transfer the claims to the Terminal and take preferred stock as security. Those claims have all been paid in full, with interest. The last payments in 1942, brought the payments to 127 percent of the original claims.

In 1927 and 1928, the volume of the Farmers Union Terminal Association jumped tremendously—to 8,000,000 bushels in 1927 and 17,000,000 bushels in 1928.

The reason can be summed up in two words—protein and organization.

Ever since Dr. Ladd, president of the North Dakota Agricultural College and later United States Senator, had proven by laboratory test that North Dakota's hard spring wheat had superior milling qualities—which varied greatly according to season and areas—farmers knew what commission men and millers had kept secret from them a long time—that their wheat would ofttimes command a premium above card price.

That superiority, and therefore the premium, depend upon the percentage of protein content. But getting the protein premium on the market place was another matter. Protein tests could not be made at the local elevator. By the time they had been made at the terminal market, the wheat belonged to somebody else.

So in 1927 and 1928 the terminal and the whole Farmers Union conducted the "baking powder can campaign." Farmers were urged to send samples to the Terminal for testing. Then they were told how much of a premium their wheat was worth. The premium for protein ran as much as 42 cents above card price. Farmers who shipped to the terminal would often receive $200 a car more than offered by the local grain buyer.

If the cooperative elevator refused to ship to the Farmers Union—and a great many of them did—Farmers Union members would order a car on a siding and shovel in their wheat. This shoveling paid at 42 cents a bushel. Some Farmers Union locals bought loaders which somewhat eased the job.

Through the crusading columns of the Farmers Union Herald, and by word of mouth of the organizers and the members, thousands were urged to send in their grain. After a couple of years, of course, other grain buyers began to pay farmers premiums based on protein content, so the cash inducement to ship to Farmers Union was not so great. Whenever cooperatives cut margins or improve marketing practices, the old-line profit-seeking business has been forced to follow suit. This is the hidden dividends that go to cooperators and noncooperators alike.

Mr. LANGER. Mr. President, in chapter 3 there is also an article on pages 33 and 34 entitled "The Farmers Union Livestock Commission." I ask unanimous consent that this article be printed in full at this point in my remarks.

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

THE FARMERS UNION LIVESTOCK COMMISSION

The Farmers Union Livestock Commission Co., which had been taken over by the Iowa Farmers Union from the Equity, again made a strong bid for livestock from North Dakota. It was the "big" regional of that day, although small in comparison with our cooperatives today. It lent the Terminal what little operating capital the grain regional used. It underwrote the organizing campaign in North Dakota, often pledging its anticipated commissions.

The financial shoestring upon which the Farmers Union was started in the Northwest is almost unbelievable today, when net worth of our regionals runs into millions. Loyalty and understanding, not financial resources, were the foundation upon which our movement was built.

Charles D. Egley had become the manager of the livestock house, ownership of which was soon to be transferred from the Iowa Farmers Union to the Northwest States. Egley, ever a crusader for economic understanding and cooperation, spent a great deal of time in North Dakota doing organizing work in addition to the financial support given by the commissions. (Because organizers received the $5 initiation fee then charged in addition to the dues, they were supposed to be self-financing. When they took promissory notes, however, the Livestock Commission bought them, and in many instances was left holding the bag.)

The livestock commission itself had been bailed out a few years earlier by the Iowa Farmers Union, when that organization paid $30,000 debts of the Equity and renamed it. But not much Iowa stock went to the St. Paul market. The commission had been forced to build its own building when denied office space in the stockyards building.

However, when the union came into the Northwest, the Farmers Union Livestock Commission began to boom, jumping from ninth to third place among all of the commission firms operating on the South St. Paul market, and in the following years it reached the top.

Mr. LANGER. Mr. President, I now come, in the same chapter, to an article entitled "The Farmers Union Exchange," beginning on page 34 and ending at the bottom of page 35. I ask unanimous consent that this article be printed in the RECORD as part of my remarks.

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

THE FARMERS UNION EXCHANGE

The third of the Farmers Union regionals, the exchange, was fostered by the Farmers Union Terminal. In June 1927, to accommodate the locals which were pooling orders for various supplies—salt, twine, coffee, and so forth—the terminal board voted to set aside $1,000 and a desk where terminal employees could handle these orders after hours without extra pay.

Although the purchasing of supplies was considered of minor importance compared to marketing, the savings a local could make on a carload of coal or twine or an order of fruit loomed large.

The order department of the terminal, which had been incorporated as the Farmers Union Exchange in 1927, made a contract with the North Dakota State Penitentiary to handle its twine, which had been boycotted by the regular dealers.

With Farmers Union locals handling twine, the price dropped drastically. From $3 to $12 were clipped from the dealers' profit.

The exchange made contracts with a leading salt manufacturer, with a coal company, and with a coffee blender. The biggest boost to cooperative purchasing, however, was when the Farmers Union discovered oil—discovered amazing margins that were being taken. Oil was a necessity of the new tractor age. At first the exchange shipped only barrels of lubricating oil, but the margins were so high, folks began to wonder about other petroleum products. Attempts were made by a few local groups to make quantity discount contracts with old-line petroleum distributors, but pressure from the major companies induced the distributors to cancel these contracts before they actually were put into effect.

One of the organizers in North Dakota was familiar with the growth of petroleum cooperatives in Minnesota, the first of which started at Cottonwood in 1923. (The Farmers Union elevator at Hazelton, in Emmons County, N. Dak., organized before 1916 when the first North Dakota Farmers Union had operated in a limited area, had begun handling petroleum products in 1921.) This organizer suggested that the Farmers Union build bulk oil plants as a means of quickly raising a large amount of money for organizational activities.

The first Farmers Union cooperative oil company was started at Jamestown in 1927. Lisbon organized another cooperative soon after. By 1929, 20 oil companies had been organized and the exchange was in the petroleum business in a large way.

Mr. LANGER. Mr. President, I come now to an article contained in the same chapter, entitled "Early Insurance Activity," and another article following it entitled "The First Convention," both of which I ask to have printed in the RECORD at this point in my remarks. They appear on pages 36, 37, and part of page 38.

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

EARLY INSURANCE ACTIVITY

In addition to the marketing of wheat and livestock and the purchasing of farm supplies, the cooperative program of the early Farmers Union organizers had a fourth phase, the control of credit. This was to be accomplished by building reserves in the cooperatives and also through the building of life and property insurance programs. The Iowa Farmers Union had organized mutual life and property insurance companies a few years before, and these were brought into North Dakota. Through purchase of Farmers Union insurance farmers could build up reserves which would be invested in farm mortgages. Unfortunately the zeal of some of the salesmen exceeded their business judgment. Farm property was insured for more than it was worth, and the mortgages placed by the life insurance company were at inflated values. Often notes were accepted as premium payments. When the depression came both companies had to be reorganized. The life company became an ordinary stock company, sound enough, but under the domination of those uninterested—and even antagonistic—to the program of the Farmers Union. Likewise the fire insurance company continued to sell insurance in Iowa, but not in North Dakota.

No mention was made of credit unions as a means of enabling farmers to build financial reserves; credit unions did not come into the picture until more than 10 years later.

The theory of building our own insurance program to meet all of the insurance needs of farmers was sound. For insurance companies, particularly life insurance companies, are indeed the reservoirs which furnish the finance for most of industry. It took a second start, however, in insurance as in grain and other activities, to establish a sound insurance program. That story must wait, however, until we come closer to the present.

THE FIRST CONVENTION

While this cooperative development was going along hand in hand with the organi-

zation of locals and county unions all over North Dakota, the State union was taking shape.

The charter of the North Dakota Farmers Union was presented at the first State convention in Jamestown, November 4 and 5, 1927. In spite of the early November storm the eve of the convention, 500 farmers packed the Elks hall to hear National President Charles S. Barrett, Thatcher, Egley, Ricker, and others. Charles C. Talbott was elected president, and the board appointed E. E. Greene, who as fieldman for the Equity had done yeoman work in straightening out the claims of Equity shippers, as secretary. Jamestown was designated by the board as State headquarters, although the State office consisted of the dining room of the Greene home. Very few women are in evidence in the first convention picture and no young people.

The resolutions were short but potent, endorsing the McNary-Haugen bill and the Farmers Union business activities and their "ultimate goal of securing cost of production through centralized collective marketing and conservation of credit, thus creating bargaining power."

Other resolutions called for a cooperative bank law, and the teaching of marketing, particularly cooperative marketing, in the high schools and colleges and condemned the statement of Rex E. Willard, then marketing economist at the NDAC, in which he said that if farmers could get $1.05 for their wheat they would make a profit.

One woman did speak on the program. The Farmers Union Herald said, at the very end of its convention story, "Mrs. G. T. Edwards of Jamestown discussed the work in the local unions and urged farmers to stick to their organization."

This was the first appearance of Mrs. Gladys Talbott Edwards on any Farmers Union Convention platform. She was nominated as director, the only woman to be so nominated, but declined because her father had been nominated.

(The first bylaws did provide, however, that women and minors over 16 years of age, could become members without payment of dues.)

However, if the women and young folks were not very prominent at the first convention, in the months that followed the importance of having the women participate in local meetings was stressed.

"When you organize the men, organize the women. If you fall down on the job of organizing the women you are licked at the start," is the advice in setting up locals printed more than once in the Herald.

Another bit of advice, made in January 1929 has proven sound to this day.

"We shudder every time a local is set up in town. Too many pool halls, moving-picture shows, etc. The local should meet out in the country where there are no distractions."

Mr. LANGER. Mr. President, in the same chapter, chapter 3, we come now to an article entitled "Farm Relief Legislation." Here we had the farmers starving, Mr. President. This was after the McNary-Haugen bill had been vetoed. I ask unanimous consent that the entire article, beginning on page 38 and ending at the bottom of page 41, be printed in the RECORD at this point as part of my remarks.

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

FARM RELIEF LEGISLATION

Farmers Union development in the Northwest went forward as part of a larger agricultural scene in which the battle cry of farmers throughout the land was farm relief and the McNary-Haugen bill.

We have already seen that the Corn Belt Conference brought the farm leaders of North Dakota into contact with the Farmers Union leaders. The Corn Belt Federation, which continued to function until the creation of the Farm Board under Hoover, was composed of practically all of the farm groups of the Middle West.

Whatever disagreements the Farm Bureau, Farmers Union, and various cooperatives had, in the Corn Belt Federation they all united in support of the McNary-Haugen plan.

Actually at least three farm relief bills were introduced into Congress bearing the names of Senator McNary of Oregon and Represenative Haugen of Iowa, each quite different. The first was proposed in 1923, before the Corn Belt Conference in 1925, while the second and third versions were passed by Congress in 1927 and 1928, respectively. Both were vetoed by President Coolidge.

In simple terms, this is the reasoning behind these first farm relief proposals. Farmers were going broke because they were not getting cost of production for what they produced. Through tariffs, American industry was assured cost of production for what it produced and sold. Farmers, however, had to buy at the protected, domestic price, but had to sell at the unprotected world price. The tariff on farm products—42 cents on wheat, for instance—did them no good because they had a surplus to sell on the world market and the world market set the price for the domestic sales as well.

The McNary-Haugen plan had as its goal making the tariff on farm commodities effective, i. e., raise the domestic price of wheat above the world market by approximately 42 cents a bushel. Essential features of the NcNary-Haugen bill were (1) a Government body to deal with the surplus problem; (2) a Government advance of $400,000,000 to start a revolving fund; (3) this revolving fund would enable the Government board to buy and take the surplus off the market and hence create an American price level for home consumption; (4) the equalization fee enabled the board to assess the loss on the surplus to all growers.

It was estimated at that time by the Farmers Union that the price of wheat would be advanced approximately 40 cents a bushel, with a loss of 10 cents a bushel to be assessed on the entire crop.

This was the first concrete proposal for a two-price system for the American farmer, a higher price for domestic consumption and a lower price for agricultural commodities abroad. In the years that were to follow, many variations in a two-price plan were to be proposed, and some of the features in the McNary-Haugen bill were to be put into practice.

As we look back upon the McNary-Haugen bill (out of the experience of the farm board and AAA) we can see the plan was inadequate. It provided no means of shifting production from surplus crops to more needed crops, but on the contrary, would encourage greater production of wheat and cotton. The mechanics of assessing and collecting a penalty on producers would have been difficult and unpopular to administer, and the McNary-Haugen bill, like the programs that were to follow, assumed that all the farmer needed was price. Total farm income and the growing disparity between the big producer and the family-type farmer were ignored. The effect on international trade and the policies of other nations of dumping of American farm products on the world market for whatever it would bring was not considered at all.

Yet the McNary-Haugen bill was a big step forward for the American farmer. If it had been given a trial by Coolidge instead of a veto, its weaknesses would have undoubtedly become apparent; but out of the experience agriculture might have developed a workable program without going quite so low as it did in the early thirties.

The main battle was over the equalization fee—without this device Coolidge might have accepted the plan, for then it became essentially the program adopted under the Federal Farm Board by Hoover.

One of the secondary battles was between farm organizations as to the type of marketing organization the Federal Government should help promote.

One of the specified objectives of the McNary-Haugen bill was to assist farmers to build their own marketing machinery so strong that they would control the market themselves.

Some leaders favored the Government setting up new contract cooperatives like wheat pools, egg and poultry pools, potato pools, and other commodity pools that had come and gone the decade previously. Under the pool plan promoted in the early twenties by an high-powered organizer named Aaron Shapiro, farmers contracted to deliver their entire production to the pool. This contract was enforceable by law. If the producer sold anywhere else the pool could collect damages from him.

Farmers Union cooperatives operated, and still operate, on a voluntary basis. Union leaders conceded that the marketing contract might be sound in principle if the farmers understood it, and if there were first established a local organization where they could acquire understanding of their problems and the machinery of joint action. But farmers had no confidence in the pool idea after the failure of so many pools started by high-powered organizers. Even in Canada, where the wheat pool was successful, the contract idea was abandoned. The Farmers Union, therefore, worked for provisions in the McNary-Haugen bill that would enable existing farm organizations and cooperatives to have a voice in choosing the members of the Government body which would deal with the surplus problem.

With the veto of the McNary-Haugen bill, the Farmers Union and other organizations in the Corn Belt Federation sought to present their case to the 1928 nominating conventions of the two parties in hopes of getting a satisfactory farm plank and a satisfactory candidate. Governor Lowden of Illinois had championed the McNary-Haugen bill and was the favorite of the farm belt for the Republican convention.

Scores of North Dakota Farmers Union members joined the cavalcade of a thousand farmers from 16 States which descended on the Republican convention at Kansas City that June. Although the Resolutions committee heard the farmers' committee, (which included C. C. Talbott) and the farmers paraded the streets and button-holed delegations, they did not get very far. Herbert Hoover was nominated and the farm plank fell short of the McNary-Haugen demands. But those who attended still remember how, barred from entering the convention hall by police, they marched around the building with a funeral dirge.

Only a small committee went on to the Democratic convention at Houston, where a little more satisfactory farm relief plank was adopted.

Hoover, however, was elected over Al Smith, and upon his inauguration he called a special session of Congress for the express purpose of enacting farm legislation. With the passage of the Farm Marketing Act began a new chapter in the history of agriculture, which was to greatly affect the course of the Farmers Union and its cooperatives in the northwest.

Mr. LANGER. Mr. President, we come now to chapter 4, entitled "The Collapse." It refers to the first State legislation in North Dakota. I ask that the article appearing on pages 45, 46, and

a part of 47, entitled "First State Legislation," be printed in the RECORD at this point in my remarks.

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

FIRST STATE LEGISLATION

Early in 1926, over a year before the Farm Board was created, the Farmers Union had been successful in persuading the North Dakota Legislature to enact a farm storage law. It provided for the inspection of grain stored on farms and issuance of warehouse receipts, upon which loans could be made. In other words, it extended to the farmer the same privilege of using farm-stored grain as collateral as if it were stored in a public warehouse.

Incidentally, this was the first piece of State legislation sponsored by the North Dakota Farmers Union. A similar law was enacted in Montana.

These farm storage laws were heralded as great accomplishments in the march toward orderly marketing. The exchange put on a big campaign to sell steel grain bins to farmers. But the State farm storage laws failed to produce the revolution in grain marketing predicted for them.

The Farmers Union Terminal, through arrangements with the Intermediate Credit Bank and with private commercial banks, was prepared to make loans on farm-stored grain, but the State law providing for inspection and insurance proved too cumbersome to administer. Ninety percent of the first thousand applications for farm storage inspection were returned as incomplete or inaccurate. The grain commissioner for one reason or another simply couldn't get around to do the inspecting for all who wanted to borrow on stored grain. And when the bottom fell clear out of the wheat market something more drastic than orderly marketing had to be applied.

Farm storage, however, was and is sound. The Farmers Union-sponsored program was the forerunner of an ever-normal granary program which did work a few years later because it was a part of the whole AAA. Under it the Federal agency which loaned the money, Commodity Credit Corporation, was equipped to dispose of the wheat outside of commercial channels or keep it until the market rose to the loan price.

At the very beginning the Farm Board made loans to regional cooperatives on wheat held by them, not on the basis of the market price, but on what it thought the grain ought to be worth. Here again we find the assumption that if farmers can hold their grain long enough they will get a fair price for it.

At the beginning of the thirties, however, there was more wheat in the world than people could buy (but perhaps not more than they could use). The Farm Board soon discontinued this practice of loans on estimated value as the world price continued to fall, but did make loans based on the market price.

The Farm Board and Farmers National were under constant attack by the enemies of farm cooperatives, who hated to see the Federal Government actively encouraging farmers to organize and market cooperatively. (This was under the Republican-Hoover administration, before the Democrat New Deal, we would remind you.) Dissension arose among the leaders of the various wheat marketing groups which made up Farmers National, as might be expected among those who had developed quite different methods in different areas as to operating policy.

Mr. LANGER. Mr. President, we come now to what was known throughout the United States as the Elevator M case, appearing on pages 47 and 48 of the volume Grass Roots. I ask unanimous consent that the article be printed in the RECORD at this point as a part of my remarks.

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

THE ELEVATOR M CASE

Enemies of cooperative grain marketing have always been on the alert to discredit the Farmers Union marketing operations. When the Farmers Union Terminal Association sold its physical facilities to Farmers National in 1931, a State senator from Minneapolis, supported by the Minneapolis Chamber of Commerce, charged that the terminal was defrauding the taxpayers and the farmers by selling to the Farmers National as No. 1 wheat, which actually graded No. 2.

This was the famous Elevator M case in which Governor Floyd B. Osborn, after 2 months of hearings dismissed all the charges against the Farmers Union and the Minnesota Railroad and Warehouse Commission. The miracle of Elevator M by which No. 2 grade becomes No. 1, was simply the age-old practice of grain buyers—cleaning and mixing batches of grain of varying grade to obtain the proper weight and moisture content, so the combined batch would meet the standard of the higher grade. When the old-line grain men did this, the extra margins went into their own pockets, but when the cooperatives did it, the additional value which the improved grade brought was returned in patronage refunds to the producers.

But the attack on the Farmers Union made good newspaper copy—until it was discovered that two employees, who testified that grade samples had been tampered with, were former employees of the Minneapolis Chamber of Commerce, planted in the Farmers Union to discredit it. They had done the tampering.

One of the charges—that the cooperative marketing agency violated the Minnesota law by charging a commission on grain bought for its own account, was to be brought up several times by the private grain trade—the latest being brought before the Railroad and Warehouse Commission in 1945, and taken to the Supreme Court in 1946. Here for the first time this charge was subjected to legal scrutiny and dismissed.

In 1931, Gov. Floyd B. Olson speedily dismissed this charge. The law specifically exempts cooperatives from this provision of the law regulating grain commission merchants. The 1947 Supreme Court ruling upheld this reasoning of Governor Olson and at least two Minnesota attorneys general after him.

Mr. LANGER. Mr. President, in the same chapter, beginning on page 48 and ending on page 50, is an article entitled "Building Farmers Union Oil Companies," which I ask to have printed in the RECORD at this point in my remarks.

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

BUILDING FARMERS UNION OIL COMPANIES

While the Farmers Union grain program was becoming a part of the first Nationwide attack on the farmers' marketing problems, the Farmers Union purchasing cooperatives were growing by leaps and bounds.

When Farmers Union folks discovered amazing margins in retail distribution of gasoline and petroleum products—from 8 to 14 cents a gallon on gas—local Farmers Union oil companies could not be formed fast enough. These savings farmers pocketed at the end of the season would pay for their investment in stock in a year or two.

Up until this time January 1929, the exchange had sold most of its merchandise through Farmers Union locals, which had pooled orders for members. Bulk stations for handling gasoline, tractor fuel, and oil, however, required bulk tanks, trucks, a manager, and a regular business set-up. Stock had to be sold to provide the capital.

The exchange wisely decided that uniform accounting, uniform bylaws, including payment of 5 percent of earnings to the Farmers Union as an educational fund, and a contract with the exchange, were among the requisites for building a sound program.

The exchange, in turn, made contracts with independent refiners to supply the local co-ops, paying the exchange a small brokerage fee. At the start the oil program was considered only a small part of the exchange business, but petroleum products soon grew to be, by far, the major merchandise handled. Even in 1929 the Farmers Union Herald predicted that some day Farmers Union members would get oil from their own wells, refined in their own refineries. This wild prophecy came true when the exchange did bring in its first producing well in 1945.

In 1929 20 Farmers Union oil companies were started. The results of some of them were phenomenal. These co-ops did not have the superservice stations and farm supply stores they have now. A model T truck, a bulk plant, and maybe a small office and a couple of pumps somewhere on a back street—that was the predominant set-up. But they did have a margin from 8 to 12 cents a gallon, or even more in some isolated areas, between the tank-car cost and the prevailing retail price.

In a season's operation some of the new co-ops made savings greater than the capital subscribed to purchase the bulk tanks and equipment. The first company to start under contract with the exchange—Minot Farmers Union Oil Co., made over $11,000 in less than 7 months' operation. Williston, which started March 25, 1930, 15 days after Minot, made $10,000 in 8 months of operation.

Mr. LANGER. Mr. President, we come next to an article entitled "Beginnings of Junior Work," beginning on page 50 and ending near the top of page 52. I ask unanimous consent that this article be printed at this point in my remarks.

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

BEGINNINGS OF JUNIOR WORK

Developments that loom as most spectacular at the time, however, do not always contribute the most to the permanent growth of a cause. The Farm Board days are all but forgotten, except as the lessons learned were embodied in subsequent farm programs. The early building of successful cooperative purchasing has been surpassed many times in subsequent years.

During the years 1929, 1930, and 1931 other foundations were being laid that seemed insignificant at the time. We refer to junior work, the training of youth to assume its responsibility in the union. Without such an educational program, the North Dakota Farmers Union would undoubtedly be following the footsteps of other farm organizations and cooperatives which literally died of old age with the generation which started them.

In the September 1929 Farmers Union Herald appeared the prize-winning essay on Why My Daddy Should Belong to the Farmers Union, by Viola Davy, a Ward County junior. Although from the start, the Farmers Union bylaws designated youth from 16 to 21 as juniors, with all rights of membership and no dues, this essay contest was the first recognition given to the young people. In 1930 the headquarters local in Jamestown offered prizes in an essay contest sponsored by the Farmers Union Herald for junior members on the subject, Why I Believe in the Farmers Union. Mrs. Edwards, who

had been writing features in the Herald, conducted the contest.

Such was the beginning of junior work. At the 1930 State convention in Minot the first junior program was presented. At the national convention in November 1930 a group of women made plans for a study topic and national essay contest. In December the State board authorized Mrs. Gladys Talbott Edwards to prepare a monthly bulletin on program suggestions to be mimeographed and sent to all locals. In January 1931 she began editing a page for juniors in the Farmers Union Herald.

When the union started it was thought that if a local could survive the first year, it was on its way to success. Such, however, was not the case. By 1928 all except a few counties in the southwest part of the State had been covered by organizers. But the organizing crews had to go back to some locals and even to some counties to do reorganization work. In later years leaders were to say that if given a choice of wiping out everything the Farmers Union had built except one thing—the co-ops, the legislative program, or the locals—they would choose to keep the locals. For with active locals we could rebuild everything else, but without them, the co-ops, no matter how large; or the legislation, no matter how good, could not adequately serve the changing needs of farmers.

Pooling orders and hearing speeches did not prove enough to hold a local together. The women were urged to participate, but when they did come, they too often stayed in the kitchen. In some State unions, the women had formed auxiliaries, which met at different times from the regular local. In North Dakota, however, auxiliaries were never encouraged because it was felt the Farmers Union was a family organization in which all should participate together. The locals that had programs in which youngsters took part had no trouble getting a crowd, including all of the members of the family. Thus the activities for the juniors had a double purpose; first, to get them to take an interest in the efforts of the union to better the plight of farmers and second, through them to provide programs that would bring the whole neighborhood to the local meetings.

Mr. LANGER. Mr. President, we now come to an article entitled "The Drought Relief Program," beginning on page 52 and ending on page 54. I was Governor of North Dakota at the particular time referred to in this article, and shortly thereafter. The entire question of drought relief was being considered. I ask that the article entitled "The Drought Relief Program" be printed in the RECORD at this point in my remarks, and also the article which follows it on page 54, entitled "Organizational Progress."

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

THE DROUGHT RELIEF PROGRAM

"Don't Faint When You Read These Prices"—that is the headline blazoned in red in the October 1930 Herald. This phrase was written by the manager on the market blackboard of the Sanish Farmers Union elevator, Tom Nielson (now GTA fieldman)—when he put down 56 cents as the price for No. 1 dark northern wheat. The time was coming, only 2 years later, when 17 cents was the price paid for top grade in Mountrail County.

It was well that farmers did not know in the fall of 1930 that the worst was yet to come. It looked like they had hit bottom; not only had the price of grain dropped to less than the cost of harvesting crops, but crops were also poor. Drought had struck a part of the Great Plains area including western North Dakota in 1930. President Charles C. Talbott met with other farm organization representatives at the White House in August on drought relief. President Hoover's program was to make loans for livestock feed. The farmers still had credit. The Farmers Union was the first agency to recognize the need for drought assistance.

In June of 1931, A. W. Ricker, editor of the Farmers Union Herald, took a trip through northwestern North Dakota and northeastern Montana, speaking at picnics. As a result of this trip Mr. Ricker wrote an article for the July Herald designed to shock the public to the plight of this parched territory. Even at that time it was apparent to the Farmers Union editor that the people of that area would require hundreds of carloads of potatoes, vegetables, flour, and clothing to get through the fall and winter.

He told of neighbors who had nothing left to eat except flour and the two or three eggs the hens were still laying daily. With cream 17 cents a pound and eggs 8 cents a dozen, what little produce they did get would not buy groceries.

As a result of these articles, Farmers Union members in other States—Minnesota, Iowa, Wisconsin, Nebraska, Idaho, and the eastern part of the Dakotas—gathered clothing, potatoes, vegetables, and fruits to send to their stricken brothers. The help of the churches was enlisted. Over a hundred cars were shipped, some through the Red Cross so as to get free freight, but on other shipments employees of the Farmers Union Business Activities and the State office donated 10 percent of their salaries and more to pay freight. Many of the farmers in the drought area did not want to dispose of their cars and radios to qualify for Red Cross aid even though they had no food.

This relief was granted to members of the Farmers Union and nonmembers alike, but two additional aids were made available to union members—$25,000 worth of turkey feed was loaned to farmers on the conditions that they market their turkeys cooperatively.

Milling machinery was sent to Williston and set up to grind whole-wheat flour for distribution among Farmers Union members through their locals. The Farmers Union Terminal Association, the Farmers Union Central Exchange, the Farmers Union Livestock Commission all spent $45,000 of their earnings, shipping in enough wheat for 15,000 barrels of flour. In charge of this small mill was a young man named Glenn Talbott.

Naturally the fact that Farmers Union locals had free flour to distribute encouraged farmers to join—but more important than that was the demonstration of the spirit of helpfulness and the broader values of the cooperative effort. The relief which the Farmers Union put into the drought area has proven the best investment that the business activities have made—not merely in added volume but, more important, in the development of a loyal and understanding membership that is leading the march toward building economic democracy.

It was this material assistance in time of need that prompted the Williston Chamber of Commerce to send the following wire to the Farmers Union convention in 1931:

"You are answering the prayer 'Give us this day our daily bread' in the spirit of the Lord, which gives evidence of splendid magnanimous leadership whose hearts are not lost in greed and selfishness. You are not asking others to do it but you are setting an example for others to follow. We hail and salute you."

Finally other agencies were aroused. The Red Cross made surveys that showed conditions were worse than first pictured. The State governments which had first said that the counties could care for themselves, saw the magnitude of the task. Finally, the Federal Government stepped into the picture with the various types of farm relief and drought aid.

When the Government agencies began to accept the responsibility to see that none should starve, the task of the Farmers Union ceased to be one of distributing aid to become one of making known the needs and wants of the farmers, at Bismarck and in Washington—in shaping remedial farm legislation and forever watching its administration. More than that, however, the union bolstered the fagging morale of the heartbroken people who year after year saw their labors go to naught in the onslaught of nature's drought and man's depression. The union gave them hope, a means through which they could discuss their problems together and then make their organized voice heard—a school where necessity taught them that they must cooperate and showed them the only ray of hope on the dust-blown horizon of their meager lives. Government relief at its very best is not conducive to maintaining the morale and self-respecting spirit of those who must accept it.

ORGANIZATIONAL PROGRESS

It was during those days of drought and collapse that the Farmers Union took to the air regularly with radio broadcasts. At every State convention since 1929 the principal addresses were broadcast, but in 1931 the North Dakota Farmers Union began a weekly 15-minute broadcast over KFYR, Bismarck, every Monday evening. C. C. Talbott, or some of the leaders from St. Paul, drove the 200-mile round trip from Jamestown to Bismarck many a Monday evening to give the people an account of what was happening in drought relief, or what was happening at Washington. At other times the vice president, Walter Maddock, or some other leader, already in Bismarck, spoke on the program.

Through the years the radio program has been a uniting force within the union, informing members and nonmembers quickly on the issues of the day. Today with a full-time staff and a daily program, it contributes much to effective activity.

At the 1931 convention at Bismarck the Northwest legislative fund was started. Because of the heavy cares President Talbott had carried, fighting for desperate farmers' needs, one delegate proposed that the convention raise a fund to send him out of the State for a vacation for a couple of months. Talbott stated that if they wanted to raise any money he would use it to better advantage than traveling in Europe, that he would take a "vacation" in Washington while Congress was in session and try to put over the Farmers Union program. In quick order over $500 was raised—with drought and 60-cent wheat, that represented a lot of money.

Talbott had been in Washington before, and contributions had been made for legislative work of the old Corn Belt committee—but this was the beginning of the Northwest Farmers Union legislative fund, raised annually to send and keep the Northwest Legislative Committee in Washington as often and as long as needed. In 1940 the Northwest legislative fund became the national budget fund. Farmers Union locals and cooperatives all over the country contribute to the maintenance of a full-time office and staff in Washington and other activities the national dues will not cover. North Dakota still provides the largest share of contributions.

In early years of the union names of members who failed to pay their dues were not removed from the records. Thus in 1929 we find out of a membership listed as 26,763, only 14,642 paid dues and were in good standing.

Mr. LANGER. Mr. President, I ask that chapter V, entitled "The Bottom,"

including articles entitled "State Legislation," "Birth of the New Deal," "Federal Farm Aids," "Aid in Building Co-ops," "Other Progress," and "Progress in Junior Work," beginning on page 57 and ending on page 69, be printed at this point in my remarks.

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

V. THE BOTTOM

Drastic situations demand drastic actions. The crisis in 1932 made the times which the farmer thought were hard look good by comparison. The nearest this Nation ever came to revolution was manifest in the Farm Belt that year.

Low prices and drought in many sections (though the State as a whole had a good crop in 1932) brought many problems, but the biggest one was debt. It was debt that was forcing farmers off their farms and taking away their stock, their machinery, and even their household goods.

STATE LEGISLATION

The Farmers Union sponsored three initiated measures at the primaries that year—one eventually prohibiting corporation farming, another outlawing crop mortgages, and a third providing a moratorium on all farm debts for 3 years.

The biggest fight was over the moratorium, which at that time was indeed a radical proposal. It was defeated in the primary election, and again in the fall, both by narrow margins, but it was only a few months until a moratorium on farm evictions because of nonpayment of debt was instituted first by gubernatorial proclamation and then by State legislation. Its constitutionality was eventually upheld by the Supreme Court of the United States.

As in the case of loans on farm-stored wheat, the first Farmers Union attempt to secure a moratorium failed, but the principles later succeeded.

A year or so later Congress passed the Frazier-Lemke Moratorium Act, which gave farmers a special form of bankruptcy under which they could have 5 years to pay their debts on the basis of a scaled-down agreement reached with their creditors.

Later this procedure was made the basis for solicitation by racketeering lawyers, but in the thirties it aided many farmers to keep their homes.

As early as 1929 and 1930 farmers began to think about the threat of corporation farming. They saw Tom Campbell, of Montana, backed by Wall Street money, lease thousands of acres and hire migratory workers a couple of months out of the year to put in and harvest a wheat crop with big machinery. They saw land companies being formed in Kansas, one of which employed 12 men to farm an area that formerly supported 53 farm families. (One of these companies, Wheat Farming Corp., issued more than $2,400,000 capital stock to over a thousand purchasers, who recovered less than 10 cents on the dollar when its receivership was finally wound up in 1946.)

Farmers also saw insurance companies, banks, and other companies acquiring title to North Dakota farms by the thousands. The Farmers Union initiated a law requiring corporations to dispose of their land holdings 10 years after passage of the act, or 10 years after acquiring the land. The measure was adopted, but not until 9 years had passed was much heard about it. During the legislative session of 1941, however, the last chance of repeal before it became effective, 5,000 farmers marched to the State capitol and through their protests prevented otherwise certain repeal. The act was challenged in the courts, but was upheld in the State supreme court and in the United States Supreme Court. Although this law has not proven the solution to the problem of factory-type farming, it stands as a beacon light of warning against the encroachment of family-type farms by the corporations.

The ban on crop mortgages, as well as the law passed in 1937 prohibiting deficiency judgments, did much to curb the vicious practice of machinery dealers and others overselling the farmers and then taking away whatever he could acquire. Repeated attempts to repeal the antideficiency judgment law have failed, despite the fact that rulings by the Federal land bank have kept it from making loans in North Dakota because it cannot take deficiency judgments.

Negative legislation was not enough in 1932 however. The Farmers Union gave its backing to the Farm Holiday Association, which spread throughout the Midwest. It took direct action, persuading farmers to take a holiday from sending farm products to market and the sheriffs to take a holiday from executing foreclosures. The farmers' strike did not produce a rise in prices, but the demonstrations of farmers did vividly focus attention on the militant mood of farmers in their desperation. The Farm Holiday Association was more successful in getting foreclosures and eviction proceedings stopped or "persuading" would-be bidders not to bid at foreclosure sales than in withholding products from market.

BIRTH OF THE NEW DEAL

The year 1932 was also election year—and a change was a foregone conclusion. Candidate Roosevelt had promised farmers that if their organizations would get together on a farm program he would support it. While supporters and opponents of the Federal Farm Board still argued its merits they generally agreed that something more drastic than appeals to voluntarily curtail production was needed. The domestic allotment plan was the most popular proposal then talked. Under it, each farmer would be alloted his share of the production which could be sold on the domestic market, provided he would agree to cut his acreage.

March 4, 1933 marked the beginning of a new chapter in the Nation's history. That was the day President Roosevelt was inaugurated and declared the bank holiday, closing all banks in order to stop the runs that were causing banks to succumb like flies. On that same day in Bismarck, the State legislature began its final "day," which lasted the better part of a week, struggling to pare appropriations still further. The legislators took time out to listen to a Communist-led demonstration of farmers demanding relief by direct action.

These were perilous days in the spring of 1933. The new President called Congress into immediate session for the express purpose of adopting a farm program. While all farm organizations had agreed on the general program which was to result in the Agricultural Adjustment Act, the Farmers Union in the Northwest States led the fight for the domestic allotment, benefit payments, and processing tax features of the act as finally adopted. The act included amendments prohibiting delivery of grain on which storage tickets had been made, protection for premiums for protein content, and providing for advances in benefit payments against farm-stored wheat.

At the insistence of the Farmers Union, bonus payments to allotment signers were made on the basis of acreage seed rather than harvested acreage. That meant farmers who suffered crop failure in 1933—and that included most of them—would at least receive allotment checks. This was the first step toward crop insurance, very limited indeed, but recognition of a principle.

During the same emergency session in the spring of 1933, the Farmers Union intensified its fight for debt adjustment and refinancing. Instead of the 1½ percent interest sought under Senator Frazier's bill permitting the issuance of money based on farm mortgages the Government took over, we got the Farm Credit Act which permitted the Federal land bank to take over the bulk of farm mortgages. Thus the private loaning agencies were bailed out. Interest rates to farmers were reduced from the prevailing 6 percent to 4½ percent.

Throughout this period the fine dust of drought and crop failure filtered into every thought and every act of the farmers. AAA and foreclosure moratoriums were designed to deal with the price depression. They could not produce crops. Rains failed to come year after year. The black blizzards of dust storm blew tons of the finest topsoil away forever. Grasshoppers and rust took whatever grain did grow.

In 1931 and 1932, when the Farmers Union provided drought relief in a few counties and the Federal Government finally began making feed and seed loans (mortgaging the barnyards, of course), we thought we had reached our limit. But by 1933 farmers could not even provide collateral for feed and seed loans. The drought had spread throughout the Middle West. In 1934, it was even worse. Not even Russian thistles grew that year.

This was the era when the eastern writers visited the State and wrote about the Dust Bowl and the return of the great American desert. The Fargo Forum reprinted a picture of the steer's skull on the prairie, which eastern papers said had been the site of the State capitol building. The Forum proved it was a fake, but plenty of farmers could tell eastern writers that cattle had starved to death and that post-mortems showed their stomachs filled with dirt.

Farmers Union officials these days were busy indeed, fighting to get just a little more for the farmers.

FEDERAL FARM AIDS

President C. C. Talbott and other members of the Northwest Legislative Committee were often in Washington, pleading for this administrative ruling or that—waiver of renewals on seed and feed loans, feed loans for turkeys, a processing tax on rye, and many others. Sometimes they accomplished part of what they were after, often they failed. Thatcher was in the National Capital all of the time, as Washington representative of the Farmers National Grain Corp.—so the Farmers Union was constantly in touch with the rapid developments.

When it became apparent in 1934 that many cattle would starve, the Farmers Union committee supported a bill which appropriated funds for the purchase of a surplus cattle, but only three-fifths as much as the Farmers Union asked for was finally appropriated. Consequently farmers were paid from $12 to $20 per head. Of this the farmer got $6. The rest went to the mortgage holder. There was much criticism of the program, but had not the Farmers Union been on the job, there would have been no program at all.

A more far-reaching program of farm relief was the Resettlement Administration, organized in 1934. Its purpose, as its name implied, was to assist farmers with land which had dried out or been blown out, to reestablish themselves on more productive farms. Loans were also to be made to help farmers get the equipment and stock they needed to make a go of the farm they already lived on. Before the loaning program really got under way, the Resettlement Administration was given the tremendous job of distributing the monthly relief grant checks. These checks were the only thing between thousands of North Dakota farmers and starvation. In some counties, at one time, 85 percent of the farmers were receiving relief grants.

Because Rural Resettlement Administration experimented with cooperative farming

and because it was headed by a man who had been a university professor, it was bitterly attacked from the very start.

The Farmers Union had vigorously supported the program of Resettlement Administration from the beginning, and several of its leaders were given the responsibility of administering its program. E. E. Greene, State secretary, went to Lincoln, Nebr., to work with Cal Ward, who left the presidency of the Kansas Farmers Union to become its regional administrator.

In the years to come the Farmers Union—and the union alone—was to save Resettlement more than once. Indeed, in one instance Resettlement could be saved only by changing its name to Farm Security Administration. The story of that move should wait for a later chapter, which will include something of the achievements of FSA in enabling submerger farmers to become good, self-sustaining farm operators, contributing their full share to producing food.

AID IN BUILDING COOPERATIVES

Besides assisting individual farmers on their own farms, Resettlement Administration early recognized that one of the best ways to help destitute farmers was to help them build marketing machinery that would give them more for what they produced—cooperative marketing. Out of its experience with turkey marketing, the Farmers Union believed that the development of poultry raising in northwestern North Dakota and northeastern Montana would do much to give that drought-stricken area another source of income.

The first cooperative loan made by Resettlement Administration was to the Farmers Union Cooperative Association, organized at Williston and Minot to provide complete poultry service—hatchery, feed mixing and distribution, egg-marketing facilities, and poultry-processing facilities. In this first venture of its kind mistakes were made. The two plants, one purchased at Williston and one built at Minot, were too large to start with, designed to serve 30,000 farmers. Experts were brought in from the outside to manage the plants who did not prove as capable as they should. But the biggest reason for the lack of success was the continued crop failures which made it impossible to produce the volume and size of the investment demanded.

And yet out of the struggle of the years that followed came the very successful Farmers Union Grain & Supply Co. Frozen food lockers and seed distribution (including the purchase of one of the largest private seed houses in the Northwest) were added. The Farmers Union Grain Terminal Association supplied the capital with which to pay off the Government loan, capital soon repaid out of earnings. The Federal Government lost some money, but no more than on many of its loans to private banks and corporations. And out of this experience it learned better ways to make loans to individual farmers to build their cooperatives. And farmers of North Dakota and Montana got their cooperative poultry plant that added hundreds of thousands of dollars to their incomes.

Commercial balanced rations and purebred flocks of chickens were almost unheard of in this area until the Farmers Union came into the picture.

The Farmers Union entered the turkey-marketing business in 1931 when the first turkey-marketing pools were established, but the man from Chicago placed in charge of selling the birds when they arrived on the market place proved to be a better promoter than a turkey salesman. When the birds arrived they were green struck, having been improperly cooled.

The following year, however, Federal grading of turkeys was introduced to the Chicago poultry market by the Farmers Union. Despite the fiasco of the first year and the headaches turkey marketing caused in years since, the Farmers Union turkey-marketing program has saved untold thousands of dollars to all turkey growers in the State, whether they ever marketed a bird through the Farmers Union or not. Within 2 years turkey growers throughout the State found buyers' margins reduced, free picking and "dividends" or "second payments" offered by old-line companies, express rates reduced sharply, and weight qualifications eliminated entirely. Where Farmers Union turkey pools operated, all buyers paid 7 or 8 cents a pound more than in towns only 20 miles away where there was no co-op competition.

OTHER PROGRESS

Volume of Farmers Union elevators and livestock shipping associations continued to decline, because farmers were not producing as much grain and livestock. But they were still planting with hope, using seed loans and relief checks. That meant they were using gasoline and oil. So the volume of the purchasing co-ops, the Farmers Union Oil Companies continued to grow. By 1932 the Farmers Union Oil Companies became the second largest distributor in the State, a position it has held ever since. (Standard Oil, in first place, has several times as many outlets as the 114 local Farmers Union oil cooperatives.) In 1932 the central exchange directors began to talk about building an oil compounding plant to make further savings and to make possible absolute control of the quality. In October 1934 work was started on the first central exchange building at South St. Paul, which embodied not only the oil-blending plant but also a warehouse and offices. At the time it was completed the exchange building was considered a great achievement, but it was outgrown in a few short years. The two additions made since that time make the original part of the present structure quite small, but that is an old story in the Farmers Union. Growth has been faster than anybody believed possible.

A notable development in 1935 was the introduction of the co-op tractor, which was several years ahead in design. It was made for National Cooperatives, Inc., a federation of a number of regional consumer wholesales.

In October 1935 the public stockyards at West Fargo opened with the Farmers Union Livestock Commission Co., one of the leading commission firms operating there. The bringing of the competitive livestock market into North Dakota meant that the packing house at West Fargo (which you will recall was built by the farmers in the old Equity movement and sold to Armour) would have to compete with buyers from the East.

Although the $3.50 for Farmers Union dues was spent for the children's shoes or for flour in too many farm families these trying days, the educational program of the Union kept growing. Several thousand—between five and eight thousand in the years 1932 through 1935—paid their dues "out of their heads, not out of their pockets" as the elder Talbott often put it. Once he borrowed on his life-insurance policy to pay office expenses. When the State board decided that there was not enough money to continue junior work, the assistant secretary, Mrs. Mary Greene offered to share her salary with the State junior leader, Mrs. Gladys Edwards. Somehow the way was found to keep the work of the union going, although salary checks were ofttimes months overdue, and not very big or numerous either.

In 1933 arrangements were made with the Capital Publishing Co. of Bismarck to publish a weekly page of Farmers Union information for adults and juniors in the ready-print syndicate which was used by over 50 weekly papers of the State. The weekly radio program, of course, gave another opportunity for the North Dakota Farmers Union to present vital issues to nonmembers as well as members.

Although the Farmers Union Herald was widely circulated, State and local activities of the union were becoming so numerous that a State paper was needed. The junior department had mimeographed lessons and sent them out and out of them had come a mimeographed paper, Union Junior. Finally, in April 1934 the first issue of the North Dakota Union Farmer, a semimonthly publication, came off the press, with all members of the staff—President, Talbott, Secretary Greene, Mrs. Greene, and Mrs. Edwards helping edit it.

PROGRESS IN JUNIOR WORK

Nineteen hundred and thirty-four was notable for another reason too—the first Farmers Union junior camp was held at Spiritwood Lake. Although 1934 was a drought year, it managed to rain and blow during the 5 nights and 4 days during the camp session. But despite the blowing down of tents and other inconveniences the 98 juniors and 30 leaders and staff members demonstrated the worth-whileness of getting together for concentrated study and fun. Later that summer a similar camp was held in eastern Montana for western North Dakota and Montana juniors.

In 1934, too, the junior department added a field worker, Mary Jo Weiler, herself a junior of Ransom County. Miss Weiler had the year previous, been the winner of a 4-minute speech contest at the State convention. Four-minute speeches were suggested by President Talbott after he had been given just 4 minutes to state the case for farmers to a Republican national convention platform committee. He decided that Farmers Union young people should be trained to express themselves concisely. In 1935, after it was decided that competitive contests were hardly in keeping with the cooperative ideal, the 4-minute speech was made the basis of the minuteman project. Here achievement based on satisfactory presentation of several speeches, rather than competition with others, is the basis of award.

One of the problems which faced farm youth was their inability to continue their education beyond the eighth grade. There are always many farm boys and girls who cannot go to high school, but in the hard times of the thirties, the percentage was higher than usual. Mrs. Jerome Evanson, then living on a Nelson County farm and county junior leader, proposed at the 1934 State convention that State-financed high-school correspondence courses be offered through the FDAC. That proposal was adopted as a resolution and a bill was drafted by the Farmers Union and submitted to the 1935 session of the State legislature, which, after some revision, adopted it. Where able, pupils were to keep on attending the rural school after completing the eighth grade so their correspondence work might be supervised by the teacher.

The correspondence study work has been a boon to handicapped pupils who could not go to high school. It has helped small high schools enlarge the number of courses of study they offered. The primary reason for its enactment was the fact that thousands of pupils could not afford to pay room and board in town or for gasoline to get to town even if they could be spared from home. And, of course, during these years, few farmers could afford to hire help, even though it was available for $15 or $20 a month, plus board and room. In 1946–47, 3,007 students completed 6,731 courses in the division of supervised study.

Another step forward in education was taken when the first Farmers Union college local was organized at the North Dakota Agricultural College by Farmers Union students. Besides giving these farm youths continued contact with their organization while going to college, the college local has proven very valuable in presenting the views

of the State's farm organization at the agricultural college.

Topics for junior work in these years included World Peace and Men and Machines and Money and Credit. The national junior advisory committee, made up of the State leaders, chose subjects on which material was readily available, because they had no funds to prepare strictly Farmers Union material as today. Nevertheless, the junior work during these and later years was laying foundations. It was sometimes called the paper-doll department. In 1912, however, one high Farmers Union official told a group of leaders debating educational funds from the regionals that "the paper-doll department poured the concrete foundation under the great regional cooperatives of the Northwest."

Mr. LANGER. Mr. President, we come now to chapter VI, entitled "The Transition," starting with January 6, 1936. I ask that that chapter, which includes articles entitled "State Legislation" and "Cooperative Education," the chapter beginning on page 71 and ending on page 81, be printed in the RECORD, at this point in my remarks.

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

VI. THE TRANSITION

January 6, 1936, was an important date for the farmers of the Nation. On that day the United States Supreme Court, by a vote of 6 to 3, declared the AAA, with its processing tax, unconstitutional.

All the gains, practically, made by farmers since 1933 were wiped out by the decision of the court. The storm had been brewing for many months. The millers, the processors, the textile manufacturers, and the packers had, of course, fought the program since its passage. They particularly fought the processing tax which they collected and passed on to the consumer. It was the processing tax which financed the payment of a billion and a half dollars to farmers in two and a half years. But the court had decided tax was levied on all consumers for the benefit of a certain group of producers and therefore unconstitutional as class legislation.

What the food and cotton processors had failed to accomplish in Congress they had succeeded through the courts. The May previous, 4500 farmers from 36 States had marched on Washington for the biggest farmers' demonstration the Nation's capital had seen, in support of the AAA program financed by processing taxes, with marketing quotas to restrict production where necessary. C. C. Talbott and other Farmers Union leaders from the Northwest were there, although the then officials of the National Farmers Union fought the AAA just as they had the Federal Farm Board.

The State Farmers Unions represented on the Northwest legislative committee, however, supported the AAA as they had the Federal Farm Board. They assumed this was the best they could obtain, while working for additional amendments and new legislation.

Indeed, in the late winter and spring of 1935 the Northwest legislative committee spent nearly 3 months in Washington, meeting almost daily with Members of Congress and with officials of the Department of Agriculture.

They sought an application of the AAA program to rye, barley, and flax as well as several corrective amendments to strengthen cooperative marketing and give producers the full benefits intended. The court decision knocked out the whole law before any of the amendments could be adopted. A workable dairy program was also the subject of much discussion and investigation.

As is always the case, a good share of the legislative work consisted in fighting off bad legislation and in improving administration of laws that were intended to help. For instance, by requiring farmers to give new mortgages on everything they had to get new seed and feed loans in 1935, field administrators made it impossible for merchants to extend credit for other needed purchases. When the Farmers Union took up that in Washington with the proper officials, that practice was stopped.

