

By Mr. RANDOLPH:

H. R. 2988. A bill to amend the act entitled "An act to authorize black-outs in the District of Columbia, and for other purposes," approved December 26, 1941, as amended; to the Committee on the District of Columbia.

By Mr. MARCANTONIO:

H. R. 2989. A bill to provide for the recognition of self-determination and independence of Puerto Rico, and to provide for good neighborly relations with the proposed government of Puerto Rico; to the Committee on Insular Affairs.

By Mr. SUMNERS of Texas:

H. R. 2990. A bill to amend the law relating to larceny in interstate or foreign commerce; to the Committee on the Judiciary.

H. R. 2991. A bill to make it a criminal offense for certain escaped convicts to travel from one State to another; to the Committee on the Judiciary.

H. R. 2992. A bill to amend section 1 of the act providing punishment for killing or assaulting of Federal officers; to the Committee on the Judiciary.

By Mr. LEA:

H. J. Res. 139. Joint resolution consenting to an interstate oil compact to conserve oil and gas; to the Committee on Interstate and Foreign Commerce.

#### PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BROOKS:

H. R. 2993. A bill for the relief of John W. Booth II; to the Committee on Claims.

By Mr. HARTLEY:

H. R. 2994. A bill to extend reissued Letters Patent No. 19,023; to the Committee on Patents.

By Mr. SMITH of Virginia:

H. R. 2995. A bill granting a pension to William B. Ludlow; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1595. By Mr. CUNNINGHAM: Petition of 60 citizens of Des Moines, Iowa, urging support of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

1596. Also, petition of Etta L. Stoll and 60 other citizens of Polk County, Iowa, urging support of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

1597. By Mr. HOLMES of Washington: Petition of sundry citizens of Dayton, Wash., to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

1598. By Mr. DICKSTEIN: Petition of committee for a memorial and protest meeting,

to permit Jewish immigration into Palestine; to the Committee on Foreign Affairs.

1599. Also, petition of committee for a memorial and protest meeting, to prohibit the use of the mails for anti-Semitic literature; to the Committee on the Post Office and Post Roads.

1600. By Mr. TALLE: Petition of 13 creameries in Dubuque County, Iowa, with a total production of nearly 5,000,000 pounds of butter in 1942 and bearing the signatures of responsible officers protesting against the 10 percent roll-back in butter prices and the payment of subsidies in lieu of fair prices; to the Committee on Banking and Currency.

1601. By Mr. VORYS of Ohio: Petition of Maude Makeever and 105 other residents of Franklin County, Ohio, urging the enactment of House bill 2082; to the Committee on the Judiciary.

1602. Also, petition of Susan E. Platter and 18 other residents of Franklin County, urging the enactment of House bill 2082; to the Committee on the Judiciary.

1603. By the SPEAKER: Petition of Francis Jean Reuter, specialist in management and statistical control, petitioning consideration of their resolution with reference to petition No. 221; to the Committee on the Judiciary.

## SENATE

FRIDAY, JUNE 18, 1943

(Legislative day of Monday, May 24, 1943)

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

Lt. Flynn G. Humphreys, chaplain, United States Navy, offered the following prayer:

O God, who art the light of every heart that sees Thee, the life of every soul that loves Thee, the strength of every mind that seeks Thee, keep us steadfast in Thy holy love that we may face life with confidence and dare to live as worthy sons of God. Thou who art the confidence of all the ends of the earth, who stilleth the roaring of the seas and the tumult of the people, harken unto our prayer. O God, be merciful unto us for our trust is in Thee, and under the shadow of Thy wing shall be our refuge until shadows are past. Remove from us all doubt and fear and fill us with a true spirit of godliness. Dedicate us day by day to Thy joyful service and own us as Thy children. Sanctify to us the meaning of this hour in which the guardians of our Nation's destiny are gathered. Bless, we pray Thee, the President of our great Nation, those in authority over us, and guide the minds and actions of those who lead us as a people.

Hear our prayer, O God, as we bring before Thy throne of grace the noble sons and daughters of our land who today are on the far-flung battlefields of the world. Keep them close to Thy heart, protect and comfort them; make us worthy of the sacrifice they are so willingly making for us and for our freedom. Our prayer is that, through Thy guidance, we may give to the world freedom from bondage, fear, and want, and a freedom to live life to the full, wherein there shall be peace on earth and good will among men. We ask in the name of Jesus Christ and our blessed Lord and Saviour. Amen.

#### THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, June 15, 1943, was dispensed with, and the Journal was approved.