The northwest group worked with National Farmers Union officials on two major proposals—the Frazier-Lemke refinance bill and various cost-of-production bills. The Frazier-Lemke refinance bill proposed making loans to farmers at 1½ percent interest and 1½ percent amortization of principal. The Government was to get the money by printing additional currency. Though this bill was up before several sessions, it was finally brought to a vote in the House in May 1937, and defeated.

This refinancing bill should not be confused with the Frazier-Lemke Moratorium Act, the amendment to the bankruptcy law, which was first passed in 1934, declared unconstitutional in the Supreme Court in 1935 and again passed in a form meeting the Court's objection. This act was finally declared constitutional by the Supreme Court in 1937, after lower courts had again thrown it out.

The other proposal came before Congress in several forms—a bill to guarantee farmers cost of production by fixing the price of farm products by law. Out of the administrative experience gained under AAA, it later became apparent that outright price fixing would require a degree of regimentation and control beyond what the farmers and the rest of the Nation were willing to accept. The battle over cost of production was destined to become a heated one within the Farmers Union the next 2 or 3 years.

To replace the AAA's processing tax and production-control features declared unconstitutional by the Supreme Court, Congress hastily enacted the soil conservation bill which proposed payments out of the Federal Treasury to farmers in return for preservation and improvement of the soil—including planting more soil-building crops and less soil-depleting crops, as well as practicing other soil-conserving practices. The soil-depleting crops were, of course, the crops of which there was a surplus—wheat, corn, cotton, etc. About the same total funds were paid to the farmers. They came out of general appropriations, instead of from processing taxes which were added directly to the prices consumers paid. But the new law satisfied the Court's objection to special taxes for the special benefit of a special group.

Soil conservation was provided for as a minor objective under the original AAA, but after the Supreme Court upset it became the prime objective of the new program. Of course, in the first years of soil conservation, it ofttimes seemed as though getting the benefits into the hands of the farmers was more important than the actual benefits to the soil.

But each year more and more emphasis was placed on performance of building and saving the soil because drought years demonstrated that the Nation could ill-afford to lose this irreplaceable natural resource.

At the request of the administration, the Farmers Union participated in a conference of all farm organizations in Washington, called to consider measures to replace the AAA. The stop-gap bill as it was passed, however, was the work of the Department of Agriculture. The farm leaders were scarcely consulted.

While the Farmers Union worked with other farm groups on soil conservation legislation, it alone can take sole credit for pushing through another bill during 1936. That is the Commodity Exchange Act, which, among other things, prohibits any commodity exchange from discriminating against any cooperative marketing agency by withholding membership or the privilege to buy and sell on the floor of the exchange. Passage of this act ended a fight of farmers of a quarter century to secure the right of their cooperatives to trade where actual market prices were made. We have seen that one of the greatest obstacles to the success of the Equity Exchange was its denial of membership in the Minneapolis Chamber of Commerce by the private grain trade. Bill Thatcher had been in the fight in those days, and when he went to Washington he began to work for Federal legislation which would compel private grain traders to allow competition from farmer-owned marketing agencies. It took him 4 years, backed by letters and resolutions by Farmers Union folks back home, to convert enough Senators and Representatives to carry the bill through.

The Commodity Exchange Act carried other important provisions, too, eliminating various fraudulent practices, curbing speculation in foodstuffs, and putting the commodity exchanges "in a goldfish bowl," so to speak. There farmers and the public could see what was going on in the public markets, where the prices of grain, cotton, butter, eggs, potatoes, and so forth, were determined. The commission merchants and private dealers cried that the bill would ruin them and close the commodity exchange—but 11 years later they are still operating, even though they are not quite as good gambling dens as they once were.

At the same session, 1936, the House, as it was often to do in later years, failed to make any appropriations for caring for destitute farmers through the Rural Resettlement and Rehabilitation Administration. And the Farmers Union representatives in Washington, as in years to come, persuaded the Senate to insert appropriations for the only agency designed to help the down-and-out farmer, who could not qualify for a loan from Farm Credit Administration. At the beginning of 1937, the Resettlement Administration was transferred to the Department of Agriculture from the Works Projects Administration. A little later its name was changed to Farm Security Administration, which, as Henry Wallace then said, was a much more accurate description of its purpose and function. When legislation was adopted in 1946 making the agency permanent, rather than a creature of executive order, the name was again changed to Farmers Home Administration.

The third measure supported by the Farmers Union was a law imposing higher tariff levies on importation of foreign oil and fats competing with flax and domestic oils.

Throughout the 3 or 4 years of the New Deal farm program, the Farmers Union had been talking about crop insurance—some protection for the farmer in years of crop failure. The benefit payments, which were paid whether the crop matured or not, gave a small measure of protection against crop failure. Perhaps because of the experience with State hail insurance in North Dakota, Farmers Union people in the Northwest were more enthusiastic about real crop insurance, whereby a farmer might pay a premium based on his historic yield and receive in return protection against all hazards up to 75 percent of his normal yield. When the premium and the claims were made payable in wheat instead of a fixed sum of cash, the crop insurance program became even more attractive.

Early in 1937 the time had come to move, and the legislative energies of the Farmers Union was thrown behind the drive to enact the Crop Insurance Act in Congress. It passed the Senate, but was not finally adopt-

ed until 1938 as part of the new Agricultural Adjustment Act. After its enactment, weaknesses and defects appeared in its administration—as is so often the case with good legislation. The Farmers Union sought to correct these defects by amendment, but before that could be accomplished an economy-minded Congress refused appropriations for the Crop Insurance Corporation on the ground that the administrative costs and loss benefits exceeded the premium income. Since no private insurance company could possibly offer this kind of insurance, the Farmers Union held that the administrative expense should be borne out of the Treasury as a part of the total program for a healthy agriculture. In 1943 crop insurance was revived and extended to several other crops, on an experimental basis, in addition to wheat and cotton. The individual contracts offered, however, were somewhat less liberal than the original crop insurance program.

During this period the Farmers Union was also concerned with the Supreme Court fight, precipitated by President Roosevelt's request that the Court be enlarged and some of the older justices retired. This was the issue which split the liberal forces right in two, but the Farmers Union leadership in the Northwest was united in supporting the President's demand that the Court be modernized. The way it had thrown out the AAA, the first Frazier-Lemke moratorium bill, and other progressive legislation had made the Supreme Court, as it existed then, another obstacle to farmers' attempts to secure badly needed relief.

STATE LEGISLATION

At the State level, the legislative work of the Farmers Union was centered on enacting a law prohibiting deficiency judgments, another providing the teaching of cooperative marketing in high schools, and a third making military training optional instead of compulsory at the university and agricultural colleges. The antideficiency judgment law did away with the nefarious practice of mortgage holders not only foreclosing the mortgaged property, but also taking a judgment if the foreclosed property did not sell for the amount of the debt. (In a period of deflation, often the judgment put the debtor under bondage the rest of his life.) Under the new law, it was up to the money lender not to lend more than the collateral was worth. If prices declined so much the property was not worth the debt against it, the creditor should share the loss with the debtor. This law has been bitterly attacked at practically every session since 1937, ostensibly because Federal land bank officials ruled that the land bank could make no loans under it. But the interests who sought its repeal would never be content simply with exempting Federal agencies from its provisions. They want a return to deficiency judgments. While they have not yet mustered the strength in the legislature for its repeal, they still have hopes.

In 1937 a constitutional amendment permitting a graduated land tax and homestead exemption passed the lower House but was defeated in the Senate.

COOPERATIVE EDUCATION

Although legislative developments in Washington and Bismarck were highly significant during this period, increasing attention was being given to cooperative education. Farmers Union elevators and oil companies had been started primarily because of the desperate need to increase income and decrease costs, even the few cents patronage dividend returned to the farmers. Good Farmers Union folks knew, of course, that these dividends would not alone save the farmer, although it must be reluctantly admitted that many farmers patronized Farmers Union oil companies and Farmers Union elevators solely for the nice dividend check they received at the end of the year.

Even those who recognized, however, that cooperation was more than a method of saving money and no clear-cut conception of the philosophical basis of the whole cooperative movement. But more and more the Farmers Union began to recognize itself as part of a world-wide movement ending its first century, which had as its objective nothing short of the transformation of the whole economic system.

Articles appeared in the Farmers Union press about the cooperative developments of Denmark, Sweden, Norway, and Great Britain.

Consumer cooperatives throughout the United States were beginning to aggressively publicize their philosophy and activities. It was in 1936 that Toyohiko Kagawa, Japanese evangelist and cooperative leader, made his famous tour of the United States, arousing church people to the ethical values of cooperation and stimulating cooperators to a broader outlook. He spoke to many audiences that included Farmers Union people throughout the Middle West, including Fargo and Jamestown.

In January 1936 the Farmers Union education service was set up at Jamestown, with Mrs. Edwards as director, to serve the State unions of Montana, North Dakota, Minnesota, and Wisconsin. The education service, financed by the Northwest business activities, prepared material, sold literature, and assisted in conducting conferences and camps for the four States doing what none of them could do alone. Out of the education service of these States—came the present National Farmers Union education service, with its many benefits to all Farmers Union State organizations in junior and adult education.

One of the initial projects of the education service was the first Cooperative Institute in January 1936 where 27 students, including two from Wisconsin and one from Montana, spent a month together studying the cooperative movement. Among that group are several who are now active county and cooperative officials or in full-time Farmers Union work, including Richard C. Joyce, director of cooperatives; Mamie Roos, assistant State junior leader; and Guy Knobel, manager of the Billings branch of the Farmers Union Livestock Commission Co.

Joining in sponsorship with the Farmers Union education service was the Northern States Cooperative League, an educational federation of consumer cooperatives in the Northwest States affiliated with Central Cooperative Wholesale at Minneapolis and the Farmers Union Central Exchange. The Northern States League was later disbanded as each wholesale developed its own educational programs.

During this institute and the other 4-week cooperative institutes which were held, up until the beginning of the war, particular stress was placed on the consumer cooperative philosophy. We are all consumers. When we organize as consumers to supply ourselves with what we need we are laying the basis for a system, where abundance for all replaces a system where various producer groups clash with each other, to secure the biggest share of what is produced. While a consumer-oriented society is undoubtedly the goal toward which an economy of abundance must move, we still live in a scarcity-economy where the class interest of each producer group—farmers, workers, industrialists, etc., must be protected if each is to survive. For that reason the Farmers Union program has been looked upon with less than enthusiastic approval by the consumer cooperative purists who are primarily idealists. Nevertheless, in the actual building of cooperatives serving consumer needs, the Farmers Union in North Dakota can match any group in North America.

In January 1936, Dick Joyce, then working in the LaMoure Farmers Union Oil Co., but soon to become assistant State secretary, appeared on the town meeting of the air broadcast from New York City. He received his invitation to fly to New York (expenses paid) as a result of a letter he had written commenting on one of the earlier broadcasts.

Indeed, North Dakota Farmers Union juniors and adults received recognition by several outside organizations. They participated in the antiwar congress and other peace movements. Two juniors, Arthur Link and Walter Fiedler, both to become county presidents and cooperative officials, were given scholarships to Brookwood Labor College and Henry Richardson and Myrtle Book 10-week scholarships to Ashland Folk School. Others attended various sessions of the American Youth Congress.

Sale of "peace bonds" and securing of pledges not to participate in war, were part of the antiwar activities in which the Farmers Union actively participated, particularly the juniors. This was the period, too, when an antiwar speaker was refused access to the North Dakota Agricultural College campus at the behest of American Legion officials, and his meeting, sponsored by several Fargo ministers and agricultural college students, was held across the street at the YMCA building. The speaker was Waldo McNutt, now president of the eastern division of the Farmers Union.

Several changes were made in the State office personnel. Morris Erickson, youthful school teacher from Williams County, took E. E. Greene's place as State secretary when Mr. Greene went to Lincoln with Resettlement Administration. Dick Joyce replaced Mrs. Greene as assistant secretary. Mary Jo Weiler became junior leader when Mrs. Edwards became director of the education service.

It was in 1936 when Bertram Fowler's new book, Consumer Cooperation in America, Democracy's Way Out, first popular survey of co-ops throughout the country, had this to say about the educational program of the North Dakota Farmers Union:

"Within the Farmers Union movement in North Dakota there is a real educational program for youth. In the townships all over the State the children are being brought together and educated along cooperative lines. These children are trained to think for themselves. And they are ready to think, this generation of boys and girls who have watched their homes and lands slip away from them as an economy based on profit-making shaved the farm income thinner and thinner. These children of North Dakota are being raised on cooperation. The Farmers Union has worked out a plan of education by which the children are trained to sell the idea of cooperation to their parents. They are trained in basic economics and drilled in the cooperative philosophy. As a result, these youngsters are being heard from in community gatherings. They know their economics and are not backward in stating what they think and know. The program of youth education is pushing the cooperative organization of North Dakota faster than any other single factor."

In the development of cooperatives this period was one of expansion into new fields. At Casselton the first co-op cold-storage locker plant, indeed the first frozen-food locker system in the State, was organized. Farmers Union stores were established at Embden and Alice, also in Cass County. These eastern North Dakota communities could secure "Co-op" brand groceries from the Central Cooperative Wholesale at Superior, Wis., at prices which could match competition, but freight rates made it practically prohibitive for most of the State to be supplied by the Superior or Twin City sources of co-op goods. Thus development of cooperatives stores was slow.

At Devils Lake work on the Farmers Union creamery was begun with the aid of a loan from the Resettlement Administration. At Williston the Farmers Union Oil Co. offered full garage services, including an agency for a medium-price car. Because most of its members wanted a lower-priced car, the agency was discontinued a little later, but repair service is still maintained.

Mr. LANGER. Mr. President, we now come to chapter VII, entitled "Change and Growth," which deals partly with E. H. Everson, of South Dakota, who is president of the Farmers Union. He is the man who was mentioned by the junior Senator from South Dakota [Mr. MUNDT] a while ago. I ask unanimous consent that that chapter, including the article entitled "Farm Act of 1938," the article entitled "Income Certificate Proposal," an article entitled "The Battle for Debt Adjustment," and other articles, entitled "Other Legislative Action," "State Legislative Action," "Cooperation," "Ten-Year Savings in Oil," "Spectacular Growth in Grain Marketing," "Turkey Marketing," "A Sound Insurance Program," "Credit Unions," and "Education and Organization," be printed at this point in my remarks.

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

VII. CHANGE AND GROWTH

Movements built around the dynamic leadership of a man sometimes decline when that individual passes from the scene. That was true in Iowa when the membership of the Farmers Union became a mere shadow of itself after the death of Milo Reno, and in Kansas after the death of John Trombull.

Thus when C. C. Talbott succumbed on April 8, 1937, following an auto accident 10 days earlier, many Farmers Union members felt that the cause for which he literally gave his life would be lost. Widely called Charley, he had been the first and only president of the North Dakota Farmers Union. There were other outstanding leaders in the Northwest and potential leaders in North Dakota, but C. C. was the sparkplug which had given the union its tremendous drive, all out of proportion to its size.

The elder Talbott was fatally injured in an automobile accident which occurred en route to Bismarck to make one of his frequent radio talks, this one upholding the President's plan to reorganize the Supreme Court. Had his health been as vigorous as when he had begun the grueling grind and tremendous strain of the militant battle of farm organization work, he might have recovered.

Truly, however, C. C. Talbott's death proved the statement in the Farmers Union creed that the union is greater than any man in it.

The times demanded that the Farmers Union go forward; and the union was prepared for its era of greatest expansion—in membership, in cooperation, in legislative influence, and in building greater understanding.

The union was prepared because a foundation of understanding had been laid. In the locals and through the camps and other educational projects, enough members had gained the conception of the kind of organization that was needed to carry on in a period of reaction. Without the educational program it is doubtful that any new leader, however competent, could have maintained the effectiveness and unity of the union after the loss of a leader who led as vigorously as C. C. Talbott.

In that education program we include junior work. We would not imply that the juniors were responsible for an effective organization although they did their share. You cannot bring understanding to young people, however, without the older ones in the local sharing it as well. The leaders who led the juniors, in particular, were themselves learning.

Alex Lind, as vice president, became acting president and served from April to October when Glenn J. Talbott was elected president by the State convention. Lind refused to be considered for the post. Glenn, son of Charles, had been a fieldman for the Farmers Union Terminal Association and had already made a name for himself in North Dakota and in other States as a speaker and as a clear thinker on farm problems.

During the few months of Lind's administration the chief problem was the inadequacy of relief in the western half of the State where the drought still persisted, and the vicious policy of seed loan collection which left nothing for farmers to live on where there was a crop. Lind called a meeting of Midwest Farmers Union State presidents at Aberdeen and out of the demands for more drought relief voiced at that conference, came a change for the better.

During these days the National Farmers Union was undergoing an upheaval that was eventually to result in a more united national farm organization than for many years. At the 1936 convention, National Secretary E. E. Kennedy, supporter of the Coughlin-Lemke Union Party, was ousted by one vote and C. C. Talbot elected to the national board. (He had been on the national board before but had retired when the forces opposed to cooperatives and to working with Federal farm programs gained complete control of the National.) In 1937 the victory of the pro-cooperative forces was completed with the election of John Vesecky of Kansas to succeed E. H. Everson of South Dakota as president.

Meantime Morris Erickson was appointed to fill the place of Charles Talbott on the national board. He was probably the youngest man ever to sit on the National Farmers Union board, being but 27 at the time.

The National Farmers Union was still a loose federation of State organizations, each pretty much with its own program. But at least a start had been made toward building a national voice which could speak for Farmers Union members everywhere. It took the war years and the adoption of the new constitution in 1946 to weld the Farmers Union into a truly united union of farmers, instead of a federation of State groups.

During the 3 years of Mr. Vesecky's presidency, the National Union slowly regained the prestige it had lost during the years it had been torn by internal dissension over farm policy and the Coughlin-Lemke political demagoguery. The National organization has always lacked finance, but with only 25 cent dues, President Vesecky and his board could scarcely maintain a secretarial staff. On the national board were such dynamic young men as Morris Erickson, Emil Loriks, and Jim Patton. Lack of finance did not deter leaders like them from making big plans for the union. Morris was succeeded on his untimely death on the national board by Glenn Talbott. Later Ole L. Olson was elected a member from North Dakota.

When Patton was elected national president to succeed Vesecky in the fall of 1940, the National Farmers Union had a progressive, clear-cut program and had come a long ways toward being recognized as the liberal spokesman for the independent, small commercial family-type farmer.

Under Patton's aggressive, friendly leadership, the National Farmers Union gained new recognition from new quarters. Organized labor—to whom farmer-labor cooperation had largely been talk—began to see that working relations with the Farmers Union were worth cultivating. The same was true with other progressive groups—church, welfare, and educational—who worked with the Farmers Union in "areas of agreement." The revitalization of the National Farmers Union came not a whit too soon, for World War II was to bring new and difficult problems. The standing of the union increased, by reason of its integrity and devotion to the welfare of the whole Nation, far beyond its numerical strength. Had this not been so, the wartime history of the small farmer, and, indeed, of our domestic economy, might have been quite different.

One of the reasons for the favorable reputation the National Farmers Union gained in the Nation's affairs was the staff of the Washington office. It was never more than three or four, besides the stenographic help, and much of the time was only one. That one was, and is, Russell Smith, recognized as one of the top agricultural economists in the country. He was connected with the Bureau of Agricultural Economics prior to becoming legislative representative for the Farmers Union.

With the establishment of the National Farmers Union Washington office, the work of the Northwest Legislative Committee was taken over by the national union. The Northwest legislative fund, which had played so important a role in financing the wheat farmers' battles in Washington, became the National Farmers Union budget or expansion fund. Farmers of North Dakota and other States of the Northwest and their co-ops continued to contribute generously to this fund, for they realize that many of the farmers' problems in these States cannot be solved unless farmers over the entire Nation are organized.

FARM ACT OF 1938

Until 1938, practically all Federal farm legislation had been adopted on an emergency basis, designed first to alleviate the crisis of 1933 and then to replace the invalidated act in 1936. In 1937 work was begun on what was hoped would be a permanent farm program that would assure farmers a just share of the national income and provide a method for adjusting production to effective demand.

Secretary Wallace called a conference of farm leaders in Washington February 8, 1937. Here the general principles were approved of what was to become the Agricultural Adjustment Act of 1938, including the principles of an ever-normal granary, commodity loans, continuation of soil conservation, marketing quotas and agreements (where surpluses existed and where a majority of farmers wanted them), benefit payments for diversion of crops, and crop insurance.

Not all of the farm organizations and farm Congressmen were as enthusiastic about crop insurance as was the Farmers Union in the Northwest. It took all the political know-how Thatcher and other members of the Northwest Farmers Union Legislative Committee possessed to get wheat yield insurance written into the farm bill in the Senate. It had been defeated in the House, and skillful maneuvering was required to get the crop insurance provisions accepted by the conference committee.

Working with the northwest group on provisions of the new bill relating to wheat, were Farmers Union and other organization representatives from other wheat States. These forces called themselves the Wheat Conservation Conference.

In the fall of 1937, a subcommittee of the Senate Agricultural Committee held a series of hearings throughout the wheat growing States of the Midwest and Pacific Northwest. Opinion was sharply divided on two issues—whether or not there should be a compulsory crop and marketing control program, and whether there should be a minimum fixed price by legal enactment.

At Grand Forks, a few weeks after becoming president, Glenn Talbott presented testi-

mony outlining the method by which the ever-normal granary could operate to provide a minimum floor price without the regimentation outright price fixing entailed.

He proposed that storage loans be made on a percentage of parity or fair-exchange value (instead of on a guess as to what the market should be under the old farm board). Further he proposed the organization of a Federal surplus disposal corporation which would take over the grain if the market price did not reach the storage loan value and dispose of it in such a way that it did not upset the domestic market—either for export, for relief, or for feed.

The Commodity Credit Corporation, with its storage loans, which came out of Talbott's proposal, had proved to be one of the most effective devices in the whole farm program. It was authorized to make loans between 52 percent and 75 percent (later 85 percent) of parity under the 1938 Farm Act. To begin with, CCC made loans at the lower level It was never intended that the loan price alone should give the farmer parity, but that, in addition to parity and soil conservation and benefit payments, it would bring parity.

The size of the payments, however, depended on the annual appropriations made by Congress. That was, perhaps, the biggest weakness of the 1938 Farm Act. The Farmers Union had worked hard for a special tax on wheat products earmarked for payments to wheat farmers. True, the original processing tax had been declared unconstitutional, but the Supreme Court was now taking a more liberal trend. A law could undoubtedly be drafted which would meet the objections of the original AAA decision.

As usual, the new farm law was considerably less than the Farmers Union wanted. But it did contain the beginnings of crop insurance, although there were still many a battle to be fought over its administration and to improve its basic legislation. The new bill provided for commodity loans and the Commodity Credit Corporation. Its soil-conservation provisions were good. It provided marketing quotas on all farmers when two-thirds of them had voted for marketing quotas. Such referendums were to be held after the Department of Agriculture had determined the carryovers and prospective yields made a sizable surplus probable.

So the Farmers Union cooperated with the Government agencies in putting the new program into effect—and at the same time plugged all the harder for better legislation.

INCOME CERTIFICATE PROPOSAL

The income-certificate plan was the proposal made to achieve parity or cost of production, whichever was higher, on wheat, cotton, and other staples on which there was an exportable surplus. The 1938 Farm Act promised partial parity—if and when Congress made the necessary appropriations. The income-certificate plan proposed the mechanism by which parity could be assured year in and year out. It was the lineal descendant of the McNary-Haugen equalization fee, the export debenture, and domestic allotment plan—all of which were designed to provide a two-price system for the farmer—an American price for the bulk of production domestically consumed and the world price for what was exported.

Under the income certificate plan, introduced in Congress in 1939, wheat income certificates would be issued each year to participating farmers for his share of 500,000,000 bushels, normally used domestically, and 100,000,000 bushels exported. The value of the certificates were to be determined annually by a board composed of Government appointed representatives of farmers and consumers, being the difference between parity and the expected average price. Farmers were to be paid for the certificates on proof of compliance with his wheat acreage allotment. Processors would be required to buy the certificates at the rate of six bushels in certificates for every five bushels of wheat, and the funds thus paid would consitute a pool out of which farmers would be paid. The requirement that processors buy six certificates for 5 bushels was an ingenious device whereby the sixth bushel could go into the export market at the world price and the farmer would still receive a parity price for it.

Had not the European war increased the demand for wheat in 1940 and 1941, the income certificate plan would have certainly received serious consideration from Congress. Under conditions that prevailed in the postwar world there are two objections to the income certificate plan as originally contemplated. (1) Parity, as it is presently computed, is an inadequate measure of fair exchange value. (2) Dumping of exportable surpluses on the world market at whatever price they will bring will be frowned upon as detrimental to our international trade policy. The kind of program we have for wheat must depend somewhat on the kind of international machinery is set up to adjust trade between wheat-exporting and wheat-consuming nations. Nevertheless, we will undoubtedly need a wheat program when the world gets back to a normal production basis and the program devised then will probably be built on the income certificate plan, just as it was formulated out of earlier plans.

THE BATTLE FOR DEBT ADJUSTMENT

The other big legislative campaign in which the Farmers Union engaged in the pre-war years was the drive for its debt adjustment bill. In some ways the debt adjustment fight elicited more response than the income certificate campaign, because debt was a present threat, while the price of wheat was a future hope.

Ever since the initiated moratorium bill of 1932 and the Frazier-Lemke refinancing bill, the Farmers Union had been working for a scale-down of debts in keeping with the decline in land values and commodity prices. Farmers who had contracted a debt in the twenties found they had to pay the price of 2, 3, and 4 bushels of wheat for every bushel's worth of money they had borrowed. There was nothing fair about that.

The Frazier-Lemke refinance bill, with its provisions for printing money to pay off creditors, failed to pass. The Frazier-Lemke Moratorium or Bankruptcy Act could give a farmer whose assets nearly equaled his debts a breathing spell, but it could not force creditors to scale down debts. Thus the farmer who was hopelessly in debt could get no relief. This was proven when a Federal judge at Fargo threw out the petitions of a number of farmers because their assets were such a small proportion of their debts that they could not hope to pay out at the end of 3 years.

Greatest offender in foreclosing was the Federal land bank, which had bailed out private lenders and the Bank of North Dakota to such a degree in the early thirties that it was by far the biggest mortgage holder.

In 1936 part of the program of the northwest legislative committee was the adjustment of debts owed any Federal agency. This plank was included in the 1937 National Farmers Union program and amplified in 1938 with a protest against current collection and foreclosure policies. The 1937 program also recommended that all debts the farmers owed Federal agencies be consolidated into one agency. This agency was to have authority to adjust and refinance according to the productive ability of the farm.

During 1938, Thatcher, on behalf of the northwest committee, discussed the problem on several occasions with President Roosevelt. On April 25, 1939, President Roosevelt transferred Farm Credit Administration, which included the Federal Land Bank System, to the Department of Agriculture. Wholesale foreclosures by the land banks were stopped.

With this encouragement, the Farmers Union set about drafting a real debt adjustment bill. President John Vesecky appointed Thatcher, Talbott, and K. W. Hones, Wisconsin president, to do the actual drafting. Senator Wheeler introduced the bill within 6 weeks after FCA had been transferred to the Department of Agriculture.

The bill provided that when the Federal land bank foreclosed on a farm its loan would be paid off by the Federal Farm Mortgage Corporation (to protect private investors who held land-bank bonds). Then the farmer would be given 5 years moratorium during which the productive capacity of his farm would be determined. If the mortgage was greater than the farm would pay out over a long term of years, provision was made for scaling down the debt to what the farm could reasonably be expected to produce. In any event provision was made for amortization over a longer time with variable payment, so the debtor would not lose his farm during a series of bad years and could pay ahead in a series of good years. Living expenses were to be considered in determining the farmer's ability to pay.

The bill did not come to a vote because Congress was in a bitter controversy over neutrality legislation in the summer of 1939, but late in that summer Wheeler attached its provisions to the so-called lending-spending bill. It was accepted by the Senate by a 74-to-8 vote, but the whole bill was shelved in the House by the Rules Committee. In September, however, the Farm Credit Administration declared a halt to foreclosures on Federal land-bank loans.

In the spring of 1940 Senator Wheeler introduced an improved farmers' debt-adjustment bill, and the National Farmers Union legislative committee (which had replaced the Northwest Committee) went to Washington to press the fight vigorously. By this time the opposition to debt adjustment was aroused. The American Bankers Association backed by the Farm Bureau and the Grange, supported by the Gillette bill, which would have reorganized Farm Credit Administration by taking it out of the Department of Agriculture and placing it under a bipartisan board. Although the Farm Bureau had worked with other farm organizations on Federal Farm legislation until about 1938, it was now pursuing a course designed to weaken the action agencies within the Department of Agriculture and to strengthen the Extension Service, which it controlled in many States.

But joining with Farmers Union officials from 21 States, however, were representatives of other regional cooperatives, not connected with the Farmers Union.

The revised debt adjustment bill was termed by Talbott as the finest piece of legislation for farmers ever written. In addition to the provisions of the original draft, it provided for a straight 3-percent interest rate, with no stock subscription or additional fees required; Government guaranty of farm-loan bonds; debt adjustment by farmer committees; a chance to lease a foreclosed farm for 5 years and buy it back on an amortization plan covering up to 40 years, and a chance for original owners to buy back farms already foreclosed, if on the market, at the same terms.

Responding to a call for support from the country, special local meetings were held March 15, 1940, and over 50,000 letters were written from North Dakota to Members of Congress and to the President in support of the debt adjustment bill. Senators and Representatives had never received such mail as this. Such a response would never have occurred, without a keen desire and without understanding of how to work together to focus attention on the issue. Here again

the whole educational program of the union proved its worth.

But that was not all. On April 27, the greatest gathering of farmers in the history of the United States met in St. Paul to hear Secretary of Agriculture Henry Wallace pledge his support to the Farmers Union debt adjustment bill—21,000 farmers from 20 States. It was a Farmers Union-sponsored show, but the farmers who literally swamped facilities of the Twin Cities came from every farm organization and from no farm organization.

Just as victory seemed assured, Hitler invaded the low countries and Congress postponed consideration of all domestic reforms. As farm prices rose and good crops returned, the pressure of debt lessened for those not already put through the wringer. They were able to pay off or reduce their mortgages. Others who had lost their farms went to jobs in war plants; some lucky enough to rent farms, have, in recent years, been able to make down payments. Nevertheless in the years to come, family-type agriculture will need a sound credit system whereby farmers may purchase their farms with the knowledge that, if they take care of it, their land will not be taken away in years of adversity. We will then need legislation embodying the principles of the debt adjustment bill.

In tracing the complete story of the debt-adjustment bill we have passed over other important developments in the Farmers Union between 1937 and 1940.

OTHER LEGISLATIVE ACTION

On the national legislative front, the Farmers Union was successful on several scores, each very important for the farmers involved.

In 1938 the Tenant Purchase Section of Farm Security Administration, provided under the Bankhead Jones Act, began operations in three North Dakota counties and a few tenants started on the road to farm ownership with FSA loans. In following years the TP program was extended to other counties, but there never were enough funds to accommodate all tenants who wanted loans.

In 1939 the Farmers Union was successful in getting rules of the crop insurance program changed whereby the premiums could be deducted from parity payments, if the farmer could not pay them in advance. That year also, when the cover crop used with flax dried out, the Farmers Union secured a change in the rulings under soil conservation so these payments would be made if the cover crop had been planted. And of course, there was another battle to get appropriations from Congress to finance parity payments and the commodity loan program.

Among other chores the Farmers Union undertook in 1940 in the improving of crop insurance were securing recognition of protien premiums in determining wheat yield insurance benefits. It secured the right to put any loss payments under CCC loan (which was then higher than the market price). The Crop Insurance Corporation paid such loss on the date selected by the farmer in cash rather than in warehouse receipts.

STATE LEGISLATIVE ACTION

Having failed to get a constitutional amendment permitting a graduated land tax through the State legislature, the Farmers Union, according to recommendations of the State convention, initiated a graduated land tax amendment for the voters to pass upon at the fall election of 1940.

To round out the land tax reform another constitutional amendment was proposed permitting the exemption of homesteads, wholly or in part from taxation, and an initiated measure classifying property for tax purposes according to the use and rate of depreciation. This measure was designed to counter the bad effects of the 50-percent tax base sponsored by the North Dakota Taxpayers Association in 1932.

This was the first of several battles which the North Dakota Farmers Union undertook on the tax question. Although defeated in each election, the margin of defeat has decreased each time, as the tax educational campaign of the Union acquaints more and more people with the realities of taxation.

At the 1939 session of the State legislature, the Farmers Union successfully opposed attempts to emasculate the antideficiency judgment law, although the amendment was defeated in the senate by only one vote. The gas tax exemption law on fuel used for agricultural purposes was passed, replacing the tax-refund system. A cooperative division was created under the department of agriculture and labor, the first such State agency to compile data helpful to cooperatives. Increased appropriations permitted reestablishment of substations of the North Dakota Agricultural College experiment stations, by providing funds to match all available Federal appropriations.

COOPERATION

While the Farmers Union was most active on the legislative front between 1937 and 1940, it was by no means neglecting the other phases of the organization. Indeed, except for the spectacular expansion of cooperative activity and membership growth during this period, the vigorous influences the Farmers Union was able to exert on legislative decision would have been impossible. Conversely, building of cooperative grain marketing so rapidly would have been impossible had not the Commodity Exchange Act protected cooperatives on the terminal market, and had not Farm Security Administration been created to help low-income farmers improve their lot by making them loans to participate in cooperative marketing.

TEN-YEAR SAVINGS IN OIL

In 1938 the Farmers Union oil-cooperative program was 10 years old. Because of the succession of poor crop years, the marketing cooperatives had not made the spectacular growth of the oil companies. In 1938 a survey was conducted by the State office to determine the cash benefits farmers and other petroleum users had derived from the Farmers Union Oil Cos. of North Dakota. By this time there were 98 such cooperatives in the State. Ninety percent of them were included in the statistical survey. The findings were astounding, both as to visible savings of nearly $2,000,000 which patrons received directly because they did business with themselves and as to the much larger invisible dividends—totaling $15,000,000. All petroleum users shared this as the result of reduced margins between the tank car and the farmers tractor tank.

According to the records of the petroleum industry itself the margin in 1931 was 6.72 cents on a gallon, but the Farmers Union had already been in the petroleum business for 3 years. The records of the first Farmers Union Oil Cooperative showed that the margins were at least 10 cents a gallon, and at some places 14 cents or more. By 1937 average margins had dropped to 3½ cents a gallon, again according to the National Petroleum Association. Applying the difference between 10 cents and the actual average margin each year to the total gallonage of gasoline (as recorded by the oil-inspection division of the State regulatory department), the total savings to all gasoline consumers in North Dakota was $45,000,000. In States where cooperative competition did not exist margins remained high. By 1938 Farmers Union cooperatives accounted for 15 percent of the sales in the State. Farmers Union oil companies during that period—although many were less than 10 years old—had made net savings of nearly $2,000,000. Of this approximately one and one-half million dollars had been returned in patronage refunds, either in cash or in stock. Three-fourths of the capital to operate these cooperatives had come from earnings, and less than one-fourth actually paid in. Under the revolving plan now in general use all stock payments are eventually retired in cash. Of the remainder of the savings, $185,000 had gone into permanent surplus, over $125,000 as interest on stock, and $65,000 was paid as an educational fund to the State and county unions to teach and promote cooperation.

The average savings made by all FU oil co-ops during these 10 years 1927–37 was a little more than 8 cents on every dollar of sales. These companies, of course, sold lubricating oil, some tires and batteries and a few other items during these years, but the big bulk of the volume was gasoline.

Because margins on handling gasoline had come down steadily until the difference between the wholesale cost and the retail price would not leave much after the expenses of operating a bulk plant, trucks, etc., it was assumed both by cooperators and by old-line dealers that patronage refunds would decline and eventually disappear. That has not happened.

Margins on gasoline have not declined appreciably since 1938, although the volume handled by the Farmers Union co-ops has increased tremendously. Perhaps a more substantial reason for continued payment of sizable patronage refunds has been the increasing volume of what were considered side lines—farm machinery, electrical appliances (in great demand because of extension of REA), and many miscellaneous farm and household supplies.

The Farmers Union Central Exchange was a member of National Cooperatives, Inc., a buying federation of a number of cooperative wholesalers, which made contracts with leading producers of tires, batteries, electrical appliances, canned goods and other items under the co-op label according to specification.

The co-op tractor, however, was built by a smaller group of cooperative wholesalers first at Battle Creek, Mich., and later at a Government-built factory at Arthurdale, Md. Because of the large volume required to keep the production line in operation and the distance from the market, production did not prove satisfactory and the project was later moved to Shelbyville, Ind., where the farm cooperative wholesales took over an existing small machinery plant. The co-op tractor is now being assembled at the exchange's own plant in St. Paul, while other farm machinery is being made at Shelbyville.

While the central exchange was joining with other cooperative organizations to provide new lines of farm supplies, the local cooperatives were moving from "down by the railroad tracks" to modern facilities on the main highway. These buildings were a combination service station and farm-supply store. At the start of the oil program any kind of equipment and facilities would do because almost the sole purpose was to get petroleum products from the tank cars to the farm. By the late thirties farmers were demanding the best of service from their own organization.

SPECTACULAR GROWTH IN GRAIN MARKETING

Even more spectacular than the growth of cooperative purchasing in the years before 1938 was the revitalization of Farmers' Union grain-marketing activities, in the years following. Since 1931 the Farmers Union Terminal Association had been largely a promotional organizations, since the Farmers National Grain Corp. did the marketing of grain. Besides the succession of bad years which few local co-op elevators could withstand, farmers had a different feeling toward Farmers National, which although cooperative, had been Government-sponsored, than toward their regional set-up for which they had fought so hard. By 1937 Farmers

National had taken over many local houses on which it had made loans. In some cases it leased facilities to a local association, in others the elevators were put up for sale to the highest bidder.

Late in 1937 the members of the Farmers National (regional grain organizations) decided to liquidate that organization and go back to grain marketing on a regional basis, federating the regionals for joint action on national issues rather than for carrying on business.

M. W. Thatcher presented a plan for giving terminal grain marketing another start in the Northwest to President Roosevelt early in 1938. As agreed by the President, Farm Credit Administration would make an operating loan of $300,000 to a new association, the Farmers Union Grain Terminal Association, which was to take over the business, assets, and liabilities of the Farmers Union Terminal Association. Additionally, FCA would extend a line of credit of $900,000 to finance the grain from the time it was purchased until it was sold. The initial preferred stock of the association was $30,000, furnished by the Farmers Union Central Exchange. Just as the exchange had been started by a loan from the old terminal association, now the start in grain marketing was made possible by the assistance of the exchange. The operating loan of $300,000 was paid within 15 months.

An integral part of the plan was assistance to low-income farmers to participate in rehabilitating the capital structure of existing local elevator companies which had suffered during the drought and in organizing new Farmers Union elevators. This assistance was to be in the form of loans to individual farmers by Farm Security Administration for purchase of stock in the local elevator and for purchase of a share of preferred stock in the Farmers Union Grain Terminal Association.

On June 1, 1938, the Farmers Union Grain Terminal started operation with the same staff that had operated the Twin Cities office of Farmers National Grain Corp. In its first season it handled 17,000,000 bushels of grain and jumped its net worth from $30,000 to $344,000, and the second year ending May 31, 1940, 25,000,000 bushels were handled, with net savings of $202,000. The net worth has reached three quarters of a million dollars. Of course, this does not sound very big compared with the present net worth of over $15,000,000, annual volume running well over 125,000,000 bushels, and annual savings of two and three million dollars. Nevertheless, the volume the second year exceeded that of the biggest year of the old Farmers Union Terminal Association.

Happily the building of GTA coincided with a period of good crops. Nevertheless, without the determination of 100,000 farmers in the spring-wheat area to control their own marketing and without the management ability of M. W. Thatcher and his staff, gained through a score of years in the farmers' battle with the private grain trade, bumper crops alone could never result in such spectacular results.

In 1939 and 1940, 65 new Farmers Union elevators were set up, and several others assisted in increasing their capital, with the aid of loans to individual farmers through FSA. Originally the cooperative section of FSA had made loans directly to a cooperative, as to the Williston-Minot Farmers Union Co-op Association, but experience showed that the best way was to make a loan for purchase of stock directly to the farmers, repayable in five annual installments. Few farmers had to repay their loans in cash, however, because their patronage refunds more than took care of their obligation. Indeed, in many instances the elevator association paid off FSA long before the 5 years were up.

Naturally FSA aid to low-income farmers (which included practically all of them in 1938 and 1939) aroused the opposition of private grain interests, creamery centralizers, and other businesses. FSA was barred from making such loans in 1940 by Congress. The co-op loan provision was restored in 1941 for a year, but by this time farmers were better able to finance their own cooperative developments. Besides, after a couple of good crops, elevator owners who were glad to get the depreciated value of their physical plants in 1939 and 1938 would not sell except at much higher plices. Today at a number of points farmers have subscribed all or most of the capital to buy out an elevator or build a new one. Source of credit for the remainder has been the Bank for Cooperatives or the North Dakota Central Credit Union.

In addition to the elevators and several Farmers Union oil companies, Farmers Union creameries at Dickinson, Portland, and Grand Forks were started with FSA assistance.

Cooperative stores were started at Hettinger, Regent, Forbes, and Maddock in 1938, and at Mandan and Williston in 1939.

TURKEY MARKETING

The same issue of the North Dakota Union Farmer early in 1938 which announced the return of grain marketing to regionals also announced two other steps in widening the service of cooperatives, organization of Great Northern Cooperatives, Inc., and organization of a National Farmers Union life-insurance program.

The Great Northern Turkey Cooperatives, Inc., was built out of the Farmers Union Turkey Marketing Association and local turkey marketing cooperatives in Minnesota, South Dakota, and Nebraska. Because these groups were not affiliated with the Farmers Union and because one purpose was to establish a brand name which consumers in the East would recognize and call for, Great Northern as a name descriptive of the superior quality of northern grown birds was selected rather than Farmers Union. It is however, one of the regional organizations endorsed by the North Dakota Farmers Union bylaws.

The first year pools were established at eight points, mainly in connection with Farmers Union creameries.

A SOUND INSURANCE PROGRAM

Cooperative insurance is important to farmers for two reasons. Profit margins in old-line companies are very high—in fact the purchaser of insurance protection is exploited more than in almost any line. Second, if farmers are to gain control of their marketing system they must build pools of finance, and insurance is one of the greatest concentrators of wealth in the Nation. Forty-nine leading insurance companies in 1938 owned 11 percent of the Federal debt, 10 percent of all State debt, 23 percent of all railway bonds, 22 percent of all utility debt, 15 percent of industrial debt, and 11 percent of all farm mortgages.

As indicated before, in the earliest days of the North Dakota Farmers Union purchase of life insurance and property insurance had been through Iowa farmers union companies as part of the program. Because of the depression the Farmers Union Mutual Life Insurance Co. of Iowa had been reorganized as a regular stock company with a management antagonistic to the program of the Farmers Union. The North Dakota Farmers Union, of course, withdrew its support from the Iowa company. The property company became involved in similar difficulty, because it had accepted notes in payment of premiums and because insurance was written on poor risks and had overinsured risks. The North Dakota Farmers Union took over the North Dakota business of the Iowa company, and numerous individuals contributed money out of their own pockets to settle loss claims.

In Colorado, however, the Farmers Union had developed a cooperative insurance program, including property insurance and death benefits, over a 25-year period. About 1937, James G. Patton, then secretary of the Colorado Farmers Union, began to discuss the possibilities of a national Farmers Union life-insurance program with various North Dakota leaders.

Out of that discussion came the organization of National Union Security Association. The name has since been changed to "National Farmers Union Life Association." NFULA is a legal reserve, fraternal association chartered under fraternal laws of Colorado with cooperative by-laws which set up the machinery of organization so that it functions on the same pattern as the local, State, and national Farmers Union.

In 1938 the NDFU State board organized the Farmers Union Service Association as the State agency to manage insurance sales in the State, including the life program, and later automobile and fire insurance. Morris Erickson was placed in charge of FUSA and Dick Joyce was named State secretary.

Developing a volume of life-insurance sales proved to be a longer process than building volume in grain and oil because the benefits were not as immediate and tangible. Nevertheless, by offering lower cost types of protection than old-line companies featured, particularly county group, family group, and term insurance, the Farmers Union gave the only protection thousands of North Dakota families had.

CREDIT UNIONS

Closely related to insurance as a means of mobilizing finance cooperatively are credit unions. In some areas, notably Nova Scotia, credit unions preceded the development of other cooperatives, because they are a means of building capital and because a credit union is one of the easiest cooperatives to organize. It requires no facilities and starts with but a few dollars. In North Dakota, however, credit unions were a later development. The Federal Credit Union Act was passed in 1934. An excellent State law under which credit unions could be chartered was adopted in 1935.

First Farmers Union credit union in the State was organized in the spring of 1939 at Williston when the board of the oil co-op decided that a credit union would be the answer to the big credit problem that threatened to wreck the company. The board members, then and there, emptied their pockets and put $17 into the credit union to start it off. About the same time Federal credit unions were organized among farmers union groups at Valley City and Jamestown, with the assistance of Government fieldmen in the credit union section. Later Credit Union National Association sent members of its staff into North Dakota to give a great deal of assistance because North Dakota was to be the pattern for the development of rural credit unions over the United States.

In 1939 a dozen credit unions had been formed among Farmers Union groups and in 1940 another 20 were started. Many of these which started with a few dollars now have assets running into tens and hundreds of thousands of dollars. They have provided farmers with finance for many of their short term loan requirements.

EDUCATION AND ORGANIZATION

Such advances in cooperative development and legislative activity required a revitalized growth in membership building and membership understanding. Since the beginning of the thirties the dues-paying membership had fluctuated between 7,000 and 9,000. Several county organizations had fallen by the wayside.

In 1938 the State board, led by the energetic young president, Glenn J. Talbott, determined to make the building of membership the number one business of the union.

A crew of young organizers, most of whom had attended the 1938 session of the Cooperative Institute, went into Sargent County in

the spring of 1938 to rebuild the farmers union there. It was a tough job. Oftimes an organizer would have to spend 2 or 3 hours sitting on a wagon tongue with a farmer answering all the objections he had to the Farmers Union. And oftimes a deal about a cow, for which the farmer thought the livestock commission should have gotten another 50 cents, was a bigger obstacle than anything in the whole Farmers Union program.

This was the first use of the organizing crew since 1931. Dick Joyce, as the crew manager, spoke at a meeting in each township, after an organizer had spent several days visiting with and signing up the farmers of the township. Such a method was slow, and it was expensive.

If membership was to grow, the Farmers Union members themselves had to get their neighbors to join. That was the basis for a big mass membership drive in June 1938, kicked off with a State-wide radio program.

When the end of the fiscal year rolled around in the fall, the membership had increased a third—34 percent to be exact—and the dues-paying roll topped 10,000. That year North Dakota won banners at the national convention—both for the biggest membership gain and the biggest percentage gain.

In 1939 the gain was 14 percent, bringing the membership to nearly 12,000, and in 1940 another membership gain was registered. The Farmers Union in North Dakota was off dead center in its drive to enroll a majority of North Dakota farmers in its ranks. Counties reorganized in 1939 included Grand Forks, Walsh, Mercer, Golden Valley, Dickey, Logan, McIntosh, Divide, Griggs, and Steele. More members meant greater efforts to build understanding. Many new members did not know a great deal about the total Farmers Union program. They did know it was a live organization which helped farmers get through organization what they could not get by themselves.

The idea that a farmer had to be educated to be a good Farmers Union member before he joined had resulted in slow growth. Now the idea was that membership in the Farmers Union was like paying tuition to attend school. Education came later.

With the expansion of membership came the need for greatly expanding facilities for bringing understanding to both the new members and to the leadership. The first addition to the staff, in 1938, to edit the North Dakota Union Farmer and handle publicity, was a newspaperman (the author of this present history). More time was used and more stations hooked up for the Farmers Union radio programs.

Enrollment in the cooperative institutes, in the winters of 1938, 1939, 1940, and 1941, increased. These were still 4-week courses. (Farmers had more time in the winter in those poorer years.) Such institutes furnished a corps of hundreds of members who not only had some understanding of fundamentals, but also who were united with close ties of fellowship.

Likewise the camp program expanded. Some of the counties began to hold camps, particularly for the younger members, the reserves. A State camp for local and county leaders was held in 1937. In 1936 the first all-State camp was held in the Black Hills.

In the earlier years Mary Jo Weiler (later to become Mrs. Walter Uphoff) had been junior fieldworker when Mrs. Edwards was State junior leader. In 1938 Norma Osmon (later to become Mrs. Walter Fiedler) was the first fieldworker in the new pattern of educational activities for adults as well as for juniors. County schools were held in practically every county, to which local officers came to spend a day learning more about the Farmers Union program. North Dakota is a big State for one fieldworker—or even two, as when Susanna Olson and Florence Nordstrom, a couple of years later, shared the fieldwork between them.

The pattern, however, was successful. Women fieldworkers could accomplish a great deal to improve local activity by getting recreation started and by interesting women and junior members in taking an active part in the programs. When from 5 to 15 women fieldworkers were employed, they were able to spend a day or two in practically every local with local officers and with the juniors and their leader. In the new locals they followed up the organizers by visiting in the farm kitchens to acquaint the women with the objectives and methods of the Farmers Union. When the whole family understands what the union is trying to help farm families to do to help themselves, father is much more likely to remain an active union member.

In 1940 another step was taken toward building an informed leadership. County officers came to Jamestown for a week's conference. They had been meeting as the County Councillors Association prior to each State convention, but a few hours listening to reports and debating policy did not develop the kind of solidarity the county officers' conferences have. Here county officers and directors really get acquainted with each other. They listen to speakers present facts, so that when they discuss an issue they understand the language. Without this common understanding, the same words may carry entirely different meanings. Fellowship, of course, is one of the most important outcomes of singing together, eating together, and playing together. Mutual confidence is essential to any form of cooperation.

When the war made it impossible to continue the 4-week cooperative institute, similar 5-day conferences were tried for local officers and members. They have been so successful they are being continued—five or six each winter. So many more can attend then for the longer period.

As the result of all of these camps and conferences, literally thousands of Farmers Union members have had the opportunity to receive a wealth of inspiration and information on the problems farmers face and what their organization is trying to do about it and fellowship with neighbors from all over the State. When Farmers Union folks go to a State convention they are not among strangers.

After Charles C. Talbott died in 1937, gifts began to pour in for a suitable memorial. In deciding what kind of a memorial would be most fitting—one which would advance the cause for which he died, the State board decided upon a folk school—a co-op center where North Dakota young people could come to prepare themselves as farmers versed in farm economics as well as farm science and as cooperative employees.

Out of the funds raised for the Talbott memorial, a 20-acre park site was purchased on the edge of Jamestown and dedicated as the Talbott Memorial Park at the convention in 1940. The same convention raised the dues to $4, with 45 cents of the increase going into a special building fund.

Because of the on-coming of the war, however, building of a co-op center which would require a full time folk school staff had to be postponed. The building fund was used for construction of the present State office building, but plans for the establishment of a Farmers Union folk school will be brought to fruition when the time is ripe.

In 1939 Mrs. Mary Jo Weiler Uphoff resigned as State director of junior education to join her husband in Wisconsin, and Mrs. Jerome Evanson was selected by the board to take her place. Mrs. Evanson had been Nelson County junior leader, as well as county secretary, and knew from experience what it was to go through the wringer and lose a farm.

Mr. LANGER. Mr. President, we come now to chapter 8, entitled "The War Years," a record of the Farmers Union during the war years. Included in the chapter are the following articles: Wartime Problems, March of 5,000, Battle for FSA Continuance, Manpower and Other Emergencies, Campaign for MVA, Growth in Membership, Life Insurance Program, and Purchase of St. Anthony Line and Oil Refineries. I ask that chapter 8 be printed in full, commencing at page 113 and ending on page 141.

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

VIII. THE WAR YEARS

"There is so much to do and so little time to do it." That was the feeling of many Farmers Union folks as expressed by one county president after he attended the officers conference in January 1941. The European war was pressing down on Americans with increasing force. Before the year was out the conflagration was to strike full force at Pearl Harbor.

Those who attended the 1941 stockholders' meetings in St. Paul will never forget how the livestock meeting listened to President Roosevelt's message asking for a declaration of war the morning of December 8. A sense of uncertainty about the future prevailed throughout all the deliberations that week.

What total war would mean to farmers and their farm organizations could not be seen. The First World War had wiped out the first Farmers Union in North Dakota. While cooperatives had been started in large numbers over the United States during and immediately after the First World War, many had succumbed during the post-war deflation. Those which survived received serious setbacks. Farmers, themselves, had enjoyed a short boom, only to pay for it many times over in 1920 and 1921.

No one knew if American democracy could fight a total war with totalitarian powers without itself becoming totalitarian, suppressing the very freedom for which it fought. Indeed, some Farmers Union leaders wondered if its activities might not be curtailed and prohibited as being dangerously liberal in a wartime economy.

They also recognized that in this crisis farmers would need a strong and militant organization, and that such an organization could be very effective in helping successfully prosecute the war. Therefore the only course for the Farmers Union to take was to launch out on an aggressive campaign to enroll more members and to carry on as vigorous a program as possible.

It was recognized that little fundamental legislation could be expected when Congress was concerned with one emergency after another. But there was existing legislation to be protected, and the way various wartime programs affecting farmers were administered was highly important. If many new cooperatives could not be built during this period, existing cooperatives could seek to expand their service in whatever lines were available to them and prepare for whatever postwar storms were to come.

STATE LEGISLATION

The 1941 session of the State legislature was definitely of a conservative turn. It was the last session before the 10-year grace period offered to corporations owning land under the Anticorporation Farming Act. Many of the corporations had made no attempt to dispose of their land in the belief that the legislature would repeal the act before it became effective. Thus the pressure for repeal was terrific and if it succeeded, the antideficiency judgment law was next on the list.

Recognizing the situation, the county officers conference planned a mass demonstration in Bismarck if the occasion arose.

Cooperative Institute students made detailed arrangements. On Saturday, February 3, word went out from the State office that hearings on house bill 80, the repealer, would be held by the senate affairs committee the following Monday, and unless several legislators changed their position it would pass. They had been told that Alex Lind, legislative representative, Glenn Talbott, and other Farmers Union leaders did not speak for the rank and file of members—that the farmers themselves were not concerned. But when 5,000 folks came to Bismarck on Monday the attitude changed. In the morning groups visited with legislators from their own communities; in the afternoon the largest committee hearing ever held in North Dakota was conducted in the World War Memorial Building—a joint meeting of the senate and house State affairs committees, before a joint session of the entire house and senate membership and the crowd of more than 5,000 farmers who packed the World War Memorial Building to the roof. One leading daily attributed the large crowd to the desire of farmers to have a winter outing, but a more reasonable explanation is that it was the result of the understanding in the Farmers Union developed through its educational program over a period of years. Alex Lind, former State senator, has been recognized as one of the most honest and respected lobbyists at each session since 1939, but without the intelligent backing of the membership, his effectiveness would be greatly diminished.

The repeal of the Anticorporation Farming Acts was defeated and the antideficiency judgment law repeal was never brought up. The constitutionality of the ban on corporation farming was brought to the courts, and in 1942 upheld by the State supreme court, in a unanimous decision, and the United States Supreme Court refused to intervene in 1945.

Whenever legislators declare that any stand taken by Farmers Union conventions and pressed by Farmers Union leaders is not representative of the desires of the membership, they should be reminded of the famous "march of the 5,000."

The antideficiency judgment law was again up for repeal in the 1943 session of the legislature and again defeated. This session also saw the defeat of an attempt to pass the mildest form of a farm tenure bill, which would have protected tenants from being evicted on less than 90 days' notice. The Farmers Union program supported a new farm tenure system which would protect both tenant and landowner by a written contract which would cover such things as soil conservation, disposition of improvements made by tenants, upkeep of buildings, division of crops, and adequate notice—but the legislature was unwilling to require tenants or landlords to give more than 45 days' notice of moving or to move, respectively.

Also defeated was the truck bill, which would have permitted larger oil transports and other trucks to haul the supplies so badly needed by farmers in their food-production efforts. Finally, in August of that year, when the inability of the war-pressed railroads to haul in sufficient tank cars to provide the fuel needed for the bumper harvest threatened the crop, the Governor used the emergency powers granted to him and an advisory board, to lift some of the restrictions on highway transportation. In 1945 a reasonably satisfactory law governing the weight and length of trucks was passed. It finally removed the State-line barrier which North Dakota had set up against modern truck transport and which the Farmers Union had opposed for many years.

The only major accomplishment of the 1943 legislative session, as far as Farmers Union objectives were concerned, was the constitutional amendment proposing a 4-mill levy for a permanent State school equalization fund. This proposed amendment was turned down by the voters in the 1944 election, just as the major accomplishment of the 1945 legislative session, the 75 percent tax base, was turned down by the voters in June 1946.

In every election campaign on tax reform in which the Farmers Union has engaged, the vote has been light and the margin of defeat narrow enough to encourage continuation of the fight for a tax policy which would force out-of-State property holders to assume their share of taxes and to favor the family-type farm operator above the factory-type operator. In June 1942 the union campaigned for the same proposals for classification of property for tax purposes, and for a graduated land tax as in November of 1940. Though the citizens committee carried on an extensive campaign against the measures, the margin of defeat was much less than 1940.

ON THE NATIONAL FRONT

If not much progress was made in a State legislation during the war period, accomplishments on the national legislative front related largely to wartime emergency legislation and to administrative rulings rather than to fundamental agricultural legislation. This is not to say that the accomplishments of the Farmers Union in Washington were small. Indeed, the national legislative office has never been more active, nor gained such recognition of the Farmers Union's devotion to the common welfare as during the war years.

The battle, however, was for the things the farmers needed to produce the food to win the war and write the peace—adequate manpower, gasoline, tires, and farm machinery, support prices and subsidies to assist in shifting to war vital crops, a stabilized economy which would hold the line clear across the board—prices, wages, profits, salaries, and rents. The Farmers Union was always found on the side which would be for the good of the Nation, rather than among the "gimme" boys (which often included the so-called farm block), who were primarily concerned with using the emergency to push up prices to the limit, regardless of the consequences.

Some progress was made, however, in clarifying the basic issues facing the future of the American farmer.

In the spring of 1941, Farmers Union leaders met with officials of the Federal land bank and worked out a revised version of the FU debt-adjustment bill, which seemed so near enactment after the St. Paul mass meeting of the year previous. The FCA officials met with Farm Bureau and Grange leaders shortly thereafter and rewrote the bill in a form unacceptable to the Farmers Union.

This marked the beginning of the fight over the reorganization of Farm Credit Administration and other agencies extending credit to farmers. The Farm Bureau and the Grange wanted Farm Security Administration abolished and its lending activities transferred to an independent FCA governed by a bipartisan board. Such a set-up would most assuredly be strictly a commercial-type lending institution. Indeed, the American Bankers Association favored such a move as a means of wrecking the Government-sponsored farm-credit program, which had brought interest rates down considerably since 1932. Increased crops and prices in the war years reduced the pressure for debt adjustment, but FCA interest rates remained at 4 and 4½ percent. For a few years, however, Congress made appropriations so that the farmers actually paid 3½ percent.

The Farmers Union, of course, opposed and continues to oppose, taking FCA out of the Department of Agriculture, where its activities can be coordinated with other agricultural programs. The Farmers Union battled all through the war for bigger appropriations for the Farm Security Administration to enable more underemployed farmers, particularly in the South, to acquire the equipment and technical assistance to increase production so badly needed. The record of the FSA clients, a small fraction of those should have been helped, prove beyond a doubt the worth of the FSA program. These farmers increased their output far beyond the average.

Nevertheless, one of the biggest fights before Congress each year was over FSA appropriations. In the House, where the agricultural bloc is dominated to a large degree by the Farm Bureau, appropriations were curtailed or omitted. Then the Senate, where the Farmers Union had a little more influence among agricultural Members, would restore the appropriations.

There would probably be a compromise between the amounts appropriated by both Houses. The sharpest battle over FSA occurred in 1942, when the Farmers Union was joined by the major labor, church, and consumer groups in the Nation, and by the Ohio Farm Bureau in opposing the American Farm Bureau Federation in its efforts to cripple FSA. Passage of the act, creating the Farmers Home Administration, in 1946 to replace FSA was the final victory to create a permanent agency to help rehabilitate disadvantaged farm families. Now the fight becomes one of getting adequate appropriations for the agency.

Joined in with the battle over FSA was the proposal that Commodity Credit Corporation be permitted to sell some of the wheat it had acquired for needed livestock feed at less than parity price. The Farmers Union supported this proposal because the increase in meat and dairy production was more needed at the time than the wheat.

In every issue that came up during this period of converting agriculture to war the viewpoints of the big factory-type commercial farmer and the family-type farmer were joined in conflict. The farm bloc argued for no ceilings on farm products, or none less than 110 percent of parity, for revising farm parity price upward, for freezing farm labor in the counties where it lived regardless of whether or not there was a surplus (as there was throughout the plantation South).

The Farmers Union, however, early in the war declared for a complete stabilization program—ceilings and supports on farm products at full parity, and ceilings on all other prices, profits, rents, and interests, including a maximum income after taxes of $25,000 to any individual. This stabilization program, of course, was never fully put into operation and that is one reason why price control broke down in the months following VJ-day.

ANALYSIS OF FARM PROBLEM

In testimony before the Senate Agricultural Committee in the spring of 1942, President Talbott declared that agricultural programs had been adopted down through the years without any determination by Congress of what kind of a land policy the Nation should adopt—what type of farming—family, corporate, State, or cooperative—should be encouraged by that land policy. He called for a joint congressional investigation to determine an over-all Federal policy. Such a resolution was introduced, but with the attention of Congress directed wholly to the war-caused emergencies, it never came to a vote.

Talbott listed six major phases of the farm problem. They are:

1. Bad distribution of total agricultural income among the farm families within agriculture.

2. Inequitable distribution of agricultural income as between farm commodities.

3. Lack of coordination in relationship between cost of credit, size of debt load, and farm income.

4. Inadequate percentage of total national income going to agriculture.

5. The inadequate diet of 45,000,000 low-income families in the United States and the problem of acreage shifts from certain surplus crops to many deficit crops, and

6. The problem of rural population pressure occasioned between exhaustion of new lands for homestead and the fact that our industrial structure has ceased to expand and provide new jobs for farm boys and girls not needed in the operation of the farm plant.

WAR EMERGENCIES

During the war years much of the work of the Farmers Union in Washington was with administrative officials of the various permanent and emergency agencies set up rather than with Congress. Time and again Talbott, Patton, Thatcher, and other leaders went to Washington, or called officials on the telephone, to battle for action or modification of action from Selective Service, the War Manpower Commission, the Office of Defense Transportation, the Office of Price Administration. Only through such action farmers could get at least the minimum of manpower, machinery, tires, gasoline, and other things they needed to maintain their heroic production record.

The value of the Farmers Union in assisting in the war effort by keeping members informed of the various programs of conservation, salvage, bond sales, inflation control, and production was recognized by the Government in various ways, such as giving its field staff C gasoline rations.

Farmers Union members were asked to serve on various committees and boards at the county, State, and national levels. Patton was a member of the powerful Economic Stabilization Committee; Mrs. Edwards served on the Women's Advisory Committee to the War Manpower Commission; and Talbott served on the Selective Service State Appeal Board as well as being called to Washington for consultation.

As for specific accomplishments, the Farmers Union, through GTA, took several actions to boost flax production and prices, beginning in 1941, when it secured a loan rate of $1.85 a bushel. The next year it secured the pegged price of $2.40, followed by the nonrecourse loan program of 1943, and the $5 per acre payment in 1945. Complaints were made each year in the way the programs were administered, for administrators have a way of interpreting programs in a different way from what farmers believed to be intended. Nevertheless, the Farmers Union efforts on the flax program brought many millions of dollars added income to North Dakota farmers. Likewise, when there was much sprout-damaged wheat and durum in 1942 and 1943, the Farmers Union arranged to have the Government purchase damaged grain from the co-ops at a floor price.

Right at the beginning of harvest in 1942 an order came out diverting all tank cars to the east coast. North Dakota had no pipelines and inadequate highway transports. Such an order spelled calamity to the North Dakota farmer. President Talbott phoned the Washington office of the Farmers Union. After hurried consultations with Petroleum Administrator Ickes, the order was amended to permit use of tank cars in this area for agricultural purposes. This is one example of many where the Farmers Union took prompt action to meet emergency situations which occurred because some agency failed to recognize that if farmers were to deliver the food so necessary, sometimes their needs required equal or greater priority than the military needs.

The manpower problem was, of, course, most acute. The rural population pressure which Talbott had mentioned as one of the six basic farm problems was exactly reversed. War industries and selective service drained the manpower. In time it was recognized that it was as important to keep essential men on the farm as to put them in the Army. But the political pressure of the southern farm bloc was so great that farm workers were frozen to their jobs and to their counties (except on permission of the county agent) whether there was year-round work on the farms or not. In the South the plantation operators wanted a surplus of help so that during the few months of cotton cultivating and picking, they would have plenty of workers who would work for a pitifully small wage. Some of these workers, as well as many from Mexico, were finally brought up to the harvest fields of the North, where they learned what fair wages and fair living standards for American farm families really meant.

When it was learned in the fall of 1943 that North Dakota was one of the four States which had not qualified for the emergency maternal and infant care benefits for families of servicemen, the Farmers Union State convention went on record with a strong resolution. This was followed up with a vigorous campaign which finally brought the EMIC program into the State. Under this program, the Federal Government would pay established hospital and physicians' fees in maternity cases of wives of servicemen, provided that the State medical and hospital associations accepted the plan and met certain minimum requirements.

In North Dakota the medical association had failed to accept the plan because it did not permit the doctor to charge what he pleased in each individual case. Some of the hospitals found it difficult to meet the minimum standards. After the Farmers Union, through Mrs. Evanson, had pressed for acceptance of the EMIC in North Dakota, conferences between Federal officials and representatives of the medical and hospital professions ironed out the difficulties. As a result, wives of North Dakota servicemen, whether Farmers Union members or not, received the benefits intended by Congress.

The Farmers Union supported the stabilization program of price and wage control throughout the war. Indeed, the day before President Roosevelt first called for a hold-the-line policy late in August 1942, the National Farmers Union Board, meeting in Jamestown, called for just such a stabilization program.

A year earlier, in August 1941, the board and several State officials called for control of prices, profits, wages, rents, and incomes "clear across the board." The following December the National Farmers Union proposed a program to increase crop production 30 percent by an expenditure of two and a third billion dollars—the cost of 18 days prosecution of the war. The funds would be used to give FSA-type aid to all the farmers who could increase production, without additional labor, if they had more stock, machinery, land, and know-how to shift to the crops needed most. The plan was widely lauded, but was not seriously considered by Congress.

Rather than participating in the prevalent criticism of the wartime measures taken by the Government, the Farmers Union often took the position that the administration was not bold enough—that it yielded to pressure groups and was afraid to impose the equality of sacrifice to speed victory and help write the peace. Was one example of the timidity which threatened to destroy chances of lasting peace the failure to stockpile food to feed a starving postwar world because of fear of a price-depressing surplus by the food-processing industry and unthinking resistance to strict food rationing. On April 9, 1945, President Talbott launched the famous "red point collection campaign" in a radio broadcast, which brought voluntary contributions of three-quarters of a million red ration points, as convincing proof that people were willing to give up some of their food in order to prevent starvation.

A year later, after food had been too hastily derationed, the administration finally admitted that there was too little grain to meet both the relief needs and normal domestic demand. The Farmers Union proposed the "wheat certificate plan" by which farmers who delivered their wheat for famine relief could assure themselves of any increase in price up to March 1947. It appealed for deliveries of wheat in a mercy wheat drive. The certificate plan, however, never had the opportunity to prove that it would induce farmers to deliver the wheat, because the 30-cent bonus, which caused so much resentment, was offered, presumably, at the behest of the big, factory-type wheat growers.

THE MVA FIGHT

Another important issue came to the fore as the war neared its end. Repeated destructive floods on the lower Missouri River in 1942 and 1943 aroused that section to the need of developing adequate control projects. In the upper Missouri Valley the people had long dreamed of diverting the excess water to restore Devils Lake and other streams and lakes and to provide irrigation. It soon became apparent that development of the water resources of the Missouri Basin would be one of the great public-works projects of the postwar era.

At the 1943 State convention, the NDFU suggested that this development be patterned after the Tennessee Valley Authority. The following spring, when it became apparent the Army engineers and Bureau of Reclamation were in bitter conflict over the use of the available water, the National Farmers Union began a vigorous campaign for developing a Missouri Valley Authority which would make one plan for one river valley, developing all of the potential resources of the basin for irrigation, flood control, power, navigation, recreation, and other uses. Talbott was named chairman of the Regional Resources Planning Committee. He later met with President Truman at the White House and received assurances that the President would back MVA. Because of the strong MVA sentiment in the valley, the Reclamation Bureau and Army engineers got together on a compromise plan, which, while far short of a real integrated MVA, is an advance over their original proposals. Thus the fight for an MVA has accomplished something already, although it will continue. Through an unusual parliamentary procedure in the 1945 session of Congress the bill creating an MVA was referred to three committees, only two of which held hearings. An improved version was introduced in 1947, but no hearings were held on it the first session.

ORGANIZATION GROWTH

Although though thus far we have considered the legislative, or public affairs, side of the Farmers Union triangle to the exclusion of the others during this period, actually, of course, progress in one phase of the Farmers Union program is closely bound up with all of the other activities. The Farmers Union could not have made its influence on public affairs felt so much except that it was growing in numbers and understanding. Organization and educational activity both stimulated cooperative development and was made possible because Farmers Union cooperatives supported the total program with educational funds. Conversely, more farmers joined the Farmers Union because it took an active, progressive stand on the issues of the day that considered the common good of all, and hence the permanent good of agriculture, rather than narrow, and therefore temporary, class interest.

After the first organizing work over the State by paid organizing crews, the dues-paying membership had been stabilized

around seven to nine thousand, up until 1938. Various methods of organizing had brought the membership over 15,000 in 1941. In the fall of 1941, the first State-wide membership drive was launched with the purpose of asking every farmer in the State to join. Members and nonmembers in every county and every township were selected as keymen to canvass every township, according to plans outlined at county-wide mass meetings. Six State organizers helped the various county boards conduct this every-farmer canvass. As a result of this coordinated State-wide drive, the dues-paying membership jumped to 21,507, an increase of more than 6,000 over 1940.

Here was proof that farmers would join the Farmers Union if they were asked. Too often it had been thought that it was necessary for a farmer to thoroughly understand the Farmers Union program and answer all of his questions before he would become a member. Here, however, keymen who were not even members went out and enrolled their neighbors in unorganized territory. The Farmers Union had attained such a reputation that folks were willing to join and learn of its various activities after they became members.

Through similar mass organizing techniques in the following years, with Martin Byrne as director of organization, the membership was built up to over 30,000 dues-paying members in 1945, representing almost half the farm families in the State. By 1945 an active county organization was functioning in every one of the 53 counties in the State.

In the spring of 1942 State boards and officials from the various State unions, and the national union staff, met for a 10-day conference in Arkansas. This conference marked the beginning of a greater unity than had ever been achieved among the State unions of the Farmers Union. Instead of a loose federation of State organizations, each pursuing its own course, the National Farmers Union was on its way to be truly a national union of progressive farmers who worked together for common ends.

It was at this meeting that the State board decided to purchase and remodel a warehouse for the present State office building. It was evident that the proposed co-op center and folk school on the C. C. Talbott Memorial Park site was a wartime casualty, because there would not be enough students to maintain a school staff, which would hold a succession of courses, lasting from a few days to 2 or 3 months each. The need for facilities for an expanding State office was very pressing. Thus the present facilities for offices and conferences were acquired. The growth of activities little dreamed of 4 years ago has crowded these facilities that the board thought had ample room to take care of 10 or 20 years of expansion.

Greater membership—particularly the large number of new members who had come into the union with only a general idea of the wide scope of its activities, meant a greatly intensified educational program. Through the years it had become evident that the locals which stayed active were those in which the women and young people were most active. For this reason a number of young women were employed as educational field workers—5 in 1943 had increased to 11 in 1944. While they assisted in all phases of the Farmers Union activity among the locals and counties in their respective districts, their main emphasis is on junior work and developing locals as family centers of discussion, entertainment, and recreation.

Organization work requires a different technique from educational work. In 1943 six full-time organizers were added to the staff. Besides organizing new locals and assisting in membership drives in old locals, these organizers also worked with the cooperatives, particularly with the newer Farmers Union elevators, in putting the check-off provision of the bylaws into effect. In some instances they assisted Farmers Union members in a community to switch their local farmers' elevator from an old-line commission firm to Farmers Union GTA. This type of activity became so successful that in 1946 the county unions pooled a large part of their financial resources with the State union to employ 12 to 18 fieldmen, each covering from 2 to 4 counties.

The annual budget of the NDFU increased at a more rapid rate than the membership, thanks to the growing number of cooperatives which paid educational funds. It was this increased budget which made possible the expansion of the staff. Of course, all of this increased activity required up-to-date procedures for the smooth operation of the State office. The administrative problems were particularly acute during the war when rationing and shortages made normal functioning of the work impossible.

A. L. Hellebust, who succeeded R. C. Joyce as State secretary in 1943 when the latter went into the army, had charge of this administrative work. Hellebust, another junior grown-up had been active in the NDAC co-op house and Farmers Union local. In earlier years the State secretary had done everything from editing the paper to managing an organizing crew, but the detail of devising and supervising office procedures of an organization with over 70,000 names on its membership rolls and over 50 on its payroll is a big administrative job.

The actual day-to-day operations of the office and the accounting is under the direction of Howard Cunningham, head accountant and office manager.

COOPERATIVE EXPANSION

By 1940 the success of the Farmers Union cooperatives was apparent to all, although many had misgivings as to what effect the unsettled conditions of wartime would have upon them. Some thought that Government controls and rationing would be used to hamper co-ops in favor of private traders. Perhaps a few businessmen who served on Government boards used their power to discriminate against the co-ops in allocation of supplies. Farmers Union cooperatives however, were such an important part of the distribution system in these northwest States, that the war agencies were glad to make full use of them. For instance, Farmers Union Oil Co. managers gave patrons such assistance in securing tire and gasoline rations—because in a cooperative the member-owners are accustomed to rely on their manager for information and service.

As a matter of fact, the period from 1940 to 1946, saw unprecedented expansion of Farmers Union cooperatives. In spite of shortages in many lines of commodities, lack of manpower, and other hardships the volume and savings of both local cooperatives and the regionals increased and additional facilities purchased.

The very success of the Farmers Union cooperatives brought new problems. Was the only purpose of the co-op to pay back savings to the farmer, or was it to be used as a tool by which farmers organized their economic strength to break monopoly and to promote legislative action on the entire Farmers Union program? Was the purpose of cooperative education by the Farmers Union itself merely to increase the volume of the Farmers Union co-ops, or was it to aid farmers to understand cooperation in its broad sense of working together for the common welfare of farmers and of other groups? These were questions being discussed during this period. More and more cooperatives, including all of the regionals, paid 5 percent of their net savings each year to the North Dakota Farmers Union as educational funds.

Educational funds from local cooperatives are divided 50-50 between the State union and the county union where the cooperative is located. The regionals' education funds are divided among the State unions of the area in proportion to the volume of business originating in each State. The pressure of the times was answering the question as to the purpose of cooperative education. Unless peoples' organizations supported democratic action on all fronts, democratic institutions, including cooperatives, would be harassed, weakened, and finally broken.

LIFE INSURANCE

Insurance service was a new field that outgrew its "struggle stage" during this period. The death of Morris Erickson in the spring of 1940, when the Farmers Union Service Association was just getting started, had been a real blow to the program.

Arnold M. Snortland became executive secretary of this State agency owned by the NDFU in the fall of that year. The first major activity was the sale of the county collection group plan of insurance.

In 1942 as part of the membership drive, the NDFU agreed to pay the first 6 months' premium for every family which joined. Since the first 6 months' premium or more of any life insurance policy goes for the sales cost, the State office was reimbursed by the FU Service Association, the State sales agency. Purpose of the group term insurance, in which the benefits decline with advancing age, was to provide a minimum protection at low cost which every farm family could carry in bad times and good. Each farmer should then carry other types of life insurance, all of which are provided in his own legal reserve fraternal cooperative company, according to the needs of his family and his ability to pay.

In addition to these types of life insurance, the National Union Security Association, (now the National Farmers Union Life Association) pioneered with a patronage group insurance policy for cooperatives, whereby patrons were automatically insured in an amount according to their patronage.

Latest addition to the services of NFULA is the triangle plan of hospital, accident, and burial protection. This local group plan is being widely accepted by locals throughout the organized State unions and is proving a membership builder in unorganized States.

The reason why the Farmers Union legal reserve fraternal life insurance company did not bear the Farmers Union name until 1946 brings up a stormy episode in the organization history. It will be recalled that when the North Dakota Farmers Union was organized the insurance program of the Iowa Farmers Union was brought into the State. In the depression of the early thirties, however, its mutual life insurance company got into difficulties because it held too many mortgages made when land values were high. It was necessary to reorganize as a stock company in order to get a loan from the Reconstruction Finance Corporation. The new management fought the program of the Farmers Union at every turn.

Naturally the North Dakota Farmers Union ceased to support the company, but it continued to do business. What is more, the insurance commissioner, Oscar Erickson, came to be on such friendly terms with the Iowa firm that he harassed the new company set up by the NFU at every turn. In fact, during his impeachment trial he admitted that the Iowa company had promised him a job when he retired as insurance commissioner. His attacks on the National Union Security Association included making public a preliminary report in violation of law. So the association brought a $25,000 damage suit against him. He died, however, in 1945 before the suit was brought to trial.

A little later the Farmers Union Life Insurance Co. of Des Moines, Iowa, failed in its attempt to control the Iowa Farmers Union, in which the progressive forces had won a

clear-cut victory, and by mutual agreement it dropped the word "union" from its name.

This opened the way for the official National Farmers Union association to put Farmers Union in its name, a step it had not taken before because of fear of confusion with the Iowa company.

FARMERS UNION MUTUAL INSURANCE CO.

The value of a cooperative life insurance program was soon to be demonstrated in building the total Farmers Union program. The NDFU, when it embarked on its building program, secured a first mortgage loan from the insurance company, since repaid out of the 45 cents per member dues which annually goes into the FU building fund. The life insurance association has also made loans to the Minot Farmers Union Creamery when it bought out the Equity plant there, and has first mortgage loans on other co-op property. Thus the premiums Farmers Union members pay to their own insurance company helps them to build their cooperatives.

By 1946, the insurance activities of the Farmers Union had grown so fast that a new building was erected to house the insurance offices. Because radio station KSJB, which went to 5,000-watt power in 1946, needed new studios and no adequate building was available in Jamestown, the top floor of the new building was leased to the station.

Life and health insurance, however, is only one phase of a complete insurance protection for farmers. For many years North Dakota Farmers Union members wanted a property insurance company of their own. The various county mutuals did not serve all the State, and few of them offered windstorm protection at all. None of them actively supported the total Farmers Union program.

The 1943 State convention authorized the State board to proceed with the organization of the Farmers Union Mutual Insurance Co. Thirty thousand dollars for the surplus account of the new company was raised through 5-year loans to the State organization from individuals, co-ops, and county organizations, although the law only requires $10,000. Under the bylaws, the Farmers Union Mutual has its annual meeting at the State convention and delegates are elected by locals. The insurance board has thus far been the same persons as the State board and there is every indication to believe that this practice will be continued.

The growth of the property insurance program in 3 years has been phenomenal. It has gotten off to a much faster start than the life insurance, because farmers are accustomed to buying property insurance, but they must be sold life insurance.

The third insurance service is automobile insurance—an essential protection in this mechanized age. Since the FUSA began automobile policies were written through a carrier with the understanding that when enough volume was attained the Farmers Union would organize its own company. This dream was realized in 1945, when the National Farmers Union Automobile & Casualty Co. was incorporated. Auto insurance requires even greater reserves than life or property insurance, and here again the original capital was furnished by loyal Farmers Union members and co-ops, the largest share coming from North Dakota. This capital will be retired as one share of common stock is sold to each policyholder, when he takes his first policy. By September 1947 nearly a third of the original capital had been taken over by the policyholders.

CREDIT UNIONS

While mentioning the insurance development, we should not forget the other side of cooperative finance—credit unions.

Between 1939 and 1942 some 30 credit unions were organized among Farmers Union groups. The growth of most of them was remarkable, of a few phenomenal. By 1944, for example, the Williston Credit Union had accumulated over a half million dollars in the savings of McKenzie and Williams County farmers, a large part of which it had loaned back to those who needed it and to the various cooperatives in the community.

Or Flasher, where, with a much smaller trade territory, the credit union accumulated savings of over $150,000 in 5 years, and took the place of a country bank in this bankless town.

Since 1942 the emphasis has been on strengthening the credit unions established, rather than organizing a large number of new ones.

Another important step forward in controlling finance through cooperative effort was the establishment of the North Dakota Central Credit Union in 1942, with membership open to credit unions and other cooperatives. Here is a place where all co-ops can deposit funds not immediately needed and borrow when needed. The Central Credit Union has been particularly helpful in assisting several new cooperatives to start and helping credit unions to meet the seasonal peak for farm loans.

Although it seemed difficult, if not impossible, to start new cooperatives, particularly co-op stores, in wartime, no less than a dozen stores were established between 1941 and 1945. In 1941 a group of cooperative stores in northwestern North Dakota and northeastern Montana organized the Northwest Co-op Wholesale, and in the following year the Farmers Union Central Exchange established a grocery department and took over the activities of the embryo wholesale.

Most spectacular, however, during this period was the expansion of the farmers union regional cooperatives. Good crops and good prices, of course, had much to do with the building of volume of the Farmers Union Grain Terminal Association, the Farmers Union Central Exchange, and the Farmers Union Livestock Commission Co. But also responsible was the aggressive spirit with which the stockholders, directors, and management of these regionals seized the opportunity for expanded service.

FARMERS UNION GTA

In 1941 the Farmers Union Grain Terminal Association built the 4,500,000-bushel terminal elevator on the head of the Lakes at Superior, Wis., a half-million subterminal at Shelby, Mont., and a three-quarter million bushel subterminal at Lewistown, Mont. Later terminal facilities were leased at Spokane, Wash., so that wheat growers in the western area could be shipped either to the western or eastern seaboard as occasion demanded. The building program, at a total cost of nearly $2,000,000, indeed seemed like an ambitious undertaking, which would take 10 years to pay for at the 1941 rate of net margins. But within 3 years the net margin for 1944 alone was much more than the cost of the terminals.

The private grain trade came in for the shock of its life one morning in April 1943 when it was announced that GTA had purchased all the property of the 57-year-old St. Anthony & Dakota Elevator Co., including 138 country line elevators and 38 lumber yards. For 57 years these line elevators had made good profits off their patrons, but in the fifty-eighth year they began to return their net margins to the farmers. In 1945, for instance, the return on line operations was nearly 4 cents a bushel on wheat in addition to the 2 cents on terminal operations. The latter patronage refund, as in the case of all GTA members, was paid in stock which is retired on a revolving basis, while the savings made on local operation were paid in cash.

Small lines of elevators and lumberyards have been purchased since 1943 but a number of line houses have been sold to local Farmers Union elevator companies. At present 143 houses at 107 points are being operated in the line department including 86 in North Dakota.

The lumber and coal yards acquired, 77 in all, are operated by a subsidiary of GTA, the Farmers Lumber and Supply Co., with savings being credited to patrons on a cooperative basis.

GTA, during this period, also purchased one of the largest durum flour mills in the country at Rush City, Minn., Thus the durum growers own their own processing plant.

Farmers Union GTA Mills, Inc., is a subsidiary manufacturing feeds at a plant in Minneapolis.

Another affiliate cooperative which received financial and management assistance from GTA is the Farmers Union Grain and Supply Co., which paid off the FSA loans on the Williston and Minot poultry and feed set-ups and took over the operation of the hatchery, poultry marketing facilities, and feed and seed services in western North Dakota and eastern Montana. It also purchased bean marketing facilities at Billings, Mont.

In the 3 years of operation the Farmer Union Grain and Supply has purchased a three-story warehouse and the long established Valker-Christenson seed house in Minot and erected a feed mill and plant addition at Williston at a cost of $70,000.

INTO OIL PRODUCTION

Expansion of the Farmers Union Central Exchange into the ownership of refineries and oil fields has paralleled the GTA growth. After discussions covering several years, at the 1942 annual meeting of the exchange, the board was authorized to acquire a refinery in Montana. In February 1943 it purchased the largest refinery at Laurel, Mont., for a million dollars. Although Farmers Union folks believed the exchange had assumed a big undertaking for 1 year, in June it participated with four other regional cooperatives in purchasing the $5,000,000 Globe Refinery at McPherson, Kans., and the pipeline to Council Bluffs, Iowa. Most of the fuels for oil companies in Wisconsin, Minnesota, and the eastern half of the Dakotas had come from the Globe Refinery. It was learned that the Globe was for sale. If the exchange had not acted promptly in concert with the other cooperatives, this source of supply would have been cut off.

Both purchases proved very fortunate in giving the exchange and its owner-users a certain source of supply during the period of wartime shortages and in saving gasoline users many additional dollars. In the 15 years Farmers Union oil companies had been distributing the gasoline from these and other refineries they paid for these facilities many times over. Now they purchased them—and owned them debt-free—in a comparative few months. Savings for 1943 were double those of any previous year although the savings from the refineries included only part of the year. Savings for 1944 were up 65 percent, hitting over a million and a quarter dollars, and in 1945 jumped to practically $2,000,000. The volume of sales jumped a little over $8,000,000 in 1942 to over $12,000,000 in 1944 and $13,000,000 in 1945. In 1946, when supplies became more available, the total volume shot up to more than $20,000,000, with combined net savings nearly $2,000,000.

Not all of the savings, of course, came from the refinery operations for the exchange had added other lines of farm and household supplies. Petroleum products, however, were still the major item. A recent study shows that the savings made by wholesaling gasoline cooperatively is a quarter of a cent on a gallon, with refining bringing another three-quarters of a cent, and production another cent.

Since margins have already been squeezed at retail and wholesale levels, additional savings must be made in operating refineries and oil wells. Savings equal or greater

than those made by the average local oil cooperative are possible by producing, refining, and distributing our own oil. Of course, these savings must provide the capital for developing and operating the refineries, oil wells, and other cooperatively owned production facilities. It is a well-established practice among Farmers Union regionals—and local co-ops, too, to pay dividends in stock and then retire the stock only when there is ample capital on hand. Thus the F. U. Central Exchange did not retire any of its stock until 1944, and by 1946 it had retired all stock issued prior to 1937 for cash.

The addition to the main plant which had more than doubled the warehouse capacity and office space in 1940, had been outgrown so that by 1946 it was necessary to double the size of the entire building again.

Like the State office facilities and so many local Farmers Union co-ops, it seems impossible to build facilities that are not outgrown in a few short years.

LIVESTOCK MARKETING

Growth of cooperative marketing of livestock by the Farmers Union was not so fast. The Farmers Union Livestock Commission Co. entered the Billings market, when the public stockyards were established there in 1941, just as it had at West Fargo in 1935.

As the livestock population returned to the prairies after the drought changes were occurring which greatly affected the commission business on the public market. Packers were increasingly buying direct through buyers scattered over the country. Sales rings were springing up which gave the impression of competitive buying, even though scalpers eventually had to take the slaughter stock bought to the same public market to sell.

Truck shipments were replacing rail shipments over most of the State. This destroyed many of the rail shipping associations, which had been the means of building volume in earlier years. Some Farmers Union shipping associations bought their own trucks and continued in operation. Various experiments were undertaken. At Minot federated shipping association gathers the stock over a large area; at Williston a Farmers Union sales ring provides feeder buyers and order buyers a source of stock, while the slaughter stock is shipped on to the Farmers Union Livestock Commission Co.

Out of these varied experiences and the wartime necessity of conserving transportation facilities the county-wide Farmers Union shipping associations were started in 1944 and today there are more than 33 such associations in North Dakota alone. Here the county Farmers Union boards of directors contract with individual truckers to haul for the association. Both the truckers and the Farmers Union build up their volume through the advertising, the Farmers Union radio market reports, and the use of Farmers Union cooperatives as listing points.

At the end of 1945 Marvin A. Evenson succeeded Chas. D. Egley as manager of the Farmers Union Livestock Commission Co. and began to put into effect policies adopted by the board and stockholders. These look to the time when the Farmers Union livestock sales agency will do more than merely sell on commission. These policies aim at acquiring processing facilities. As the first step in its expansion program, the livestock agency took over the Farmers Union firm at Chicago at the request of the Iowa Farmers Union stockholders, thus giving service to Iowa farmers. It arranged to supply a cooperative packing plant at Detroit with hogs. It took steps looking toward a feeder service where livestock raisers in Montana and North Dakota will be placed in direct contact with livestock feeders in the corn belt. It purchased its first processing plant, a rendering works at La Crosse, Wis.

While the regionals were growing local Farmers Union co-ops were making remarkable progress during the war years. The good crops and favorable prices accounted for the good showing of Farmers Union elevators, but the growth of Farmers Union oil companies when they could not get many of the supplies normally handled was less understandable. Clearly more farmers were giving more patronage to Farmers Union cooperatives as a result of the growth of the entire organization. In return more cooperatives checked off dues and paid educational funds to further increase the size and effectiveness of the union.

New cooperatives were organized each year, a few oil cooperatives and elevator associations, and several co-op stores. Indeed, between 1941 and 1946 the number of cooperative stores practically doubled, jumping from about 12 to 29. In many instances a community would have been left without a store had not Farmers Union members organized a cooperative. Some of the stores, like Mandan and Williston, started a year or two earlier, moved into modern supermarkets. Difficulty in securing personnel and groceries made operating a young co-op store even more of a struggle than usual, but all of the Farmers Union stores that were started are now on the road to success. The Farmers Union Central Exchange established a grocery department in 1942, taking over the Northwest Cooperative Wholesale (an organization formed the year before by several co-op stores in northeastern Montana and northwestern North Dakota). Although the inability of a new wholesale to get all the groceries it wanted prevented the exchange from encouraging the organization of many new co-op stores, it did service those that were organized.

Several of the stores, as well as some of the creameries and other co-ops, established c'd-storage locker plants.

Mr. LANGER. Mr. President, we come next to chapter 9, entitled "Postwar Reaction," dealing with the NTEA anti-co-op campaign, the 1947 legislature's anti-Farmers Union drive, the proposed family-farm program, the subject of health and education, and the status of co-op development, which I ask to have printed in the RECORD at this point in my remarks.

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

IX. POSTWAR REACTION

After the shooting stops, an era of confusion and reaction sets in. That was the case after World War I, and it is the case after World War II. All of the unity of purpose and hopes for a better future which inspire wartime sacrifice apparently disappears in selfish bickering as individuals, economic groups and nations.

Perhaps it is the war-weariness of people—the desire to throw off restraints. Perhaps the continuation of apparent prosperity stimulated by wartime and postwar shots of inflation, lull the people into a false sense of security. At any rate, the forces of reaction and monopoly-enterprise have taken over, largely by default of the nonvoting voters and by the effectiveness of the barrage of propaganda against all progressive groups and ideas.

Thus far farmers and their co-ops have fared better than organized labor—whose New Deal gains have been pretty thoroughly wiped out. The campaign against the cooperative movement, and the Farmers Union in particular, however, has been greatly intensified the past 2 years.

The attack has taken many forms. Over the Nation as a whole it has been an attack on the alleged tax exemption of co-ops and a smear on co-ops and their leaders as being Red. In Minnesota the attack has been centered on the Farmers Union Grain Terminal Association—and in North Dakota on our insurance activities. Whatever activity appears to be most susceptible to challenge is picked out in each situation, but there is no question but that the opposition seeks to curtail the whole Farmers Union program—the particular issue or activity selected for attack is merely strategic.

In one sense, the magnitude of the attack is a tribute to the effectiveness of the union and its cooperatives. Throughout the history of the farmers' movement in the Northwest, we have seen repeated efforts to snipe at it, but never as well organized or thorough as the present one.

The Farmers Union kept growing, in spite of all the opposition. The spectacular success of GTA is, of course, a direct threat to the profits enjoyed by the Minneapolis commission merchants ever since the opening up of the spring wheat area. It is not surprising, therefore, that the National Tax Equality Association, a Nation-wide organization of businessmen dedicated to crippling and destroying cooperatives, had its beginnings in the Twin Cities and that its head is a private grain merchant of Minneapolis. Originally called the League for Protection of Private Enterprise when it was organized in the fall of 1943, the anti-co-op group decided to conduct its campaign on the question of taxation of cooperatives. It changed its name to more publicity-wise National Tax Equality Association. Although it had conducted an elaborate and expensive campaign among businessmen and legislators the past 3 years, it has not harmed cooperative growth. Indeed, its campaign had educated many cooperative members, and others, as to why cooperatives do not pay income tax on patronage refunds, which are not income to the co-op but which belong to the patrons.

A more serious attack on Farmers Union activity was the effort of the private grain trade to have the license of GTA revoked and thus put it out of the grain-buying business. Several Minnesota attorneys general have held that Minnesota's cooperative law permitting a cooperative association to buy members' products takes precedence over the law forbidding commission firms from buying their own account. But the question had never been decided in the courts. When a politician by the name of Ray P. Chase found he could not halt GTA by writing smearing pamphlets and bringing suits in his own name, he ran for the Minnesota Railroad and Warehouse Commission and was elected in 1944. After the commission had parried around for months with charges and hearings, one of GTA's member elevator associations brought friendly suit against GTA, in order to get a court ruling.

Then for the first time in over 30 years of cooperative grain marketing, private grain commission firms entered the battle in their own name. Sixteen of them filed briefs in the case as intervenors. The district court which had enjoined the railroad and warehouse commission from enforcing the order requiring GTA to stop buying grain consigned to it. On February 14, 1947, the Minnesota Supreme Court upheld the contention of GTA, the district court, and the attorneys general. GTA has won one of its greatest victories for the right of farmers to cooperate as far as they desired in the handling of their own grain.

The private grain merchants continue to wage publicity campaigns against GTA, undoubtedly hoping to push a law through the Minnesota Legislature repealing the right of a co-op to buy from its members. In the fall of 1947, they went to the Federal court in an attempt to have it declare that GTA must abide by rules set up by the Minneapolis Grain Exchange. All commodity exchanges have always exempted co-ops from the rule that a member firm cannot sell and buy the same commodity.

So much interest has been generated over the question of taxing co-ops that in the spring of 1947 all of the major networks carried forums or debates on the question. From these discussions it was apparent that taxing co-op dividends was a secondary issue. The main one was how to curb coperative development which threatened to curtail the profits enjoyed under the old way of doing business. It was not small co-ops which were opposed. Only when they became effective were they "bad."

THE 1947 LEGISLATURE

The battle against the Farmers Union and its co-ops was a hot one in the 1947 session of the State legislature. It proved to be under the most reactionary control since 1916. There is no question but that the conservative forces planned to curtail the strength of the union. Two of the three bills over which the battle raged were specifically directed against Farmers Union insurance companies, and the third against all co-ops. In fact leaders of the opposition openly boasted that they were out to get the union. They had not counted on the pressure of the folks back home to change some votes in the house.

The third bill was directed at all co-ops. It would have applied the State corporation income tax to any patronage refunds not paid in cash. The purpose, of course, was to prevent a co-op using the savings for expansion or to strengthen the financial structure. Practically all FU co-ops in the State have been built to their present strength by paying part of the refunds in stock.

We have seen how the late Oscar Erickson would not renew license of the National Farmers Union Life Association because of his friendship to the officials of a rival firm. When Otto Krueger was appointed to succeed him as State insurance commissioner, Farmers Union officials had hopes the controversy would be settled. But, however, after months of delay it became apparent that the State insurance department was stalling. The reason was revealed with the introduction of the infamous senate bill 51. This bill, among other things, provided for the automatic termination of fraternal insurance licenses annually. Under present law, a fraternal insurance company can continue to do business even if its license is not renewed until and unless that license is revoked for cause. In that case the insurance company may appeal to the courts. That is just what has happened after senate bill 51 was defeated in the house after passing the senate. The commissioner finally revoked the license of NFULA, and the company has appealed to the courts.

The insurance commissioner, however, had told the senate committee earlier that he wanted Senate bill 51 so he could put the Farmers Union life-insurance program out of the State without having to show cause. The reason why he made such a request was made very evident by the very flimsy charges brought out in the Senate investigation. The unfriendly committee, itself, in its report found nothing materially wrong with the company. It is doing business in 14 other States without any difficulty.

Commissioner Erickson's opposition had been based largely on personal grounds, but the present attack was that of the old-line stock-insurance companies, in conjunction with the private grain trade, the major oil companies, and other business interests who feared competition of Farmers Union co-ops.

The majority leadership included insurance brokers, corporation lawyers, and other business spokesmen. They were frank in their opposition to the Farmers Union. They wanted President Talbott and others to keep out of Bismarck and to refrain from telling the membership so it could let the representatives hear from back home. The alternative was $1,000,000 worth of bad publicity.

Farmers Union folks do not scare at such intimidation. They have nothing to hide from investigations. The hearings became quite ridiculous, particularly, when the chairman attempted to read something sinister in a cartoon showing the State in the grip of a hand (which represented monopoly interests).

One aspect of the investigation was not so funny. It was a senate resolution giving the right to the committee to seize any papers, files, or property of the Farmers Union or any other corporation or individual for any purpose. Hitler's Gestapo never had any more authority than that.

The avowed purpose was to secure the mailing list of the Farmers Union to use for political purposes by the conservative faction. When Glenn Talbott said he would go to jail rather than produce the mailing list, this fascistic attempt was dropped. North Dakota has never witnessed a more flagrant attempted violation of civil liberties than this.

Third of the anti-Farmers Union trio of bills would require mutual-insurance companies to maintain 100 percent of premiums in reserve. (Because mutuals are assessable, most States require 40 or 50 percent in reserves.) This requirement would make it almost impossible for a new company to operate (because it must pay expenses out of premiums). The only new mutual in the State is the Farmers Union Mutual Insurance Co. It, too, was defeated by a narrow margin. The State insurance commissioner went ahead, however, and imposed a regulation which, in result, has the same effect.

FARMERS UNION PROGRESSIVE ALLIANCE

One of the direct results of the legislative battle was the formation of the Farmers Union Progressive Alliance, to work for candidates on any ticket who will support the Farmers Union program and to work against candidates who oppose the program.

This sharp break with the tradition that the Farmers Union did not endorse candidates was decided upon at a meeting of several hundred county and co-op directors in June of 1947. They decided against affiliating with any faction or party, or starting one of their own, but they will work for and against candidates.

Quentin Burdick, a progressive young attorney, who has served as counsel for the NDFU and its insurance enterprises, was named executive director of the Farmers' Union Progressive Alliance. He is well known throughout the State for his progressive political outlook.

Cooperatives cannot remain politically neutral when they are being politically attacked. Neither can the Farmers' Union be neutral toward legislators and officials who consistently oppose its entire program. The preservation of the family-type farm and co-ops which assist farm families cannot be secured by legislation alone, but certainly unfavorable legislation can destroy both.

NATIONAL LEGISLATION

This is true of Federal as well as State legislation. The anti co-op forces are laying the groundwork for a drive to subject patronage refunds to Federal income tax before they are paid out—as well as in the hands of patrons.

A large share of legislation which comes before Congress, both good and bad, affects farmers directly or indirectly because farmers are citizens. The Farmers' Union is concerned with all these issues—full employment, international trade, minimum wage, housing, health, river resource development, etc.

Specifically, however, one of the primary legislative objectives of the Farmers Union is the adoption of a sound farm policy, based not upon scarcity through production control, but upon the over-all needs of our economy for food and fiber to be supplied in the main by family-type farmers.

PROPOSED FAMILY-FARM ACT

During the war progress on basic farm legislation was suspended, but Farmers Union people continued to explore possibilities of a farm program which would undergird stable farm prices and maintain the traditional family-type pattern of American agriculture. Thatcher proposed a National Agricultural Relations Act under which elected representatives of farmers would collectively bargain with buyers for fair prices. Additional refinements were added to form the plan embodied in the proposed Family Farming Act.