CHAPLAIN FLYNN G. HUMPHREYS,  
UNITED STATES NAVY

Mr. STEWART. Mr. President, I wish to make a brief statement which I believe will be of interest to the Members of the Senate concerning the young man who delivered the invocation this morning, the Reverend Flynn G. Humphreys, minister of the Presbyterian Church. He is now Lieutenant Humphreys, a chaplain in the United States Navy. Chaplain Humphreys is a native of Memphis, Tenn., and at the time of his induction into the Navy he was pastor of the First Presbyterian Church of Huntsville, Ala. He obtained a leave of absence from the church in order to join the Navy. He was at one time pastor of the Presbyterian Church in my home town of Winchester, Tenn.

By a singular coincidence, about a year ago when Rev. Mr. Humphreys was contemplating joining the Navy and happened to be in Washington, he delivered, at the invitation of the late Chaplain of the Senate, Dr. Z. Barney T. Phillips, the prayer opening the session of the Senate.

He is now, as I have said, serving in the United States Navy as chaplain and is at present on a short leave of absence for 10 days. He was actually in the battle of Attu when that island was recently taken by the United States Army forces. I am sure Members of the Senate would be interested to hear some of the very interesting stories he has to relate concerning the taking of Attu from Japan.

Mr. President, I merely wanted to make this statement as a matter of human interest. I assume Chaplain Humphreys is the first man who has actually participated in an engagement as a member of the armed forces of the United States to deliver the invocation in the Senate.

#### CALL OF THE ROLL.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Andrews	Gurney	Radcliffe
Bailey	Hatch	Reed
Ball	Hawkes	Revercomb
Bankhead	Hayden	Reynolds
Bilbo	Hill	Robertson
Bone	Holman	Russell
Bridges	Johnson, Colo.	Scruggam
Brooks	Kilgore	Shipstead
Buck	La Follette	Smith
Burton	Langer	Stewart
Byrd	Lodge	Taft
Capper	Lucas	Thomas, Idaho
Caraway	McCarran	Thomas, Okla.
Chandler	McClellan	Thomas, Utah
Chavez	McKellar	Truman
Clark, Mo.	McNary	Tunnell
Connally	Maybank	Tydings
Danaher	Millikin	Vandenberg
Eastland	Moore	Van Nuys
Ellender	Murdock	Wallgren
Ferguson	Murray	Wheeler
George	Nye	Wherry
Gerry	O'Daniel	White
Gillette	O'Mahoney	Wiley
Green	Overton	Wilson

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

The Senator from California [Mr. DOWNEY] is absent on official business for the Committee on Military Affairs.

The Senator from Connecticut [Mr. MALONEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Idaho [Mr. CLARK], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Arizona [Mr. McFARLAND], the Senator from New York [Mr. MEAD], the Senator from Florida [Mr. PEPPER], and the Senator from Massachusetts [Mr. WALSH] are detained on important public business.

Mr. McNARY. The Senator from Maine [Mr. BREWSTER] is absent on official business.

The Senior Senator from Vermont [Mr. AUSTIN], the junior Senator from Vermont [Mr. AIKEN], the Senator from Nebraska [Mr. BUTLER], the Senator from New Jersey [Mr. BARBOUR], the Senator from Pennsylvania [Mr. DAVIS], and the Senator from Indiana [Mr. WILLIS] are necessarily absent.

The Senator from California [Mr. JOHNSON] is absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business as a member of the Naval Affairs Committee.

The Senator from South Dakota [Mr. BUSHFIELD] is absent on official business as a member of the Indian Affairs Committee.

THE VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present.

#### MESSAGES FROM THE PRESIDENT— APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, who also announced that on June 17, 1943, the President had approved and signed the act (S. 163) to amend section 511 of the Merchant Marine Act, 1936, as amended, relating to ship-construction reserve funds, and for other purposes.

#### MESSAGE FROM THE HOUSE

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

- S. 134. An act for the relief of the heirs of John J. Shields;
- S. 170. An act for the relief of W. Cooke;
- S. 241. An act for the relief of Rachel Acerra;
- S. 282. An act for the relief of Walter C. Blake;
- S. 373. An act for the relief of Charles Favors;
- S. 410. An act for the relief of James B. Lewis, Jarvis T. Mills, and Richard D. Peters;
- S. 414. An act for the relief of Thaddeus C. Knight;
- S. 510. An act for the relief of Inez Smith;
- S. 516. An act for the relief of the Nashville, Chattanooga & St. Louis Railway;
- S. 520. An act for the relief of Freddie Sanders and Edd Harris;
- S. 625. An act for the relief of A. C. Blount and Oscar Williams;