This proposal, advanced by the Farmers Union, was the only plan presented at the general hearings of the House Agricultural Committee in the spring of 1947 by any farm group. By that time it was apparent that the old AAA program was doomed. The Farmers Union proposal would extend the democratic machinery of the farmer-elected AAA committees—community, county, State, and national—as a means of setting production goals, negotiating levels at which prices will be supported, and formulating voluntary individual farm plans for each farmer's protection. Such plans provide for soil conservation and production goals which will fit into the national goal.

A full analysis of the bill would be impossible in this brief history, but the proposed family farm act deals with most of the six major phases outlined by Mr. Talbott in his testimony in 1941. It provides for stabilizing agricultural income by increasing both domestic and world markets. It guarantees a minimum annual income for farm families by providing a soil conservation works program to supplement income from farming. Over the years it provided for the enlargement of too-small family farm units with low-cost, long-term credit. It provides for a food-allotment plan which will assure every family in America a decent diet for maintenance of health and thus greatly increase the consumption of most farm products. Throughout the interest of the family-type farmer is specifically advanced.

Of course, the problem of rural population pressure cannot be solved on the farm alone. A full employment, full production, and full consumption economy is necessary to provide opportunity for all to work either on or off the farm. Indeed, no farm program will work unless there is a high level of production and consumption in America, and even throughout the world. The proposal of the Farmers Union in its farm family bill is geared to a full-employment economy in the United States. Therefore, we cannot be content to secure its passage alone, but must also support every measure which will promote the well-being of all the people.

THE TRIPS TO TVA

Scarcely less important to the Farmers Union is the bill to create a Missouri Valley Authority. Because Congress has appropriated funds with which to proceed with certain projects under the so-called Pick-Sloan plan, opponents of the MVA call it a dead issue. The people of the Missouri Valley, however, are not going to be contented with a series of unrelated projects (which is what the Pick-Sloan plan actually is) when they learn how far short of full development these projects provide.

Farmers Union people are learning what full development of the water resources of an entire valley really means. Nearly 200 of them have learned first hand by visits to the TVA in May and June of 1947. They were awarded the trip as rewards for work in the membership drive in the fall and winter of 1946. In 1945 the State presidents

and national officers had visited TVA and what they say so impressed those from North Dakota, Glenn Talbott and Vice President Ole L. Olson, that they wanted more folks to see TVA.

When the 1947 membership drive was launched, with transportation to TVA offered to all securing 75 members, the staff did not expect that so many would qualify. (From one to three names were drawn from each country in addition to those who had earned trips). The job of arranging transportation and tours for so many people proved to be a greater job than anticipated, but the tours proved to be worth all the effort, both to those who earned the trip and to the State organization.

From the standpoint of membership a net gain of several thousand members was realized. The slogan "Its 35 in '47" meaning 35,000 dues-paying members neared realization. This represents 35,000 families, an estimated total of over 90,000, counting men, women, and young people of 16 or over.

EXPANDED SERVICES OF STATE UNION

With the growing membership and growing financial resources, new departments with specialized personnel were created. One of the first of these was the Department of Traffic and Tax Research with Elmer W. Cart in charge. Farmers are very much aware of their tax problems. We have seen that the NDFU has sponsored various tax measures down through the years, and will continue to do so. A tax expert can provide the technical data on which sound tax programs can be built. Freight rates, however, are more remote to the average farmer because he pays them indirectly. They are doubly important because he bears the transportation costs on what he buys as well as on what he sells. Freight rate structure is a highly technical and complicated field. On behalf of the Farmers Union, Mr. Cart appears in various cases before the Interstate Commerce Commission, and other regulatory bodies to argue for the interests of the North Dakota farmer. Among important cases on which he has worked are the Western case, which removed higher discriminatory rates from the West and South, the request of the railroads for general rate increases (opposed by the Farmers Union) and the Wool case. In this last case more equitable rates from the Great Plains States in comparison to rates on imports and exports are being sought.

The educational department of the Union was divided into the junior work and the Department of Education. Mrs. Lulu Evanson became director of the latter in 1946. Mrs. Susanna Olson Shroyer became State Junior Leader. When Mrs. Shroyer left to make her home on the farm, Florence Nordstrom became acting State leader with Mamie Roos as assistant.

HEALTH WORKSHOP

Among the important projects in adult education in which Mrs. Evanson's department is concerned is developing a health program to meet the needs of rural people. The need in this State for better facilities, for better distribution of doctors, for better methods of payment for medical care is generally admitted.

South Dakota has similar problems. The NDFU and SDFU, together with the labor organizations of the two States, joined in sponsoring a health workshop at Jamestown in the fall of 1946. Experts were invited from various Federal agencies concerned with various phases of public health to serve as consultants. More came than were anticipated, for they were interested in listening to lay people discuss their health problems. For 2 days lay people, about 75 men and women, discussed the needs and the possible improvement in public health, in safety and sanitation, in securing facilities and personnel, and improving methods of paying for medical care.

It was the last-named subject which drew the fire of the North Dakota Medical Association. The secretary of the association went to Washington and testified that Federal employees were using Federal funds to indoctrinate the workshop in favor of socialized medicine. The Farmers Union, as well as the CIO and the AFL, had long been on record in favor of the national health program. President Truman had endorsed it. So it scarcely could be called indoctrination, when Federal employees discussed its merits when requested to do so by workshop participants.

OUR SCHOOLS

Public education has been a topic in which the Farmers Union has long been vitally concerned. The problem of adequate rural schools has long been a serious one. It grew worse during the war as teachers left for better-paying jobs elsewhere. The Farmers Union has favored a tax base which would raise sufficient revenue to maintain good schools, although finance is not the only problem of education in North Dakota.

The teaching profession in a State as predominantly rural as North Dakota needs the active support of organized farmers if it is to improve education. In the fall of 1946 the NDFU added Edward W. Butler as public-education specialist to work with the teachers, from the University faculty to the rural school teachers, on a program of common interest.

The State convention in the fall of 1946 adopted comprehensive proposals for educational reform, many of which were in harmony with a similar program adopted by the North Dakota Education Association. Some parts of it were enacted into law in the 1947 session, particularly relating to teacher tenure and improvements in the teachers' retirement plan. The most important single item, equalization of school finances among the poorer and richer school districts, was shunted aside in a purely political maneuver. The outcome of the school reorganization act remains to be seen, although the act contains safeguards for rural people which would not have been there except for Farmers Union efforts. Supported both by the NDFU and NDEA, 13 of the 19 resolutions adopted at the 1946 convention became a part of 35 good school laws passed by the 1947 legislature.

INFORMATION AND PUBLICITY

Use of the radio was expanded in the spring of 1946 with a half-hour program of news and views, music and variety at 7:30 each weekday morning over KSJB. This addition to the 5-minute commentary at noon and the Monday evening hookup of four stations. G. Heutzenroeder, or Heutz as he is easier remembered, is director of this department with Don Mortwedt as his assistant.

In addition to news about Farmers Union activities the daily radio program proves particularly valuable in informing members and nonmembers when a special issue is up. This is indicated by what happened when the motor vehicle registrar wrongly classified farm truck license application. A local from Montrail County reported that license fees for farm trucks had been increased as much as 700 percent. It was assumed that an error in reclassification has been made. But when it was reported on the radio, a flood of similar complaints poured in. It was apparent that a large number of farm trucks in various parts of the State had been reclassified—though it appeared too many to be merely an accident. As a result of the campaign of exposure, hundreds of farmers secured refunds and thousands of others saved from repaying the higher fees. Incidentally the registrar was shifted to another State department.

Bob Dugan, who had operated a paper of his own at Lidgerwood, became editor of the North Dakota Union Farmer as well as director of political information, in January of 1946.

The former editor, author of this history, became special writer, preparing discussion material, leaflets, and other aids to help members analyze and understand various phases of the Farmers Union program.

THE ACTION PROGRAM

Maintaining effective interest and activity in the Farmers Union locals has always been a matter of concern. Much thought and experimentation has been directed toward developing a pattern which would work. Out of the experience in this and other States has evolved the action program—appointment of action officials to take responsibility for specific phases of the local's activities. These appointed officials, together with the elected officials, constitute the action group of the local, which is to present various topics for discussion and action.

To assist the action group the State office published the monthly bulletin, which contains a discussion on a timely topic each month, together with specific suggestions for action by the various action officials. The action group includes president, vice president, secretary, program director, junior leader, organization secretary, legislative secretary, cooperative secretary, veterans' secretary, and recreation director.

Expansion of the staff into specialized departments has meant some of the older staff members have been given more limited range of duty. For example, upon his return from the Army Dick Joyce was made director of the department of cooperatives.

Although the NDFU has always attempted to assist groups organizing co-ops on bylaws and other problems and to furnish help to existing co-ops, the establishment of this department enables Mr. Joyce to be of much greater assistance. One of the most important tasks of this department is the assembling of statistical information and other data concerning all cooperatives affiliated with the Farmers Union. In years to come this data will afford a measuring rod of progress. Mr. Joyce is also managing director of the North Dakota Credit Union League, most of whose members are credit unions serving Farmers Union members. He is also treasurer of the North Dakota Central Credit Union, the pool of credit-union and cooperative finance, which is helping build all types of cooperatives through furnishing loan capital.

John Hillerson is assistant managing director, receiving his on-the-job training under the Veterans' Administration.

Milton Holtan, upon his return from the Army, was made assistant to the president in charge of field work. Martin Byrne also was made assistant to the president to relieve Mr. Talbott of much of the administrative work which increases as the organization grows larger.

COOPERATIVE DEVELOPMENT

For a summary of the extent of cooperative development in the Farmers Union, the following statement taken from the first special co-op edition of the North Dakota Union Farmer, for October 1946 is most revealing: "North Dakota farmers who patronized Farmers Union cooperatives this last year are richer by over $5,500,000 in 1946. But they are many millions of dollars richer than that when you consider the millions in assets and net worth that they have piled up over a period of years—as represented by the hundreds of fine oil stations, huge elevators, attractive stores, creameries, produce and feed and seed plants, to say nothing of their share in building the gigantic Farmers

Union Grain Terminal Association, the ever-growing Farmers Union Central Grain Exchange, and the Farmers Union Livestock Commission, which obviously is on the verge of its biggest period of expansion.

"The total business that is now being done by Farmers Union cooperatives, in all phases, makes it one of the biggest single economic units in the State. The Farmers Union cooperatives have become one of the dominating commercial factors in North Dakota.

"The ramifications of the Farmers Union and its related cooperatives in this State have been felt for many years. Early in the movement oil cooperatives forced a narrowing of profit margins which resulted in invisible savings of millons of dollars to all people, not merely to the farmers alone who led the fight single-handedly. Ruthless manipulation of the grain market which had been practiced for decades and which had cost Northwest grain farmers millions of dollars every year, ceased to a great degree with the advent of local grain cooperatives, and almost entirely in these later years as GTA became a dominant force in the Northwest grain trade.

"More than that, cooperatives in North Dakota have added greatly to the earning power, the permanent wealth and stability of the farmers, as the savings which accrued to the farmers by doing business with themselves remained in North Dakota and were not taken out of the State by large corporations."

Here are some astounding figures as compiled by the North Dakota Union Farmer:

"One hundred and forty-three Farmers Union elevators handled over 55,000,000 bushels of grain in 1945, not including the St. Anthony & Dakota line.

"One hundred and forty-three Farmers Union elevators have total assets of over $10,380,000 at the end of their current fiscal year.

"One hundred and forty-three Farmers Union elevators had local net savings of over $2,000,000 which does not include over $1,870,000 which was turned back to North Dakota farmers as savings from operations of GTA and the St. Anthony & Dakota line.

"One hundred and one Farmers Union oil companies did a total business last year of over $10,000,000.

"One hundred and one Farmers Union oil companies have total assets of over $5,000,000.

"One hundred and one Farmers Union oil companies earned their patrons over $1,080,000 last year.

"Eleven miscellaneous cooperatives such as creameries and stores, etc., which reported, made savings exceeding $113,000.

"The average volume of business of Farmers Union oil companies was $100,000 and the average savings approximately $9,000.

"The average volume of grain handled by the Farmers Union elevators was 400,000 and the average savings about $18,000. The largest Farmers Union elevator handled over 1,750,000 bushels last year."

When the reports of the current year are published in the North Dakota Union Farmer Co-op edition this year, these totals will be even bigger. More new oil cooperatives and elevators started in 1947 than for several years past. Apparently cooperatives thrive on opposition.

Mr. LANGER. Mr. President, we come now to chapter 10, entitled "The Future," beginning on page 161, and ending on page 169. I ask to have this chapter printed in full at this point in my remarks.

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

X. THE FUTURE

The grass roots have grown deep the past 20 years. The Farmers Union has been rooted in North Dakota during these years of change—revolutionary changes in agriculture itself and even more stupendous changes in the world at large. Its roots have spread into every county and almost every township.

Deep roots, anchored in the understanding and the faith of people on the land, will be needed to resist the scorching fires and earth-tearing cyclones that seem destined to sweep through the world in the years ahead.

Security on the land and a decent standard of living through sharing of abundant production—that is still our goal. But who is there who will be so rash as to say that our goal is any nearer than it seemed to be 20 years ago?

Yes, we have won victories for farmers. We have built cooperatives—magnificent ones—to serve our needs, and save us thousands of dollars. Farmers, these war years and after, have enjoyed crops and an income more adequate than for many, many years.

Who is there who will say that farm families can enjoy a decent standard of living for long when half the world starves? Or when our economic life falls increasingly into the hands of monopoly interests which profit through scarcity? Or when technological change, unless directed, can throw thousands of families off the land to make way for corporatized, ruthless "factories in the field?"

In the years ahead, we must deal with changes in agriculture. The full significance of new methods, new machinery, improved plant and animal husbandry have been clouded by the abnormal demand during the war and postwar years. We must see that this technological advance is utilized to benefit the independent American farmer, not destroy him. We must pay increasing attention to adequate housing, adequate health care, and adequate education for rural people.

Beyond strictly agricultural matters, however, we as organized farm people must concern ourselves with all of the momentous issues which determine the kind of world we live in. The threat of totalitarianism, either of the right or the left; monopoly and imperialism wherever practiced; cultivation of prejudice and hatred against any class, race, or creed; callous indifference or frenzied propaganda; the suppression of liberty anywhere—all of these can reach into the farm home and destroy its security.

Of all the accomplishments of the Farmers Union—education, legislative, and cooperative—perhaps the greatest is that it has brought to an increasing number of people an awareness of the world about them. Our farming operations do not end with line fences; we must watch and understand the world's horizon. Dark and stormy days are indicated ahead.

It may seem inconsistent at a time when prices are at record levels for livestock and grain, that we should be so alarmed about the farmers' future. Yet we believe our fears are justified. It is only the unthinking farmer—the unorganized farmer—who is content to bask in the sunshine of temporary prosperity. Every threat to democracy is a threat to the security of the family farmers. The informed farmer knows that farming operations are part of a complex, complicated world. He can no longer be concerned merely with the particular commodities he grows.

Lofthus, Manahan, Thatcher, Ricker, and the elder Talbott faced a marketing system which despoiled the farmers for private greed, but they did not face the threat of an atomic bomb, or a world grown so small that political manipulations in the Middle East are used to create shortages of gasoline in the Middle West. They did not face the concentrated monopoly when 200 of the largest corporations control two-thirds of the industrial capacity of the Nation. In 1916 and 1926 they did not face a race between democracy and fascism. In those days the permanence of the democratic way of life was taken for granted; today democracy itself hangs in the balance.

To be more specific, we might review the basic issues with which the Farmers Union has been concerned down through the years and see just where we stand. (These are the same issues listed in chapter 1.)

1. Marketing: We in the Farmers Union have built strong marketing co-ops in grain and livestock, although the major portion of both grain and livestock still go to the old-line private-profit commission merchants.

While we have been building our marketing cooperatives, the food-processing industry—meat packing, flour milling, food processing—has concentrated in the hands of fewer and fewer monopolies. Organized farmers must, in the next decade or two, break through the monopoly barrier to trade with organized consumers, if they are to receive a fair share of the consumer's food dollar.

2. Buying: The concentration of monopoly in manufacturing industries had grown much faster than have all purchasing and consumer cooperatives. All cooperative assets cannot match the assets of one single corporation—General Motors. We see the postwar spectacle of production of many manufacturing items we need being so controlled that manufacturers cut output to boost profits rather than cutting prices to meet competition. Instead of abundance that wartime production records proved possible, we have scarcity for profit. The Farmers Union and other people's organizations have a tremendous task to use both cooperation and legislation to break monopoly and provide the abundance of goods and services we can have.

3. Land ownership and tenure: Land prices remain at inflationary levels. While some farmers appear to be more secure in their ownership, it is difficult for younger farm boys to get started. Moreover, the security of family-type farmers is very uncertain. Even in North Dakota we are seeing big-scale, factory-type farm operators—particularly in the potato area—dispossessing scores of families. The more we do to stabilize price levels the greater the incentive for large-scale operation, unless we also give specific protection to family-type operation. The question of big farmer versus small farmer will be decided in the next score of years.

Where farms are rented, adequate provision must be made for conserving the soil, for decent housing and reasonable security for the farm family. The Farmers Union must prepare to meet this challenge.

4. Credit and finance: Wartime conditions have lessened the debt pressure. Many farmers have retired a large share of their mortgages. Yet the mortgage debt again is rising. When farm prices decline, payment of debts contracted now may put a new crop of farmers through the wringer. So much greater capital is required to operate a farm with modern machinery and modern methods, low-cost, long-term credit facilities—private, cooperative, and Government, are needed. We need the kind of a credit system that will enable a young farmer to start out with the equipment and resources needed for modern farming without having a millstone of almost certain default hung around his neck. That means provisions which will see the farmer through the years of crop failure, when he cannot pay on his loan, and still provide a living for his family.

5. Taxation: If family-type farmers are to survive, they must work for a wise tax policy. Absentee property owners, utilities, and landlords ever seek to curtail community public services so their taxes will be reduced. They try to shift property taxes to sales and indirect taxes. On the Federal as well as the State level they seek to lower income-tax

rates in the higher brackets and put the burden of paying for the huge war debt upon the lower-income consumers. Any taxes which reduce purchasing power of the people hurts the farmer. The same forces seek to impose double taxes on cooperative earnings, in order to limit and destroy the effectiveness of the people's movement.

In the years ahead we face a show-down as to whether we are to have a tax policy which is to serve the people and limit the concentration of land and wealth, or whether the needy will be taxed to help the greedy.

6. Conservation: Everybody gives lip service to the necessity of conserving our soil and water resources. Yet we have far to go before we fully utilize our natural resources for the benefit of all the people of this and succeeding generations.

In North Dakota, as in other States of the Great Plains area, our water resources in the Missouri Basin are potentially one of our greatest assets for irrigation, power, and navigation. And yet we find politicians in high places giving our water away for downstream navigation by supporting the Pick plan. This plan would seal off the Dakotas from river navigation by huge earthen dams and would provide only a fraction of the power and irrigation possible if the water was dammed nearer its source. Naturally, railroad and private power interests are at the forefront in the campaign against maximum power and navigation potentials. The battle for full employment of the Missouri Basin, through a unified TVA-type agency, will be a major issue for the Farmers Union the next decade.

Family-type farm operators, secure on the land, have the greatest stake in maintaining the fertility of the soil. "Sidewalk farmers," corporation farming, and other factory-type operation can make bigger profits by "mining" the soil and abandoning it. One of the big jobs ahead for organized farm families is to secure a national land policy which will effectively discourage that kind of agriculture. Such a land policy will reimburse farm families for values they create for the whole country through proper soil conservation.

7. Farm family living: In the 20 years during which the Farmers Union has been functioning in North Dakota, living conditions on the farm have actually deteriorated. Standards of rural teachers and rural schools have declined. The country doctor has aged or passed on. Few younger doctors have come into rural areas. Little building of farm homes has been undertaken, and, in many instances, housing facilities have deteriorated below the levels of decency. There are reasons why educational, health, and housing facilities have worsened the past two decades—depression and war.

Although there has been considerable road building and rural electrification, much remains to be done before electricity, modern plumbing, and all-weather roads are available to every farm.

Improvement to rural living standards offers a tremendous challenge for organized farm families to plan and act boldly. Of necessity it will require collective action in the community, State, and Nation to develop the kind of education, health, and community facilities which farm people are entitled to and which they need to be good citizens.

8. Relations with others: The world grows smaller through shrinking space and time and through greater interchange of ideas and commodities. Tensions between different economic groups, or among racial, political, national, or religious groups become more dangerous. Likewise cooperation among various groups become more fruitful. The Farmers Union has always been friendly toward organized labor, but in the years ahead we must put our friendship on the solid basis of working together for mutual ends—if farmers and workers alike are to survive as freemen. Likewise, if democracy is to continue, discrimination against minority groups must be eliminated. Farmers themselves constitute a minority. We must work with other democratic forces—labor, church, educational, civic, business—to achieve good for all people in a free society.

9. International affairs: With the atomic bomb, and even more terrible weapons, hanging over civilization, threats to peace are threats to the survival of mankind itself. Without the development of a peaceable community of nations under law and order there is no future for farmers or anybody else. Fortunately, the building of such a world means international trade which will create markets for most American farmers. (Some of them, like the wool growers, may have to face temporary adjustments but in the long run expanding world trade will benefit American farmers.)

The road to permanent peace will be perilous. Even now the idea that a third world war is inevitable is accepted in high places. If the Farmers Union is to play a part in making an enduring peace possible, it must take positions that are unpopular. It must combat the propaganda mills of press and radio with basic education.

Perilous indeed are international relations in the years ahead. The American farmer must be concerned with what is happening in the world. Through organization he can have a voice in making the fateful decisions in the year ahead.

The future is the challenge of the unknown. What we do know is that the problems we face are even greater than the problems of 20 years ago. What do we have that the Farmers Union did not have when it started then?

We have an organization—35,000 families, 70,000 individual members strong. That is not members enough. All the farmers in North Dakota are not enough. We must help to organize the farmers of other States, until our union speaks for at least a million. We have learned how to get members—the planning, the cooperative effort, the follow-through, the funds, the enthusiasm which mass organizing drives require. We can use that experience to enroll more members in North Dakota and all over America.

We have an educational program. This is our most prized possession, for out of understanding comes action. Our Farmers Union locals, armed with facts supplied by our own press, radio, and educational department, are people's university where all farm people may discuss, and plan, and act. For the younger people, Juniors and Reserves, the Farmers Union teaches basic economic and social facts so they will be capable of wrestling with the problems farmers must face. We teach cooperation in play; we teach it in work. Take away the educational program of the Farmers Union, and sooner or later, all activities of the Union will falter. Unless we build for the future, we build in vain.

Out of understanding we have built cooperatives. They are large and successful in terms of mobilizing farmers' economic resources to fight farmers' battles. They are still small, however, in terms of their power to break monopoly controls on the market place.

Finally we have a legislative program. The Farmers Union has a reputation for integrity. It would be demagoguery to say that legislation can be a cure-all for farmers. And yet, if family farmers are to be protected in a complex economy, made more complex by political pressures, they must have laws which help them. The Farmers Union speaks on behalf of farm families for legislation which will promote the general welfare.

These are the implements which we have developed to meet our problems—membership, education, cooperatives, and legislation. What we can accomplish for the farm families depends upon how well we use them. These are live tools we have fashioned; they grow with use. Actually, they are ourselves—organized to do specific jobs.

The jobs ahead the next score of years are big. We will need big instruments to accomplish them. How well the Farmers Union succeeds, depends in some measure—large or small—on what each members does.

The future is ours. It depends on us. Our organization and our cooperatives deserve no future except as they advance the welfare of farm people.

We may be proud of the Farmers Union, but that is not important. What is important is the well-being of families on the land, growing children who will be the grass roots in what, we hope, will be a greener, more beautiful world.

Through working with our fellow men, we can use the tools we have fashioned to make it so.

Mr. LANGER. Mr. President, I ask unanimous consent that the report entitled "Record Year for GTA Is Reviewed by M. W. Thatcher," which appears in the Farmers Union Herald for December 19, 1947, be printed at this point in my remarks.

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

RECORD YEAR FOR GTA IS REVIEWED BY M. W. THATCHER

(Following is the annual report of M. W. Thatcher, general manager, made to the stockholders at their tenth annual meeting at the Hctel Lowry, St. Paul, December 8, 1947:)

We shall now consider the year's business which ended May 31, 1947. In so doing we refer you to the condensed balance sheet and summary on this page.

The margin in percent taken by GTA is unusually small when compared with other types of cooperative business or with those institutions operating for self-profit.

Operating results

	Percent
Sales and services	100.0
Cost of sales	98.4
Net savings	1.6

These savings are the result of many services—income from interest charged for financing farmers' cooperative elevator associations, auditing, bookkeeping, commissions from grain sales, grain merchandising, line elevator operations, storage and handling charges for grain at terminal and subterminal elevators operated by GTA, operating a flour mill, grain operations at branch offices, From such savings are deducted the interest paid for temporary borrowings of large operating funds, general expenses, property maintenance, and reserves for losses on accounts receivable, and depreciation of property.

SAVINGS FOR THE YEAR

From the standpoint of net operating results and net savings, the season ending May 31, 1947, was the best year in the history of Farmers Union Grain Terminal Association. The number of bushels cooperatively marketed in the country and shipped to GTA, however, was down from a year ago.

The volume would have been larger than a year ago except for the railroad situation. Some of the farmers' country elevators would have doubled their volume if they could have been assured of equitable treatment in distribution of boxcars. The amount of country business GTA handles at the terminal markets, of course, depends on how much grain is handled by country affiliated cooperative elevator asociations.

Cooperative elevators were mostly the victims, while independent and line elevator operators were beneficiaries of the arbitrary and misunderstood Car Order No. 144, issued by the Interstate Commerce Commission.

Because the order favored elevators with a small normal handle and discriminated against large handlers which are mostly cooperatives, the farmers who were unable to deliver their grain to their country elevator because of the order are more aware of the injustice of the order than we are at the terminal market.

The one hope for cooperative elevators is that one day there will be enough boxcars. Then farmers will be able to give all their patronage to their cooperative elevators. When this occurs, we are confident that with normal crops, GTA will increase its volume considerably.

Grain marketing conditions, going out from under OPA controls and back into a free market, were very unstable. In the fall of 1946, as many country elevator managers recall, much of the country grain was sold "to arrive" at tremendous discounts under the current terminal market price.

Some of GTA's adversaries advised farmers' cooperative elevators doing business with them to sell grain "to arrive" as a hedging proposition. The GTA grain salesmen did not believe this was advisable. Time has proved that they were right.

As a result, I am sure if a comparative statement were made of the prices received by farmers' cooperative elevators doing business with GTA with those who did business with our adversaries, we would find a tremendous advantage in price per bushel among cooperative elevator associations who did their business with GTA.

The operations of GTA for the past fiscal year showed savings in the amount of $4,626,743.84, which is substantially larger than GTA ever had before. After proper distribution of all the savings and the proper allocation of expenses, reserves for accounts receivable and financed country elevator accounts, and finally, after deduction of 5 percent for educational funds, the distribution of savings per bushel was as follows:

	Cents per bushel
Wheat	4.34
Durum	4.34
Flax	23.63
Rye	7.01
Barley	2.38
Oats	1.05
Corn	2.78
Soybeans	2.20

All the payments made by the farmers' elevator associations to GTA during the past fiscal year for services—interest, commissions for selling grain, auditing, bookkeeping, etc.—were less than one-half of GTA's net savings for the year. Therefore, GTA patronage dividends to the farmers are about twice as much as all service charges paid to GTA by their local elevator associations.

The most outstanding operation for the past fiscal year was the handling of flaxseed early in the fall of 1946. Shortly before the Northwest flaxseed crop began to move to market we learned that Argentina linseed oil was being imported into the United States at a price which would have reflected $6 a bushel to Northwest farmers at a time when the ceiling price was $4 a bushel.

We also learned that there was no ceiling on linoleum, a product which uses a tremendous amount of linseed oil. With a ceiling on American flaxseed, but no ceiling on linoleum, and American buyers paying a high price for imported linseed oil, American flax producers were victims of a fast squeeze play.

We made strong and indignant protests to the Government agencies responsible for this inequitable price situation. Our personal feelings were stirred to anger when we learned that some buyers were in the country offering "special inducements" to farmers and country elevator operators for flax under the $4 ceiling price, and holding the seed in anticipation of a "big killing" should price controls be removed. We pressed our demands on Washington that something be done to correct the intolerable condition. The situation was finally corrected, after too long a delay, by removal of the flaxseed ceiling of $4 a bushel at Minneapolis.

In the meantime, aware of how the farmers were being "fleeced" by selling their flaxseed at the ceiling price of $4, we ordered GTA to stop selling all flaxseed consigned to it. Rather than sell it at the ceiling price, GTA bought the flaxseed and stored it. We did that because we were confident that if GTA held the flaxseed, it could make a tremendous saving for the flaxseed patrons, instead of permitting the buyers to profit, when the $4 ceiling was removed. We recall that on 1 day GTA bought $1,300,000 worth of flaxseed from country shippers.

As a result, GTA made over a million dollars for its flaxseed patrons in the increased sale price, which quickly reached $7 a bushel. The adversaries of GTA, who were busy buying all the flaxseed they could at the ceiling price, of course, "exploited" farmers out of millions of dollars. GTA at least saved over a million dollars for its flaxseed producers. This "windfall" saving in flaxseed, of course, was prorated over all the bushels of flaxseed that were received during the past fiscal year. That distribution accounts for the unusually large patronage dividend all flaxseed producers received for the year ending May 31, 1947. You can see how unfortunate it is that the farmers of the Northwest have not had a big, strong regional grain-marketing cooperative on the market place for the past 60 years.

GENERAL FINANCIAL POSITION

Elsewhere in this report there will be more detailed information about GTA's financial situation, but now we want to comment on two important aspects:

1. No one realized at the end of the last fiscal year, while wheat ceilings were around $1.76 a bushel, that the price of wheat and other grain and seeds would go up as high as they have. When the country elevators fill up with expensive cash grain that cannot be moved for lack of boxcars, there is a strain on local financial operations. Country cooperative elevator associations are not capitalized to fill storage space full of high-priced cash grain. Therefore, most of these country cooperative elevator associations look to their terminal marketing agency for the additional finances required. GTA, of course, has substantial finances on hand so that it can serve the needs of these farmers and their country elevators. If the stockholders of GTA had not had vision and sound business sense from the beginning to reinvest their savings in the capital structure of GTA, financing of the country accounts would have broken down. But, because our stockholders did look ahead with vision and sound business judgment, most of GTA's savings were reinvested in its capital structure. For that reason there was enough operating capital to serve the unusual financial requirements out in the country.

2. The other aspect we wish to mention is that some of the Nation's largest banks are now seeking to do business with GTA, and are offering terms of credit and rates of interest more favorable than those we receive from the Farm Credit Administration's banks for cooperatives. Not until January 1947 had GTA ever borrowed from any source other than the United States Government's Banks for Cooperatives. In January, however, we used $5,000,000 in Government bonds owned by GTA as collateral to borrow $4,750,000 from two private banks, one in St. Paul and the other in Chicago. We pay an interest rate of 1¼ percent on these borrowings, while the bonds, offered as collateral, yielded GTA 2⅓ percent interest. We collect twice as much on the Government bonds in collateral position as we pay out in interest on the money we borrowed. This sort of financing helps reduce interest costs, which benefits all our shippers. We charge the farmers' elevators whom we finance 4 percent interest per annum on their balances. We are required to charge this rate under the rules of the Minneapolis Grain Exchange and the Duluth Board of Trade. Such savings at GTA makes between what it is required to charge and what it pays for the money it borrows, of course, is included in the annual savings of GTA, and is allocated to patrons in the form of a patronage dividend.

The general financial condition of GTA was much stronger on May 31, 1947, than ever before. The net day-by-day operating capital was increased to $7,000,000. That represents the difference between quick assets on hand against demand obligations. The fixed investment in property accounts went up nearly $500,000. This arises from the fact that the new GTA office building, garage, and laboratory is a substantial increase in capital invested in property. From that amount there is a deduction for the sale of the lumber yards to the Farmers Lumber & Supply Co. and the sale of facilities to the Farmers Union Grain & Supply Co. To put these two cooperatives on an independent basis, GTA leased them these facilities. These two cooperatives finally acquired sufficient net worth so that GTA was able to sell the facilities to them at cost, taking mortgage notes for unpaid balances.

In previous years the annual statement of your GTA was a consolidated balance sheet of GTA, Farmers Lumber & Supply Co., and the Farmers Union Grain & Supply Co. During the past fiscal year the properties, previously stated, were sold to these two independent cooperatives and the preferred stock held by them in GTA was retired. These two cooperatives, the Farmers Lumber & Supply Co. and the Farmers Union Grain & Supply Co., are now on their own. Their financial statements are no longer consolidated with GTA.

The financial statement you read this year covers only the GTA operations. If the savings of those two other cooperatives were included in a consolidated balance sheet, as has been done prior to this fiscal year, the financial statement for GTA would show a net worth in excess of $15,000,000 instead of $14,000,000.

GENERAL REMARKS

It is important that you stockholders know that we have tremendously increased the operating efficiency of GTA by bringing more than 350 GTA office employees in the Twin Cities under one roof in a new office building. These employees had been scattered in several locations in the Twin Cities. Many were not acquainted with employees outside their own department and had little or no knowledge of the broad scope of operations being carried on by GTA for the grain producers.

The working conditions in the new office building are as ideal as it is possible to make them. The building was planned for the personal comfort of employees as well as general business efficiency. They have the use of their own barber shop, ladies' services, and cafeteria, as well as the storage and service facilities of a garage. The laboratory, research department, and grain sampling offices are located in the garage for safety and convenience.

Our employees are much more valuable to GTA today because they have a better understanding of the cooperative principle through working more closely together and understanding the purpose and function of the different departments and their relationship to each other. Opportunity for advancement encourages employees to make the most of their positions, and promotion is made on the basis of merit.

It should be mentioned that GTA built these office facilities at a cost much lower than they are today. But even if your board of directors had decided that it would have been more desirable to rent office space rather than build GTA's own headquarters, no facil-

ities were available in the Twin Cities that were suitable or adequate to decently house all of GTA's home office employees.

While we have fixed investments (less depreciation) in real estate, facilities, buildings, etc., listed as amounting to $4,755,312.41, actually those properties could not be replaced today for less than $10,000,000. If your property had been disposed of at present market prices, the GTA financial statement for May 31, 1947, would have shown a net worth in excess of $20,000,000.

GTA's board of directors, with the unanimous approval of the stockholders, thoughtfully provided a pension plan for employees. The plan is no guaranty for security, but does provide some protection against the day of retirement. The employees are appreciative of this consideration for their welfare. Each employee also is covered by life insurance at no expense to himself.

Furthering this program of employee-relations, the board of directors created the Grain Terminal Foundation. Characterized in legal language as a charitable foundation, it operates in trust. In this case, the trust is the welfare of people employed by GTA or engaged in activities related to it. The foundation has acquired all the capital stock of the Terminal Agency, Inc.

The Terminal Agency, Inc., is a general insurance agency. It writes policies for our institutions and country cooperative elevator associations which cover all types of insurance, such as fire, tornado, casualty, etc.

GTA places all of its insurance business with The Terminal Agency, Inc., and more than half of the local cooperative associations doing business with GTA do likewise. The Terminal Agency, Inc., under the law, is a private-profit corporation. After paying its operating expenses, all taxes, including income taxes to the State of Minnesota and the Federal Government, it is able to declare a dividend to the Grain Terminal Foundation. The Grain Terminal Foundation, similar to thousands of other charitable foundations, is not subject to State or Federal income tax, but all funds must be handled in trust for charitable purposes.

To illustrate how the Grain Terminal Foundation may operate, let us take what could be a typical case: The manager of a farmers' elevator who has given years of loyal service is finally unable to work, either because of an injury, or sickness, or because of age. This case is first reviewed and approved by the board of trustees of the foundation, and provision is made for making available to the manager a lump cash settlement, or monthly or annual payments.

It is the hope of your general manager and the board of directors that as time goes on the Grain Terminal Foundation will be able to accumulate a large enough trust fund so that it will be able to provide additional social security for all employees of affiliated cooperatives who need it. That is its direction, and that is its purpose.

Your general manager and many of his associates are frequently called upon to attend and address meetings and conventions. We try to attend as many as we can without taking away from the time necessary to carry on GTA's business operations. We make every effort to attend the Farmers Union State conventions in the Northwest and take part in their programs.

We have been called upon many times to discuss the cooperative issue raised by the so-called National Tax Equality Association. We have spoken to many groups and in many States on this subject. Last month we appeared before the House Ways and Means Committee in behalf of the cooperatives. It was both a pleasure and an honor to finally have the privilege of meeting and addressing the powerful House Ways and Means Committee in Washington on this important subject of taxing cooperatives.

It would take volumes to give in detail all the important matters concerning your GTA, and what actually is involved in the building of your own regional grain cooperative. This report is concerned only with the more important matters which require your consideration at this annual stockholders' meeting.

All of you are aware, I am sure, that it is necessary for your entire organization to be constantly alert to meet the constant attacks of your adversaries. You farmers are not waging war on anyone, you are just minding your own business when you build GTA. But the fight is constantly being pressed by your adversaries.

The grain traders who fight you know what is at stake. GTA is taking away from the private grain commission merchants, operators of line elevator systems, and independent grain elevator operators the grain business in the country. The fight is over profits. These grain firms are not satisfied with the income they now get. They want more. Some firms have accumulated fortunes, and believe they are entitled to go on accumulating as they have in past years, with no regard for the rights of farmers to sell their own grain through their own organizations.

Thus, this vicious, often unscrupulous, fight finds the entire pack of adversaries attacking your GTA at the same time, because it is the major threat to their future business and future profits. It is for you to decide whether your savings belong to you, or whether you should liquidate your GTA so your savings can go back in the private-profit tills of the private grain commission merchants and operators of line elevator systems.

The large processors of grain are not a part of this fight, at least they are not actively a part so far as we know. They appear to have accepted the cooperative system as part of our economy. The heads of several of the largest institutions have frankly told your general manager and others that farmers have learned how to run their marketing business, and have a perfect right to do it. These executives also declare that they like to have their mills and processing plants do business with GTA because we have a large supply and a wide variety of grain to offer, which makes their buying an easier task.

FARMERS UNION

GTA and many other Farmers Union cooperatives support State Farmers Union organizations by paying a percentage of the annual net savings to these State organizations as expenses for helping to carry on cooperative educational work in its broadest aspect, and thus to meet with truth the propaganda of misinformation spread by the opposition in the country. I know of no expense paid by GTA which returns so much to GTA as the expenditure made to the State organizations of the Farmers Union.

This is particularly true in North Dakota, South Dakota, and Montana. In Minnesota it has been difficult to build the membership because in addition to the opposition of private business there has been obstruction by some farm organizations and cooperatives, but we are growing in Minnesota. This is particularly true in the growing number of farmers' grain elevators that are marketing through your GTA. To those members of the Farm Bureau and the Grange who recognize the purpose and value of your GTA and support it, we want at this time to express our deep sense of gratitude.

Condensed balance sheet and operating results as at May 31, 1947

Cash with banks	$5,021,801.15
Government bonds [1]	5,143,839.98
Receivable and accruals—less reserve	5,030,861.85
Inventories	3,096,530.59
Total current assets	18,293,033.57
Noncurrent assets—covering margin deposits, stock in cooperatives, contracts receivable, notes receivable for stock, etc	2,207,730.51

Footnote at end of table.

Fixed and deferred assets (mostly land, buildings, machinery, and equipment), less depreciation	$4,854,344.48
Total assets	25,355,108.56
Current liabilities	11,184,393.27
Noncurrent liabilities and current reserves	93,519.21
Members' net worth:	
Common stock	4,794.00
Preferred stock	7,914,500.00
Preferred stock credits	539,245.68
Permanent surplus	955,396.01
Savings for year	[2] 4,663,260.39
Total liabilities and net worth	25,355,108.56

BALANCE SHEET SUMMARY

Net current assets	$7,108,640.30
Net noncurrent assets	2,114,211.30
Net fixed assets	4,854,344.48
Your GTA net worth	14,077,196.08

The results from your operations for the year ended May 31 can be simply stated as follows:

Sales and service	$289,446,186.32
Cost of sales	284,819,442.48
Net operating margins	4,626,743.84
Add miscellaneous adjustments, prior years	36,516.55
Total savings allocated to patrons	[2] 4,663,260.39

[1] Market value Government bonds May 31, 1947, $5,195,000.

[2] All amounts taken from annual report prepared by Strand & Roe, certified public accountants, Minneapolis, Minn.

Mr. LANGER. Mr. President, I ask unanimous consent that the article entitled "Record Savings of $4,663,260 Reported to GTA Stockholders" may be printed in full in the RECORD, at this point in my remarks.

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

RECORD SAVINGS OF $4,663,260 REPORTED TO GTA STOCKHOLDERS—FARMERS' CASH BACKS FULSA

"We shall probably never see anything like it again as long as we live," was John Bollinger's description of the annual meeting of the Farmers Union Live Stock Association held at the Lowry Hotel December 11 and 12. Bollinger, reelected to the presidency of the board of directors, was referring mostly to the afternoon session on Thursday when the main order of business was the expansion program.

One hundred and twenty-five thousand dollars in new capital was raised in a little over an hour from a group of patrons of the Farmers Union Live Stock Association, many of whom had already invested in the expansion program previously.

Other high lights of the first day's session were the report of the general manager, M. A. Evenson, and an address by Dr. Conrad Taeuber, head of the livestock statistical department of the United Nations Food and Agriculture Organization. Reports of these addresses as well as other speeches will be covered in the next issue of the Farmers Union Herald.

On Friday, reports of the branch managers, Harvey Braaten, West Fargo; Guy Knobel, Billings; and Glen Long, Chicago, started off the day. C. H. "Andy" Lockrem, production manager of the FULSA, gave his report following the branch managers' reports.

Lyle Cooper, research director of the United Packinghouse Workers of America (CIO), and editor of the Meat of It, addressed the delegates on the afternoon of the second day. Most of the afternoon session on Friday was given over to new business.

One of the most important matters of business was the changing of the name from Farmers Union Live Stock Commission Company to Farmers Union Live Stock Association to cover the work into broader fields of livestock marketing and processing.

The group also authorized the increased capitalization, provided for a permanent sinking fund of 10 percent of the net earnings of the processing plants to retire preferred stock in case the investors become hardship cases.

Provision was also made for devising a bonus plan whereby employees could have some share in the earnings of their cooperative. A permanent bonus policy for employees will be discussed at the annual meeting next year.

They also went on record to continue to expand and develop the Farmers Union Herald. It was the feeling of the patrons of the Farmers Union Live Stock Association that the Herald deserves the loyal support of every member of cooperatives.

NET WORTH PLACED AT FOURTEEN MILLION

A record total savings allocated to patrons of $4,663,260 for the fiscal year ending May 31, 1947, was reported to stockholders of Farmers Union Grain Terminal Association at their tenth annual meeting at Hotel Lowry, St. Paul, Minn., December 8 to 10.

The report made by M. W. Thatcher, general manager, at the opening session of the 3-day convention, was listened to with great interest by the 3,000 Northwest grain producers and co-op elevator managers in attendance. Thatcher's report characterized the year as the greatest in the history of the Northwest grain marketing cooperative.

Net worth of Farmers Union Grain Terminal Association now stands at $14,077,196.

This year's stockholders' meeting was the largest ever held, actual registrations being above the 2,300 mark for delegates, stockholders, elevator managers, and visitors. Family attendance and others attending brought the total attendance at most of the sessions to well over the 3,000 figure. The annual dinner, held at the St. Paul municipal auditorium, brought a total of about 3,500 together.

This great throng was served in cafeteria style by one of the Northwest's largest caterers and by 7:30 had finished with dinner, which was eaten at long rows of tables which filled the main floor.

Featuring the exhibits at the convention was that prepared by the United States Soil Conservation Service of the Department of Agriculture.

Throughout the stockholders' meeting, both press and radio showed great interest in this outstanding meeting of Northwest agricultural producers.

Many of the main guest speakers, such as Senator George D. Aiken, the Rt. Rev. Msgr. L. G. Liguitti, Dr. Hugh H. Bennett, and James F. Turner, were interviewed by both press and radio and the story of the convention was prominently displayed in both newspapers and over the air during the 3 days.

For nearly 1,000 visiting women attending the convention there was a dinner and style show the first evening.

The annual dinner at the auditorium took place on Tuesday evening and on Wednesday evening open house was held at the GTA general offices in St. Paul, with supper being served there. Although some of the people had already departed for home, more than 2,500 visited the general offices.

Mr. LANGER. Mr. President, I also ask unanimous consent that the article headed "Aiken calls for tax on NTEA cash," appearing in the Farmers Union Herald of December 17, 1947, may be printed in full in the RECORD at this point in my remarks.

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

AIKEN CALLS FOR TAX ON NTEA CASH

A demand that "Congress should require the National Tax Equality Association and other power-seeking class organizations which are leading the attack on cooperatives to make full and open financial reports, and to pay taxes on their enormous incomes" was made by Senator GEORGE D. AIKEN, Vermont Republican, speaking before GTA delegates, stockholders, and visitors at the annual dinner December 9 in the St. Paul municipal auditorium.

AIKEN'S address, broadcast over Northwest radio stations, vigorously defended the right of farmers to "carry on their own business" through cooperative marketing and buying. He said that the American farmer, more than any other group, is influencing and shaping the Nation's economic and political destiny in this critical period of history.

The St. Paul auditorium was packed to capacity to hear Senator AIKEN speak. He was introduced by M. W. Thatcher, general manager of GTA.

"Hunger," AIKEN said, "is the great breeder of revolution, the great destroyer of liberty. Many nations today are on the verge of political and econmic chaos. Only relief from the fear of hunger and famine can avert catastrophe. The American farmer offers the only hope for providing that emergency relief.

"Yet there is a vigorous and vicious campaign constantly being conducted to put the farmer in the false light of being willing to feed Europe only because it means money and profits.

"There are monopoly-seeking elements of industry and commerce that, in their lust for power or money, are determined to break the strength of organized agriculture at any cost, by any means.

"If those groups which constantly wage war on American farmers are not curbed, but should succeed in their selfish objectives, the food production of our Nation will be seriously impaired.

"Farmers are familiar with the attempts of the opposition to hamstring or destroy cooperative institutions in the last session of Congress. It is certain that these enemies of cooperatives will make other attempts to place a noose around the necks of cooperatives.

"We must protect the farmer's right to organize and to conduct his affairs cooperatively at all costs. Keep agriculture strong and healthy and the United States will retain its position of international leadership.

"Through organization we remain strong. We can beat off the efforts of those who would reduce our farmers to a dependency level."

Mr. LANGER. Mr. President, the distinguished Senator from Minnesota a short time ago referred to the Farmers Union Herald. He read some of the articles. I ask unanimous consent that the article entitled "Thatcher Reports Grain Co-op Now Worth $17,000,000," which appeared in the Farmers Union Herald, published at St. Paul, Minn., on December 24, 1948, may be printed in full at this point in the RECORD.

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

THATCHER REPORTS GRAIN CO-OP NOW WORTH $17,000,000

Two great Farmers Union co-op stockholders' meetings have opened a new chapter in the long fight for farm price stability.

Meeting in the Hotel St. Paul, St. Paul, Minn., December 13 through 17, stockholders and delegates of Farmers Union Grain Terminal Association and Farmers Union Livestock Association have decided to stand for 100 percent of parity. The weight of the two regional co-ops and the Farmers Union representing more than 200,000 Northwest farm families will be thrown into the battle to get a support price program "nothing short of full parity" in the Eighty-first Congress.

Action by the GTA stockholders and delegates was taken in a resolution which overrode the appeal that Senator GEORGE D. AIKEN, of Vermont, co-author of the Hope-Aiken flexible farm price act, had made before the meeting the night before. Under the bill, the flexible supports could be lowered from the present 90 percent to 60 percent parity if surpluses grew too big.

The delegates by their action, calling for "100 percent of parity price," made it clear that the parity formula itself should be made over, and that the new price program should be backed up by a big expansion of co-op and farm storage for national security and welfare.

Operations of the grain cooperatives in the spring wheat States for the past fiscal year have been excellent, General Manager M. W. Thatcher told delegates. He reported that the farmers' grain marketing operations in the big markets earned them net savings of $3,517,043, bringing the cooperative's net worth to more than $17,000,000.

The Grain Terminal Association, Thatcher reported, has added a terminal elevator, a 385,000-bushel house at Sioux City, to its operations. Present terminal and subterminal storage space operated by the grain cooperative now is more than 10,500,000 bushels.

Expansion plans for the future include doubling the 4,500,000-bushel capacity of the Superior, Wis., elevator, erecting a St. Paul river terminal to handle barley, and building a terminal at Grand Forks, N. Dak., to specialize in durum.

Thatcher, however, said that earnings alone do not reflect the importance of cooperatives to the farmers' living. His views were reflected in the resolution calling for 100 percent of parity prices, coupled with decent living standards, including adequate health protection, good housing, and reasonable education opportunities for farm children.

Delegates also heard Secretary of Agriculture Charles F. Brannan call for a strong parity price program as an economic imperative and essential to the general welfare.

Brannan said that "I shall fight with all my strength any notion that farmers must lead the way to a lower scale of purchasing power."

Brannan and AIKEN addressed nearly 4,000 assembled at the St. Paul Municipal Auditorium for the annual dinner. The addresses were rebroadcast over a GTA radio network.

United States Senator GEORGE D. AIKEN from Vermont voiced a strong plea for his flexible support program. He explained how his program holds supports at 90 percent of parity until 1950, then allows them to slide to a 60-percent minimum if surpluses grow large.

Ole L. Olson, GTA president, said that farmers should refuse to accept the concept

that farmers should be penalized for abundant production by being forced to take 60 percent of parity.

Thatcher said he respected AIKEN's ability and the work he has done for farmers, but "either he doesn't understand his bill, or else I don't understand it. If another man works overtime, he gets time and one-half. But if a farmer overproduces, under the Hope-Aiken bill we have now, he gets half-time."

James G. Patton, National Farmers Union president, and Glenn J. Talbott, North Dakota Farmers Union president, told the delegates that their organizations would stand for "nothing less than full parity for American farmers." This stand puts the Farmers Union on the one hand and the National Farm Bureau and National Grange on the other hand at direct odds over the parity program.

What could happen to farmers under the Eightieth Congress Hope-Aiken bill was explained by Roy F. Hendrickson, Washington representative for the National Federation of Grain Cooperatives, of which GTA is a member.

Hendrickson said that a typical Northwest wheat farmer in 1948, with 4,000 bushels to sell, could put it under loan and get $1.80 a bushel for it—the national support price of $2, minus freight, handling, and loan charges. His income for the year would be $7,200. In 1953, the farmer could get as little as $3,084, if he took out a loan on 4,000 bushels of wheat.

Two warnings that the National Tax Equality Association, which is attacking the co-ops, hasn't given up in its drive to cripple cooperatives, were given farmers at the meeting. The first came from James E. Wells, Jr., general manager of the Farmers Union Livestock Association.

He told the cooperators not to "be tricked into revolving any of GTA's capital until economic conditions justify it, and until enough elevators and facilities have been built to handle the great grain storage program that must be put into operation in the next few years."

Wilfred E. Rumble, GTA general counsel, gave the second warning when he said that the fight against cooperatives, instead of being over after the election, is getting a fresh start.

The GTA delegates also heard operating reports by Assistant General Managers T. C. Croll and T. F. O'Neill, and heads of the cooperative's business departments.

The 100 percent of parity resolution passed by the GTA stockholders was 1 of 12 unanimously adopted. Other resolutions called for cooperative control of banks for cooperatives, a program to build adequate grain storage facilities with REA type loans from CCC, a new international wheat agreement, recognition that the real aim of NTEA is to injure cooperatives, and a 100-percent patronage goal, in which all cooperatives would participate fully.

The 3-day session, largest of its kind in the Nation, closed with the election of 4 directors on the 11-man board. Ervin Schumacher, Drayton, N. Dak., was elected to succeed Elling Knutson, Edmore, N. Dak., who has served on the GTA board since its organization. President Ole L. Olson, Buxton, N. Dak.; Ole S. Gunderson, Power, Mont.; and Bennie M. Brandt, Roseau, Minn., were reelected for 3-year terms.

Mr. LANGER. Mr. President, from the Farmers Union Herald of December 24, 1948, I ask that the condensation of the annual report of Mr. Thatcher, general manager of the Farmers Union Grain Terminal Association, together with the financial statement appearing on page 4, be printed in full in the RECORD at this point. The article is entitled "GTA Co-op Savings for Year Are Set at $3,517,043."

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

GTA CO-OP SAVINGS FOR YEAR ARE SET AT $3,517,043

(The following is a slight condensation of the annual report of M. W. Thatcher, general manager, Farmers Union Grain Terminal Association, presented to the eleventh annual stockholders' meeting, Hotel St. Paul, St. Paul, Minn., December 13, 1948.)

We know of no other type of business in the United States, cooperative or private, which operates on such a small margin of sales as your GTA. Many of the large institutions in the field of processing and distribution take a gross profit from their sales of 3 or 4 or 5 percent. Some show a considerably higher percentage of sales taken as gross profit.

In the case of GTA, the following percentages therefore become most interesting:

	Percent
Sales and services	100.00
Cost of sales	99.03
Savings on sales and services	.97

These savings are the result of many services: Income from interest charged for financing farmers' cooperative elevator associations; auditing, bookkeeping; commissions from grain sales; grain merchandising; line elevator operations; storage and handling charges for grain at terminal and subterminal elevators operated by GTA; operating a flour mill; grain operations at branch offices.

SAVINGS FOR THE YEAR

Because of the small percent of sales taken for margins of the business, the savings are limited, yet these savings amount to $3,517,043.37. This is approximately a million dollars less than the savings a year ago. The difference is due to the tremendous savings on flaxseed a year ago when ceiling prices were lifted. We arranged to accumulate, a year ago, a substantial inventory of flaxseed while we were engaged in helping remove the flaxseed ceiling which was so unfairly held against the flaxseed growers in the fall of 1946. When that extraordinary saving on flaxseed is excluded from the previous year's business our past year's savings were larger than any previous year in the history of GTA.

The volume of grain we handled would have been much larger except for the continuation of the discriminatory order of the Interstate Commerce Commission dealing with the distribution of boxcars to country elevators. We hope that this year we will yet be able to correct that car order No. 144 issued by the Interstate Commerce Commission. This order favors the country elevator with a small normal handle of grain and discriminates against the elevator which normally has had a large handle of grain. Of course, these are mostly farmers' cooperatives.

This year's savings, after deducting for operating expenses, depreciation, reserve for doubtful accounts, and 5 percent for educational fund amounted to $3,517,043.37. These savings were distributed to our patrons according to their patronage on the following per bushel basis:

	Cents per bushel
Wheat	3.64
Durum	3.64
Flax	2.97
Rye	2.09
Barley	1.87
Oats	1.10
Corn	1.30
Soybeans	1.99

All the payments made by the farmers' elevator associations to GTA during the fiscal year for services covering interest, commissions for selling grain, auditing, bookkeeping, etc., were a little more than half of the total patronage savings for the year. This means that the savings in the total operations of GTA returned in patronage dividends are far in excess of all the payments made by farmers and their cooperatives to their GTA for services. In other words, the farmers and their grain cooperatives, through their GTA, enjoy not only a complete refund for all service charges they pay, but also enjoy refunds as a result of other savings in the many operations of GTA.

It must occur to anyone, then, to ask why in the world some farmers and their grain cooperatives pay service charges to competitors of GTA when such competitors never return a dime of the service charges to farmers and their grain cooperatives.

As to your general financial structure, the balance sheet shows that at the end of the fiscal year, May 31, 1948, you had net quick surplus current assets of close to $10,000,000. That represents your foundation of current capital or the equity capital which stands as the base for your borrowing from the banks. Of course, this net financial position must be increased because your business is going to increase. If the business should increase faster than this current equity capital increases, then you would be called upon as farmers to invest more capital to bring the equity capital up to where it is needed for your total financial requirements. For every million dollars that the farmers put into this equity capital, $3,000,000 may be borrowed from the private banks.

The amount of your investment, less depreciation, in your fixed assets covering real estate, buildings, and so forth, was a little more than $5,700,000 at the end of your fiscal year. These properties, because of inflation, would cost at least $15,000,000 to replace. That may become a serious problem for you to consider in the years ahead. These properties are wearing out. The old rate of reserve for depreciation which we set up each year would not be enough to provide the funds needed in the depreciation account to rebuild the facilities that one day must be replaced at the present inflated construction costs. This is true in the whole grain business. Terminal elevators now operated by us or our competitors cannot be replaced if the present costs of operation and the present public terminal elevator rates remain as they now are. That means that eventually the service charges at public terminal elevators will have to be high enough so that eventually properties will be replaced by somebody. That is a serious problem that lies ahead in the whole field of grain marketing, both for us and our competitors.

IMPLEMENTING SERVICES

The departments and institutions which have been set up by GTA are all important in effectively implementing the marketing problems of the farmers.

The Terminal Agency, Inc., is a general insurance agency. It has direct relations with the Nation's largest insurance companies. Under State law, this insurance agency cannot be operated as a cooperative. Therefore, it operates as a private-profit corporation and pays income taxes to the State of Minnesota and the Federal Government. It provides an important and needed service to cooperative elevators in the field of insurance. It is important that GTA has all the insurance it needs to cope with the hazards of conducting its business in the fields of fire, casualty, and fidelity. It is equally important that our affiliated cooperative elevators are fully protected in all these needed fields of insurance and services.

That is why it is important that GTA and its affiliated cooperative elevators have a general insurance agency that is devoted entirely to protective service in all the fields of operations where insurance is required. The Terminal Agency, Inc. has grown from a small agency to one that as of November 27, 1948, had open insurance protection as follows:

Buildings	$23,973,000
Inventories	144,204,000
Bonds	8,454,000
Miscellaneous	4,500,000
Total	181,131,000

Now, of course, the Terminal Agency collects large sums in commissions at established legal commission rates. After paying all expenses and income taxes, the net profits that are left belong to the Grain Terminal Foundation which is a charitable trust.

In the recent acquisition of 38 lumber yards by our Great Plains Supply Co., we also acquired two lumber wholesale houses at Minot, N. Dak., and Havre, Mont. The lumber yards we acquired for our Great Plains Supply Co. were formerly operated by Midwest Lumber Co. The wholesale houses, largely owned by the same people, were operated as the Minot Builders Supply Co. Because the Minot Builders Supply Co. deals with many private lumber yards in the Northwest, it does not lend itself to becoming a farmer's cooperative. Therefore, all of the capital stock of the Minot Builders Supply Co., Inc., which is the new company, is owned by the Grain Terminal Foundation. After the profits of the Minot Builders Supply Co., Inc., over and above State and Federal income taxes, become sufficient to pay for the cost of that company's assets, all profits will go to the Grain Terminal Foundation.

The wholesale house, which is now controlled by the Grain Terminal Foundation, will supply a substantial amount of merchandise needed by the 117 local cooperative lumber yards. GTA also buys some of its supplies from the Great Plains Supply Co. for the repair and maintenance of its elevators.

The Great Plains Supply Co., with its recent acquisition of local lumber yards from the Midwest Lumber Co. (35 yards in North Dakota and 3 in Montana) now operates 117 retail lumber yards in Nebraska, Iowa, Minnesota, South Dakota, North Dakota, and Montana, on a cooperative basis. It started with nothing on May 1, 1943, except the debts for the 35 yards which were taken over from the old St. Anthony & Dakota Elevator Co. at that time. Five years later, on May 31, 1948, it had a net worth owned by the patrons of nearly $1,500,000.

The Farmers Union Grain and Supply Co., which GTA sponsored at the urgent request of the farmers in Northern North Dakota and northern Montana, started from scratch 6 years ago. It renders a needed service in the field of feed, seed, as well as other services, including weed destruction. By the summer of 1948 it had acquired a net worth of over $530,000, in addition to rendering many needed and useful services to farmers in the area it serves. It does a substantial business in seed, as well as carrying on a large bean operation at Billings, Mont., where the farmers lacked marketing service for their beans. These institutions, The Terminal Agency, Inc., The Great Plains Supply Co., the Minot Builders Supply Co., Inc., and the Farmers Union Grain and Supply Co., conceivably have a great future for expansion and usefulness. For whatever the future may tell, so far we may summarize the cooperative institutions which we fostered, financed, and managed, as follows:

As at May 31, 1948, GTA net worth	$17,012,313.33
As at May 31, 1948, Great Plains Supply Co. net worth	1,470,770.76
As at May 31, 1948, Farmers Union Grain and Supply Co. net worth	532,418.41
Total net worth of our three institutions	19,015,502.50

These institutions have carried on operations with results which are very encouraging to all of us in such a short period of years. The acceptance and use made of them by farmers is evidence that these institutions were needed and wanted by the farmers.

All of these institutions set aside 5 percent of their net savings for State organizations of the Farmers Union. The distribution of the 5 percent educational fund is made on the basis of the volume of business in the several Farmers Union States. The educational funds in the hands of the State units of the Farmers Union are used to carry on organization, support legislative work, and promote the expansion and usefulness of these cooperatives among their members. That is teamwork. Both GTA and the Farmers Union in their fields of activity thus implement the development and growth of each other.

The large portion of country business handled by GTA represents grain consigned to be sold on a commission basis. However, there are millions of bushels of grain which are not handled on a commission basis. At our branch offices in Great Falls, Mont., and Sioux City, Iowa, the grain is bought outright from the farmers and their grain cooperatives and is merchandised by GTA rather than sold on a commission basis. On such grains, of course, GTA assumes all market risks.

At this point, you will be interested in knowing that in the Twin Cities of Minneapolis and St. Paul and the twin ports of Duluth and Superior are to be found practically the last vestiges in the United States of grain marketed on a commission basis. In other great market places, such as at Amarillo, Tex.; Enid, Okla.; Hutchinson, Kans.; Kansas City, Mo.; St. Louis, Mo.; Chicago, Ill.; Ogden, Utah; Portland, Oreg.; Spokane, Wash.; Denver, Colo.; Great Falls, Mont.; Sioux City, Iowa; Omaha, Nebr.; Columbus, Ohio; and Indianapolis, Ind., there is only a small amount of grain consigned to be sold on a commission basis.

The old system of selling such a large portion of the grain on a commission basis in the Northwest rather than on a straight merchandising basis is due to long-established practices. In the Twin Cities and the twin ports farmers' cooperative elevators and independent elevators have received a "service" from grain commission merchants. The country elevator operations are financed by commission merchants.

This operating credit is extended to farmers' elevators and independent elevator operators because these country elevator operators do not have enough capital and credit to carry on their grain business independent of credit extended by grain commission merchants.

The grain exchanges in Minneapolis and Duluth, through their boards of directors, establish rules of marketing conduct and practice. These rules protect the grain commission merchants in two important respects. First, the rules, which the commission merchants help to establish, require all commission merchants who finance country elevator accounts to pay a specific uniform rate of interest to country accounts for credit balances and charge a uniform interest rate against country accounts for debit balances. At present, the interest credit rate given by the commission companies is 1 percent and the debit interest rate is 4 percent. This is a spread of 3 percent interest in favor of the grain commission merchant. To the extent that grain commission merchants have substantial credit balances for country accounts on which 1 percent is paid, the grain commission merchant is permitted to loan those credit balances back to country accounts with debit balances and charge a rate of 4 percent. Your GTA is required to engage in the same practice under the rules of these grain exchanges of which GTA is a member.

In the case of "adversary" grain commission merchants, our competitors keep this profit in interest. In the case of GTA, any profits that are earned by financing at these rates are credited into the savings for the year and prorated back as part of the patronage refunds.

Second, the rules of the grain exchanges also establish the rates of commissions that grain commission merchants must charge. This is required of GTA also. Interestingly enough, these commission rates have a floor price and a ceiling price. Generally, the private grain trade has condemned the Federal Government for setting ceiling prices and for providing floor prices on farm commodities. What they call "socialism" and "Government interference with private enterprise" is just good business for the grain commission merchants when they make the rules.

The commission merchant's floor price on wheat, for illustration, is 1½ cents a bushel. Even if wheat went to 25 cents a bushel, the commission merchant would still collect that support price of 1½ cents a bushel. If, however, the Minneapolis or Duluth price on wheat should go above $1.50 a bushel, the commission merchant takes 1 percent of the proceeds until it goes as high as 2½ cents a bushel. The grain commission merchant therefore enjoys a floor price of 1½ cents a bushel commission and a ceiling price of 2½ cents a bushel on wheat. In the case of flaxseed the range is a support price of 2½ cents a bushel and a ceiling price of 3½ cents a bushel. It varies on the other grains and seeds.

TERMINAL ELEVATORS

As you know, we operate terminal elevators in Minneapolis and St. Paul, Minn., and Superior, Wis. These three houses have a combined capacity of about 8,000,000 bushels. We also have large elevators at Spokane, Wash., Shelby and Lewistown, Mont., Rush City, Minn., and Sioux City, Iowa, the last of which was acquired this year.

During marketing periods when grain prices fall to the floor prices supported by Government loans, your management is confronted with difficult problems. In this current marketing year, as you know, wheat prices in Minneapolis were for a time below the Federal Government support prices. Your management became convinced that a tremendous amount of wheat would be put under Government loan. The terminal elevators which we operate in Minneapolis and St. Paul, Minn., and Superior, Wis., are known as public elevators.

In operating public elevators we are required by law to accept any grain offered to us for storage. Thus the grain commission merchants who are not operating public terminal elevators could ask for this space in your cooperative terminal elevators to store wheat for their accounts. That would leave you farmers in the position of having your cooperatively operated public terminals filled with competitors' wheat for Federal loan purposes while your own wheat had no place to go. There was only one thing GTA could do.

To prevent such a situation from arising we wrote a letter to all of our affiliated farmers' cooperative elevators and offered them the opportunity of contracting a specific amount of space in these cooperative public terminal elevators. In that way your management could say to anyone else: "No; we cannot take your wheat for storage because the space has been contracted for by our affiliated shippers."

When we made this offer to our affiliated cooperative elevators they not only contracted for all available space but so much more that your GTA was required to acquire additional space in other public terminal elevators. The contract your GTA made with these public terminal elevators was a specific contract.

The price of wheat began to rise. Then as a result much less wheat was offered for storage than we had anticipated. When we were certain that our shippers were protected on storage space it became apparent that some had contracted for more space than they needed. We recognized that these shippers might be severely penalized for trying to protect their operations by contracting for space which they probably were not going to use. This would prove to be a substantial loss to some of the country affiliates.

When this situation became clear to your management, we notified all of our affiliated accounts that had contracted for space that we were willing to cancel their contracts. Some country affiliates took advantage of our effort to be helpful. We were pleased to cancel their contracts, although, of course, your GTA has sustained this loss in the amount of income and savings that we will have for this year.

If we could have foreseen what conditions would ultimately be like, we would have been in a position to do what we wanted—to buy heavily early in the year when the wheat consignments were selling below the loan price. If we had followed this course, GTA would have shown tremendous savings for its patrons on such wheat purchases.

Primarily, however, your GTA, as a cooperative, is interested in marketing services that protect the farmers and their cooperative elevators. That is the reason GTA was created. It was not created merely to accumulate savings, but to help in every way possible to get a fair price for the farmers in the market. It is apparent, therefore, that GTA can and does render valuable services in the field of marketing even though there may be no savings to report at the end of the year.

We never know from year to year what the conditions may be for marketing the crop. Our first responsibility is to try to appraise those marketing conditions, and to establish policies which will best serve the interests of the farmer's marketing of his grain.

GENERAL FINANCIAL POSITION

In contrast to other years, when grain prices were generally far below what they had been in the last 2 years, the problem of financing our country affiliates has at times this year been stupendous. This has been true not only because of the extraordinarily larger amount of credit that must be extended by GTA to country affiliates in order to carry high-priced inventories in country elevators but likewise it is true in furnishing credit to our country affiliates who have enlarged their country elevator facilities at these extremely inflated prices today.

You are all aware that construction costs have almost gone beyond the limit of anyone who cares to risk capital on these high-priced construction jobs.

SERVICE IN FINANCIAL STRENGTH

I want to give you another illustration of what can bob up in a hurry to test the financial strength of your cooperative marketing organization.

As you farmers know, the Federal Government had a support price of $6 per bushel for flaxseed. The Federal Government entered into a contract with the flax seed crushers guaranteeing them a support price on the linseed oil they extracted from flax seed. This contract, however, did not cover the linseed meal extracted from flaxseed. As you know, the linseed meal price this fall took a big drop. The result was that the crushers had a support price on linseed oil but none on linseed meal. On a given Friday afternoon the flaxseed crushers went on strike. That is, they stopped buying. The Federal Government's Commodity Credit Corporation was not prepared for this strike. There were huge amounts of flaxseed in transit to the market. GTA was caught with 1,500 cars of flaxseed looking for a price of $6 a bushel. There was no support price on flaxseed the next morning except that the Government had said there was a support price of $6 a bushel on flaxseed. But, effectively, there is no support price on anything unless there is a way to get the money.

There was hysteria in the market place. Your management was confronted with the job of protecting both the shipper and GTA with this $6 price. We did not hesitate. We telephoned to the Secretary of Agriculture of the United States, the Honorable Charles F. Brannan. He advised us to pay the $6 price in the market while the Department of Agriculture and the Commodity Credit Corporation were trying to find a way to protect your cooperative. From the time that we went into the market to support flaxseed at $6 until it was able to get its money back from the Federal Government's Commodity Credit Corporation, your GTA had millions of dollars tied up in flaxseed. When the situation finally cleared up your cooperative came out with a loss of only a few thousand dollars in demurrage charges. These demurrage charges arose out of the fact that we could not unload the flaxseed at our elevators as fast as shippers were pouring it in at the $6 price.

Instead of hesitating at the critical moment—which could have broken the flax market—your cooperative went on the radio and told the farmers to ship their flaxseed to us. GTA would protect the price. We got a lot of new business. We doubt if any receiver of flaxseed ever received as much flaxseed in one marketing year as we received on this crop.

Without commenting on what our competitors did in this situation, we feel that GTA rendered a great service to the farmers who produced and marketed flaxseed this year.

BANKING CREDIT

For the past few years we have had some Twin City bankers call on us, seeking an opportunity to lend money to GTA in its operations. We continued, however, to borrow all of our credit from the Government's Central Bank for Cooperatives. Down through the past 10 years, we have borrowed in excess of $250,000,000 from the Central Bank for Cooperatives. Every note has been paid in full at or before maturity date. The Federal Government's Central Bank for Cooperatives has always made a profit from its loans. The profits from such borrowings by GTA are part of the contributions to the present large surplus now owned by the Federal Government's Central Bank for Cooperatives.

It is important at this point in the report to put the public straight with reference to a notorious lie repeated again, and again, and again by the National Tax Equality Association. The National Tax Equality Association, as you know, wants to destroy cooperatives because it says they are socialistic. During the past few years it has repeatedly stated that your GTA, like many other cooperatives, enjoys a pipeline into the United States Treasury and thus has benefited by loose credit at interest costs less than is paid by GTA's competitors, such as private grain merchants who contribute generously to the National Tax Equality Association. That is NTEA hokum. Here are the facts:

A year ago, seeing the attitude exhibited by the Eightieth Congress toward cooperatives and Federal farm credit agencies, and fearing this trend might be continued into 1949 and 1950, we took prompt steps to develop new credit sources for your GTA. We had been offered credit by private banks at slightly lower rates of interest than we have been paying to the Government's Central Bank for Cooperatives. Last summer, bankers from New York, Chicago, St. Paul, and Minneapolis met with your management at the GTA offices in St. Paul. We went through GTA's operations from A to Z. We furnished these bankers with operating statements for the last several years.

After hours of discussion, these bankers offered not only to take over the line of credit which GTA had enjoyed with the Central Bank for Cooperatives but also offered millions more in credit if we needed it.

We finally completed a loan agreement with the Bankers Trust Co. of New York, N. Y.; the Continental Illinois National Bank and Trust Co. of Chicago, Ill.; the Northwestern National Bank of Minneapolis, Minneapolis, Minn.; the First National Bank of St. Paul; the Empire National Bank & Trust Co. of St. Paul, and the American National Bank of St. Paul. They offered to extend open lines of credit to us, which in your language means loans without security. That is how much they respect the financial integrity of your GTA.

But the payoff on the repeated NTEA lie about co-op favoritism at the hands of the Government is this: Your management insisted and these banks granted your GTA credit at the prime rate. Prime rate means the lowest rate of interest for which credit is extended by these banks to any borrower in the United States except the United States Government.

We have reason for taking so much time to discuss this particular phase of our financing. We want you to know that, because of your good judgment in the years past, you permitted your GTA to retain the savings in hand for further usefulness, instead of demanding cash at the end of the year in cash patronage dividends. You decided to take preferred stock instead of cash.

The preferred stock is your evidence of ownership in GTA. It is worth 100 cents on the dollar. That is proven regularly. When farmers quit farming, your board of directors promptly orders such preferred stock to be retired by cash payment. Because you left your savings in here in the form of cash, you provided your GTA with a marvelous financial statement. It has millions of dollars in net current surplus as equity capital. This enables your GTA to borrow all the millions necessary to meet your marketing problems in the country at the terminal market.

If you stockholders had not followed this recommendation of your board of directors and management, we could not have successfully provided your regular financing needs for operating your country elevators and to meet marketing problems at the terminal so clearly demonstrated in the case of the flaxseed upset. You should know that these bankers marvel at the sound financial set-up, structure, and bylaws of your GTA.

MARKETING CONTROL

The National Tax Equality Association has tried to do a job on GTA's repeated statement that it seeks to be the important factor in the marketing of the farmers' grain. They not only say that we are "socialistic"

but also that we are "monopolistic." We are not "monopolistic," and as for being "socialistic" the chairman of the NTEA board of directors was obliged to admit that there was no basis for the charge when he was questioned before the powerful House Ways and Means Committee in Washington a year ago.

Now, what do we mean by being the controlling factor? If GTA had control of 75 percent of the marketing just in this Northwest area, we could not control the futures prices of wheat. But we would be an effective day by day influence on premiums and discounts—make no mistake about that. So far as a base price is concerned, the only power in the United States to affect base price is the strong arm of the Federal Government. The device is support prices. A lot of you farmers registered your conviction about price supports when you voted last November 2. Within our organization, your general manager has long been a vigorous advocate of strong price supports because he knows that price support can control the size of your pay check for farming. If the support price is 60 percent of parity then your pay check is 60 percent. We don't like that any more than you do.

Your management is vigorously opposed, as most of you know, to speculators playing with the future prices of your grain. So far as monopoly is concerned, your GTA directors and manager hope to see the day when the futures market such as we have today for wheat in the United States will be as inactive as futures markets in Liverpool, England.

If you will recall, in years gone by, the futures prices of wheat in Chicago and Minneapolis were affected by the prices at which wheat traded on the Liverpool, England, exchange. Because of what has happened in the last 8 years in world affairs, the Liverpool exchange is as dead as a dodo. I have been informed that the Liverpool Exchange floor is now used for storage. This might serve as an omen to the grain exchanges in the United States that their future usefulness will be controlled by their future conduct.

We are members of the grain exchanges and we believe these exchanges serve a useful purpose by providing a place for buyers and sellers to meet. We also believe in proper rules to enforce proper conduct—but we emphasize the word "proper." If the NTEA or the private grain trade wishes to call farmers' co-ops a monopoly, we have this to say: We want sound and effective floor prices for the farmer's commodities as a support for his future economic security, and we want the great bulk of the farmer's grain handled cooperatively right to the processor so that the farmer is fully protected in premiums and discounts and rates for service charges. Furthermore, we want the bulk of the grain handled cooperatively so that the savings in the field of marketing the farmer's products go to him and not to intervenors. We want to see a stabilization of prices in the field of support price, premiums, and discounts. This would prove to be no disadvantage to any processor. As a matter of fact it should be to his advantage to be able to buy his supplies in a market where there is stability in the price of raw materials.

THE FUTURES MARKET

There is no futures market for railroad rates, commission rates, bread prices, meat prices, fruit prices; there is no futures market even for barley or durum wheat. The theory that there is a futures market to protect the country in buying grain in too many cases is just so much "bosh." The changes in the market place that really bother our country operators are in the field of wheat premiums. There is no way to hedge wheat premiums. A severe decline in wheat premiums can cause a farmers' cooperative elevator heavy losses. There is no available hedging against this sort of risk. If we had a hedging system whereby the distant futures were sufficiently above the day by day futures in which grain is traded to cover the cost to the country elevator for carrying the grain in the country, then, we would gladly agree under such circumstances that there was a sound hedging market for contract grades of grain—but not premiums.

In the case of corn and oats, there are some advantages in hedging, but with the other commodities only the pretense of a futures market is there for hedging purposes.

When May wheat futures is 7 cents a bushel lower than December wheat futures—what is your opinion of the value of the vaunted hedging insurance for the country buyer and the farmer owning wheat still unsold by the end of December?

EMPLOYEES

The attitude of the directors and stockholders toward the employees has enabled the management to develop a high degree of employee services. They are faithful and loyal people who look forward to security of continuation of their employment with these growing cooperatives. Because the report of your president covers this quite fully, there is no need for further comment from the management except to say that all employees are deeply grateful for the concern of the stockholders and directors for their happiness and security.

DURUM MILL

A word should be said about our one processing plant which is a durum flour mill at Rush City, Minn. This flour mill continues to be very useful to the producers of durum wheat. Because we have a large supply of durum shipped to GTA for marketing, there are at times great advantages to our durum shipper to be found where we are confronted with a soft durum market for good milling durum, at which time we have the opportunity to pay the full market value for that milling durum and divert it to your own durum mill for further handling.

As you know, your Grain Terminal Association cannot handle the business of privately operated country elevators because, under the cooperative laws which gave us our charter and operating rights, Grain Terminal Association is limited to handling only that grain which comes from farmer-producers. Therefore, the future growth of Grain Terminal Association must lie with the willingness of local farmers' cooperative elevators to favor Grain Terminal Association with their business and also the farmers to organize and establish local cooperative grain elevators where none now exist. That is all a part of the required technique to carry on the kind of economic war we have with the private grain trade.

So far as we know, we are experiencing no difficulties with processors, that is, those who mill wheat, crush flaxseed, malt barley, or buy grain for processing feed. We believe that the large processors have generally recognized the farmers' right to cooperatively market their grain up to the door of the processor; and understand the whole program for which Grain Terminal Association and the Farmers Union stand is that the farmers be paid a fair price for their produce that will give them parity of income with the other groups in the whole economy of this Nation. Surely, it requires no great amount of research on the part of anyone to learn that the terrible cost of living, which is borne by consumers, does not arise from the fact that farmers are paid excessively for the raw material. The processors, bakeries, the butcher shop, wholesale houses, and all are the ones to account to the consumers of this country for the prices that are presently paid by the consumers for the finished products of farm produce.

It has been our hope that with tremendous expansion in cooperative marketing, together with fair support prices from the Federal Government to protect farm prices, that it would not be necessary for the farmers to go into the field of processing and further distribution. If the processors will join the farmers in this respect then it will be the responsibility of consumers to deal with others than farmers as regards prices, which to them seem unbearably too high.

NATIONAL FEDERATION OF GRAIN COOPERATIVES

We want to call your attention again to the importance of the National Federation of Grain Cooperatives, which is composed of the following institutions:

The Farm Bureau Cooperative Association, Inc., Columbus, Ohio.

The Farmers Cooperative Commission Co., Hutchinson, Kans.

Farmers Grain and Bean Association, Denver, Colo.

Farmers Grain Cooperative, Ogden, Utah.

Farmers Grain Dealers Association of Iowa, Des Moines, Iowa.

Farmers Union Grain Terminal Association, St. Paul, Minn.

Farmers Union Jobbing Association, Kansas City, Mo.

Illinois Grain Corp., Chicago, Ill.

Illinois Grain Terminal Co., Chicago, Ill.

Indiana Grain Cooperatives, Inc., Indianapolis, Ind.

M. F. A. Milling Co., Springfield, Mo.

Michigan Elevator Exchange, Lansing, Mich.

North Pacific Grain Growers, Inc., Portland, Oreg.

Producers Grain Corp., Amarillo, Tex.

Union Equity Cooperative Exchange, Enid, Okla.

Westcentral Cooperative Grain Co., Omaha, Nebr.

We have had the honor of serving as its president since it was organized in 1939. It has grown into an effective national force. It maintains a full staff in Washington, headed by Mr. Roy F. Hendrickson, a veteran on Washington's agricultural front.

The federation's Washington office works with all farm groups. Some members of the federation are affiliated with the Farm Bureau, some with the Grange or Farmers Union, and some with no farm organization at all. But regardless of their affiliations, all members realize that the cooperatives' real responsibility on the local, regional and national level is to work together for a better income for farm families.

SMALL-BUSINESS MEN

We want to say a word to the small-business men on Main Street who have unwittingly supported such institutions as the National Tax Equality Association, in contrast to the policy makers in the National Tax Equality Association, who go out to the country level and operate at a profit, which profits they take into the cities and none of which ever returns, GTA has this comment: Such earnings as GTA makes on its members in the form of benefits and savings go back into the pockets of the local farmer and thus it increases the amount in the pocket of a farmer which he spends on Main Street, often in the business of the very man who contributes to the National Tax Equality Association.

Further, GTA, with the Farmers Union, is constantly looking for better prices and parity of income for the farmers back of Main Street, thus making a great contribution to the farmers who become better customers of the business people and professional people on Main Street. One day the so-called small-business man on Main Street will learn this truth and will then have as red a face for his unwitting expenditures against his own

best interests as the pollsters acquired on November 3 of this year.

WHERE DO WE GO FROM HERE?

We have reported to you where we have come from and where we were at the end of the last fiscal year, May 31, 1948. As a matter of fact, all thinking people in the United States and the world are wondering: "Where do we go from here?" Because of lack of planning and lack of courage, the simple truth is that we do not know where we are going from here. Even the people of the United Nations do not know where we go from here. While it is true that most of the important decisions are in the hands of other people, we all have a responsibility to do what we can whether as individuals or as institutions. There is much that our farm organizations and our cooperatives can and should do.

There are two outstanding things that we can do within GTA that ought to engage our attention during this stockholders' meeting. First, how do we increase our business, and, second, how do we increase our financial structure to take care of that business?

In GTA there are two peoples with a common purpose: those who produce for the market and the employees from the local elevator up through GTA who handle the products in the field of marketing. At the local level, out there on the battleground it is the responsibility of every Farmers Union local, every local board of directors, and every manager of the local grain cooperative to tell the story of GTA, its purposes and accomplishment in order to bring the volume through the cooperative channel. There is also the job of providing the financial structure which is the tool of distribution.

Adequate financial structure is as important in the field of marketing as the farm machinery is to put in the seed and harvest the crop. No farmer would think of operating a section of land with one horse and a plow. The wheat farmer with a section of land is combine-minded. He must have the same understanding of his cooperative marketing institutions. In this advanced age, no longer can you have a "horse and plow" country elevator. It must have adequate size, modern equipment, in order to meet the local problem of marketing. It must have an adequate base financial structure as part of the requirement of financing the cooperative business from the farmer to the processor.

GTA must have commensurate size to move its finances out there at the local level to furnish the required operating capital not owned by the farmers in their local cooperative. GTA must have the facilities in the form of line houses and subterminals and terminals so that it can properly handle the grain which is now so quickly harvested and made available to the market place.

The annual supply of grain is used over a 12-month period, but too much is marketed in a short time. Of course, to get the most out of the grain in the form of price there must be an orderly storage of the grain on the farm, at the local elevator, and at the subterminal and terminals. As we envision the period of the next 5 years, we believe that the line elevator department should be doubled to help provide the services and volume necessary to a proper base operation of the terminal elevators. Grain accumulated in the line elevators is intelligently marketed to and through the terminals. Our experts know when it is best to ship barley or wheat or any other commodity. In the case of the line, the local managers are told when to ship, and they ship.

In the case of the local cooperatives, we only advise what should be shipped. The local manager and board make their own decision, which is proper. But more and more the local cooperative elevator associations and boards and managers respect our advice and cooperate closely with better net results for the local cooperative elevator associations.

Immediately in the next few years we need to double the elevator capacity of the big Superior terminal. A large St. Paul river house is needed to specialize in the handling of barley. A large elevator is needed at Grand Forks especially devoted to handling of durum wheat. A more substantial terminal elevator is needed at Sioux City to handle distribution at that marketing point for grain out of Iowa, Minnesota, and South Dakota. We estimate the cost of these several terminals at $10,000,000.

Last year your management suggested that we attempt to raise $10,000,000 from farmers in the Northwest by offering 3-percent notes to run 20 years but subject to call within 5 years. The stockholders approved a resolution in support of that suggestion. As you will recall, during the year we have said and done nothing to promote that $10,000,000 program, and for a very good reason.

Right at the time of our stockholders' meeting a year ago, the Farmers Union Livestock Association immediately went out on a program to raise a large sum of money through the sale of stock and notes to take over a string of rendering plants. Soon thereafter, the stockholders of the Farmers Union Central Exchange, Inc., adopted a program to raise a substantial amount of capital to help them in their field of acquisition of increased petroleum supplies. We felt that our two Farmers Union institutions just referred to had more immediate need of capital than GTA, and it would be more acceptable to our stockholders and patrons if we yielded temporarily some time for them to carry out their financial programs.

We are encouraged to believe from what the Secretary of Agriculture has told us, and by general statements made by President Truman, that the Federal Government is going to concern itself about new storage construction to improve the marketing of grain. We sincerely hope that under proper auspices and policy that the new Federal Administration will intelligently deal with this problem.

Conceivably, the Federal Government could engage upon a program of constructing modern elevators to meet the growing requirements of our consumer needs in the United States and the demands abroad.

There is one thing in this report our competitors will like to read. That is our notice to the present Administration that we will join with any and all groups to keep the Federal Government out of directly operating in the field of farm marketing and distribution.

We are asking the Government to first engage upon an engineering job to determine where and what kind of facilities should be built to meet the prospective needs of production and distribution that the Government believes are needed to meet the requirements of domestic and world consumption; and that in that determination the farmers and their cooperatives should be carefully consulted; and that any such project of construction by the Federal Government should be of the REA type which puts the instrumentalities of distribution in the hands of the producers who need them and on a self-liquidating basis so that the Government will suffer no loss.

CONCLUSION

The experiences of the past several years, as well as the opportunities that lie ahead make it imperative that we continue to work with all farm groups to build a stronger cooperative program. We have a responsibility to contribute constructive leadership that leads to sound farm group action. Your association was built and is supported by farmers representing all groups of opinion. The measure of their support is their approval of our practices. The programs and achievements of Farmers Union Grain Terminal Association are the best reasons for the continued support of all farmers.

Your GTA has made a name for itself among the Nation's cooperatives. Its progress is watched and its achievements discussed. Even its competitors are impressed with its growth. But the real achievement of GTA must be measured by what it does to help make farming more stable and secure.

Your Farmers Union Grain Terminal Association has been able to do more than any farmer individually because it speaks for 150,000 grain producers who are its owners. It represents the combined strength of these farmers on important commodity issues that effect their daily operations.

It was the organized strength of these farmers, and their singleness of purpose, that abolished the worst of the grain warehousing and grain marketing abuses. The demands of organized farmers made it possible to secure a Farm Security Administration and a mortgage moratorium when such things were needed. Then, the organized efforts of farmers helped to bring into being such needed programs as crop insurance, crop loans, and support prices.

All of these achievements were possible because you people recognized the power of cooperative effort. You are on the march. Your fight now is to continue support prices, to get adequate storage for your grain, to build a better marketing system. These are implements that you are using for the purpose of helping to make your lives better and more secure on the farm.

Your work has just begun when you walk out of this convention hall. You are the leaders in your communities. Yours is the responsibility to educate, to inform and to direct. To the extent that you fail to live up to your responsibilities, to that extent your association is deprived of that power and influence so essential in the life of a strong, militant organization.

It is true that everything is not as we wish today. We see big business entrenched in high places, with its plans well laid to control the national economy. That is the story of aluminum, steel, rubber. But once the people are told the truth, and once they are organized, American democracy will be safe. The voice of the people—in the mines and factories and the offices and the farms—must be heard.

In all plans for the future there is the hope that eventually the control of marketing will be in the hands of farmers who produce man's basic requirements of food and fiber. Some there are who may doubt that such a hope can be realized.

My convictions today are even firmer than when I talked to the Farmers Union national convention in 1942. They are borne out by what has happened in recent months. What I said 6 years ago bears repeating again:

"The voice of the people has been heard in the land. The new hopes also bring new responsibilities. In the next 2 years the people will decide what they can do for themselves in building a more secure economy. That is the sobering challenge that comes in a time of victory. Although we have won an important battle, we have not yet won the economic war."

As the voice of progressive agriculture speaks out, it calls for the support of all farm organizations and cooperatives to help shape a long-time program to give American farmers economic security. To that end GTA has become a moral force as well as a business influence in the market places.

We value cooperation for what it already has done. But that is not enough. Its value will diminish unless its higher aims are fully realized. Let us resolve to join with all the progressive forces and move forward to build better—the cooperative way.

Farmers Union Grain Terminal Association—Condensed statement of financial condition as at May 31, 1948

Cash with banks	$4,557,886.82
Government bonds—amortized value	5,137,109.75
Receivable and accruals—less reserve	7,095,759.94
Inventories	2,922,157.91
Total current assets	19,712,914.42
Noncurrent assets—covering margin deposits, stock in cooperatives, contracts receivables, notes receivable for stock, etc	2,093,019.47
Fixed and deferred assets—(mostly land, buildings, machinery, and equipment) less depreciation	5,739,339.96
Total assets	27,545,273.85
Current liabilities	10,215,611.10
Noncurrent liabilities and current reserves	317,349.42
Members' net worth:	
Common stock	5,133.00
Preferred stock	14,716,984.55
Preferred stock credits	516,913.74
Permanent surplus	1,773,282.04
Total liabilities and net worth	27,545,273.85

SUMMARY OF FINANCIAL CONDITION

Net current assets	$9,497,303.32
Net noncurrent assets	1,775,670.05
Net fixed assets	5,739,339.96
Your GTA net worth	17,012,313.33

All amounts taken from annual report prepared by Strand & Roe, certified public accountants, Minneapolis, Minn.

Mr. LANGER. Mr. President, I ask unanimous consent that the entire article, a part of which was read by the distinguished Senator from Minnesota [Mr. HUMPHREY], dealing with the Korean war, by James G. Patton, president of the National Farmers Union, may be printed in full at this point in my remarks.

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

A STATEMENT TO FARMERS UNION MEMBERS

(By James G. Patton, president, National Farmers Union)

Our country is involved in a war not of its choice or making. The United Nations declared against the North Korean aggressors, trained and agitated into waging war on South Korea by Russia. The United Nations appealed to its members to resist aggression. The United States is the principal supplier of men and materials.

Farmers Union aided in promoting the idea of the United Nations. We participated, through our Government, at San Francisco in setting it up. Neither our conventions nor our directors and officers have ever wavered in our support of the United Nations. On the contrary, we have constantly sought to strengthen it by urging our Government to use this world body in all international matters instead of resorting to unilateral action. We have urged that foreign economic aid be administered through the UN. We opposed the Atlantic Pact because it was regional and would, in our opinion, tend to weaken the United Nations. We have sought at every point to strengthen the nonmilitary, economic, and social agencies of the United Nations. I am sure we will continue to do so.

We in the Farmers Union have earnestly sought ways to peace. We have openly criticized our Government's foreign representatives wherever they have made common cause with economic or political royalists and with supporters of the status quo. We have condemned the support or encouragement of governments anywhere which did not faithfully represent the rights and interests of the governed.

But it is quite another thing to withdraw or withhold support of the United Nations at every point of disagreement. And it is an evil thing to follow such withdrawal with the fomenting of armed aggression where the only need was for free and open elctions by the people. The errors of our own Government and its representatives in Korea, or elsewhere, provide no justification for Russia's actions nor for a war of aggression. If the United Nations is to have significance on the world scene, it had no choice but to act in fulfillment of its character and purpose and to call upon its members for armed resistance to armed aggression. The fateful die is cast.

We are now involved in war. Our men are facing trained and armed aggressors and some are dying on the fields of battle under the banners of the United Nations. It is a basic concept in the United Nations Charter that peace will exist only when armed aggression is outlawed and is thereafter defeated if madmen shall anywhere resort to it. To this we gave our pledge and will of course give our support.

But in supporting armed resistance to armed aggression we must also intensify our demands that the civil aspects of the United Nations be expanded and used as fully as its police aspects. We and other members of the United Nations must move rapidly to mobilize all-out production so that we can provide strong United Nations military force and at the same time provide the technical know-how and economic goods and services with which to help the people of the underdeveloped countries of the world win a peaceful, social, and economic evolution for personal and economic freedom which cannot be won by war.

Let all the countries of the world join through the United Nations to build a strong food and agriculture organization, a world food board which will stabilize production and consumption and aid in feeding the hungry and starving. A world health organization which can bring health to untold millions; a world development corporation with sufficient cooperation and backing that it will effectively build for the equality of mankind everywhere. The real struggle must be for freedom from military, economic, and social aggression. Aggressors, whether they be military, economic, or social, must be stopped.

Let Russia show her good faith by really joining the United Nations and putting an end to the walkouts. Let her join the food and agriculture organization and the international wheat agreement. Let her rejoin the world health organization. In all instances but the world health organization she has refused to cooperate, without walking out, in the original formation of these organizations. If she will join in building these devices for bettering the welfare of people and in turn join the United Nations in stopping aggression everywhere, then there can be hope for lasting peace.

Fraternally,

JAMES G. PATTON.

Mr. LANGER. Mr. President, I agree with the distinguished Senator from Minnesota that any man who had any inclination toward communism at all would not have made such a statement to the Farmers Union members as that which was made by James G. Patton. It is a remarkable and patriotic statement, Mr. President. It is just as patriotic as is any statement ever made by any Senator, including the Senator from New Hampshire, at any time or at any place.

Mr. President, I have placed in the RECORD, so far, the report of Mr. Thatcher for 1948. I now ask unanimous consent that there be printed in the RECORD at this point in my remarks an article entitled "Thatcher Opens Grass-Roots Drive for New Farm Program," which appears in the Farmers Union Herald of May 23, 1949.

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

THATCHER OPENS GRASS-ROOTS DRIVE FOR NEW FARM PROGRAM—SOUTH DAKOTA FARMERS FLOCK TO RALLIES—200,000 SOUGHT AS ACTIVE WORKERS TO CAMPAIGN FOR LONG-RANGE AGRICULTURAL PLAN—STRONG PROTESTS REGISTERED AGAINST 60 PERCENTERS AMONG FARM BUREAU TOP LEADERSHIP

Northwest farmers are all out for Agriculture Secretary Brannan's new farm program. A drive to recruit more than 200,000 as active workers for the new program is under way as part of the grass-roots campaign by Farmers Union Grain Terminal Association and Farmers Union. The drive got under way with meetings and radio talks in South Dakota in mid-May. Many farmers drove more than 100 miles to hear the talks and take part in the farm price campaign.

The grass-roots campaign was opened with two talks by M. W. Thatcher, general manager of GTA, before several thousand farmers at Aberdeen and Alexandria, S. Dak. Other talks were given by Robert Handschin, GTA research director, at Mobridge, Spearfish, Philip, Watertown, Huron, Viborg and Dallas.

Officers and members of the Farmers Union sponsored the meetings.

The meetings touched off a grass-roots protest against Farm Bureau leaders who are urging farmers to support the 60-percent of parity farm act which goes into effect in 1950. Strong opposition was expressed toward the 60-percent farm leaders and the stand that the big city newspapers have taken on the farm issue. Many farmers offered to become active worker for the new farm program following the South Dakota meetings.

Thatcher, in his talks to the South Dakota farmers and Main Street people, compared the so-called Eightieth Congress 60-percent-parity farm act and the provisions of the Brannan new farm program.

The Eightieth Congress farm act will go into effect in 1950 unless repealed. That is the farm bill that starts whittling prices on farm products.

"There's no group in the United States except the farmer who is being asked to settle his economy on 60 cents on the dollar," Thatcher said. "Why the rest of the Nation should expect farmers to be happy to get 60 cents on the dollar is something I can't understand. When farmers get 60 cents, who gets the other 40 cents?"

Abundant production under the Eightieth Congress farm law means that farmers will get a price trimming, Thatcher said.

That is something that is hard to explain, he said, why we are supposed to have prosperity with shortages, tough times with surpluses.

Assailing the champions of scarcity production as destroyers of our democracy, Thatcher said that if we are going to have an economic system that really works for all the people and not just a few, then the same economic laws that apply to labor and industry and finance must apply to farmers.

The new farm program, Thatcher told his audiences, is the first serious effort to make the farm economy fit the whole national pattern, so that the health and general welfare of the Nation is considered, as well as the economic plight of the farmers.

Outlining the merits of the new farm program, Thatcher took steps to explode the synthetic charges that have been hurled against it. He said the charge of regimentation and socialism that is made against the program is deliberately dishonest because it is no different than the restrictions that are imposed by the Eightieth Congress Aiken Farm Act. He said the charges that it will cost too much are mere guesses, and what we should decide is what will it cost the Nation, in terms of health as well as wealth, if there is no sound farm program. He scoffed at the fears raised that this is a subsidy.

Thatcher said what pleased him most about the new farm program are the efforts being made to (1) discourage farm factories or giant corporation farms; (2) and to encourage food prices within reach of the mass of consumers.

Under the plan proposed by Secretary of Agriculture Brannan, the principle of scarcity production would be abandoned.

Farmers would be encouraged to produce as abundantly as they can. They would be asked to raise a lot more meat and dairy products and fruits and vegetables.

The prices of these products would sell for what they could on the open market. The difference between the market price and the parity level would be made up by payments to the farmers. The theory is that consumers would benefit from the consequent lower food prices.

"Limiting the support-price guaranties to farmers up to $25,000 of gross income, or some other agreed-upon figure, would discourage the superoperator, who is a real threat to family-type farmers," Thatcher said. "Where the supports should stop is a matter of debate, but certainly we don't want any payments of $250,000 going out to a cattle baron or a huge sugar corporation, under the pretext that these payments are helping farmers."

Actually, the limit of support that a farmer could receive would, over a period of time, break up many of the corporation farms and bring them back into the family-sized farms. These farms, Thatcher said, are the real strength of American democracy.

Mr. LANGER. Mr. President, during the speech delivered by the Senator from New Hampshire, he took occasion to attack the Brannan plan. He seemed to intimate that any man who is in favor of the Brannan plan is a Communist. I can only say that I have been in a great many States and have found hundreds of thousands of farmers who are in favor of the Brannan plan.

I have here an article entitled "Brannan Plan Is Seen as Law by Next Year." I ask unanimous consent that this article, which appears in the Farmers Union Herald of May 23, 1949, be printed in full in the RECORD at this point in my remarks.

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

BRANNAN PLAN IS SEEN AS LAW BY NEXT YEAR

If the Brannan plan is to become law this session, Members of Congress will have to whiz through committee work. Time is a big factor.

Conflict between the House and Senate committees is another. The House wants the permanent farm program passed now, but the Senate is holding back.

Washington officials are expressing the opinion that the Brannan plan will become law in 1950—but that there will be modifications as to costs and methods.

Need for the Brannan plan will be so great next year that the program will be adopted without difficulty. That's the way the analysts see it.

Trouble in the form of huge surpluses, nose-diving market prices, and reduced outlets will force Congress to take decisive action next year.

Public opinion is expected to play a part in getting the farm program put into law. And so far, the public isn't convinced that the crisis hour is here.

USDA officials complain of general public indifference at present to falling farm prices. Also the public, aided by the city press, isn't taken with the idea of a farm program based on subsidies.

During the hearings on the plan, potato kings came to District of Columbia and asked members of the committee why the Government couldn't get out of the potato business, and let the law of supply and demand have full reign.

Livestock associations, representing the cattle kings, also turned thumbs down on the plan. Milk producers want a support program separate from the others. And some farm organizations aren't going along.

These are some of the opponents of the plan as it is now proposed. Whether these same people will accept the plan with modifications remains to be seen.

The farm picture isn't completely black, however. There is talk of trying out the Brannan plan by permitting direct payments to producers to support hog prices.