S. 628. An act for the relief of Lawrence Anthony, R. E. Murphy, Mary E. Armstrong, and R. E. Murphy as administrator of the estate of Ella Murphy;

S. 671. An act for the relief of Charles Francis Fessenden;

S. 684. An act for the relief of Lt. M. V. Daven;

S. 695. An act for the relief of Joseph F. Bolger;

S. 717. An act for the relief of Cinda J. Short;

S. 743. An act for the relief of Mr. and Mrs. Walter H. Kindon;

S. 765. An act for the relief of Viola Dale;

S. 807. An act for the relief of Mary Frances Hutson;

S. 839. An act conferring jurisdiction upon the United States District Court for the Middle District of North Carolina to hear, determine, and render judgment upon the claim of Etta Houser Freeman;

S. 954. An act for the reimbursement of certain enlisted men of the Navy for personal property lost in the loss of the *Hugh L. Scott*; and

S. 1025. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1648) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes, and that the House had receded from its disagreement to the amendments of the Senate numbered 1, 17, and 26 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1762) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1944, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 1, 3, 12, and 14 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate; and that the House had receded from its disagreement to the amendments of the Senate numbered 4 and 16 to the bill, and concurred therein, each with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 2397) making appropriations for the Departments of State, Justice, and Commerce for the fiscal year ending June 30, 1944, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. KERR, Mr. HARE, Mr. O'BRIEN of Illinois, Mr. CARTER, Mr. STEFAN, and Mr. JONES were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the dis-

agreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2713) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1944, and for other purposes, and that the House had receded from its disagreement to the amendments of the Senate numbered 8 and 34 to the bill and concurred therein.

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

- H. R. 115. An act for the relief of Lorenzo H. Froman;
- H. R. 255. An act for the relief of Col. E. H. Tarbotton;
- H. R. 304. An act for the relief of J. E. Martin;
- H. R. 305. An act for the relief of Howard Morgan;
- H. R. 560. An act for the relief of the Farrell-Argast Electric Co.;
- H. R. 563. An act for the relief of Joe Koor;
- H. R. 636. An act for the relief of C. J. Toole;
- H. R. 725. An act for the relief of the estate of Mathew C. Cowley, deceased, and the estate of Louisa Cowley, deceased;
- H. R. 1155. An act for the relief of Capt. Leland M. Lower and Lt. Percy K. Morrison;
- H. R. 1222. An act for the relief of Jacob Wolozin;
- H. R. 1310. An act for the relief of Thula B. Wellborn;
- H. R. 1313. An act for the relief of Delores Lewis;
- H. R. 1334. An act for the relief of J. Frank Meador;
- H. R. 1335. An act to provide for an appeal to the Supreme Court of the United States from the decisions of the Court of Claims in two suits instituted by H. E. Nelson (doing business as the H. B. Nelson Construction Co.);
- H. R. 1344. An act for the relief of Paul W. Busbey, Mrs. Paul W. Busbey, Paula Busbey, and Mrs. Louisa Busbey;
- H. R. 1379. An act for the relief of Gerald Estell Proctor;
- H. R. 1498. An act for the relief of Charles W. Ruckman;
- H. R. 1518. An act for the relief of Mrs. Bessie Pike and Mrs. Estelle Rosenfeld;
- H. R. 1602. An act for the relief of Robert N. Bickert;
- H. R. 1637. An act for the relief of Fred Hunter;
- H. R. 1790. An act for the relief of Wymer Bowlin;
- H. R. 1835. An act for the relief of Frederick Lee Littlefield;
- H. R. 1872. An act for the relief of J. E. McCoy & Son;
- H. R. 1889. An act for the relief of Andrew Williams;
- H. R. 1907. An act for the relief of Anthony J. Leiberschal;
- H. R. 2088. An act for the relief of John Rhoden;
- H. R. 2152. An act for the relief of Rafael Torres;
- H. R. 2299. An act conferring jurisdiction upon the United States District Court for the Eastern District of Arkansas to hear, determine, and render judgment upon the claims of W. M. Hurley and Joe Whitson;
- H. R. 2544. An act for the relief of Bessie Myers;
- H. R. 2545. An act for the relief of Samuel J. D. Marshall;
- H. R. 2556. An act for the relief of Burton S. Radford;
- H. R. 2935. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1944, and for other purposes; and

H. J. Res. 131. Joint resolution giving the consent of the Congress to an agreement between the State of Indiana and the Commonwealth of Kentucky establishing a boundary between said State and said Commonwealth.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 28), in which it requested the concurrence of the Senate, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That the manuscript prepared by Representative DANIEL A. REED, containing an analysis of the current Tax Payment Act of 1943, entitled "Questions and Answers on the Tax Payment Act", be printed as a House document; and that 42,000 additional copies shall be printed, of which 30,000 shall be for the use of the House Document Room, 10,000 copies for the use of the Senate Document Room, 1,000 copies for the Committee on Ways and Means of the House, and 1,000 copies for the use of the Committee on Finance of the Senate.

#### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

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

H. R. 131. An act to provide reemployment rights for persons who leave their positions to serve in the merchant marine, and for other purposes;

H. R. 575. An act for the relief of Peter Cuccio and Violet Cuccio;

H. R. 637. An act for the relief of Mrs. Eliza Ward;

H. R. 1278. An act for the relief of Dr. and Mrs. Richard Stever;

H. R. 1702. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.;

H. R. 1731. An act granting the consent of Congress to the State of Louisiana to construct, maintain, and operate a free highway bridge across the Calcasieu River at or near Lake Charles, La.;

H. R. 1947. An act to extend the time within which a suit or suits may be brought under the act of June 28, 1938 (52 Stat. 1209);

H. R. 2077. An act to extend the times for commencing and completing the construction of a bridge across the St. Croix River at or near Hudson, Wis.;

H. R. 2427. An act to amend section 32 of the Emergency Farm Mortgage Act of 1933, as amended;

H. R. 2750. An act to amend section 353 (b) of the Communications Act of 1934, as amended;

H. J. Res. 15. Joint resolution authorizing the appropriation of such sums as may be necessary to pay the proportionate share of the United States in the annual expenses of the Inter-American Financial and Economic Advisory Committee;

H. J. Res. 16. Joint resolution providing for participation by the United States in the Emergency Advisory Committee for Political Defense, and authorizing an appropriation therefor;

H. J. Res. 128. Joint resolution to authorize an appropriation for work relief in Puerto Rico and the Virgin Islands; and

H. J. Res. 136. Joint resolution making appropriations for advances to States for certain Federal grants for the first quarter of the fiscal year 1944.

#### REPORT OF NATIONAL PATENT PLANNING COMMISSION

The VICE PRESIDENT laid before the Senate the following message from the

President of the United States, which was read and with the accompanying report referred to the Committee on Patents:

*To the Congress of the United States:*

I transmit herewith for the information of the Congress the report of the National Patent Planning Commission.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 18, 1943.

#### EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and letters, which were referred as indicated:

ESTIMATE OF APPROPRIATION FOR OFFICE OF WAR MOBILIZATION OF OFFICE FOR EMERGENCY MANAGEMENT (S. DOC. NO. 67)

A communication from the President of the United States, transmitting an estimate of appropriation for the Office of War Mobilization of the Office for Emergency Management, fiscal year 1944, amounting to \$138,000 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

ESTIMATE TO CONTINUE AVAILABLE UNEXPENDED BALANCE FOR OFFICE OF CIVILIAN DEFENSE (S. DOC. NO. 68)

A communication from the President of the United States, transmitting an estimate to continue available until June 30, 1944, for the Office of Civilian Defense of the Office for Emergency Management the unexpended balance except \$32,500,000 of the appropriation of \$100,000,000 for civilian defense contained in the First Deficiency Appropriation Act, 1942 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

#### WAR DEPARTMENT CONTRACTS IN EXCESS OF \$150,000

A letter from the Secretary of War stating: "Referring to my letters, dated August 29, 1942, and January 1, 1943, which informed you that a list of contracts in excess of \$150,000 and a supplemental report, respectively, had been submitted to the Speaker of the House of Representatives pursuant to the provisions of title IV, section 401, of the act of Congress approved April 28, 1942 (Public Law 528, 77th Cong.), a second supplemental list of contracts in excess of \$150,000 has been submitted to the Speaker of the House of Representatives. These contracts were executed during the fiscal year 1942 and were omitted from the reports previously submitted"; to the Committee on Military Affairs.

#### REPORT ON SUSPENSION OF DEPORTATION OF CERTAIN PERSONS

A letter from the Attorney General, transmitting, pursuant to law, a report stating all the facts and pertinent provisions of law in the cases of 256 individuals whose deportation has been suspended for more than 6 months under authority vested in the Attorney General together with a statement of the reason for such suspension (with accompanying papers); to the Committee on Immigration.