Briefly, the trial program on pigs seems certain because statisticians have proven that the plan will save Government money.

Hog prices have dropped and are expected to dive further when fall marketings start. To support the price of hogs at $16.50 per hundredweight, the Government would have to buy dressed pork and place it in cold storage. Cost of this operation would run to $230,000,000—assuming hog marketings of 20,000,000 pounds and necessary purchases of 1,000,000,000 pounds by USDA.

But—if the Government paid farmers the difference between a market price of $15.50 (also assumed) and the "income support standard price" of $17.50—based on the same marketings and purchases of 10 percent of the pig crop, the cost would be about $40,000,000. This is a low figure as compared with $230,000,000 for purchases of dressed pork.

The Brannan plan has to buck same elements that oppose any kind of a planned economy or programs that anticipate future problems.

Stressed in Congress will be the fact that price supports must be tied in with crop adjustments. And farm members will also point out that a subsidy by any other name—loans, purchases, or direct payments—is still a subsidy if the money comes from taxes. In other words, a subsidy isn't to be treated as Public Horror No. 1.

The near-record wheat crop forecast for this year has USDA officials talking about marketing quotas and acreage allotments.

USDA would like wheat acreage cut more than a fifth in 1950—and quotas could get this cut.

Economists now agree that there is a business slump since farm prices and some industrial prices continue to fall and others to soften.

Farmers face further recession, say the economists, as large crops are harvested and market prices go down.

Cash receipts from farmer's marketings for the first 4 months of 1949 totaled less than year. Quantity of products marketed was up but prices were down.

No action has been taken as yet by the Senate on the International Wheat Agreement. At last report, no hearing dates had been set by the Foreign Relations Subcommittee.

Administrative provisions of the pact go into effect July 1 if accepted by all nations. Operating sections of the agreement are to go into effect not later than September 1.

Mr. LANGER. Mr. President, during the past few days the entire boxcar situation has been considered. One of the reasons why we have a boxcar shortage is the fact that the Government is not moving its crop. To show that the Farmers Union, which has been attacked as communistic, constantly studies the matter of price insurance, I ask unanimous consent that the article on that subject which appears in the Farmers Union Herald for April 1, 1949, be printed in full at this point in my remarks.

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

PRICE, STORAGE—PROBLEMS DISCUSSED BY BRANNAN AND TOP USDA OFFICIALS WITH GRAIN CO-OP GROUP IN WASHINGTON

A parade of high Government officials, leading off with Secretary of Agriculture Charles E. Brannan, discussed Federal farm price and farm storage policies with members of the National Federation of Grain Cooperatives in Washington, March 17 and 18.

Goal of the administration's farm program is to stabilize farm income at a fair level with the rest of the Nation's population, Secretary Brannan said. He said that the farm bill will be ready for Congress early in April.

Congressman STEPHEN PACE of Georgia, a member of the House Agriculture Committee who is leading the fight against the low flexible price supports, predicted that this Congress would strengthen price supports.

Senators LANGER and YOUNG of North Dakota pledged their support for strong farm parity legislation at the federation's dinner meeting before which PACE spoke.

M. W. Thatcher, general manager of GTA and president of the federation, was chairman of the 2-day session. The federation is composed of 16 regional grain cooperatives, representing nearly 1,000,000 farmers. These cooperatives handle 500,000,000 bushels of grain annually.

Thatcher, in his talk, made it clear he spoke only for GTA, but had strong support from other regional members when he cracked hard at the idea that "farmers should meekly accept the idea that they have been getting too much, are only entitled to small share of the national income," and should gladly settle for cut-rate support prices.

Thatcher spent considerable time, following the federation meeting, with officials in the Department of Agriculture, reviewing developments on the farm price, farm storage, and farm-credit fronts.

GTA representatives at the federation meeting included board members August Dahme, Walter Blume, Bennie Brandt, and Virgil Gregg, as well as men from the grain department, the radio and publicity departments.

Federation members realized that any farm program would collapse unless food could be properly stored and handled. They have been pressing for enactment of legislation to permit farmers and their cooperatives to build additional elevators on a self-liquidating basis with Government aid.

There is reason to believe that such a program will be approved by Congress.

Among the other speakers at the 2-day meeting were William McArthur, Chief of the Government's Commodity Credit Grain Division, who discussed grain requirements and storage rates; Oris V. Wells, Chief of the Bureau of Agricultural Economics, who

gave an off-the-record review of parity concepts and the farm-price outlook; D. A. Fitzgerald, in charge of the ECA Food Division; Gov. I. V. Duggan of Farm Credit Administration, and Robert Farrington, acting commissioner of the Central Bank for Cooperatives.

Mr. LANGER. Mr. President, in the same issue of the Farmers Union Herald there is an editorial entitled "A Farmer Looks at Parity." I ask unanimous consent that the editorial may be printed in full at this point in my remarks.

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

A FARMER LOOKS AT PARITY

(By Gilbert Nelson, Renville, Minn., farm operator)

(The following is an answer by a farmer to a city newspaper editor's attack on full parity price support for farm products. Since this letter, sent to us without solicitation by its author, represents our views and is so ably written we publish it herewith in lieu of our regular editorials.)

In the Minneapolis Star of March 24 and the Sunday Tribune of March 27 Arthur Upgren again tries to convince the farmer that he, the farmer, is something less than a 100 percent citizen.

His first column complains about an article in the GTA Digest. There an exposure was made of industry's plan to shift part of its payrolls onto the back of the farmer by depressing agricultural prices below parity. Upgren reveals a rather illogical bias by suggesting that the farmer, by opposing 60 percent of parity, is also bound to oppose any downward adjustment from the unusual and short-lived postwar highs.

We are not going to be impaled on the horns of Upgren's dilemma. We do not expect a guaranty of 14 percent of parity; we will not accept 60 percent; we demand the altogether reasonable alternative of 100-percent parity. The word "parity" is defined as equality. By its very inherent meaning, the word does not lend itself to any percentage figure other than 100 percent. Anything less is a libel on Noah Webster and a fraud on the American farmer.

Upgren belittles the "last ounce" of full parity. Forty percent is a pretty big "last ounce," considering the fact that it includes all of the farmer's wages and a good portion of his out-of-pocket expenses.

Upgren's arguments are numerous, if faulty. He suggests that farmers should accept a lower price because their per-man productivity is increasing. Increased productivity has resulted from longer workdays, due to labor shortages; use of more expensive methods and machinery; and introduction of better yielding, and, consequently, more soil depleting, crop varieties. If the farmer is not to enjoy the fruits of his increased productivity, then who is? Upgren does not say. The GTA Digest does say—the factory owner.

Upgren also suggests that flexible supports may stay at 90 percent under the present law. I fear he overestimates the credulity of working farmers. Long experience with Government in agriculture leads us to believe that "flexible" supports will be flexible only one way—down—and all the way down. Most proponents of the present law conceal the fact that it provides for only 75 percent supports for a "normal" crop as well as the fact that the parity base itself will be cut 12 to 22 percent on major crops.

This has been accomplished by dropping the 1909–14 base, and substituting the average price for the last 10 years. This gerrymander will include years of depression and wartime controls that work to the disadvantage of the farmers. Likewise—Upgren tries to confuse with the arbitrary selection of unrepresentative base years, and the use of price indexes without corresponding data on cost of production.

Upgren tries to play the factory worker off against the farmer. Because the factory worker does not get a "parity" unemployment benefit, the farmer should not be entitled to a fair price for the product of his labor. We do not believe that two wrongs make a right; nor do we appreciate being made a party to a divide-and-rule philosophy. A guaranteed decent standard of living for city workers would insure, more than anything else, a healthy farm prosperity.

As adjuncts to 100 percent parity, Upgren resurrects the bogeymen of "control" and "regimentation." Control implies planning, and planning is a fundamental necessity in our complex modern world. The alternative to planning is anarchy. Regimentation is a danger only if working farmers surrender their inalienable right to do their own planning. Planning by farmers for farmers is not regimentation. It is the highest expression of the democratic process.

In his second column Upgren says that "net farm income has increased more rapidly since 1939 than any other group except corporate profits." Another way to say the same thing is that corporate profits have increased faster than the income of either farmers or city workers. This obvious fact is no argument against guaranteeing the farmer a decent wage through decent prices. He still takes all of the risks inherent in nature—drought, flood, hail, insects, and a host of others.

Upgren compares net farm income with net corporate profits. But net farm income is figured before computing the operators' wages and income taxes. Corporate profits are figured after payment of huge salaries to many owner-executives and after income taxes. A tremendous portion of wartime and postwar corporation profits have been concealed in hidden items such as excessive charges to depreciation and other reserves, gifts or near gifts of buildings and equipment from the Government, tax rebates, and the like.

He also compares net income per farm with industrial wages and cost of living. Again he leaves out of consideration the facts that farms are averaging bigger, huge corporation farms are included, the farmers are working longer hours and using more family help, and increased investment in farm machinery creates a heavy interest factor which cannot be included as wages.

Another absurdity on his graph shows industrial wages increasing more rapidly than the cost of living since 1945. Ask any city worker or housewife, and they will tell you the extent of this falsehood. It is no secret that the average worker has had to spend most of his wartime savings, as well as all of his wages, to keep up with skyrocketing living costs. Since 1940 factory workers have increased per man productivity by 25 percent, but are getting paid 20 percent less in terms of buying power per unit produced. By the same standards that he applies to farmers, Upgren would consider this fair also.

He admits to a "common resolve that farmers shall not be exposed to demand and supply conditions which are so disastrous." He admits that these conditions produced farm prices at 55 percent of parity in 1932. His implied solution is to retain the present bill which guarantees only 60 percent of a degraded parity—actually less than the abomination of 1932.

Mr. LANGER. Mr. President, I have another article entitled "Cooperation—The Bond of Brotherhood." It is a clergyman's viewpoint. The clergyman is Dr. L. S. Imm. I ask unanimous consent that the editorial may be printed in full at this point in my remarks.

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

COOPERATION—THE BOND OF BROTHERHOOD—CLERGYMAN'S VIEWPOINT

(By Dr. L. S. Imm)

Several weeks ago, I drove some distance out into the country. Along the way I struck up an acquaintanceship with a farmer. I drove on his place a total stranger to him. He proved to be the friendly and sociable type. Tinkering around on his tractor and plow in preparation for spring plowing, he seemed to want to talk.

We soon found that we had something in common: We both felt cooperatives were necessary to stabilize and promote agriculture.

"Take away or cripple the cooperatives, and the farmer will be taken for a ride again. Look what has happened to farm prices this last year," he said in effect.

His thought went back to the early thirties. He told me what had happened to him and his neighbors during the depression. "If there would be enough cooperatives, the chances of something like that happening again would be much less," he said.

My new acquaintance said he was for cooperatives, not only because they have become a necessity for producer and consumer, but also because they were a good thing for the community as a whole, for schools, churches, the professional man and the businessman on Main Street.

He is right. The more cooperative in its business structure a community is, the more flourishing is its life. It has a bearing on its cultural, social, religious, and civic life. Everybody contributes and everybody benefits in proportion to his contribution. Working together for the common good creates interest and stimulates joint action. It develops a bond of brotherhood to give the principle of the Golden Rule a chance for practical expression.

Economic cooperation is by far more than just another way of doing busines. If that were all, its possibilities would be limited and its merits questionable. Little would it matter whether or not it grew.

It is a way of life to better the lot of the common man. It rests on a solid foundation because it is reinforced with the moral precepts of the Nazarene Carpenter. That makes it brotherhood economics. It glories on service, not in the accumulation of dollars and cents for their own sake. That is a point worth remembering. It constitutes the sinews of the cooperative movement.

If the dollar ever becomes the pivot of the cooperative movement, it will have lost its soul. That is the trouble with laissez-faire (uncontrolled) capitalism today. It accounts for the many evils that have followed in its wake. It is a potential breeding ground for totalitarianism which is foreign to the best concepts of what the family, home, school, and the church ought to be in a free society.

Mr. LANGER. Mr. President, the distinguished Senator from New Hampshire stated in his speech something with reference to there being three Communists in the organization. I do not know of any law which provides that a Communist cannot join a cooperative organization.

Mr. President, there appears in the Farmers Union Herald for March 12, 1948, an article entitled "Record Central Exchange Meet Opens—Attendance Expected To Hit 2,500." So, out of 2,500 persons attending the meet there were 3 Communists. I am not sure about that. I invite attention to the fact that

there are 37,000 members of the Farmers Union in North Dakota.

I ask unanimous consent that the article to which I have just referred be printed in the RECORD at this point in my remarks.

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

RECORD CENTRAL EXCHANGE MEET OPENS—ATTENDANCE EXPECTED TO HIT 2,500

As this issue of Farmers Union Herald goes to press, it is apparent that all records for attendance will be broken when delegates and visitors convene Monday at the Lowry Hotel in St. Paul, Minn., for the seventeenth annual meeting of the Farmers Union Central Exchange. It is expected that from 2,000 to 2,500 people will be present.

The meeting Monday will be called to order by President Leo Doheny, followed by appointment of members of various committees and the reading of the minutes of the last annual meeting by William E. Sanderson, secretary. Doheny will follow with his annual report, after which there will be remarks by other officers and the directors.

Immediately after the convention is called to order in the afternoon, E. A. Syftestad, general manager, will give the financial statement and his annual report.

At 3:30 p. m. a forum will be held, to be addressed by the presidents of the State organizations of North Dakota, South Dakota, Minnesota, Wisconsin, and Montana.

Tuesday morning will be devoted entirely to a discussion by the delegates of problems in connection with the operation of the exchange and affiliated cooperatives. All department managers of the exchange will be present to answer questions or participate in the discussions. At 11:30 the meeting will be recessed to permit the States to caucus for nomination of directors.

First on the program for the afternoon is the election of directors, to be followed at 3 o'clock by a tour to the Northwest Cooperative Mills and the Farmers Union Grain Terminal Association office building. Special busses will carry delegates and visitors to the two places.

Wednesday morning will be devoted to a tour of the recently enlarged main plant of the Farmers Union Central Exchange at the city limits on the highway to South St. Paul. Special busses will leave the Lowry Hotel every 45 minutes between 8 o'clock and 10:15. Returning busses will arrive at the Lowry Hotel at 12 noon.

On the Wednesday afternoon program are W. E. Rumble, FUCE general counsel, and Dr. O. B. Jessness, chief, division of agricultural economics, University of Minnesota. Action will be taken on the resolutions and amendments to the articles of incorporation.

The Farmers Union Cooperative Credit Association will meet Thursday morning and the Farmers Union Accounting Service, Inc., in the afternoon.

Tuesday evening the annual ladies' dinner at the Lowry Hotel will be held, with a style show and an address by Mrs. Lois P. Hatton, style editor of the St. Paul Pioneer Press-Dispatch. Short talks will be given by the State educational directors and by Mrs. Gladys Talbott Edwards, national educational director.

The managers' banquet will be held the same evening at St. Paul Hotel.

The annual banquet will be held Wednesday evening. Jerry Voorhis, executive secretary of the Cooperative League of the United States of America, will be the guest speaker.

The convention will close with the annual dance Thursday night.

Mr. LANGER. Mr. President, to show how North Dakota towns have Farmers Union locals, I have here an article which gives a record of some of the towns, including Makoti, N. Dak.; Mandan, N. Dak.; Lankin, N. Dak.; and many others. It shows the amount of money they have made. I might say, Mr. President, that it is very rarely that one of them fails.

I ask unanimous consent to have printed in the RECORD the article to which I have referred, showing the uniformity of the profits of this organization which the distinguished Senator from New Hampshire says is communistic. As a matter of fact, so far as I know, not a single member is communistic. Every member, so far as I know, is a God-fearing, Christian gentleman. These men are working together in order to market their grain cooperatively, to save what money they can, and to fight the Grain Trust. The record shows that they have been successful in that endeavor.

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

[From the Farmers Union Herald of October 3, 1947]

RECORD OF SAVINGS AND SERVICE MARKS YEAR FOR FARMERS' CO-OP ELEVATORS

NORTH DAKOTA

Makoti, N. Dak., Farmers Cooperative Elevator Co. ended a successful fiscal year June 30 with net savings of $49,925. Over $46,000 was paid out in cash dividends. The report was given nearly 100 patrons and stockholders at the annual meeting July 12. Fieldman Thomas Nielson represented GTA at the meeting. The audit report showed total assets of $146,738 for the co-op. On the board of directors Ben Staflin was elected to succeed John Braaten. E. J. Hovda was also elected a director. Other members are Andor Anderson, J. B. Jenson, and B. H. Janz. All are Makoti residents. The elevator manager is Arnold T. Skarsgaard.

Mandan, N. Dak., Farmers Union Grain Association held its first annual meeting July 11. Highlights of the meeting were a review of the organization's beginning and a report on construction of the elevator. Fieldman Edward A. Vasichek explained GTA's terminal operations and the value and importance of marketing grain cooperatively all the way to the final market. The entire temporary board of directors was elected. It consists of L. F. Zander, president; Otto Hagerott, vice president; Earl Schauss, secretary-treasurer; Elias Ellison and Ted Hagerott, directors, all of Mandan; John Covlin, who has a record of successful management of cooperative grain elevators, is operating the Mandan elevator.

Lankin, N. Dak., Farmers Union Elevator Co. completed a successful fiscal year June 6, and at the anual meeting July 11 reported to 100 patrons and stockholders a net saving of $29,791 and a grain handle of 286,890 bushels. The audit report, read and explained by GTA fieldman A. T. Hilden, showed total assets of $180,404, and total patrons' and stockholders' equity of $99,862. The year's savings were distributed on the basis of 9 cents a bushel on wheat, 6 cents on durum, 29 cents on flax, 7 cents on barley, 5 cents on oats and 12 percent on merchandise. The success of this cooperative enterprise is shown by the fact that it began business in 1939 with $9,400 borrowed capital. Hilden explained the cooperative facility expansion program proposed by GTA, pointing out that it is aimed at building cooperation into a dominant factor in the markets, working for fair and stabilized prices. On the board of directors of the Lankin elevator are Joseph Kratochvil, Lankin, president; John Novak, Lankin, vice president; A. E. Erickson, Lankin, secretary; Oliver Ruzicka, Lankin; B. C. Bergerson, Park River; Oliver Gustafson, Adams; and A. A. Trovatten, Park River; directors. The capable manager is T. J. Sobolik.

Kramer, N. Dak., Equity Elevator Co. ended a successful year with net savings of $38,979, and a grain handle of 441,200 bushels of grain. The audit report was read and explained to 150 patrons and stockholders at the annual meeting July 14 by GTA fieldman Thomas Nielson. A veteran cooperator, Fred G. Bartz, who had served on the board since 1906, was honored at the meeting. Nielson spoke to the farmer-patrons, explaining a program GTA has proposed to expand and build up local and regional cooperative marketing facilities. The program, he said, aims at making cooperation the dominant and controlling factor in the market places. Elected to the board of directors were Erick Neumann and Albert Brandt, directors. Other members are Justin S. Evenson, president; Herman Kaeding, vice president; Delbert Volbrecht, secretary-treasurer; all of Kramer. Manager E. F. Trotter was complimented for his operation of the elevator during the past successful year.

Hensel, N. Dak., Farmers Union Elevator Co., managed by Charles Weed, reported to nearly 100 patrons and stockholders at the annual meeting June 19 a net saving for the past fiscal year of $28,921. The co-op handled 392,938 bushels of grain. This was the elevator's eighth annual meeting. Savings were distributed in cash, 5 cents on wheat and durum, 4 cents on oats and barley, 15 cents on flax, 5 cents on rye and 5 percent on merchandise. The audit report was read and analyzed by GTA fieldman W. G. Webber. It showed total assets of $188,976, and a total patrons' and stockholders' equity of $73,059. On the board of directors, Wilson Greenwood, vice president, and C. I. Gudmundson, director, were reelected. Albert Johnson was elected a director to replace Albert Widme. Other members are Louis Hillman, president; William Selheim, secretary; Alex Lawonn and B. H. Busse, directors, all of Hensel with the exception of Hillman and Gudmundson of Mountain.

Glenburn, N. Dak., Farmers Union Elevator Co. ended the past fiscal year with net savings of $16,040 and a grain volume of 336,400 bushels, according to the audit report read and analyzed by elevator president W. R. Blume. He also spoke on the facility expansion program GTA has proposed to build cooperative marketing into the most influential factor on the markets. Stockholders voted to support the program. H. B. Johnson, Deering, director, was reelected to the board of directors. Other members are W. R. Blume, Glenburn, president; John O. Simonieg, Minot, vice president; Bennie O. Dahl, Glenburn, secretary-treasurer; Harry Christopher, Minot, director. This successful cooperative is managed by Rudy F. Lee.

Bowbells, N. Dak., Farmers Union Cooperative Association held its annual meeting July 15. The audit report, read and analyzed by GTA fieldman A. T. Hilden, showed a handle of 251,503 bushels and a net saving for the past fiscal year of $28,472. Total patrons' and stockholders' equity in the cooperative is $106,095. Hilden talked on the terminal marketing operations of GTA, and the plan that has been proposed to expand both local and terminal cooperative marketing facilities. Stockholders voted to support this program of expansion. On the board of directors are Gunther Harms, president; Tom Jacobson, vice president; Nick Ackerman, Ernie Hass, and Jake Gagnum, directors, all of Bowbells. Operations of this elevator are under the able manager J. B. Walleen.

Clifford, N. Dak., Farmers Cooperative Elevator Co. reported to patrons and stockholders at the annual meeting August 9 a net saving for the past year of $14,316. The audit report, read and explained by GTA fieldman L. Oppegaard, showed a handle for the year of 226,855 bushels of grain. The Clifford cooperative has a working capital of $34,000 and a net worth of $63,087. GTA fieldman A. T. Hilden spoke on the expansion program proposed to build up cooperative grain marketing facilities in the Northwest until they are dominant in the market place. New directors on the board of the elevator are Jens Lomerud and Mark Lofland. Other members are Conrad Rygg, Clarence Anderson, T. Brandburg, Algot Nelson, and John Ness. Manager of the cooperative is Ember Brovik.

Scranton, N. Dak., Equity Exchange reported an outstanding year to over 200 patrons and stockholders at the annual meeting July 26. Net earnings for the past fiscal year were $217,038. The elevator department showed a handle of 1,021,903 bushels of grain and merchandise sales of $140,000. Oil department sales were $230,626, with a saving of $38,060. In the store, sales were $106,536, with savings of $7,674. Total savings were distributed on the basis of 13½ cents on wheat, 13 cents on barley, 8 cents on oats, 33 cents on flax, 30 cents on rye, 10 percent on merchandise through the elevator, 13 percent on oil department business, and 5 percent on store sales. The Scranton elevator has 416 member stockholders. Net worth is $125,617, and total assets $516,023. GTA was represented at the meeting by Fieldman L. E. Jacobson. On the board of directors, Herb Brown was elected a director succeeding M. Torpen. Other members are C. H. Ensign, president; Ben Reimer, vice president; L. K. Morland, secretary-treasurer; and Howard Flatz, director, all of Scranton. The successful operations of this cooperative are managed by Sam Elenbaum, elevator; E. I. Butler, oil; and L. Hildestad, store.

Agate, N. Dak., Farmers Cooperative Elevator Co. paid patronage dividends of 11 cents a bushel on wheat and durum, 10 cents on barley, 13 cents on oats, and 73 cents on flax from its net savings of $38,478, realized through cooperative marketing during the past fiscal year. The audit report was given by William L. Larson, Agate, president of the elevator, at the annual meeting June 16. It showed a grain handle of 325,000 bushels, and total assets of $245,085. Nearly 100 patrons and stockholders attended the meeting and heard Larson and GTA Fieldman W. G. Webber speak on operations of the terminal marketing co-op. Webber told about the program GTA has proposed to build and strengthen local and regional grain-marketing cooperatives, until cooperation is the dominant factor in the markets. Other speakers discussed marketing, organization, and education problems of farmers. The elevator is competently managed by Oswald Egeland.

Northwood, N. Dak., Equity Elevator Co. ended the past fiscal year with savings of $70,593, over 100 patrons and stockholders learned at the annual meeting July 12. It handled 809,200 bushels of grain. The cooperative has total assets of $252,496. Fieldman Raymond J. Douglas, representing GTA, talked on cooperative grain marketing and the need for a sound, stable agricultural program. On the board of directors are A. J. Offerdahl, president; B. S. Draxton, vice president; C. T. Ulbuy, secretary; Gilbert Gunderson, treasurer; Albert Onsager, Albert Gielsheim, and Ben Uglem, directors, all of Northwood. Manager of the elevator is William Lee.

Sherwood, N. Dak., Farmers Union Elevator Co., which has a new cement grain structure in operation, reported net savings for the past fiscal year of $16,852 to 150 patrons and stockholders at the annual meeting July 10. The audit report, read and explained by GTA Fieldman Thomas Nielson, also showed a grain handle of 314,000 bushels. The co-op has total assets of $224,472. Nielson told farmer-patrons at the meeting about the program GTA has proposed to build up local and terminal cooperative grain-marketing facilities in the Northwest. He said cooperation should expand until it is the most influential factor in the markets, working for fair and stable agricultural prices. On the board of directors, Bert Shaver of Norma, president, and Elmer Strand of Tolley, vice president, were reelected. Other members are Alvin Nelson, secretary-treasurer; W. J. Rusch and Peter B. Swanson, directors, all of Sherwood. The elevator is capably managed by Walter Abrahamson.

Gardner, N. Dak., Farmer Elevator Co. heard an audit report this year showing a handle of 179,215 bushels of grain and a gross earning of $15,513. The annual meeting was held July 30. Repairs totaling $4,800 were charged off, and a net savings for the year of $3,822 after deduction of all expenses was reported. GTA was represented at the meeting by Fieldman Raymond J. Douglas. The board of directors for the coming year consists of Frank A. Colwell, president; Harry Knutson, vice president; Bennie Nedrebo, secretary-treasurer; R. H. Waitzel and E. W. Burley, directors, all of Gardner. Manager of the elevator is Selmer Engen.

Ray, N. Dak., Farmers Union Elevator Co., opearting elevators at Ray and Temple, held its annual meeting June 27. Savings at the Ray elevator were $20,958, and grain volume 362,099 bushels. At Temple volume was 112,037 bushels and savings $6,937. In addition to operating other co-op enterprises at Ray, the cooperative is building an elevator at Wheelock. At the meeting 1942 savings approximating $10,000 were paid out in cash. Assets over liabilities are $42,918, and patrons' and stockholders' equity is in excess of $200,000. GTA Fieldman G. E. Broe read and discussed the audit report, and emphasized necessity of farmers adopting a program leading to stable agricultural prices. He told about the program GTA has proposed to build co-op grain marketing facilities in the Northwest until they are strong enough to bring about these stable prices. On the board of directors of the Ray co-op are Iver Solberg, president; R. Earl Delaney, vice president; Carl M. Hodenfield, secretary-treasurer; Joe Daniels and B. R. Thompson, directors—all of Ray. The Ray elevator is managed by Orion E. Drager, and the Temple elevator by Orville M. Olson.

Selfridge, N. Dak., Farmers Union Elevator Co. reported the past fiscal year's operations to patrons and stockholders at the annual meeting July 10. The audit report, read and analyzed by GTA Fieldman E. A. Vasichek, showed net savings of $14,153 and grain volume of 263,000 bushels. The cooperative's total assets are $61,136, and total patrons' and stockholders' equity, $31,846. Lewis Meisel and Henry Geigle were reelected to the board of directors. New members are Christ Goehring, George Schaeffer, and Harry Whipple. Meisel is president; Schaeffer, vice president; Goehring, secretary-treasurer; Whipple and Geigle, directors. All are Selfridge residents. Manager of the elevator is Otto Bruning.

Bucyrus, N. Dak., Farmers' Equity Association held its annual meeting July 12, reporting to patrons and stockholders a net saving for the past fiscal year of $16,697, and a grain volume handled of 173,572 bushels. The audit report was read and analyzed by GTA fieldman E. A. Vasichek. He spoke on GTA's proposed program for building up cooperative grain marketing facilities, and stockholders adopted a resolution approving and supporting the program. The board of directors was reelected. President is C. E. Striker; vice president, Arthur Hoffman; secretary-treasurer, E. A. Stafne; directors, George Ehlers and P. N. Stedge. The elevator is capably managed by Raymond A. Honeyman.

Parshall, N. Dak., Farmers' Union Cooperative Elevator Co. had over 100 patrons and stockholders at its annual meeting July 18. It reported net savings for the past year of $39,863. Grain volume amounted to 542,389 bushels. The cooperative has total assets of $396,088, and a total patrons' and stockholders' equity of $179,357. GTA was represented by Fieldman Thomas Nielson, who read and explained the audit report. He told about the program GTA has proposed to build up cooperative grain marketing facilities, local and terminal, until they are the dominant, controlling force in the market place. George Jordet, for 31 years secretary-treasurer of the cooperative, was again elected to the board of directors. Ed May was elected director. Other members are A. C. Torgerson, president; Albert Moerke, vice president; J. R. Binkley, Olaf Olson, Hans Monson, directors, all of Parshall, with the exception of Moerke of Van Hook. Operations of this successful cooperative are under F. W. Ahlgren.

Larimore, N. Dak., Farmers' Union Grain Co. held its annual meeting July 8. It reported to patrons and stockholders a net saving for the past fiscal year of $1,635 and a grain volume of 47,300 bushels. Ole Olson, GTA director, and Fieldmen Fred Groninger and W. G. Webber were present at the meeting. Groninger read and explained the audit. He discussed prices and the future of agriculture, emphasizing the need for stability in markets and prices. Olson told about the aims and purposes of GTA, and the plan it has proposed for building cooperative marketing into the dominant and controlling market force. The Larimore elevator's board of directors consists of Robert E. Lee, president; Charles Ouradnik, secretary; R. Walter Olson, C. O. Haugen, Marvin Nelson, E. Peterson, Joe Jahna, and Ben Tangen, directors. The elevator is managed by Spurgeon Buckingham.

McCanna, N. Dak., Farmers Union Exchange, a cooperative with total assets of $157,155, reported to patrons and stockholders at the annual meeting July 28 a net savings for the past fiscal year of $36,269. Patrons' and stockholders' equity is $98.046. Grain volume for the year amounted to 236,659 bushels. The audit report was read and discussed by GTA fieldman W. G. Webber. He told about the program GTA has proposed to expand cooperative grain marketing facilities. Stockholders voted approval of the program. Andrew Vien, of Niagara; and James Erickson, of Fordville, directors, were relected to the board of directors. Other members are E. M. Peterson, McCanna, president; Miller Engh, Niagara, vice president; John Kyllo, McCanna, secretary. O. M. Eidem is the competent manager of this elevator.

Forbes, N. Dak., Equity Exchange ended the past fiscal year with net savings of $35,590, and a grain volume of 259,300 bushels, patrons and stockholders learned at the annual meeting July 19. The audit report showed total assets $178,773, and a total net worth of $118,999. Fieldman Ray Douglas, representing GTA, spoke on the growing value to farmers of cooperatives, and the need for a sound, stable agricultural program. On the board of directors are William Wachter, president; J. J. Wageman, vice president; A. S. Marshall, secretary-treasurer; James Brown and J. E. Merkel, directors; all of Forbes. The elevator is under the capable management of G. J. Bohle.

Kulm, N. Dak., Farmers Cooperative Elevator Co. had net savings during the past fiscal year of $22,240, and a grain handle of 307,125 bushels, patrons and stockholders learned at the annual meeting July 23. The audit report was given by GTA fieldmen L. M. Oppegaard and Lyle Fugle. It showed total

assets of $103,025. They told about the program GTA has proposed to construct new cooperative grain-marketing facilities in the Northwest, and expand until cooperation is a dominant factor in grain marketing. Two new directors were elected on the board. They are Edwin Malm and Fred Vogle. Other members were reelected. They are Victor Ogren, president, William Staeck, vice president; Gottlieb Hartman, secretary; Helmuth Hillie, Solomon Hildebrand, directors; all of Kulm. Clarance Guthmueller is manager.

Fonda, N. Dak., Farmers Grain Co., at its annual meeting June 17 reported to patrons and stockholders a net saving for the past fiscal year of $36,763, and a grain volume of 206,805 bushels. A. W. Aamodt, fieldman for GTA, read and explained the audit report, and told about the regional cooperative's progress in marketing facilities all through the Northwest, building cooperative marketing into a dominant place on the market. Reelected to the board of directors were Fred Dubay, Alex Kraft, and Matt Hagen. Dubay is president, Kraft and Hagen directors. Others members are Chris Foss, vice president; R. Holem, secretary-treasurer; Gerhart Lund and Henry Boucher, directors; all of Rolette. New manager of this elevator is Paul Rutherford.

Dickinson, N. Dak., Farmers Cooperative Union Elevator Co. completed its most successful year June 30, and at the annual meeting July 26 over 100 patrons and stockholders heard an audit report of $71,206 in net savings. The cooperative handled 382,903 bushels of grain. Its total assets are $150,684. Of this elevator's net earnings during the past fiscal year, $16,400 came from GTA, the result of carrying cooperative grain marketing all the way up through the terminal level. It is one of the hundreds of Northwest cooperative elevators building additional savings and services by applying cooperative principles and farmer ownership of marketing facilities all the way to the final market. GTA was represented at the meeting by fieldman Lawrence Jacobson. Stockholders voted a resolution supporting the cooperative facility expansion program proposed by GTA. Manager of the Dickinson elevator, Fred Esslinger, was honored at the meeting for his long service in that position. He is beginning his thirtieth year of service. On the board of directors, Joe V. Ridl and John Frenzel were reelected. Other members are Joe Frenzel, Joe Kovash, Joe M. Miller, Joe Stroh and Frank Miller. The board will reorganize and elect officials at a later date.

Power Lake, N. Dak., Farmers Equity Elevator Co., in an area which suffered crop damage last season, came through with a grain handle of 164,000 bushels and a net saving of $14,391. After deductions, cooperative grain marketing will return to farmers of the area dividends totaling $11,940. The audit report was analyzed by GTA fieldman C. G. Tofte. He pointed out the accomplishments of the cooperative and its farmer-patrons through their cooperative marketing of grain. Millard Tande and Lawrence Nelson were reelected to the board of directors. Tande was then elected president. Other members of the board are Carl Breding, vice president; J. N. Mollet, secretary-treasurer; Ole Bjerkness, Albert Peterson, Jacob Boyd, directors; all of Powers Lake. The manager of the cooperative is Philip Peterson.

Antler, N. Dak., Cooperative Grain Co. reported a very successful year to patrons and stockholders at the annual meeting July 19. Net savings for the year were $23,251, and grain volume handled 276,311 bushels. GTA Fieldman Thomas Nielson read and explained the audit report. He then discussed the plan GTA has proposed to build up and expand cooperative grain marketing facilities to a point where the influence of cooperative marketing is dominant in the market places. Reelected to the board of directors were F. J. Artz, director, and Harold Artz, secretary-treasurer. Other members are Ed Backhaus, president; Arthur Felland, vice president; Axel Nelson, George Larson, Oscar Holluf, directors. All are from Antler with the exception of Nelson, of Mohall. The capable manager of the elevator is Hans J. Hansen.

Corinth, N. Dak., Farmers Elevator Co. met July 2 with President Ole Gunderson presiding. The audit report showed a net saving for the past fiscal year of $1,200 and a grain volume of 109,870 bushels. At the meeting savings for the 1944–45 season were paid out in cash. Fieldman G. E. Broe, representing GTA, outlined the plan proposed to expand cooperative grain marketing and make it a dominant factor in bringing stabilized grain prices. The plan was supported by stockholders. On the board Gunderson was reelected as president. He has served on the board since 1918. Other members are Andrew Ring, vice president; Peter Binde, secretary-treasurer; Claude Christensen, Gilbert Dalke, Orville Satern, and Tom Fredrickson, directors, all of Corinth. The elevator is managed by Henry O. Holgerson.

Crosby, N. Dak., Farmers Union Elevator Co. held its annual meeting July 10. The audit report, read and analyzed by GTA Fieldman G. E. Broe, showed $53,226 in savings for the past fiscal year, of which $13,000 was paid out in cash. Grain handled totaled 490,155 bushels. Broe told about the program GTA has proposed to expand co-op grain marketing facilities in the Northwest until cooperative marketing becomes a dominant factor. The plan was indorsed by stockholders. Crosby now has one of the most modern country grain marketing and cleaning facilities in North Dakota. The entire board of directors was reelected at the meeting. Members are R. W. Redlin, president; Luther M. Gilbertson, vice president; Lloyd Bummer, secretary-treasurer; Andrew Holm and John N. Jacobson, directors, all of Crosby. Capable management under Norman Bjella is helping to make the elevator a success.

Trenton, N. Dak., Farmers' Union Elevator Co. reported to patrons and stockholders a net saving for the past fiscal year of $3,558 at the annual meeting July 12. The audit report, read and analyzed by GTA fieldman G. E. Broe, also showed a grain handle of 108,600 bushels. Improvements costing $16,000 had recently been made on the elevator, and stockholders voted to put this year's savings into a reserve account. Broe explained the plan proposed by GTA to expand cooperative grain marketing facilities throughout the Northwest, and stockholders approved this plan to make cooperative marketing the dominant force in the markets. Members of the board of directors of the Trenton elevator are G. B. Southard, president; Dwight Houston, vice president; Fritz T. Martin, secretary-treasurer; John Irwin and John Osterland, directors, all of Trenton with the exception of Southard of Williston. The elevator is capably managed by Dwight R. Gilbert.

Alamo, N. Dak., Farmers Cooperative Co. had a dollar sales volume of all commodities handled during the past fiscal year of over $1,000,000, nearly 250 patrons and stockholders learned at the annual meeting July 11. Net savings for the year were $43,740, allocated on the basis of 5 cents per bushel on wheat, barley, and oats, 18 percent on bulk plant sales, 5 percent on merchandise sales. The elevator handled 420,728 bushels of grain. Seventy-five percent of the savings were paid out in cash. Among speakers at the meeting was GTA fieldman G. E. Broe. He told about the program GTA has proposed to build large and extensive cooperative grain marketing facilities in the Northwest, a program approved by the Alamo stockholders. The board of directors for the coming year consists of Ervin Lohse, president; A. L. Huss, vice president; Roy Hagen, secretary-treasurer; Elmer Sogard, Berger Helstad, Jorgen Simle, and Claude Christianson, directors, all of Alamo with the exception of Christianson of Corinth. Manager of the cooperative is Harold O. Scarr.

Grenora, N. Dak., Farmers Elevator Co. realized net savings during the past fiscal year of $43,307, patrons and stockholders were informed at the annual meeting July 5. Of this, $35,021 was paid out in cash. The elevator has patrons' and stockholders' equity exceeding $125,000. It handled during the past year, 494,970 bushels of grain. During the past 25 years it has handled 7,496,608 bushels of grain and has saved for its farmer patrons $293,960. Fieldman G. E. Broe, representing GTA, told about the expansion program proposed to help farmers influence the markets and bring about more stable prices through cooperative action. Members of the board of this elevator are John E. Peterson, president; Ed Kilbride, vice president; Arthur Eliassen, secretary-treasurer; Andrew Dahl, Clarence Poling, Oscar Anderson, and Peter C. Jensen, directors, all of Grenora with the exception of Dahl of Dagmar. Operations are under the capable management of D. Comford, assisted by Art Anderson.

Lunds Valley, N. Dak., Farmers Elevator Co. ended the past fiscal year with a net saving of $15,227, patrons and stockholders learned at the annual meeting July 8. The co-op handled 145,971 bushels of grain and had merchandise sales of $10,971. GTA was represented at the meeting by fieldman, G. E. Broe, who spoke on cooperative grain marketing and plans for extending co-op facilities. On the board of directors are Clifford Olson, White Earth, president; Archie Borg, Lostwood, vice president; Hardus Paulson, Lostwood, secretary; Lars Enerson, Stanley, treasurer; Henry L. Kragness, Lostwood, director. Manager of the Lunds Valley Cooperative is C. L. Swedlund.

Williston, N. Dak., Farmers Union Elevator Association, centered in one of the "cooperatingest" areas in the country, saved $97,071 for its patrons and stockholders during the past fiscal year. The report of these savings was made to over 250 patrons and stockholders at the annual meeting July 12. Cash dividends paid out for the year's operations amounted to $82,500. Grain handled was 695,677 bushels. Main speaker for the meeting was Alex Lind of Williston, a GTA director. He discussed GTA's proposal for expanding cooperative grain-marketing facilities, and emphasized the importance of making co-op marketing a dominating factor in the market place. Stockholders pledged their patronage and support to GTA. All directors were reelected for the coming year. They are: G. F. Lindvig, president; Casper Sylte, vice president; Nels Berger, secretary-treasurer; Iver Aafedt and Mike Farroh, directors, all of Williston, with the exception of Sylte, of Marmon. Continued success of the Williston elevator is aided by the capable management of James Covlin.

Watford City, N. Dak., Farmers Cooperative Elevator Co. paid out $28,000 in cash dividends at its annual meeting July 19. Over 125 patrons and stockholders at the meeting heard the audit report of net savings for the past fiscal year of $32,882, realized on merchandise sales of $14,792 and a grain volume of 362,271 bushels. GTA fieldman, G. E. Broe, spoke, pointing out the increased services and savings realized from marketing grain cooperatively all the way through the terminal level. He told about the program GTA has proposed to expand these cooperative grain-marketing facilities. The board of directors consists of Einar Dahl, president; Erick Nordeng, vice president; Tom Lofthus, secretary; David Wherley, treasurer, and Fred Peterson, director, all of Watford City. Business of this cooperative is competently handled by manager, T. C. Evenson.

Rawson, N. Dak., Cooperative Elevator Co., at its annual meeting July 21, attended by nearly 200 persons, reported to patrons and stockholders a net saving for the past fiscal

year of $36,475. Of the 1945 and 1946 savings, approximately $25,000 was paid out in cash. The year's business volume included 196,156 bushels of wheat, 1,560 of durum, 3,920 flax, 4,392 oats, and 11,580 bushels of barley. Elevator merchandise sales were $4,137 and oil sales $34,747. The audit report was read and analyzed by GTA Fieldman G. E. Broe, who briefly explained the proposed program to expand cooperative grain marketing facilities. This program was approved by stockholders. Members of the board of directors are J. C. Ditsworth, Williston, president; Paul S. Berge, Rawson, vice president; Otto Stenseth, Rawson, secretary-treasurer; Albert Sanders, Rawson; Tom Oakland, Alexander, both directors. John Covlin, for many years manager of the successful Rawson cooperative, resigned. The new manager is William Syverson.

Lostwood, N. Dak., Farmers Elevator Co., through its cooperative operations during the past fiscal year realized net savings of $7,751. This figure was reported to patrons and stockholders at the annual meeting August 2. The elevator handled 86,492 bushels of grain. Merchandise sales were $3,403. It has a net worth of $13,569. This successful cooperative is managed by Joe Evenson. GTA was represented at the annual meeting by Fieldman G. E. Broe. Reelected on the board of directors for the coming year are John J. Nelson, president, and Earl S. Reynolds, secretary-treasurer. Other members are Frank Lindberg, vice president; William Kuster, Carl M. Nelson, Bennie Thorvig, and Hugo Erickson, directors. All are Lostwood residents with the exception of Kuster and Carl Nelson of Stanley.

SOUTH DAKOTA

Mina, S. Dak., Equity Exchange, held its annual meeting June 27. It reported to over 100 patrons and stockholders a net saving for the past fiscal year of $23,740. The elevator handled 300,000 bushels of grain. Cash dividends of 6 cents a bushel on grain and 12 percent on merchandise were paid out. GTA was represented at the meeting by Fieldman George Ross. On the board of directors, J. L. Schwab was elected to replace Joe Schwab as director. Other members are H. C. Cunningham, president; C. J. C. Boulias, secretary; Ted Grote and I. A. Hanson, directors, all of Mina. Herb Lindeman has become manager of the elevator during the past year, replacing C. L. Caldwell.

Duxbury, S. Dak., Cooperative Elevator Co. held its annual meeting June 20. Under the capable management of Cecil Danielson, the co-op during the last fiscal year had savings of $9,256. Grain handled amounted to 129,610 bushels. GTA was represented at the meeting by Fieldman E. H. Emerson and George J. Ross. On the board of directors are Dalton Thelin, Mansfield, president; Ed Morgan, Mellette, vice president; Paul Wischbach, Warner, secretary; Frederick Wischbach, Warner; and N. Barge, Mellette, directors.

Zell, S. Dak., Farmers Elevator Co. held its annual meeting June 14, reporting to 175 patrons and stockholders a net saving for the past fiscal year of $28,022. The cooperative handles machinery and oil in addition to grain. E. H. Emerson, fieldman representing GTA, told about operations of the regional cooperative, and the proposed expansion program to build co-op grain marketing into a dominating factor in the market. On the board of directors are W. H. Preston, president; R. C. Orth, vice president; Russell Harr, secretary; George Anderson; F. A. Muellenberg, and Joseph Puettman, directors, all of Zell. The elevator is managed by Frank J. Jungwirth.

Lake Preston, S. Dak., Cooperative Association met July 19, reporting to patrons and stockholders a net saving for the past fiscal year of $17,627. The co-op handled 310,865 bushels of grain. Grain handling has been seriously hampered by the failure of railroads to furnish boxcars to move wheat to market. GTA Fieldman Archie T. Erickson discussed the boxcar shortage, and told about GTA's program to make local and regional cooperative grain marketing systems the dominant and controlling voice in the market place. Stockholders passed a resolution supporting the program. New directors elected at the meeting were Arthur E. Casper and John G. Nelson, replacing Alfred Thompson and Albert Weink. Other members are Ed Walker, president; Axel Jensen, vice president; Ed Smith, secretary. The elevator is competently managed by Ted Rabenberg.

Barnard, S. Dak., Cooperative Association had net savings for the last fiscal year of $11,037, and a grain volume handled of 193,263 bushels. Patrons and stockholders heard this audit report of their elevator at the annual meeting June 26. Among speakers at the meeting was E. H. Emerson, GTA fieldman. He spoke on the ideals and value of cooperation, both in additional services and money saved. He told about the expansion program of cooperative grain-marketing facilities that has been proposed by GTA. On the board of directors for the coming year are Henry Forsting, Columbia, president; Marvin Ham, Frederick, secretary; Earl McColloch, Westport; Martin Lein, Columbia; and Lawrence Keeler, Barnard, directors. Ed Heis is the competent manager of the Barnard cooperative.

Pierpont, S. Dak., Cooperative Grain Co. at its annual meeting June 18 reported to over 200 patrons and stockholders a net saving for the past fiscal year of $37,490. The co-op now has total assets of $108,000. In addition to over 304,000 bushels of grain, the elevator handled merchandise. August Dahme, director of GTA, attended the meeting. Also present was Fieldman E. H. Emerson. On the board of directors for the coming year are J. G. Emstad, president; J. H. Aadland, vice president; K. W. Johnson, secretary-treasurer; John Tastad, George Holler, Chris Hanson, and Carl Rye, directors, all of Pierpont. This successful cooperative elevator is managed by Frank Roberts.

Mr. LANGER. Mr. President, finally I ask unanimous consent to have printed as a part of my remarks an editorial entitled "Country Editor Speaks," published in the Farmers Union Herald on June 5, 1950, which deals with the matter of cooperatives quite fully.

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

COUNTRY EDITOR SPEAKS

Day in and day out the drive goes on. Big city newspapers try to turn their readers against farmers. The Hearst chain of sensation-mongering papers pictures the farmer as a fat boy lighting a cigar with a dollar bill while driving the poor city people under a heavy ox yoke.

That's the kind of stuff millions of people in our big cities are being fed in their newspapers. It's exactly the kind of tripe the Minneapolis newspaper monopoly is feeding to its captive readers.

Not having any other daily newspaper (the competition was all wiped out by the Cowles family which came up from Des Moines after gobbling up all the competition down there) the Minneapolis people have no way of getting the truth.

Now publishers of big city newspapers sometimes are the least informed of all people. They sit in their paneled offices passing judgment on all kinds of matters that concern the general run of people. They dine at the plushiest clubs. They play golf at the select country clubs and bridge and canasta with the society set. They hardly ever rub elbows with John Doe, citizen. So when they attempt to set us all straight on the issues of the day they have some very fuzzy, if not completely warped, ideas. This is especially true when they attempt to deal with farm co-ops and farm programs.

Many people who live and work on the soil long ago gave up paying any attention to big city papers' editorials. But country newspaper editors who are a good deal closer to the people because they rub elbows with them day in and day out, are now concerned about the effort to turn city people against their country cousins. One of these is Clifford W. Bouvette, editor of the Kittson County (Minn.) Enterprise. Bouvette recently wrote to the editor of the Minneapolis newspaper monopoly. Here is what he wrote:

"From time to time you have given vent to a feeling of great concern over the prospect of Congress enacting legislation along Brannan plan lines or to any other legislation that might lean that way. You have called it regimentation of the farm, you have referred to it as socialistic.

"I wish you could have lived in the Red River Valley not only during the depression but during any segment of time you wish to choose since 1900 up to 1933, excepting war years or those years previous to or just after a war while we yet coasted upon the prosperity these wars brought us. Had you lived here during these times I think your attitude would be different.

"Supposing your newspaper found it simply impossible to sell advertising space; supposing times grew hard and so many people stopped taking your paper that your circulation was cut to its lowest ebb, what would you do? You would cut your expenses at every point possible, wouldn't you—you would control expenditures by trying to keep them consistent with income.

"How many times in the past can you recall when United States Steel or General Motors laid off thousands of men and curtailed production? How many months out of certain years in the past were the Ford Motor plants in the Twin Cities closed?

"Why was this done? Simply because sales were not healthy and it would be poor business to keep on manufacturing at a loss and at the same time flood the markets with cars which would sell at prices below actual cost of production. When business does these things, you call it able management but when the farmers try to do it you call it socialism.

"I have been associated with this paper (the Kittson County Enterprise, it has been in our family for nearly 68 years) for 36 years and its successful operation is in direct relationship with the returns these farms gather each fall. We are right down to grass roots here because we feel the impact of low prices instantly. All through my life I have never known a time wherein farmers were in healthy financial condition except just previous to wars, or during war years, or a few years following wars before the momentum of war had died down or following the election of the late President Roosevelt when his farm program took hold of things and by subsidization gave us fair prices.

"This continued until the approach of World War II when once again a war economy took the place of subsidization and since then again we have enjoyed Government controls. Without these controls we would have gone into a land depression. How any thinking man can deny this is beyond me.

"You call Brannan-plan legisislation subsidization of the farmer. Brannan's plan provides for curtailed acreage just as the original Roosevelt plan called for. This plan was a sharp departure from anything the American farmer ever knew.

"Under the old triple-A arrangement, the farmers held elections in each township to determine as to whether or not they desired to embrace the plan another year. If they elected to adopt the plan, they also elected their own county board, consisting of actual farmers to direct it and each year each

farmer's lands were measured and he was permitted to plant a certain number of acres of each kind of grain and no more—just exactly the same procedure used by the boards of directors of scores of American manufacturers in an effort to safeguard the price of their products.

"It would be a pleasure could we folks in the rural areas find a champion of our cause among the metropolitan press of our State, rather than newspapers that try to link us with the Soviet Union by referring to our attempts to stabilize our farms upon a fair basis as socialistic plus the regimentation of a Hitler."

Mr. LANGER. Mr. President, in conclusion I should like to say that I am not at all surprised by the attack on cooperatives. We have been expecting it for a ling time. It is all part of the same old fight with which we are familiar. My grandfather faced it, my father faced it in North Dakota, and I have faced it. In our State we initiated a measure to build terminal elevators, to be constructed by the State. In 1911 we carried it by a vote of 3 to 1. Under our constitution we had to pass it twice. In 1913 we carried it by a vote of 4 to 1. Politicians, controlled by big business, ignored the vote entirely, even though the people had voted for it 3 to 1 on one occasion and 4 to 1 on another occasion. The legislature ignored it, and the Governor ignored it. We therefore organized the Nonpartisan League to carry out the will of the people. In carrying out the will of the people in our State we have been very successful. I say that the big newspapers do not dare print the amount of profits and the success that has been had by various banks and insurance industries operated by the State of North Dakota, by the State-owned elevators, or by the bonding fund. As a matter of fact, only a short time ago a Senator stood on the floor and said that he understood they had all been wiped out. He was ignorant of their great success. That is because the big newspapers do not dare print the story of the great success which the Nonpartisan League program has been in our State.

ORDER FOR RECESS

Mr. LUCAS. Mr. President, I ask unanimous consent that when the Senate concludes its business tonight it stand in recess until 12 o'clock noon tomorrow.

Mr. MUNDT. Reserving the right to object, I wonder if any schedule has been worked out regarding the pending bill.

Mr. LUCAS. It has. As soon as we can get a quorum I intend to announce it, either at that time, or the first thing in the morning.

Mr. MUNDT. I have no objection.

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

INTERMEDIATE REPORT ON SURPLUS PROPERTY AND RUBBER

Mr. HUMPHREY. Mr. President, in reading the RECORD it was brought to my attention that a special subcommittee of the Committee on Armed Services, appointed under authority of Senate Resolution 93, had released an interim report on surplus property and rubber. The report was released as of yesterday.

Mr. President, I think every Member of the Senate should be extremely grateful for the splendid work of this subcommittee. I have had an opportunity to read the report. In fact, I read every page of it last evening, and I have reread much of it today. The fact that the subcommittee is on the job and doing a methodical and unemotional job will mean much for the well-being and preparedness of our country. It will also properly warn certain agencies of our Government that Congress will not tolerate any inefficiency or lackadaisical attitude on their part during the prosecution of the war, or in stockpiling of strategic and critical materials, which are so essential for the strengthening of our armed services. Mr. President, I wish to commend the committee for its report. All too often we fail to commend subcommittees and committees for the good work they do. I also wish to recommend to all of my colleagues a very careful study of the interim report on the vital subject matter of surplus property, how it has been disposed of, and what is happening now. I also recommend that Senators read what the committee says with respect to rubber stockpiling, which is so essential. The report indicates that there is still much to be done in the field of stockpiling. It indicates that some people in our Government do not yet realize that it is a very serious problem. It also indicates that certain officers in the executive branch of our Government had better know where our surplus property is. For example, synthetic rubber in one process of its manufacture is made out of alcohol. The report indicates quite definitely that while on the one hand Government representatives were saying they could not open up any more synthetic-rubber plants because they did not have any alcohol plants, on the other hand alcohol-processing plants were standing idle in Omaha and Kansas City, and were about to be sold for a few cents on the dollar to private concerns. Then what happened? Because the subcommittee was on the job, the chairman got in touch with the appropriate agencies and, as we know, there has been a change of plans. Instead of the alcohol-producing plants being sold to distilleries or other private industry, they will be converted into alcohol-producing plants for the purpose of supplying the synthetic-rubber plants.

Mr. President, I wish particularly to commend the able chairman of the committee, the junior Senator from Texas [Mr. JOHNSON], I wish to commend every member of the subcommittee, but particularly the chairman, because he is responsible for leadership.

We have many standby plants into which the Government has put millions of dollars. I know it will be a big job to make certain that equipment is properly used. I know the committee will continue to do its work. I know it is not out to get headlines. I have seen very little in the press with reference to the report. It is not out to make anybody look either good or bad. It is dedicated to protecting the public welfare and the public interest. I believe the American people expect that of the Congress. I submit that the kind of job which is being carried on by the subcommittee will do a great deal to save lives, save dollars, protect the budget, protect the appropriations which we make for national defense, and at the same time increase our strength and productivity. As one Senator I wish to pay tribute to the chairman of the committee and give my humble thanks for the splendid job the committee is doing.

I desire now, Mr. President, to refer to another subject.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

Mr. HUMPHREY. Mr. President, in recent weeks the United Nations has produced a most significant scientific document relating to our democratic creed. I refer to the statement released under the auspices of the United Nations Scientific and Cultural Organization setting forth the most authoritative scientific facts with regard to the problem of race. The statement was drafted and subscribed to by a number of the world's outstanding anthropological and sociological experts. This statement proves conclusively again once and for all the basic Judaic-Christian concept of human brotherhood expressed politically in the democratic truth of human equality.

I ask unanimous consent that the statement be printed in the body of the RECORD at this point followed by a list of the experts who subscribe to it.

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

STATEMENT BY EXPERTS ON RACE PROBLEMS

1. Scientists have reached general agreement in recognizing that mankind is one: that all men belong to the same species, Homo sapiens. It is further generally agreed among scientists that all men are probably derived from the same common stock; and that such differences as exist between different groups of mankind are due to the operation of evolutionary factors of differentiation such as isolation, the drift and random fixation of the material particles which control heredity (the genes), changes in the structure of these particles, hybridization, and natural selection. In these ways groups have arisen of varying stability and degree of differentiation which have been classified in different ways for different purposes.

2. From the biological standpoint, the species Homo sapiens is made up of a number of populations, each one of which differs from the others in the frequency of one or more genes. Such genes, responsible for the hereditary differences between men, are always few when compared to the whole genetic constitution of man and to the vast number of genes common to all human beings regardless of the population to which they belong. This means that the likenesses among men are far greater than their differences.

3. A race, from the biological standpoint, may therefore be defined as one of the group of populations constituting the species Homo sapiens. These populations are capable of interbreeding with one another but, by virtue of the isolating barriers which in the past kept them more or less separated, exhibit certain physical differences as a result of their somewhat different biological histories. These represent variations, as it were, on a common theme.

4. In short, the term "race" designates a group or population characterized by some

concentrations, relative as to frequency and distribution, of hereditary particles (genes) or physical characters, which appear, fluctuate, and often disappear in the course of time by reason of geographic and/or cultural isolation. The varying manifestations of these traits in different populations are perceived in different ways by each group. What is perceived is largely preconceived, so that each group arbitrarily tends to misinterpret the variability which occurs as a fundamental difference which separates that group from all others.

5. These are scientific facts. Unfortunately, however, when most people use the term "race" they do not do so in the sense above defined. To most people, a race is any group of people whom they choose to describe as a race. Thus, many national, religious, geographic, linguistic, or cultural groups have, in such loose usage, been called "race," when obviously Americans are not a race, nor are Englishmen, nor Frenchmen, nor any other national group. Catholics, Protestants, Moslems, and Jews are not races, nor are groups who speak English or any other language thereby definable as a race; people who live in Iceland or England or India are not races; nor are people who are culturally Turkish or Chinese or the like thereby describable as races.

6. National, religious, geographic, linguistic, and cultural groups do not necessarily coincide with racial groups: and the cultural traits of such groups have no demonstrated genetic connection with racial traits. Because serious errors of this kind are habitually committed when the term "race" is used in popular parlance, it would be better when speaking of human races to drop the term "race" altogether and speak of ethnic groups.

7. Now what has the scientist to say about the groups of mankind which may be recognized at the present time? Human races can be and have been differently classified by different anthropologists, but at the present time most anthropologists agree in classifying the greater part of present-day mankind into three major divisions, as follows: The mongoloid division, the Negroid division, the Caucasoid division. The biological processes which the classifier has here embalmed, as it were, are dynamic, not static. These divisions were not the same in the past as they are at present, and there is every reason to believe that they will change in the future.

8. Many subgroups or ethnic groups within these divisions have been described. There is no general agreement upon their number, and in any event most ethnic groups have not yet been either studied or described by the physical anthropologists.

9. Whatever classification the anthropologist makes of man, he never includes mental characteristics as part of those classifications. It is now generally recognized that intelligence tests do not in themselves enable us to differentiate safely between what is due to innate capacity and what is the result of environmental influences, training, and education. Wherever it has been possible to make allowances for differences in environmental opportunities, the tests have shown essential similarity in mental characters among all human groups. In short, given similar degrees of cultural opportunity to realize their potentialities, the average achievement of the members of each ethnic group is about the same. The scientific investigations of recent years fully support the dictum of Confucius (551–478 B. C.) "Men's natures are alike; it is their habits that carry them far apart."

10. The scientific material available to us at present does not justify the conclusion that inherited genetic differences are a major factor in producing the differences between the cultures and cultural achievements of different peoples or groups. It does indicate, however, that the history of the cultural experience which each group has undergone is the major factor in explaining such differences. The one trait which above all others has been at a premium in the evolution of men's natural characters has been educability, plasticity. This is a trait which all human beings possess. It is, indeed, a species character of homo sapiens.

11. So far as temperament is concerned, there is no definite evidence that there exist inborn differences between human groups. There is evidence that whatever group differences of the kind there might be are greatly overridden by the individual differences, and by the differences springing from environmental factors.

12. As for personality and character, these may be considered raceless. In every human group a rich variety of personality and character types will be found, and there is no reason for believing that any human group is richer than any other in these respects.

13. With respect to race mixture, the evidence points unequivocally to the fact that this has been going on from the earliest times. Indeed, one of the chief processes of race formation and race extinction or absorption is by means of hybridization between races or ethnic groups. Furthermore, no convincing evidence has been adduced that race mixture of itself produces biologically bad effects. Statements that human hybrids frequently show undesirable traits, both physically and mentally, physical disharmonies and mental degeneracies, are not supported by the facts. There is, therefore, no biological justification for prohibiting intermarriage between persons of different ethnic groups.

14. The biological fact of race and the myth of race should be distinguished. For all practical social purposes race is not so much a biological phenomenon as a social myth. The myth of race has created an enormous amount of human and social damage. In recent years it has taken a heavy toll in human lives and caused untold suffering. It still prevents the normal development of millions of human beings and deprives civilization of the effective cooperation of productive minds. The biological differences between ethnic groups should be disregarded from the standpoint of social acceptance and social action. The unity of mankind from both the biological and social viewpoints is the main thing. To recognize this and to act accordingly is the first requirement of modern man. It is but to recognize what a great biologist wrote in 1875: "As man advances in civilization, and small tribes are united into larger communities, the simplest reason would tell each individual that he ought to extend his social instincts and sympathies to all the members of the same nation, though personally unknown to him. This point being once reached, there is only an artificial barrier to prevent his sympathies extending to the men of all nations and races." These are the words of Charles Darwin in the Descent of Man (2d ed., 1875, pp. 187–188). And, indeed, the whole of human history shows that a cooperative spirit is not only natural to men, but more deeply rooted than any self-seeking tendencies. If this were not so we should not see the growth of integration and organization of his communities which the centuries and the millennia plainly exhibit.

15. We now have to consider the bearing of these statements on the problem of human equality. It must be asserted with the utmost emphasis that equality as an ethical principle in no way depends upon the assertion that human beings are in fact equal in endowment. Obviously, individuals in all ethnic groups vary greatly among themselves in endowment. Nevertheless, the characteristics in which human groups differ from one another are often exaggerated and used as a basis for questioning the validity of equality in the ethical sense. For this purpose we have thought it worth while to set out in a formal manner what is at present scientifically established concerning individual and group differences.

(1) In matters of race, the only characteristics which anthropologists can effectively use as a basis for classifications are physical and physiological.

(2) According to present knowledge there is no proof that the groups of mankind differ in their innate mental characteristics, whether in respect of intelligence or temperament. The scientific evidence indicates that the range of mental capacities in all ethnic groups is much the same.

(3) Historical and sociological studies support the view that genetic differences are not of importance in determining the social and cultural differences between different groups of homo sapiens, and that the social and cultural changes in different groups have, in the main, been independent of changes in inborn constitution. Vast social changes have occurred which were not in any way connected with changes in racial type.

(4) There is no evidence that race mixture as such produces bad results from the biological point of view. The social results of race mixture whether for good or ill are to be traced to social factors.

(5) All normal human beings are capable of learning to share in a common life, to understand the nature of mutual service and reciprocity, and to respect social obligations and contracts. Such biological differences as exist between members of different ethnic groups have no relevance to problems of social and political organization, moral life and communication between human beings.

Lastly, biological studies lend support to the ethic of universal brotherhood; for man is born with drives toward cooperation, and unless these drives are satisfied, men and nations alike fall ill. Man is born a social being who can reach his fullest development only through interaction with his fellows. The denial at any point of this social bond between men and man brings with it disintegration. In this sense, every man is his brother's keeper. For every man is a piece of the continent, a part of the main, because he is involved in mankind.

Original statement drafted at Unesco House, Paris, by the following experts:

Prof. Ernest Beaglehole, New Zealand.
Prof. Juan Comas, Mexico.
Prof. L. A. Costa Pinto, Brazil.
Prof. Franklin Frazier, United States.
Prof. Morris Ginsberg, United Kingdom.
Dr. Humayun Kabir, India.
Prof. Claude Levi-Strauss, France.
Prof. Ashley Montagu, United States (Rapporteur).

Text revised by Prof. Ashley Montagu, after criticisms submitted by Profs. Hadley Cantril, E. G. Conklin, Gunnar Dahlberg, Theodosius Dobzhansky, L. C. Dunn, Donald Hager, Julian S. Huxley, Otto Klineberg, Wilbert Moore, H. J. Muller, Gunnar Myrdal, Joseph Needham.

OPPOSITION TO COMMUNISM BY AMERICANS FOR DEMOCRATIC ACTION

Mr. HUMPHREY. Mr. President, in view of the fact that the activities of Americans for Democratic Action, an organization of which I was proud to be national chairman and of which I am now proud to be national vice chairman, has in the past come to the attention of the Senate, I think it will be of particular interest for the Senate to become acquainted with a statement recently issued by this organization making clear its firm opposition to communism and its dedication to democratic principles. The national chairman of Americans for Democratic Action is Mr. Francis Biddle,

former Attorney General of the United States.

I ask unanimous consent that this statement be inserted in the body of the RECORD at this point.

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

ADA'S OPPOSITION TO COMMUNISM

It is obvious that ADA will be an issue in many political campaigns this year. The technique of trying to prove ADA is "red" will receive a thorough work-out in 1950.

Anyone at least partially informed about ADA knows that it is antitotalitarian, that it accepts neither Communists nor Fascists as members, and that it has a record since birth of stern opposition to Communist duplicity at home and Communist aggression abroad.

Unfortunately this knowledge about ADA is not universal; even more regrettably, the reactionaries have stepped up their campaign of misrepresentation about ADA.

To aid liberal candidates in setting the record straight on ADA and to enable them to take the offensive on the real issues, the facts on ADA and communism have been assembled and are here presented.

In policy, platform, and performance ADA has opposed the Communists on all the important issues of our time: aid to Greece and Turkey, the Marshall plan, Henry Wallace and the Progressive Party, point 4, the North Atlantic Pact, the military aid program, atomic energy control, Korea. ADA's anticommunism has not been confined to mere opposition to the Communist line; ADA has exposed Communist machinations within political movements, has kept them out of civil rights mobilizations and other liberal gatherings, and has revealed the hidden purposes in Communist propaganda.

The record is buttressed by the Communists' own words:

Soon after ADA was formed, the Daily Worker said: "The real aim of ADA's behind-the-scenes leaders is to win liberal backing for an imperialist foreign policy, or at least to so paralyze and divide the liberal movement so it cannot effectively oppose such a policy * * * It is not at all surprising that the ADA * * * adopted a foreign policy plank Sunday which endorsed Truman's plan for aggression in the Near East." (April 2, 1947.)

When ADA published in 1947 its foreign-policy pamphlet entitled "Toward Total Peace," the Daily Worker labeled it "an elaborate apology for the world policy of United States big business."

This pamphlet and other ADA literature solidly supported the Marshall plan. Commenting on an ADA newspaper ad (The Comintern's Challenge to Liberals), Daily Worker columnist Rob F. Hall said, October 27, 1947: "In essence it is an apology or defense of the Marshall plan and a spiteful, churlish attack on all who oppose it. The crux of the Marshall plan is the rebuilding of a strong, industrial Germany."

On March 23, 1948, the Daily Worker called ADA the imperialist' fifth column inside the liberal and labor movement which pitches its note on support for Truman's foreign policies.

"The ADA would like to convince us that the clever demagogy of Acheson means a departure from the familiar pattern of imperialism in the Far East," said the Daily Worker on January 16, 1950, "but the imperialist objectives remain and they will be pursued, in a number of forms, even more desperately in the future than in the past."

On some domestic issues (civil rights, rent control, civil liberties, for example) the Communists have taken public positions on the same side as liberals. But ADA has consistently made clear the duplicious character of the Communists' support of these issues; as slaves to the Kremlin policy, which is one of trying to discredit American democracy and to encourage economic depression, the Communists obviously were not sincere in their support of democratic measures for individual freedom and security.

The Communist domination of the Henry Wallace Progressive Party was exposed by ADA when the Wallaceites held their first convention in Philadelphia in 1948. ADA executive secretary James Loeb, Jr., appeared before the platform committee (just as ADA appeared before the Republican and Democratic convention platform committee) and challenged the Wallaceites to endorse the European Recovery Program and the United States proposals for atomic energy control, to renounce the double standard of political morality by first dropping their opposition to liberal congressional candidates and then making clear their opposition to dictatorship everywhere; to offer sympathy and support to European democrats in their struggle against totalitarianism, and to declare their independence of communism.

Loeb was denounced by Rex Tugwell, platform committee chairman, who branded the ADA statement as insincere, hypocritical, and immaterial. Mention of ADA in the keynote address drew the loudest boos of the convention, which of course took none of the stands ADA had challenged it to take.

During the course of the campaign ADA published several well-documenated pamphlets exposing the Communist influence on the Wallace movement.

One of the biggest thorns in the side of the Communists is Arthur M. Schlesinger, Jr., Pulitzer Prize winner, Harvard history professor, an ADA founder, and currently a national vice chairman of ADA. In 1949 Schlesinger published a book, "The Vital Center," pointing out the need for militant opposition to totalitarianism of both right and left and the encouragement of the democratic middle.

The Communists reacted immediately and typically. The Daily Worker of September 14, 1949, called Schlesinger "Wall Street's top new mediocrity," and said he was making a "racket" of anticommunism and engaging in "deliberate and callous lying." Earlier (March 28, 1947) Schlesinger had drawn the Daily Worker wrath for "traveling around the country trying to sell the red-baiting ADA to unsuspecing liberals."

A good job of wrecking Communist influence within a political party was done in 1947–48 by the ADA in Minnesota, where the left-wingers had taken over the Democratic-Farm-Labor Party. Leaders in this fight were HUBERT H. HUMPHREY, then mayor of Minneapolis, now United States Senator from Minnesota, and national chairman of ADA in 1949–50; and Mrs. Eugenie Anderson, an ADA founder who is now United States Ambassador to Denmark. Commenting on this recently (April 16, 1950), the St. Paul Pioneer Press said editorially: "The Minnesota ADA laid the groundwork of throwing the Elmer Benson-Henry Wallace faction out of control of the DFL (Democratic-Farm-Labor Party), something which organized labor had failed to do."

When the Progressive Party met in its 1950 convention in Chicago, ADA again was on hand to expose the Communist influence. ADA National Director Charles M. LaFollette issued a statement charging that the PP's "milktoast criticism of Russian foreign policy" was engineered as "an allowable deviation to trap the unwary" by the same Communist party-liners who had controlled the party since birth. It was at this convention that Paul Robeson was reported (New York Post, January 19, 1950) to have referred contemptuously to a PP backslider as "nothing more than an ADAer."

Another Communist hero is VITO MARCANTONIO, the party-line Member of Congress from New York City. MARCANTONIO is being opposed this November by a coalition candidate agreed on by the Democratic, Republican, and Liberal Parties. Enraged by this development, MARCANTONIO referred to ADA, which was active in arranging the coalition against him, as a "sinister group" (New York Times, June 21, 1950).

At the conclusion of ADA's third national convention in Washington on April 2, 1950, the Daily Worker said ADA had "played the game of Truman and MCCARTHY (which is to say, of Wall Street) by parroting the administration's fabrications against the U. S. S. R. and the new democracies of eastern Europe."

From the beginning of ADA, the moderate and well-informed newspapers were aware of ADA's antitotalitarianism, and said so:

"Americans for Democratic Action is giving new vitality, new sharpness, new persuasiveness to American liberalism," wrote Roscoe Drummond, chief of the Christian Science Monitor's Washington bureau, a few short months after ADA's founding. "One reason this group of American liberals is able to speak with increasing force and command increasing respect is that it has freed itself totally from Communist influences. It isn't suffering from a split personality—from trying to appease totalitarianism from the left and fight totalitarianism from the right."

At about the same time the St. Louis Post-Dispatch said in an editorial: "The kind of intelligence which the ADA stands for should help the United States realize that mankind does not need to make the bleak choice between communism and reaction."

Even the little Union City (Tenn.) Messenger knows the truth about ADA; it described it (April 4, 1950) as "staunchly anti-Communist," with its "chief appeal to liberals who reject communism as the answer to mankind's ills."

Of Students for Democratic Action, ADA's collegiate affiliate, the Christian Science Monitor reported July 25, 1949, that SDA was "mobilizing to outmaneuver them (Communist groups and their fellow travelers on college campuses)."

"ADA did the Nation a big favor," the New York Post said (Sept. 14, 1949) "by debunking the so-called liberalism of Henry Wallace and exposing his Communist tie-ups."

THE READER'S DIGEST

Mr. HUMPHREY. Mr. President, if I may take a little more of the time of the Senate—and I have done quite a little of that today—I desire to make a few comments on an address which was made recently, under date of August 16, by the distinguished junior Senator from Oregon [Mr. MORSE], when he presented to the Senate certain facts with regard to the Reader's Digest. I have had this material in my hands for a long time, and never got around to presenting it, but I read the remarkable address and speech of the Senator from Oregon with a great deal of interest, and again I wish to say that I admire him more and more for his courage, his forthrightness, for his ability to bring out the facts, and to demonstrate what the facts mean as they pertain to a particular Government program.

Mr. President, as I have said, on August 16 the distinguished junior Senator from Oregon presented to the Senate certain facts with regard to the Reader's Digest, with particular reference to an article attacking the Columbia Valley Authority which appeared in that magazine's August issue. The Senator from Oregon called for an investigation of the Reader's Digest by the House Committee on Lobbying. I wish to express my appreciation to the Senator from Oregon for

the public service he performed in bringing this matter to the attention of the Senate and to the attention of the American people.

For purposes of completing the record, I wish to take this opportunity of bringing certain additional facts to the attention of the Senate which support the contention of the Senator from Oregon that the Reader's Digest is not an objective journal at all, but is rather a publication with a definite point of view and a clear and undeniable bias.

On March 6, 1950, Mr. President, I wrote a letter to Mr. DeWitt Wallace, editor of the Reader's Digest. I know Mr. Wallace. His father, Mr. John Wallace, was president of Macalester College, in St. Paul, where I was a professor. I was a professor under the so-called Byron Foundation Fund, which was set up by DeWitt Wallace, of the Reader's Digest, so having worked under the fund, and having been paid out of the fund, has in no way affected my point of view as to the objectivity or lack of objectivity of the Reader's Digest.

As I said, I wrote a letter to Mr. DeWitt Wallace, and I ask unanimous consent that the letter be printed at this point in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

MARCH 6, 1950.

Mr. DEWITT WALLACE,
Editor, the Reader's Digest,
Pleasantville, N. Y.

DEAR SIR: Mr. John T. Flynn's book, The Road Ahead, contains some serious misrepresentations about the organization Americans for Democratic Action, of which I am national chairman. The fact that you have republished pages from that book in your February issue has spread those misrepresentations to some 9,000,000 additional persons.

Mr. Flynn's article as published by you places considerable emphasis on freedom. In the interest of safeguarding that freedom which Mr. Flynn correctly describes as an integral part of the traditional American system, I ask you for the opportunity to publish a reply by Americans for Democratic Action answering the charges and the innuendoes contained in Mr. Flynn's article.

The reply which I suggest can be made by me, by former Congressman Charles LaFollette who is now national director of Americans for Democratic Action, or by Arthur Schlesinger, Pulitzer prize winner, author, and a member of the national Americans for Democratic Action board.

I look forward to your reply. I believe that in the interest of fairness and public responsibility you should be willing to print such a reply in your April issue.

Sincerely yours,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. Mr. President, I wrote this letter because I felt certain in my own mind that an article which appeared in its February issue had misrepresented very seriously and very dangerously a respected political position in the United States—the liberal position.

The February issue of the Reader's Digest had printed a digest by Mr. John T. Flynn, The Road Ahead, a book which has become the new bible for the reactionary and monopoly interests in America. It has been described by my good friend and brilliant young Pulitzer prize winner and historian, Mr. Arthur Schlesinger, Jr., as a "stuck whistle of disaster." The article included some serious misrepresentations about Americans for Democratic Action, an organization of which I was then national chairman, and of which I am now national vice president.

In view of the fact that these serious misrepresentations were spread, through the medium of the Reader's Digest, to some 9,000,000 persons and were circulated to millions of Spanish and Portuguese people, as well as to a large Danish, Finnish, Swedish, and Arabic population, I felt it perfectly proper that the editor of the Reader's Digest should afford me the opportunity to present facts to refute the misrepresentations in Mr. Flynn's article. It seemed particularly appropriate that this be done in view of the fact that Mr. Flynn's thesis was based on his fear that a liberal program in America would destroy freedom. Since free exchange of ideas and a full presentation of facts is an essential attribute of any free society, I considered it perfectly proper that in the interests of maintaining freedom and the traditional American system I would be given an opportunity to answer the charges and the innuendoes contained in Mr. Flynn's article.

I was particularly incensed about Mr. Flynn's article because I considered it to be a great disservice to the cause of democracy. He associated the social and economic welfare measures of the New Deal and the Fair Deal with socialism and then, by distorting further the meaning of the term "socialism," associated that term with communism. I deplore the campaign in American politics to besmirch the character of fine Americans, thoroughly devoted to the principles of democracy, by tainting them irresponsibly with the red brush of communism. I particularly deplore any attempt which by implication associates the economic planned economy systems of our allies in Norway, Sweden, Denmark, and Great Britain with our common enemy, totalitarian communism. I felt that in these two respects, Flynn's book and the article digested in the Reader's Digest were a disservice to the cause of democracy, intelligent political direction, and fair play.

On March 9 I received a reply to my letter to Mr. DeWitt Wallace. It was a disappointing letter I received from Mr. Wallace, and expressed no willingness to print a reply. I ask unanimous consent that this letter be printed in the body of the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

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

READER'S DIGEST,
Pleasantville, N. Y., March 9, 1950.

The Honorable HUBERT H. HUMPHREY,
National Chairman,
Americans for Democratic Action,
Washington, D. C.

DEAR SENATOR HUMPHREY: In your letter of March 6 you state that Mr. John T. Flynn's book, The Road Ahead, contains some serious misrepresentations about Americans for Democratic Action, the organization of which you are national chairman. You do not make clear, however, whether these alleged misrepresentations were included in the Digest condensation of the book.

If any of the statements which you consider misleading appeared in the Digest's version of Mr. Flynn's book, I will appreciate your giving me exact quotes of the text. Also, I will appreciate a brief factual statement in which you make clear why you consider these statements to be misrepresentations.

Sincerely,

DEWITT WALLACE.

Mr. HUMPHREY. Mr. President, on March 27 I replied to Mr. Wallace's letter. I ask unanimous consent that my reply be printed at this point in the body of the RECORD.

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

MARCH 27, 1950.

Mr. DEWITT WALLACE,
Editor, The Reader's Digest,
Pleasantville, N. Y.

DEAR MR. WALLACE: Thank you very much for your letter of March 9 in which you indicate an interest in my letter of March 6 but do not state whether you would be willing to print a reply by me to Mr. Flynn's article as it appeared in your February issue.

The misrepresentations to which I object were included in the Reader's Digest condensation of Mr. Flynn's book. You will find them specifically if you will refer to page 11 of your February issue, although the attack against Americans for Democratic Action permeates the whole article as it appears in your magazine.

With regard to your further request for a more detailed statement by me as to the nature of the misrepresentations, I should be happy to send such a statement to you if I can have assurance that it will appear in your magazine. I certainly hope I may receive that assurance, and I want to state again that I believe you should be willing to print such a reply in the interest of fairness and public responsibility. It is on that assumption that I write this letter to you rather than make use of the other avenues which are open to me.

Sincerely yours,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. Mr. President, in this letter I referred more specifically to that part of Mr. Flynn's article with which I took issue. I again asked for an opportunity to reply in his publication.

Mr. President, I now bring to the attention of the Senate the reply from Mr. DeWitt Wallace, dated April 3, and ask unanimous consent that it be printed at this point in the RECORD.

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

THE READER'S DIGEST,
Pleasantville, N. Y., April 3, 1950.

The Honorable HUBERT H. HUMPHREY,
National Chairman,
Americans for Democratic Action,
Washington, D. C.

DEAR SENATOR HUMPHREY: Would you commit yourself in advance to vote for a bill of whose contents you knew nothing whatsoever?

I asked you for a factual statement of any alleged misrepresentations of Americans for Democratic Action that appeared in the Digest's condensation of John T. Flynn's book, The Road Ahead. I can assure you that any

statement of this kind from you will receive our most careful and complete consideration.

Sincerely yours,

DEWITT WALLACE.

Mr. HUMPHREY. Mr. President, by this time, I must admit that I began to resent the dodging and the refusal by the editor, Mr. DeWitt Wallace, to face the facts. Nevertheless, on April 17, rather than prolong the unproductive exchange of letters between Mr. Wallace and myself, I wrote a lengthy letter explaining my position in more detail and again asked him for an opportunity to publish an article in his pages to correct the misrepresentations in Mr. Flynn's article. I ask unanimous consent that this letter be printed in the body of the RECORD at this point.

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

APRIL 17, 1950.

Mr. DEWITT WALLACE,
The Reader's Digest,
Pleasantville, N. Y.

DEAR MR. WALLACE: Thank you very much for your letter of April 3. I fully appreciate your position, but I think you also ought to appreciate mine.

You ask for the "alleged" misrepresentations of Americans for Democratic Action in your condensation of Mr. Flynn's book. To attempt to reply to your question is rather like grappling with the fog. To identify Americans for Democratic Action with national planning, as you do on page 11, and then to identify national planning, as a most dangerous enemy of our form of government, as you do on page 2, is clearly misrepresentation. As former national chairman of Americans for Democratic Action, I am by implication associated in the minds of your readers with a group accused of being an enemy of our form of government. It is therefore perfectly reasonable for me to resent the reference and to ask for an opportunity to reply.

It appears to me that as a responsible journal which had a hand in disseminating Mr. Flynn's views, you should be willing to print a reply which takes issue with Mr. Flynn's allegations and presents its point of view to your readers. We who are associated with Americans for Democratic Action believe that our program is in the best interests of our Government.

Mr. Flynn tells your readers that ADA is the spearhead and central planning and propaganda machine of the National Socialist Economic Planners in this country. Mr. Flynn has capitalized his label. You and I know that the term "National Socialist" suggests the Nazi Government of Germany, to any who are versed in history. This is a serious charge and has serious implications. It is particularly serious coming from a man who was a leader in the America First movement and who used his energies to frustrate the defense of world democracy against Nazi Germany. While Mr. Flynn advanced views which in my opinion would have helped national socialism to prevail all over the world the leaders of Americans for Democratic Action whom he criticizes were in the forefront of those opposing and fighting nazism. I regret that I must bring this past history into focus at this stage, but Mr. Flynn in advancing his reckless and vituperous charges, must assume the responsibility for bring this issue into the open. I would suggest that you bear a similar responsibility.

To me Mr. Flynn's most dangerous misrepresentation is his flat assertion that there is an identity between national planning, socialism, and communism. He states as a corollary "that there is no need to make a fine point of the distinction between Communists and Socialist planners" (p. 12). I am not a Socialist, nor is Americans for Democratic Action a Socialist organization. In addition to making that point, however, in a reply, it is necessary also to bring to the attention of your readers that to identify socialism with communism is to repudiate the European Social Democrats who remain in the front line of our battle against the Communist menace. To associate even by implication Mr. Ernst Reuter, the heroic mayor of Berlin, with communism is to fly in the face of the fact that he, more than any single individual in Germany, was most responsible for cooperating with the Allied airlift which dealt such a severe blow to the Soviet Union in the cold war. I consider Mr. Flynn's comments to be an unprincipled distortion of the truth.

The facts of political life today are clear in support of the proposition that the Social Democrats are the most determined opponents of communism in Europe. In my opinion, it is pronouncements such as those that emanate from Mr. Flynn which advance the cause of communism. This may seem like an extreme statement to you, and yet I can defend it. I consider the willful and irresponsible association of anti-Communists with Communists to be dangerous in that it confuses the issue of anti-communism and hence lends support to the Communist movement. It is in countries of extreme reaction, like Russia and China, where communism has scored its greatest triumphs, not in countries with democratic planning, such as Sweden, Norway, Denmark, and Great Britain.

I have stated that Americans for Democratic Action is not and never has been committed to the program of socialism. That is true. To us the overriding problem of our day is the necessity to combine the interests of the general welfare with those principles of individual liberty so inherently a part of our tradition. I would suggest to you that both interests are in essence part of our tradition and are recognized in our Constitution. These two basic demands in American society must be reconciled. In this connection I quote for you the pertinent passage from the statement of the principles reaffirmed by Americans for Democratic Action at its most recent third annual convention this month:

"It is our conviction that bread and freedom are ultimately interdependent. Our program is directed toward this one goal: A society in which each individual enjoys the highest degree of liberty compatible with justice and economic security for his fellows. * * *

"Opposed to this spirit have always been the wealth and power of the organized forces of reaction which have found their most virulent expression at home and abroad in fascism. Today the democratic idea is equally and, in the international sphere, more immediately threatened by the Communist forces that reject democratic values of truth, justice, and freedom in the interests of a police state. Those who believe in the democratic spirit must devote their energies to an organization of their own and must work through it. Americans for Democratic Action is such an organization."

It is my sincere belief, Mr. Wallace, that only one either totally ignorant of Americans for Democratic Action and its aims or one who, for his own purpose, willfully distorts the truth, could find in the record of our organization or in its statement of principles any identity of interest at all with the Communist movement. I feel, therefore, perfectly within my rights and fully justified in asking for an opportunity to reply to Mr. Flynn's columns. I do hope that you will agree with my request.

I also want to make it clear that I am not writing this letter for purposes of publication and do not want it published. I am writing this letter to you personally as editor of the Reader's Digest and as a preliminary to an article which I wish to write for publication in your pages.

Sincerely yours,

HUBERT H. HUMPHREY.

Mr. HUMPHREY. Mr. President, I again wish to make clear that the only request I made was to correct the facts with specific regard to the organization with which I am associated, Americans for Democratic Action. Mr. Wallace's reply of May 1, which I now ask to be printed in the body of the RECORD, ended our exchange and leads me at this time to bring this matter to the attention of the Senate.

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

THE READER'S DIGEST,
Pleasantville, N. Y., May 1, 1950.

The Honorable HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: I have given your letter the most careful consideration, and I have asked several of my associates to read it, too. None of us has been able to see how the particular ground you propose to cover could result in an article of sufficiently wide popular interest to give us editorial justification for running it.

You write that to attempt to prepare a factual statement of any alleged misrepresentations of Americans for Democratic Action in our condensation of Mr. Flynn's book "is rather like grappling with the fog." That feeling is reflected throughout your letter. And it adds to the difficulties, from an editorial viewpoint, of the piece you propose to write. Any article which would have to deal so largely with implications and interpretations could hardly have that simple, down-to-the-ground reader interest which a mass circulation magazine must continually strive for.

Thank you for writing me so fully.

Sincerely yours,

DEWITT WALLACE.

Mr. HUMPHREY. Mr. President, I also ask that an editorial which appeared in the ADA World, the official publication of Americans for Democratic Action, be printed in the RECORD.

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

POOR DIGESTION

In turning down ADA's request for space to reply to John T. Flynn's The Road Ahead, Editor DeWitt Wallace, of the Reader's Digest, told Senator HUMPHREY he was "unable to see how the particular ground you propose to cover could result in an article of sufficiently wide popular interest to give us editorial justification for running it." The particular ground was, of course, ADA's refutation of Flynn's wild misrepresentation and innuendoes.

Articles of "wide popular interest" do sell magazines, there's no doubt about it. (We think the Digest underestimates the possibility that ADA's side of the story would interest its readers. It might even have been interesting enough to shake the readers' confidence in the Digest's infallibility.) It is worth noting, however, that the standard of "wide popular interest" is the only one Wallace mentions. Nothing is said, for example, about public responsibility, fair play, or truth. What consideration do these values get in Pleasantville?

This is not the first time Flynn and the Reader's Digest have teamed up to spread

their reactionary propaganda. In December 1947 they tried to do a job on the Tennessee Valley Authority in a Digest article entitled "The Hidden Red Ink in TVA's Books." Flynn based his piece on a General Accounting Office recommendation that certain charges be entered in TVA's power accounts. He (but not the GAO) accused TVA of dishonesty for not having done so, failing to record that the GAO accountants who made the recommendation acknowledged that Congress would have to amend the TVA Act to permit such bookkeeping. Flynn totally ignored the statements in the GAO audit report that TVA's accounts were generally "well conceived, supervised and maintained," that TVA should be "commended as one of the foremost government corporations in the use of accounting in management," and that none of its fiscal transactions had been made without authority of law.

We hope the 9,000,000 individuals who read the Digest each month know what they are getting. In the words of an editorialist in The Nation, it is "not merely piety and hints for self-improvement, but propaganda and brass knuckles."

Mr. HUMPHREY. Mr. President, as I read Mr. Wallace's most recent letter to me, I am forced to conclude that the editor of the Reader's Digest stated that he will correct misrepresentations in the articles he publishes only if to do so would add to his circulation possibilities for his magazine or if he thinks those corrections will be read.

We have here, Mr. President, a pattern—a pattern first brought to the attention of the Senate, I believe, by Senator Guffy, of Pennsylvania, referring to an article which appeared in 1944. It is a pattern which has been traced by the junior Senator from Oregon [Mr. MORSE] and by the senior Senator from Montana [Mr. MURRAY] on the floor of the Senate on August 16—a pattern of bias and misrepresentation.

Let me cite another example of this pattern. In reprinting the digest of the article by Mr. Flynn in its February issue, the Reader's Digest printed a number of quotations from reviews of Mr. Flynn's book. Those quotations included one from a review in the New York Times by Dr. Karl Schriftgiesser. The magazine quoted Dr. Schriftgiesser as saying that Mr. Flynn's book was one of the "two most important books about the contemporary scene that we will have this year." I charge this to be a misrepresentation and an expression of bias, because the excerpt used by the Reader's Digest deliberately failed to include Dr. Schriftgiesser's explanation in the very same paragraph of his review that the two books were important only because "they are the latest and most extreme manifestations of an endemic hysteria presently affecting a considerable segment of our society."

The Senator from Oregon in his statement said:

> I have in my hands evidence which demands immediate investigation to determine whether Reader's Digest has not secretly conspired with powerful business interests to discredit governmental institutions and defame governmental administrators acting under authority of this and other Congresses.

I join in that demand.

In connection with the materials brought to the attention of the Senate by the junior Senator from Oregon, we must take note of another misrepresenting technique used by the Reader's Digest. In the article of August 1950 issue to which the junior Senator from Oregon objected, signed by Leslie R. Miller, former Governor of Wyoming, Dr. Paul J. Raver, Administrator of the Bonneville Power Administration, is referred to as a Socialist. The Senator from Oregon has already amply proven the fact that Dr. Raver is not a Socialist. Even more interesting, however, is the fact that Mr. Miller did not call Dr. Raver a Socialist in his article.

How, then, did the reference enter into the article as it appeared in the Reader's Digest? I am indebted to the Trainman News, official weekly publication of the Brotherhood of Railroad Trainmen, for the explanation. In its issue of July 31, 1950, the Trainman News reports that Alfred S. Dashiell, managing editor of the Reader's Digest, was asked to tell how it happened. This is what he said:

> In editing, we often use the summarizing phrases. That phrase which said Raver was a Socialist did not appear in the original script by Miller, but it was inserted on the strength of the article's content.

There we have it: call a man a Socialist, even if he is not, if it helps the reader to reach the conclusion you want him to reach.

Mr. President, I have no desire nor intent to infringe on the Reader's Digest right to print anything it wants. Freedom of the press is a sacred and valuable freedom. I cherish that freedom, and I will fight for the right of John T. Flynn and DeWitt Wallace to attack me or the ideals which I hold dear. But I think it is equally important, Mr. President, to make it clear what kind of weapon they are using. It is the weapon of innuendo, misrepresentation, character assassination, and falsehood, carefully concealed in the cloak of infallibility and transparent objectivity.

I now conclude, Mr. President, with the hope that those responsible for the education of the children of America in the public schools and high schools undertake a serious study of the Reader's Digest and its activities. If it is to be read by the people of America, let its bias be understood. Let us take away from it the cloak of objectivity and expose its basic interest. The people of America should not be victimized by a propaganda institution.

Mr. President, as I said, I was moved to make these comments after having read and reread the brilliant remarks on the part of the distinguished junior Senator from Oregon [Mr. MORSE] and the remarks of the distinguished senior Senator from Montana [Mr. MURRAY]. I know of no man in the Senate who is more fearless, and, let me say, better prepared when he takes the floor to present facts and objective information, than the Senator from Oregon. While he himself has not been an exponent as I understand, of the present kind of legislation relating to CVA, that is neither here nor there. What is important, Mr. President, is that the junior Senator from Oregon has the courage and the sense of integrity to be able properly to analyze material as to its bias, its prejudice, its objectivity, or its lack of objectivity. I believe he performed a real service, and the sort of service which is needed.

Every man, when he picks up a newspaper and looks at the editorial column, knows that what is written there represents the point of view of the editor. One may not like what the editor writes, but the editor has a perfect right to write it. Everyone knows when he picks up an edition of a labor publication that he is getting the particular point of view as the laboring man sees it. If he gets hold of a journal of a particular fraternal order or a particular religious group he knows that somehow or other it is going to carry the view and the opinion of that particular group.

But the American people have been led to believe the Reader's Digest was just a sampling of the objective, pure, unadulterated truth all through the literature of America. It has done a good job of advertising. I commend it for the very wonderful job of advertising it has done. The publication is of a handy size. It is trimmed to fit the pocket and apparently it is trimmed to fit the mind. All that the various Senators whom I previously named have done is simply to demonstrate to the American people that the Reader's Digest is just another magazine. I do not encourage or discourage anyone from reading it. It should be sold on its own merits. But no one should look upon it as giving out a statement of truth and fact. It should be regarded as giving out a statement of opinion. This magazine has its point of view. It represents a conservative anti-New Deal point of view.

I think there is no better demonstration than was brought out by these two particular issues: The issue that pertained to the digest of Mr. Flynn's book, and the issue which pertained to the CVA, the one that was so adequately discussed by the Senator from Oregon.

THE PRESIDENT'S LETTERS TO COMMANDANT NIXON AND GEN. CLIFTON B. CATES

Mr. DOUGLAS. Mr. President, there has been some discussion on the floor of the Senate of the letter concerning the Marine Corps which the President wrote on August 29 to Representative MCDONOUGH, which letter was printed in the CONGRESSIONAL RECORD. Two days ago it was my privilege to take the floor of the Senate and to say that in my judgment, if the President dictated that letter, it was done under extreme pressure of work, and that it in no sense represented his permanent feelings concerning the Marine Corps.

Mr. President, I now ask unanimous consent that there be inserted in the CONGRESSIONAL RECORD at this point in my remarks the letters which the President addressed yesterday to Mr. Clay Nixon, the commandant of the Marine Corps League, and to Gen. Clifton B. Cates, of the Marine Corps itself.

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

MY DEAR MR. NIXON: I am concerned over the situation which has arisen because of the publishing of my letter of August 29 to Representative MCDONOUGH.

I have this date addressed a letter to the Commandant of the Marine Corps, a copy of which I am enclosing.

I should be happy to have you read my letter to the members of your organization.

Sincerely yours,

HARRY S. TRUMAN.

DEAR GENERAL CATES: I sincerely regret the unfortunate choice of language which I used in my letter of August 29 to Congressman MCDONOUGH concerning the Marine Corps.

What I had in mind at the time this letter was written was the specific question raised by Mr. MCDONOUGH, namely the representation of the Marine Corps on the Joint Chiefs of Staff. I have been disturbed by the number of communications which have been brought to my attention proposing that the Marine Corps have such representation. I feel that, inasmuch as the Marine Corps is by law an integral part of the Department of the Navy, it is already represented on the Joint Chiefs of Staff by the Chief of Naval Operations. That the Congress concurs in this point of view is evidenced by the fact that, in passing the National Security Act of 1947, and again in amending that act in 1949, the Congress considered the question of Marine Corps representation on the Joint Chiefs of Staff and did not provide for it. It is my feeling that many of the renewed pleas for such representation are the result of propaganda inspired by individuals who may not be aware of the best interests of our Defense Establishment as a whole, and it was this feeling which I was expressing to Mr. MCDONOUGH. I am certain that the Marine Corps itself does not indulge in such propaganda.

I am profoundly aware of the magnificent history of the United States Marine Corps, and of the many heroic deeds of the marines since the corps was established in 1775. I personally learned of the splendid combat spirit of the marines when the Fourth Marine Brigade of the Second Infantry Division fought in France in 1918.

On numerous occasions since I assumed office, I have stated my conviction that the Marine Corps has a vital role in our organization for national security and I will continue to support and maintain its identity.

I regard the Marine Corps as a force available for use in any emergency, wherever or whenever necessary. When I spoke of the Marines as the "Navy's police force," I had in mind its immediate readiness, and the provision of the National Security Act which states that "The Marine Corps shall be organized, trained, and equipped to provide fleet marine forces of combined arms, together with supporting air components, for service with the fleet in the seizure or defense of advanced naval bases and for the conduct of such land operations as may be essential to the prosecution of a naval campaign."

The corps' ability to carry out whatever task may be assigned to it has been splendidly demonstrated many times in our history. It has again been shown by the immediate response of the Marine Corps to a call for duty in Korea. Since Marine ground and air forces have arrived in Korea I have received a daily report of their actions. The country may feel sure that the record of the Marines now fighting there will add new laurels to the already illustrious record of the Marine Corps.

Sincerely yours,

HARRY S. TRUMAN.

Mr. DOUGLAS. Mr. President, I also ask unanimous consent that there be inserted in the RECORD at this point, as a part of my remarks, an article from this afternoon's edition of the Washington Daily News entitled, "With Personal Visit Harry Charms Irate Marines Off High Horse."

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

WITH PERSONAL VISIT HARRY CHARMS IRATE MARINES OFF HIGH HORSE

President Truman called unexpectedly today on Marines in convention at the Statler here and told them he hopes there never will be any "misunderstanding" between them again.

Mr. Truman yesterday apologized to the Marines for his "unfortunate choice of language" in describing them as the "Navy's police force."

Today he made an unscheduled visit to the convention of the Marine Corps League here.

HE WINS THEM

Delegates who only yesterday were shouting criticism of the President were applauding supporters today. The Chief Executive barged in unexpectedly, accompanied by Gen. Clifton B. Cates, commandant of the Marine Corps.

"We in the Marine Corps admire courage, especially personal courage," said Gen. Cates as he introduced the President to the cheering delegates.

Mr. Truman, grinning and waving his hands, charmed the once-angry league members with his opening remarks: "You succeeded in enticing me over here."

WANTS PEACE

The President went on in a homey way that there are incidents sometimes that appear to be "almost the end of the world when they happen, but they turn out in the end to be good for all concerned."

Then turning to the more serious side, he said that the thing he wanted most was "a unified effort for peace."

The President said this effort seemed approaching consummation until June 25 when the North Koreans invaded the South Korean republic.

APPLAUSE

Speaking slowly, Mr. Truman said he then faced the decision of supporting the United Nations or "backing out and surrendering."

"You know what the decision was because I don't think any other way," he said.

"I hope this organization will support the President of the United States in his effort to get peace in the world."

The applause this time was deafening.

NO MISUNDERSTANDING

The President then added he wanted the members of the Marine Corps League to be aware that there are many unjustified attacks being made today on men in public office and that most of these attacks finally settle on him.

The President then concluded:

"I hope from now on there will be no misunderstanding between us."

The 40,000-member Marine Corps League already had accepted Mr. Truman's public apology yesterday for calling the Leathernecks a Navy "police force" with a "propaganda machine almost equal to Stalin's."

"FUMBLER"

But convention leaders had predicted that the 1,000 delegates would approve demands that the President fire Secretary of State Dean Acheson and Defense Secretary Louis Johnson.

After Mr. Truman's surprise visit there was speculation that he might also have soothed that troubled point.

The resolutions committee was to recommend ouster resolutions on grounds Mr. Acheson had been too kind to pro-Reds and Mr. Johnson is a "proven fumbler."

Mr. DOUGLAS. Mr. President, I think Commandant Nixon was correct in his statement that this incident is now closed, and I would add that "all is quiet along the Potomac."

INTERNAL SECURITY ACT OF 1950

The Senate resumed the consideration of the bill (S. 4037) to protect the internal security of the United States, and for other purposes.

Mr. MCCARRAN. Mr. President, inasmuch as I intend to propound a proposal for a unanimous-consent agreement, I think it is best at this time to suggest the absence of a quorum.

Mr. LUCAS. Will the Senator withhold the suggestion for a moment?

Mr. MCCARRAN. Yes.

Mr. LUCAS. I have talked to several Senators about the matter. I do not believe a unanimous-consent agreement can be obtained tonight. It is all right, however, for the Senator to suggest the absence of a quorum.

Mr. MCCARRAN. I am ready to let the record be made. I suggest the absence of a quorum.

Mr. LUCAS. I also am ready to let it be made.

The PRESIDING OFFICER. The clerk will call the roll.

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

Anderson	Hickenlooper	Martin
Benton	Hill	Morse
Bricker	Hoey	Mundt
Bridges	Holland	Murray
Butler	Humphrey	O'Conor
Byrd	Hunt	O'Mahoney
Cain	Jenner	Robertson
Capehart	Johnson, Tex.	Russell
Chapman	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kerr	Smith, Maine
Darby	Kilgore	Sparkman
Donnell	Knowland	Stennis
Douglas	Langer	Taft
Dworshak	Leahy	Taylor
Ecton	Lodge	Thomas, Okla.
Ellender	Long	Thomas, Utah
Ferguson	Lucas	Thye
Frear	McCarran	Tydings
Fulbright	McCarthy	Watkins
George	McClellan	Wherry
Gillette	McFarland	Wiley
Graham	McKellar	Williams
Green	McMahon	Withers
Gurney	Magnuson	Young
Hendrickson	Malone	

The PRESIDING OFFICER (Mr. LONG in the chair). A quorum is present. The Senator from Nevada is recognized.

Mr. MCCARRAN. Mr. President, yesterday I offered a suggestion of a unanimous-consent agreement to vote today on the bill, and later on I amended it so as to provide for a vote tomorrow. I again offer the suggestion that we may get together in a unanimous-consent agreement to vote at 5 o'clock tomorrow on the bill and all amendments thereto.

Mr. DOUGLAS. Reserving the right to object, I have been studying the various versions which have been finally

embodied as sections 1 to 17 in the McCarran bill. Over a period of weeks I have been trying to prepare a speech on the subject. In my judgment, it would take about 4 hours to deliver the speech. I do not know whether Senators will listen for that long a time, but I think it is important for the RECORD that the speech be made. So I shall try, with such poor ability as I possess, to analyze what the so-called McCarran bill does, to indicate what the Kilgore bill does, to make a comparison between the two, and to indicate my preference for the Kilgore bill. That will take at least 4 hours. If I am subjected to questioning, I do not know when I shall conclude. So tomorrow as a time to vote on the bill would be unsatisfactory to me.

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

Mr. McCARRAN. I yield.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the 4-hour speech which the able Senator from Illinois has prepared be printed in the body of the RECORD. He says he does not expect Senators to listen to it.

Mr. LUCAS. Mr. President, there is a unanimous-consent request pending already.

Mr. WHERRY. Mr. President, may I ask the distinguished Senator from Illinois [Mr. DOUGLAS] whether he objects?

Mr. DOUGLAS. I said I would object to an agreement to vote tomorrow on the bill.

Mr. McCARRAN. Mr. President, may we try to get a unanimous-consent agreement to vote at some convenient hour on next Monday? Would there be any objection to that? Let me suggest 5 o'clock on Monday.

Mr. KILGORE. Reserving the right to object, I should like to address an inquiry to the majority leader. Does the majority leader contemplate a session of the Senate on Saturday?

Mr. LUCAS. No. There will no session on Saturday.

Mr. KILGORE. The reason why I ask the question is that I know the Senator from Minnesota [Mr. HUMPHREY] has some remarks that will cover a couple of hours, and I should like some time on the matter myself. I question whether we could get through in a day.

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

Mr. McCARRAN. I yield.

Mr. LUCAS. I had hoped that we might finish all the important measures by Saturday of this week. Every Senator knows that the House of Representatives has taken a 10-day recess. Every Senator knows that the conferees on the very important tax bill have not as yet met. As I understand, the conferees on the part of the House have not yet been appointed. Consequently, it will take probably all next week before we get any answer from the conferees on the very important tax measure. Under those circumstances, a number of Senators requested that we not hold a Saturday session of the Senate. There is no point in holding a Saturday session if Senators are going to be out of town. Unless we have important business to transact and can get an agreement to vote on a measure, Senators will not remain on the floor on Saturday. We simply cannot get a quorum. So let us not deceive ourselves about holding a session on Saturday. I have tried it in the past, and it does not work. If we were able to finish, and every Senator knew it, it would be a different proposition. I certainly hope that next week, even though we may have to hold some night sessions, we can finish up by Saturday night.

Mr. McCARRAN. Mr. President, not to appear critical, I think we can probably get as many Senators on Saturday as have been present this afternoon or yesterday afternoon.

Mr. LUCAS. I was only giving my viewpoint in connection with the situation. I can understand the desire of Senators who are interested in a particular bill to have a day fixed for a vote upon it, but those who are not interested in it always find some excuse not to vote tomorrow or the next day. It is perfectly all right with me, so far as I am personally concerned, that a vote be taken tomorrow. I certainly would not object to it. I am ready to vote on the bill. But there are other Senators who are not ready to vote and who have speeches to make with reference to the bill. It is an important measure, and we are not going to be hurried along if Senators do not so desire. The Senator from West Virginia [Mr. KILGORE] has a statement to make, as does the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Illinois [Mr. DOUGLAS]. I may have some remarks to make on the measure. I have not said much about the bill, but I may have some things to say before its consideration is concluded. I desire to have some time on it.

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

Mr. McCARRAN. I yield.

Mr. WHERRY. Mr. President, in view of the observation made by the distinguished majority leader that it is very difficult to keep the membership in session on Saturday unless an agreement to vote has been entered into, I will say that I agree. I want to be helpful, but in view of the fact that many Senators on this side of the aisle felt that the work of the Senate would be completed by Saturday night and had made engagements for next week, would it be possible in order to accommodate Senators, including the distinguished Senator from Illinois, to agree on a time on Saturday to vote, running through tomorrow, tomorrow night, Saturday, and Saturday night, if necessary, in order to get a vote?

I make that inquiry only because of the fact that, as the distinguished majority leader has said, we realize that in approaching the closing of the session it was the intention that the bill would be voted upon by the end of the week. I am suggesting to the distinguished Senator from Nevada—and I would not do it unless it met with the approval of the majority leader—that, possibly, by carrying on tomorrow, tomorrow night, and Saturday, and at some time reaching an agreement to vote, we can finish completely at that time.

I say that in a constructive way. I hope it may have favorable consideration.

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

Mr. McCARRAN. I yield.

Mr. LUCAS. Mr. President, the Senator from Nebraska, regardless of what Senators may have thought about completing our work this week, well knows that we cannot finish this week.

Mr. THYE. We were told 2 weeks ago that we fully expected to complete the work of the Senate this Saturday. Quite a number of us had made commitments. I was committed to speak in Minnesota on Saturday afternoon and Sunday afternoon. However, in view of the fact that we were told 2 weeks ago that we expected to complete the work of the Senate by this Saturday I canceled the engagements I had made. Now we find that we will drag our feet on Saturday. I would be perfectly happy if I could work on Saturday. I have work to do.

Mr. President, in view of the fact that many of us have canceled our speaking engagements for this week end, I hope the majority leader will permit the Senate to remain in session so that we may complete the making of speeches that must be made before we are ready to vote on the measure. I ask it in all sincerity, because I have canceled a speaking engagement, and I know of other Senators who did likewise.

Mr. LUCAS. Mr. President, as the result of statement made by the Senator from Minnesota I must say that it shows that one must never try to suggest any day with respect to a recess or adjournment. In other words, when one goes along or tries to go along with a program he will always be up against some unexpected obstacle, in which event he will be criticized because he had previously advised certain Senators that he had hoped to be able to recess at a certain time.

So far as next Saturday night is concerned, I withdraw the statement I previously made. I do not know whether we will be able to get away a week from Saturday. I doubt that we will be able to do so. At any rate, I shall not make any promises with respect to it. Therefore, no one on either side of the aisle will find it necessary to cancel engagements.

The statement which the Senator from Illinois made 3 weeks ago was made in good faith. I tried to convince the leadership of the House of Representatives not to take a recess now but to stay in session so that the conferees on the tax bill could meet and therefore we could probably finish our work this week. I was not successful in my attempt. The House does what it wants to do, as we do what we want to do. However, Mr. President, I make the statement now for the benefit of the RECORD, because I shall not stand here as the majority leader and be condemned by the minority party for having failed to be able to get away this Saturday night. I will not take it on the chin next Saturday if we cannot get away then, as I am taking it now.

Mr. THYE and Mr. McFARLAND addressed the Chair.

Mr. McCARRAN. I first yield to the Senator from Arizona.

Mr. McFARLAND. Yesterday, before the Senate recessed, when I was acting as the majority leader, I said when the announcement as to concluding the session was made by the distinguished majority leader it was thought the House would stay in session. It was not the fault of the distinguished majority leader at all that we could not get away by tomorrow evening. Personally I see no reason for holding a night session when we know we will not be able to accomplish anything. I have discussed the matter with Senators on both sides of the aisle, and I say to the distinguished Senator from Nevada that I think the earliest possible time at which we can get a unanimous-consent agreement to start the voting process is at 1 o'clock on Tuesday of next week. I hope such an agreement may be entered into. If it is proposed, I am sure it will go through. I say that because I have talked to Members of the Senate on both sides of the aisle. Let us enter into such an agreement, and then we can go home.

Mr. McCARRAN. Mr. President, I now yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I wish to assure the very able majority leader that my remarks were not pointed at his chin. I made my remarks with all sincerity, only asking, inasmuch as many of us are inclined to work on Saturday and had canceled speaking engagements, that the Senate work on Saturday. We are eager to have a session on Saturday, so that some speeches may be made on the pending measure, and thus assist the majority leader in expediting the work of the Senate. It is for that reason that I offered my remarks. I am willing to work and I hope we shall have the opportunity to work on Saturday.

Mr. SALTONSTALL and Mr. ROBERTSON addressed the Chair.

Mr. McCARRAN. Before I yield to the Senator from Virginia, let me say I hope we may be able to work on Saturday. I suggested to the majority leader that we work on Saturday. It seems to me that we could have as many Senators on the floor on Saturday as we have had this afternoon.

Mr. LUCAS. Mr. President, if the Senator from Nevada will yield, I suggest that he propose his unanimous-consent request.

Mr. McCARRAN. I first yield to the Senator from Virginia.

Mr. ROBERTSON. The Senator from Nevada knows very well that I am in favor of his bill, and I want to see action taken on it. He knows that yesterday I suggested we could work at night, as our distinguished majority leader had indicated previously. However, in view of the discussion had here, I hope the distinguished Senator from Nevada will accept the suggestion made by the distinguished Senator from Arizona [Mr. McFARLAND] that he modify his request so as to provide for a vote at 1 o'clock on next Tuesday.

Mr. McFARLAND. To start the vote at 1 o'clock on Tuesday.

Mr. ROBERTSON. Yesterday when I was suggesting that we have a night session I was hopeful that the supplemental $16,000,000,000 appropriation bill, in connection with which we have had new budget estimates which were not considered or included by the House, would be ready for action by Monday. We now know that is an impossibility. So far as I know we cannot consider the appropriation bill before Wednesday of next week. To do so the committee will probably have to sit on Saturday afternoon and possibly at night.

Mr. President, I also understand that those who intend to propose amendments to the pending bill feel they would not have adequate opportunity to discuss the amendments if we were to start to vote on the bill before Monday. Therefore, Mr. President, under the circumstances I hope very much that the distinguished Senator from Nevada will accept the suggestion made to him that he propose a unanimous-consent agreement to vote on the bill and all amendments to it commencing at 1 o'clock on Tuesday.

Mr. McCARRAN. I may say to the Senator from Virginia that I have had an intimation that Tuesday would not be satisfactory.

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

Mr. McCARRAN. I yield.

Mr. SALTONSTALL. I simply wish to say—and I address my remarks particularly to the majority leader—that I believe it is the responsibility of the majority leader to be as definite with the 95 other Senators as he can possibly be. I applaud him for making definite statements, even though he cannot always for some reason or other keep them. As one Member of the Senate, I am ready to work on Saturday. I sincerely hope that we will work on Saturday. I hope that we will complete this session as soon as possible. I believe it is for the best interests of Members of the Senate and the country as a whole to do so. I do not think the majority leader should feel sensitive of the fact that certain things have not gone the way he had hoped they would go. I hope and trust that he will be as definite as he can with Members of the Senate. I think it is his responsibility and his privilege, and it helps us to be able to make our plans, even though we may later have to change them. I sincerely hope that we may work on Saturday.

Mr. McCARRAN. Would it not be possible to go on with a discussion of the bill tomorrow and on Saturday and then vote on it on Monday?

Mr. LUCAS. I have no objection to voting on it tomorrow, so far as I am personally concerned, and I want the RECORD to show my position. The majority leader is not holding up any legislation. However, some Members on this side of the aisle, as my colleague [Mr. DOUGLAS] so well said a moment ago, desire to analyze all phases of the internal-security measures. He himself expects that it will probably take him at least 4 hours to do so. That is practically all one afternoon. I think, if he desires to do it, he should have that opportunity and other Senators also want an opportunity to speak. So far as I am personally concerned, my remarks will be confined probably to half an hour or an hour, and I could vote tomorrow or the next day.

I do not want anyone saying that the majority leader is holding up legislation. If there is anyone who desires to get back to the hustings any more than the majority leader, I should like to know who he is. The Senator from Illinois is not holding up legislation, and keeping Senators from voting on the bill, or considering it. I am only one Senator, and other Senators have their rights. If they object, of course that is all there is to it.

Mr. McCARRAN. They do not object. I have not heard anyone objecting to working on Saturday.

Mr. LUCAS. It is perfectly all right with me if Senators want to work on Saturday, but that is up to some of the Senators.

Mr. McFARLAND. Mr. President, will the Senator from Nevada yield?

Mr. McCARRAN. I yield.

Mr. McFARLAND. I plead with the distinguished Senator in charge of the bill, and the majority leader and the minority leader, that there is no need of working when it does not do any good. Everyone knows that we cannot get through this session until the House gets back, and until certain business is transacted.

Mr. McCARRAN. Are we going to keep this bill dragging along until that time?

Mr. McFARLAND. I was pleading with the Senator that he provide in his unanimous-consent request for a vote on Tuesday. I do not see how any Senator could object to that length of time intervening. We could go ahead and work day and night, but what good would it do us if we are not to get through with the session any way?

There is certain rest that even a Senator should have. I hope the Senate will recognize that. Of course, if we could have gotten through with the session the coming Saturday, it would have been wonderful, but we know we are not going to do that. I do not see why we cannot enter into a unanimous-consent agreement for a vote on Tuesday. I know there is objection to voting on Monday.

Mr. McCARRAN. I am going to make the suggestion now that the unanimous-consent agreement be entered into for a vote on Monday at 5 o'clock, or any convenient hour.

Mr. WHERRY. Mr. President, would not the distinguished Senator from Nevada make a request for a vote on Saturday, some time Saturday night? That would be the quickest way to find out whether we can have a Saturday session.

Mr. McCARRAN. I am ready to vote tonight, if necessary.

Mr. WHERRY. I did not mean that. The majority leader and I agreed that unless there were an agreement entered into to vote on Saturday sometime, there would be justification for going over to Monday or Tuesday. In order to make the determination, I wish the Senator would make a request for a vote on the bill at some hour Saturday, or Friday. If there is objection, I will go along day by day through the week.

Mr. McCARRAN. I make the suggestion as to Saturday. Is there objection to a unanimous-consent agreement for a vote on Saturday?

Mr. KILGORE. Mr. President, I would feel constrained to object, and do object, to a vote on Saturday. In the first place, I do not believe there will be a representative number of Senators present.

SEVERAL SENATORS. They will be here.

Mr. KILGORE. I have heard such suggestions made, that Senators will be here, and I have come to the Senate on Saturday when there was barely a quorum present. For that reason I would not want to agree to a vote on Saturday. As to Monday, I think the idea of starting to vote at 5 o'clock, unless we are to have a night session, will get us nowhere. It would not be any better than starting at 1 o'clock Tuesday.

Mr. McCARRAN. My idea was to give more time.

Mr. KILGORE. That would give 5 hours of debate on Monday. The only question is whether it is advantageous to start voting at 5 o'clock in the evening.

Mr. McCARRAN. Does the Senator object to a vote on Saturday?

Mr. KILGORE. I object to Saturday.

Mr. McCARRAN. I make the suggestion now for Monday, at a convenient hour; I do not care what the hour is.

Mr. CAPEHART. Mr. President, I would object to any hour on Tuesday except 1 o'clock.

The PRESIDING OFFICER. The Senator is asking whether there would be an objection to voting on Monday.

Mr. CAPEHART. I would object to Monday, but would agree to a vote at 1 o'clock on Tuesday.

Mr. McCARRAN. May we have an agreement to vote on Tuesday at a convenient hour, say 1 o'clock, to start voting on the bill and all amendments thereto?

The PRESIDING OFFICER. Will the Senator state his unanimous-consent request?

Mr. McCARRAN. I will have to read it.

The PRESIDING OFFICER. The clerk will read it, if the Senator desires.

Mr. McCARRAN. Very well.

Mr. LUCAS. Let us have order while the request is being read.

The PRESIDING OFFICER. The Senate will be in order. The clerk will read.

The legislative clerk read as follows:

Ordered, That on the calendar day of Tuesday, September 12, 1950, at the hour of 1 o'clock p. m., the Senate proceed to vote, under the limitation of debate hereinafter provided, upon any amendment or motion (including appeals) that may be pending or that may thereafter be proposed to the bill (S. 4037) to protect the internal security of the United States, and for other purposes, and upon the final passage of the said bill: *Provided*, (1) That after said hour of 1 o'clock p. m., debate upon any amendment or motion (including appeals), and upon the bill itself shall be limited to not exceeding 10 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the chairman of the Committee on the Judiciary [Mr. McCARRAN]; (2) That no amendment or motion that is not germane to the subject matter of the said bill shall be in order; and (3) That no further vote on any amendment or motion shall be had on said bill prior to said hour of 1 o'clock p. m. on tomorrow.

Ordered further, That the time between 12:30 o'clock p. m. and 1 o'clock p. m. on said day of Tuesday, September 12, 1950, shall be equally divided and controlled, respectively, by Mr. McCARRAN and Mr. KILGORE.

Ordered further, That in the event of the passage of the said bill (S. 4037), the Senate shall, without debate, proceed to consider the bill (H. R. 9490) to protect the United States against certain un-American and subversive activities by requiring registration of Communist organizations, and for other purposes (Cal. No. 2502); That it be deemed to be amended by striking out all after the enacting clause and inserting in lieu thereof the text of S. 4037, as amended; That the engrossment of the amendment and third reading of said bill be deemed to be ordered, and a vote immediately taken on the final passage of the House bill, as amended; and that, if passed, the title shall be appropriately amended and the proceedings on the passage of S. 4037 be vacated and the said bill be postponed indefinitely.

Mr. LUCAS. Mr. President, will the clerk please read the last paragraph again?

The legislative clerk read as follows:

Ordered further, That in the event of the passage of the said bill (S. 4037), the Senate shall, without debate, proceed to consider the bill (H. R. 9490) to protect the United States against certain un-American and subversive activities by requiring registration of Communist organizations, and for other purposes (Calendar No. 2502); That it be deemed to be amended by striking out all after the enacting clause and inserting in lieu thereof the text of S. 4037, as amended; That the engrossment of the amendment and third reading of said bill be deemed to be ordered, and a vote immediately taken on the final passage of the House bill, as amended; and that, if passed, the title shall be appropriately amended and the proceedings on the passage of S. 4037 be vacated and the said bill be postponed indefinitely.

Mr. LUCAS. Mr. President, I have not seen this unanimous-consent request before, and I should like to ask why the House bill is brought into the request, as has been done. This is very unusual.

Mr. McCARRAN. It was my idea that the proceedings could be set out, because the House bill has passed the House and is on the Senate table. It has not been sent to a committee. Being on the table, we can strike out all after the enacting clause and insert the language of the bill as passed by the Senate.

Mr. LUCAS. I am not going to agree to that part of the request. That phase of it will have to be stricken out, because we do not do that in our unanimous-consent requests. It is the first one I have heard of this kind. It is a little unusual, and I am not going to agree to that part of it.

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

Mr. LUCAS. I yield.

Mr. WHERRY. We might not always have agreed to it in unanimous-consent agreements, but it follows the exact mechanics we would have to follow. I think we did this in the case of a recent bill.

The PRESIDING OFFICER. The Chair is advised that that procedure——

Mr. WHERRY. May I conclude my observation?

The PRESIDING OFFICER. The Senator will proceed.

Mr. WHERRY. It would expedite business and carry out the theory of having only 10 minutes' time on an amendment, 5 on a side, and then the substitution of the House bill under the Senate title. Otherwise we might have long debate on the House bill when it comes up.

Mr. McCARRAN. Mr. President, I am advised that we have followed the proposed procedure in times past.

The PRESIDING OFFICER. The Chair would advise the Senate that this procedure was followed in the case of the ECA bill when it was passed by the Senate.

Mr. LUCAS. Of course, it may have been followed a number of times. I do not remember the ECA unanimous-consent agreement. This unanimous-consent agreement is rather long, and was not submitted to the majority leader for his consideration at all. That is one of the reasons why I objected to it. I think that with respect to unanimous-consent agreements, at least an opportunity should be given to the majority leader to look at them before they are submitted to the Senate. It says that with all due deference to the distinguished Senator from Nevada, the chairman of the Committee on the Judiciary. I think I am entitled to look at such unanimous-consent agreements as a matter of protection to the majority on this side of the aisle.

Mr. McCARRAN. I am entirely in agreement with that statement. I supposed the agreement had been submitted to the majority leader. It was drafted, I think, by the legislative clerk or perhaps by the Parliamentarian. I supposed it had been submitted to the majority leader.

Mr. LUCAS. I had not seen it at all. But I am going to withdraw my objection to it.

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

Mr. McCARRAN. I yield.

Mr. WHERRY. I do not want to quarrel over technical matters, but the unanimous-consent agreement was read in detail when it was presented yesterday. It is in the RECORD. I am satisfied, if the majority leader will bear with me, that there is not anything in the last two paragraphs that in any way would change the mechanics of a procedure of this kind.

Mr. LUCAS. I have withdrawn my objection.

The PRESIDING OFFICER (Mr. LONG in the chair). The objection has been withdrawn. Is there objection to the unanimous-consent agreement?

Mr. KILGORE. Mr. President, reserving the right to object, at this time I should like to ask the Senator from Nevada if the agreement could be amended to permit 30 minutes for debate on the amendment in the nature of a substitute. If only 5 minutes is given to each side there cannot be much discussion on the substitute. I agree to the proposal for 5 minutes on each side on other matters, but as to the substitute, which is a major amendment, I believe we should have 30 minutes, that is 15 minutes to

each side. Is that agreeable to the Senator from Nevada.

Mr. McCARRAN. That would be agreeable to me.

Mr. WHERRY. Mr. President, that is on the one amendment which is in the nature of a substitute, the so-called Kilgore substitute, which will be offered to the McCarran bill, I suppose, after it has been amended.

Mr. McCARRAN. Let me say that if my recollection is correct, there are now two substitutes.

Mr. WHERRY. That is what I wanted to have identified.

Mr. McCARRAN. There are two substitutes which have been presented by the Senator from West Virginia.

Mr. KILGORE. I may say there are not two substitutes on file. One measure was drafted as an amendment in the nature of a substitute. One was drafted as a bill, and has been sent to the desk for appropriate reference, with the idea that it will be withdrawn after action on the substitute will be had. The measure was filed in two forms, but there are not two amendments. The two measures are identical in language.

Mr. McCARRAN. The substitute to which the Senator refers——

Mr. KILGORE. The substitute to which I refer is the amendment in the nature of a substitute for Senate bill 4037. The other measure contains the same language, but is a bill.

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

Mr. McCARRAN. I yield.

Mr. DONNELL. I should like to address an inquiry to the Senator from Nevada. It happens that in our State there is a State convention—I think there is one of each party, but I know there is one of the Republican Party—to be held on next Tuesday. I have a certain duty to perform there which I feel is obligatory upon me to perform. At least I have accepted the invitation to be present, and I think I should go through with it. The inquiry I desire to propound to the Senator is whether or not he would be willing to change his request so as to provide for a vote on Wednesday, rather than Tuesday.

Mr. McCARRAN. Would there be any objection from any Senator if the date is set as Wednesday? I want to accommodate the Senator from Missouri, of whom I am very fond.

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

Mr. McCARRAN. I yield..

Mr. MUNDT. I believe the Senator from South Dakota would have to object to deferring action so long as to next Wednesday. We started out by trying to get action tomorrow, and then Saturday, and then Monday. There may be a legitimate desire on the part of Senators to meet engagements they have obligated themselves to meet, but the measure before us is a tremendously important one from the standpoint of the menace of communism to the Nation. We are considering this measure at a time when we are in war, and we should proceed to the consideration of amendments and the bill as soon as possible. I do not think we should waste time from now until next Wednesday by not considering amendments and the bill until that time. We have been debating the bill since the beginning of this week. If it is proposed to wait until after next Tuesday to take action, I shall have to object. Let us take action, catch as catch can, by majority vote.

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

Mr. McCARRAN. I yield.

Mr. HUMPHREY. Reserving the right to object, I should like to ask the Senator a question. The unanimous request, as I understand, provides for 10 minutes on each amendment, that is 5 minutes on a side. The 10 minutes is to be divided, 5 minutes to each side, the time to be controlled by the chairman of the committee, and the mover of an amendment. There is a belief among some of us that several amendments would require a little more time. I wonder if we can provide for 10 minutes for each side on each amendment. I do not think we will use that amount of time. I mean 10 minutes on each side. Frankly I think some of the amendments can be disposed of sooner.

Mr. McCARRAN. That is after a certain time.

Mr. HUMPHREY. That after 1 o'clock on Tuesday, yes, we provide for 10 minutes on each side. I agree with the request that was made by the Senator from West Virginia. But I believe the agreement should be modified to provide for 10 minutes on each side.

Mr. McCARRAN. Mr. President, I ask that the portion of the agreement in question be read.

The legislative clerk read as follows:

Provided, (1) That after said hour of 1 o'clock p. m., debate upon any amendment or motion (including appeals), and upon the bill itself shall be limited to not exceeding 10 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the chairman of the Committee on the Judiciary [Mr. McCARRAN].

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

Mr. McCARRAN. I yield.

Mr. HUMPHREY. My question is: Would the Senator from Nevada be willing to modify that portion of the unanimous consent request so as to provide 10 minutes to each side, rather than 10 minutes to be divided, 5 minutes on each side? For example, one of the amendments is rather a large one, which could not be handled in that period of time. I think it is pretty clear we are not going to have too many Members present while debating it.

Mr. McCARRAN. So far as I am concerned, I would be glad to agree to that.

Mr. HUMPHREY. I thank the Senator.

The PRESIDING OFFICER. The Senator from Nevada modifies his amendment to provide 10 minutes to each side.

Mr. McCARRAN. I do not think that extension of time, however, should be abused. Some amendments would not take so much time as that. There may be some amendments, however, that would take that length of time.

Mr. HUMPHREY. I agree with the Senator. There are several of us on this side who believe two or three amendments would require as much time as 10 minutes on a side. We would restrict ourselves on other amendments.

Mr. McCARRAN. I think that is fair. I agree to that.

Mr. WHERRY. Mr. President, reserving the right to object, since there has been a modification, I should like to have that, as well as the previous modification read.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

Provided, (1) That after said hour of 1 o'clock p. m. debate upon any amendment or motion (including appeals), and upon the bill itself shall be limited to not exceeding 20 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the chairman of the Committee on the Judiciary [Mr. McCARRAN].

* * * * *

(4) That debate on the amendment in the nature of a substitute to be proposed by the Senator from West Virginia [Mr. KILGORE] shall be limited to 30 minutes, to be equally divided between the Senator from West Virginia [Mr. KILGORE] and the Senator from Nevada [Mr. McCARRAN].

Mr. WHERRY. Mr. President, reserving the right to object, I have no objection to the request that 30 minutes be devoted to the substitute. I think that is proper. It is a major amendment. It is a substitute for the whole bill. But if we are going to limit debate and secure a vote on the bill—and there may be many other amendments presented—I do not believe the Senator from Minnesota ought to ask for 20 minutes on each amendment. The reason I say that is because in the time from now until next Tuesday we can discuss any amendment we want to that might be offered. The idea is to limit debate so we will finally secure a vote on the measure on Tuesday afternoon. If 20 minutes to an amendment is allowed, and then there is a yea and nay vote on the amendment, the first thing we know it will take the major part of an hour to have an amendment acted upon. I do not want to cut anyone off. But it seems to me that the Senator should not ask for 20 minutes on each amendment. I do not complain about allotting more time on the substitute.

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

Mr. McCARRAN. I yield.

Mr. HUMPHREY. I wish to say to my friend, the distinguished minority leader, that in the spirit of higgling and jiggling in the good old Yankee tradition, why should we not agree to allow 7½ minutes to each side on the amendments? [Laughter.] The reason I make that suggestion is that it is perfectly obvious that a large number of Senators will not be on the floor of the Senate when some Senators discuss some of the pertinent provisions of this bill. When we are to vote on such important proposed legislation, I believe that at least two or three important amendments—I know of two—should be debated for that long; we would like to have 7½ minutes

for each side to debate those amendments. I assure the Senator that there will not be any abuse of the time allotted.

Mr. WHERRY. Mr. President, if the Senator will yield——

Mr. McCARRAN. I yield.

Mr. WHERRY. Let me say that I did not mean to suggest that there would be any abuse of the time allotted. If the Senate feels that the agreement should provide for 7½ minutes for each side on the amendments, I certainly would not wish to quarrel about that with the distinguished Senator from Minnesota. If it is agreeable to the other Members of the Senate to have such a provision of time made, then the agreement would provide for a total of 15 minutes on each amendment, with 7½ minutes to be available to each side, to both the proponents and the opponents.

The PRESIDING OFFICER. Does the Senator from Nevada so modify his request?

Mr. McCARRAN. Certainly; that will be satisfactory to me. I so modify the request.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request as thus modified? The Chair hears none, and it is so ordered.

The unanimous-consent agreement as entered into is as follows:

Ordered, That on the calendar day of Tuesday, September 12, 1950, at the hour of 1 o'clock p. m., the Senate proceed to vote, under the limitation of debate hereinafter provided, upon any amendment or motion (including appeals) that may be pending or that may thereafter be proposed to the bill (S. 4037) to protect the internal security of the United States, and for other purposes, and upon the final passage of the said bill. *Provided,* (1) That after said hour of 1 o'clock p. m., debate upon any amendment or motion (including appeals), and upon the bill itself shal be limited to not exceeding 15 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the chairman of the Committee on the Judiciary [Mr. McCARRAN]; (2) that no amendment or motion that is not germane to the subject matter of the said bill shall be in order; (3) that no further vote on any amendment or motion shall be had on said bill prior to said hour of 1 o'clock p. m.; and (4) that debate on the amendment in the nature of a substitute to be proposed by the Senator from West Virginia [Mr. KILGORE] shall be limited to 30 minutes, to be equally divided between the Senator from West Virginia [Mr. KILGORE] and the Senator from Nevada [Mr. McCARRAN].

Ordered further, That the time between 12:30 o'clock p. m. and 1 o'clock p. m. on said day of Tuesday, September 12, 1950, shall be equally divided and controlled, repectively, by Mr. McCARRAN and Mr. KILGORE.

Ordered further, That in the event of the passage of the said bill (S. 4037), the Senate shall, without debate, proceed to consider the bill (H. R. 9490) to protect the United States against certain un-American and subversive activities by requiring registration of Communist organizations, and for other purposes (Calendar No. 2502); that it be deemed to be amended by striking out all after the enacting clause and inserting in lieu thereof the text of S. 4037, as amended; that the engrossment of the amendment and third reading of said bill be deemed to be ordered, that a vote be immediately taken on the final passage of the House bill, as amended; and that, if passed, the title shall be appropriately amended, the proceedings on the passage of S. 4037 be vacated and the said bill be postponed indefinitely.

Mr. McCARRAN. Mr. President, it is now understood that the vote on this bill is to be taken on next Tuesday. Is that correct?

Mr. HUMPHREY. That is my understanding.

The PRESIDING OFFICER. The Chair so understands.

LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, before Senators leave, I should like to make an announcement which I think is very important.

Following the disposition of the pending business, the McCarran internal security bill, there will be a call of the calendar from the beginning. If the following bills cannot be passed during the call of the calendar, motions will be made to take them up following the call of the calendar.

Calendar No. 2263, S. 3295, a bill amending the Railway Labor Act.

Calendar No. 1916, H. R. 3419, a bill amending the Merchant Ship Sales Act.

Calendar No. 1837, S. 3109 or Calendar No. 2378, H. R. 8847, bills aiding the development of American shipping on the Great Lakes.

Calendar No. 2489, H. R. 7940, a bill providing financial assistance for local educational agencies in areas affected by Federal activities.

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

Mr. LUCAS. I yield.

Mr. WHERRY. I think every Senator should be interested in this announcement, because, as I understand, the majority leader has already stated that inasmuch as on Tuesday the Senate will vote on the internal security bill, the calendar will be called on the following day, Wednesday.

Mr. LUCAS. That is correct.

Mr. WHERRY. I further understand that the announcement also is that if the bills the Senator from Illinois is now reading by title are not passed during the call of the calendar, he intends to move to take them up following the call of the calendar. I think the Senate should note this information.

Mr. LUCAS. Yes.

Mr. WHERRY. I appreciate that announcement; and I think there should be order in the Senate, so that all Senators will be able to hear this important announcement.

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

Mr. LUCAS. I yield.

Mr. TAFT. What about the $16,000,000,000 appropriation bill?

Mr. LUCAS. I will come to that in just a moment.

Calendar No. 1940, S. 3727, a bill to authorize certain construction at Griffis Air Force Base.

Calendar No. 1156, H. R. 5731, a bill to discharge a fiduciary obligation to Iran.

Mr. President, following the disposition of those bills, motions will be made to take up the Alaska statehood bill and the Hawaii statehood bill.

Whenever the supplemental appropriation bill, House bill 9526, containing national defense items, is reported, in view of its importance it will be called up immediately and passed as soon as possible.

There are, of course, to be certain conference reports, including the conference report on the tax bill. Those matters are privileged, and can be called up at any time.

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

Mr. LUCAS. I yield.

Mr. McCARRAN. There is a matter to which I should like to invite the attention of the majority leader, namely, the veto message on the extension of the Lucas bill.

Mr. LUCAS. Yes.

Mr. McCARRAN. It is a privileged matter, and I shall try to bring it up immediately following the conclusion of action on the internal security bill.

Mr. LUCAS. The Senator will have that right, of course, because that matter is privileged.

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

Mr. LUCAS. I yield.

Mr. WHERRY. I should like to ask a question. First, if the supplemental appropriation bill is reported prior to the call of the calendar, for example, would the Senator from Illinois then move to have the Senate take up the supplemental appropriation bill prior to the call of the calendar?

Mr. LUCAS. That would be more or less up to the chairman of the Appropriations Committee.

Mr. WHERRY. Whenever the appropriation bill is reported, the Senator intends to have it taken up, regardless of what business may then be pending; is that correct?

Mr. LUCAS. That is correct.

Mr. WHERRY. Does the Senator expect to have, if necessary, a Saturday session a week from this Saturday? I do not wish to have the Senator to make a definite commitment; but I should like to know whether it is the intention to have a Saturday session a week from this Saturday, in the event such a session is necessary in order to complete the work of the Senate.

Of course, the Senator may wish to withhold comment on that matter.

Mr. LUCAS. I should like very much, of course, I say to my friend the Senator from Nebraska, to have the work of the Senate completed a week from Saturday, and I hope it will be possible to do so. However, I simply cannot anticipate, and I am not going to make any commitments on that score—as I have tried to before, in the utmost good faith—and then be charged with "running out on the deal," so to speak.

I hope that is done; and certainly the Senator from Nebraska knows that I am desirous of getting away as soon as possible.

Mr. WHERRY. A week from Saturday?

Mr. LUCAS. Yes.

Mr. WHERRY. Then I understand it is now the intention to conclude the work of the Senate, if possible—let us put it

that way—by a week from Saturday. Is that correct?

Mr. LUCAS. I am not going to make any definite commitment on that matter.

Mr. WHERRY. Will there be a Saturday session this Saturday, in view of the unanimous-consent agreement for the Senate to vote on Tuesday on the internal security bill?

Mr. LUCAS. I should think perhaps there will be, in view of the calendar we have, because we shall not finish action on the internal security bill until Tuesday, probably late in the day; and probably on Wednesday we shall take all day on the calendar.

Mr. WHERRY. I meant this Saturday.

Mr. LUCAS. No; there will be none this Saturday.

Mr. WHERRY. There will be no session this Saturday?

Mr. LUCAS. That is correct.

Mr. WHERRY. I thank the Senator very much for the information.

Mr. McCARRAN. Mr. President, I should like to ask a question of the distinguished and able majority leader, if he will yield to me.

Mr. LUCAS. I yield.

Mr. McCARRAN. My understanding is—and I inquire if I am correct in so understanding—that the bills mentioned by the distinguished Senator from Illinois are to be taken up on the consent calendar.

Mr. LUCAS. That is correct; we shall have a call of the calendar from the beginning to the end; and it is my hope that some of the bills listed by me—those to which there has been objection by only one Senator, for instance—may be passed during the call of the calendar. However, I am serving notice on all Senators that if those bills are not passed during the call of the consent calendar, then immediately following the call of the calendar motions will be made to consider those bills.

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

Mr. LUCAS. I yield.

Mr. DWORSHAK. Do I correctly understand, then, that the target day for the recess is Saturday, September 16?

Mr. LUCAS. I should hope that we shall be able to get away by that time; but we had a "target date" for this Saturday, as I said several weeks ago, and now we find that we cannot comply with that timetable, upon which we had more or less agreed.

So that matter is speculative. The Senator from Idaho knows as well as I do that I desire to get away from Washington as quickly as the Senator from Idaho does. Both of us have campaigns, and we want to get back home. As a matter of fact, I am being criticized for going home when I am able to do so; and I am also being criticized for remaining in Washington.

I hope the Senator from Missouri [Mr. DONNELL], when he goes home next Tuesday, will not be criticized as I have been when I go home to make a speech. When I do so, I am criticized by one of my very friendly newspapers in the State of Illinois; and when I remain here in Washington I am criticized by my people in Illinois for not coming back home.

I hope the Senator from Missouri does not meet that fate. I like him very much, and I hope he receives the reception that is due him in Missouri.

Mr. DONNELL. Mr. President, I greatly appreciate that expression by the distinguished majority leader.

Mr. DWORSHAK. Mr. President, those of us who live several thousand miles from the Capital find it difficult to fly home over a week end, as is done by Senators who live only several hundred miles from the Capital. In other words, it is difficult for us to know when we shall be able to accept invitations to attend meetings, including business meetings; and I really mean business meetings. That situation is a distinct disadvantage to those of us who live in rather far-distant places.

So I hope we can expedite the business of the Senate by working on Saturday, and not merely go along in a haphazard manner, as some Senators believe we might do by remaining in session for the entire year, so long as it is possible for them to fly home over week ends.

I hope it is possible to expedite the business of the Senate so that some of us can get home and can take care of our official business.

Mr. LUCAS. I agree with the Senator. It is most unfortunate that the Senator from Idaho resides so far from the Capital. If he lived nearer, I am sure that would take care of the situation. It would be very helpful to him, in that respect, if he were elected to the Senate from a State not so far removed from Washington.

INTERNAL SECURITY ACT OF 1950

The Senate resumed the consideration of the bill (S. 4037) to protect the internal security of the United States, and for other purposes.

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

Mr. LUCAS. I yield.

Mr. WHERRY. The distinguished senior Senator from Nebraska [Mr. BUTLER] wanted to make a few remarks on the pending bill. I ask unanimous consent that his statement, together with a letter from Metropolitan Council No. 11 of the United Packinghouse Workers of America, enclosing a resolution on communism, be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

Mr. LUCAS. I have no objection to it. I am sure it will be a real contribution to the RECORD.

There being no objection, Mr. BUTLER's statement and the letter and accompanying resolution were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BUTLER

PASS ANTICOMMUNIST LEGISLATION NOW

Mr. President, I very much hope that the Senate will pass this so-called security legislation promptly and overwhelmingly. This bill will give us at last an effective means of taking action against the Communist conspiracy in our midst. It will expose the Communist Party for what it is—a criminal conspiracy to overthrow our Government—and force all Communists and Communist-front organizations to reveal themselves or else be subject to prosecution and thrown into jail where they belong.

This bill is long overdue. As long as 4 years ago, in 1946 when I was campaigning for reelection to the Senate, I discussed the Communist danger in many speeches throughout Nebraska, and I came to realize at that time how deeply concerned the people of my State were about this Communist threat. I pledged myself to fight against communism in whatever shape or form it might appear. Unfortunately, high officials of this administration at that time were not equally concerned about the problem.

It is not so long ago that President Truman himself referred to the investigation of this Communist conspiracy as a red herring. Since that time, we have had the conviction of Alger Hiss, the discovery by the British Government of the espionage that was conducted by Dr. Fuchs, one of their top atomic scientists, the discovery by the FBI of a long string of Communist spies in this country, and many other cases that prove conclusively just how serious this danger is.

Now, at last, the President has admitted the need for legislation to control communism, and I believe it is long past due.

I am reminded of the complacent attitude that I met with when I first went to Hawaii to investigate communism there in connection with the statehood question. At that time my efforts were sneered at, and I was told that communism in the islands was not a problem, that there were only a few Communists, and that they had no influence. When I filed my report, Communist Penetration of the Hawaiian Islands, I named names; I charged that the one big union in Hawaii, the ILWU—Harry Bridges' union—was controlled by Communists, and that through it they controlled the shipping, sugar, and pineapple industries of the islands. I charged that this Communist-led ILWU had secured almost a strangle hold on the Democratic Party organization in Hawaii.

Nothing was done about my charges for some time. Finally, last spring the House Committee on Un-American Activities made a special investigation there. They discovered that many of the top leaders of the ILWU were Communists, and 39 residents of Hawaii have been cited for contempt of Congress and are to be prosecuted because they refused to swear under oath that they were not and had not been members of the Communist Party.

Since its return, the House Committee on Un-American Activities has realized that there is still more to be done in Hawaii and that a subcommittee may return to the islands very soon to further pursue its investigations of communism in Hawaii. I was delighted at that news, and I very much hope the subcommittee will uncover completely the infiltration of the Communist Party in the unions, its attempts to control the Democratic Party machinery, its control of local government subdivisions of the Territory, and other public and civic institutions there.

Mr. President, it does not make much difference whether the bill that will be passed is called the Mundt-Nixon, the Mundt-Ferguson, or the McCarran bill. The basic principles of all three are very similar, and all aim at exposing communism and the Communists and bringing them out into the open where we can deal with them. I shall support this bill wholeheartedly, and I very much hope that as soon as it is passed the Department of Justice will take vigorous action to use it against this conspiracy in our midst.

Mr. President, I ask that a letter and an accompanying resolution be inserted in the RECORD at this point as indicative of the loyalty of certain labor organizations in Nebraska.

(The letter and accompanying resolution are as follows:)

METROPOLITAN COUNCIL NO. 11,
UNITED PACKINGHOUSE WORKERS OF AMERICA,
Omaha, Nebr., August 31, 1950.

Senator HUGH BUTLER,
Washington, D. C.

DEAR SIR: Enclosed you will find resolution passed unanimously by the delegates to Metropolitan Council No. 11, UPWA-CIO at a meeting held on August 24, 1950.

The delegates represent the packinghouse and stockyard workers in the city of Omaha, Nebr., numbering about 8,000 workers in the industry.

Respectfully,

EDW. T. LANG,
President, Metropolitan Council No. 11, UPWA-CIO.

"RESOLUTION ON COMMUNISM

"Whereas communism and the tactics used by the Communist Party and its members is an insult to every patriotic citizen of America; and

"Whereas the Communist Party and its members through lies and sabotage, for the present are attempting to undermine our form of government through the sale and distribution of un-American literature; and

"Whereas they are now in the process of using the mail to distribute the Stockholm peace petitions here in Omaha, as well as in other cities of the Nation. The drive for signatures to this petition was started seriously here on July 24 and many innocent people such as mothers of boys being called into the service, wives of men being recalled, fathers of men being called into the service, and other members of the families have received the petitions through the mail on that day and in their hopes for peace at any price to save their loved ones, may have been duped into acquiring signatures to these petitions. Not realizing that in so doing they were sticking a knife into the backs of the boys fighting Communist aggression in Korea, and into the backs of their own country; and

"Whereas the Communist paper, the Daily Worker, has from its inception done nothing but advocate the overthrow of our form of government through subterfuge, sabotage, and if necessary by force: Therefore be it

"*Resolved*, That we petition the council of the city of Omaha, to draw up an ordinance prohibiting the sale and passing out of Communist literature; and be it further

"*Resolved*, That we petition the council of National legislative bodies to formulate laws to the effect that will bar the distribution of Communist literature through the mails, the sale or passing out of such literature and finally the outlawing of the Communist Party within our State and Nation's borders.

"EDW. T. LANG,
"*President.*
"JOHN DOOLEY,
"*Recording Secretary.*"

RECESS

Mr. LUCAS. Mr. President, pursuant to the order previously entered, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 41 minutes p. m.) the Senate took a recess until tomorrow, Friday, September 8, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 7 (legislative day of July 20), 1950:

MOTOR CARRIER CLAIMS COMMISSION

William Randolph Carpenter, of Kansas, to be a member of the Motor Carrier Claims Commission.

UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for appointment and promotion in the Regular Corps of the Public Health Service:

To be assistant pharmacists (equivalent to the Army rank of first lieutenant), effective date of acceptance

Philbrook H. Knight
Boris J. Osheroff

To be assistant scientists (equivalent to the Army rank of first lieutenant), effective date of acceptance

Jerome L. Singer
William L. Jenkins

Assistant nurse officer to be senior assistant nurse officer (equivalent to the Army rank of captain)

Margaret M. Sweeney

SENATE

FRIDAY, SEPTEMBER 8, 1950

(Legislative day of Thursday, July 20, 1950)

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:

Lord God Almighty, who amidst the shifting sands of time standest sure, like men who turn from dusty toil to crystal streams of cleansing and refreshment, so we lift our soiled faces to Thee from the perplexities and imperfections which crowd the common days. As we pause in reverent silence, let this high place of governance become the audience chamber of Thy presence.

Because there is no final solution of the world's ills save as it springs from the hearts of men, we pray for ourselves. Create in us clean hearts, O God, and renew a right spirit within us. Lead us in the paths of righteousness for Thy name's sake. Amen.

THE JOURNAL

On request of Mr. MCCARRAN, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 7, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on September 7, 1950, the President had approved and signed the following acts:

S. 456. An act to authorize the construction, protection, operation, and maintenance of a public airport in or in the vicinity of the District of Columbia;

S. 986. An act for the relief of Carlos Riggenbach;

S. 2484. An act to authorize the Secretary of Commerce to provide war risk and certain marine and liability insurance;

S. 2633. An act to give effect to the Convention for the Establishment of an International Commission for the Scientific Investigation of Tuna, signed at Mexico City January 25, 1949, by the United States of America and the United Mexican States, and the Convention for the Establishment of an Inter-American Tropical Tuna Commission, signed at Washington May 31, 1949, by the United States of America and the Republic of Costa Rica, and for other purposes;

S. 3094. An act for the relief of Miriam Rosenblum;

S. 3107. An act for the relief of Boleslaw H. Drobinski, his wife, Marjorie, and his daughter, Janina; and

S. 3724. An act for the relief of Maria Sulikowska Forbes.

LEAVES OF ABSENCE

On his own request, and by unanimous consent, Mr. THOMAS of Utah was excused from attendance on the sessions of the Senate from Monday, September 11, indefinitely.

On his own request, and by unanimous consent, Mr. DONNELL was excused from attendance on the sessions of the Senate Monday, Tuesday, and Wednesday next, September 11, 12, and 13.

CALL OF THE ROLL

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

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

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

Anderson	Hill	Millikin
Bricker	Hoey	Morse
Bridges	Holland	Mundt
Butler	Humphrey	Murray
Byrd	Hunt	O'Conor
Cain	Ives	O'Mahoney
Capehart	Jenner	Robertson
Chapman	Johnson, Tex.	Russell
Chavez	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kerr	Smith, Maine
Darby	Kilgore	Sparkman
Donnell	Knowland	Stennis
Douglas	Langer	Taft
Dworshak	Leahy	Taylor
Ecton	Lehman	Thomas, Okla.
Ellender	Lodge	Thomas, Utah
Ferguson	Long	Thye
Frear	Lucas	Tydings
Fulbright	McCarran	Watkins
George	McCarthy	Wherry
Gillette	McClellan	Wiley
Graham	McFarland	Williams
Green	McKellar	Withers
Gurney	Magnuson	Young
Hendrickson	Malone	
Hickenlooper	Martin	

Mr. LUCAS. I announce that the Senators from Connecticut [Mr. BENTON and Mr. MCMAHON], the Senator from Arizona [Mr. HAYDEN], the Senator from Colorado [Mr. JOHNSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Pennsylvania [Mr. MYERS], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate on official business as an adviser to the Secretary of the Treasury in connection with the fifth annual meeting of the Board of Directors of the International Bank for Reconstruction and Development and the International Monetary Fund, which is being held in Paris.

The Senator from Florida [Mr. PEPPER] is absent by leave of the Senate on official business, having been appointed a member of the American group at the Interparliamentary Conference, being held in Dublin, Ireland.