#### REPORT OF THE SECURITIES AND EXCHANGE COMMISSION

A letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the eighth annual report of the Commission for the fiscal year ended June 30, 1942 (with an accompanying report); to the Committee on Banking and Currency.

#### REPORT OF THE NATIONAL HOUSING AGENCY

A letter from the Administrator of the National Housing Agency, transmitting, pur-

suant to law, the first annual report of that Agency, 1942 (with an accompanying report); to the Committee on Education and Labor.

#### DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of the Departments of the Treasury, Navy (4), Interior (2), and Agriculture (4); Federal Works Agency, and the National Housing Agency which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

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

#### ADDITIONAL REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL PERSONNEL (S. DOC. NO. 66)

The VICE PRESIDENT paid before the Senate a letter from the Senator from Virginia [Mr. BYRD], chairman of the Joint Committee on Reduction of Non-essential Federal Expenditures, submitting, pursuant to law, an additional report of the joint committee relating to Federal personnel, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. BYRD. Mr. President, I present to the Senate a report of the Joint Committee on Reduction of Nonessential Federal Expenditures respecting the civil-service personnel of the Federal Government.

In April there were 3,008,519 civil-service employees. This compares with a total of 917,760 employees on November 11, 1918, the peak of the employment in the last World War. Today, the Federal Government has one civilian employee to two and one-half soldiers. In the last World War it had one to five soldiers. In Jefferson's day, there was 1 Federal employee to every 5,308 persons. Today there is 1 civilian employee of the Government, not including the armed forces, to every 45 of our population. If we include the employees of the county, municipal, and State governments, and exclude the armed forces, we have today 1 civilian government employee to every 25 of our population.

Utilization of the available manpower is one of the greatest responsibilities of our Government in this crisis. The Federal Government is attempting to direct the use of manpower in private employment, but has done nothing of a constructive character in utilizing in the most effective way the more than 3,000,000 civil-service employees. Of these 3,000,000 approximately 1,349,098 are engaged in what may be termed direct mechanical war-production work, such as work in arsenals, camps, navy yards, airports, and so forth. Those so engaged represent less than 45 percent of the civilian employees in the Federal Government. The balance of about 1,700,000 are engaged in work other than direct mechanical war production and many in purely clerical work.

The Joint Committee on Reduction of Nonessential Federal Expenditures has made a very careful investigation and

analysis of the personnel of the Federal Government as set forth in this report, and recommends as a beginning that the Budget Bureau, acting with the Civil Service Commission, and using the authority they now have, effect promptly a reduction of 300,000 in the civilian personnel. The committee is of the opinion that this is a conservative estimate of the reduction that can be effected without injury to the war effort. If the matter is energetically and determinedly taken in hand, a much greater reduction can and should be made. A reduction of 300,000 would mean an approximate saving of \$750,000,000 in the annual pay roll.

The Government cannot expect full measure of sacrifice from the civilian population of the country unless it sets an example. It is time to clean house in these various bureaus here at Washington. It has already been delayed too long. Unless the Budget Bureau and the Civil Service Commission undertake this work promptly and energetically under the powers these agencies already have, then Congress should direct them to do so by the passage of a joint resolution.

A few months ago the civilian personnel of the Government was placed by Executive order on a complete 48-hour basis. Some of the employees, such as those engaged in direct mechanical work, were already on a 48-hour basis, but this order resulted in placing about 1,600,000 additional employees on a 48-hour basis, meaning that 12,800,000 work-hours were added each week. This should have resulted in a substantial reduction in the existing personnel, and, although Congress directed that such a reduction be effected by the Budget Bureau, and gave the necessary power to do so, little has so far been accomplished. The vast majority of bureaus and agencies were already greatly overstaffed when this 48-hour order became operative.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point as a part of my remarks the report made by the committee, eliminating the illustrations on page 2.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The report (without illustrations) is as follows:

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL PERSONNEL

(Report to the President of the United States, the Vice President of the United States and President of the Senate, the Speaker of the House of Representatives)

In accordance with title 6 of the Revenue Act of 1941, Public Law 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonesential Federal Expenditures.

In the course of the committee's investigation information and statistical data were accumulated which were previously unavailable. In the use of this information the committee has cooperated with other congressional committees as well as Senators and Representatives and has furnished them with data which have been of invaluable aid in the conduct of their inquiries. In addition, on various occasions the committee has been informed that the material has been of great value to the Government departments and agencies, including the Bureau of the Budget and the Civil Service Commission.

The committee has long been troubled by the extent of the ever-increasing Federal employment, which has now passed the three million mark. Recognizing that additions in personnel were necessary to departments and agencies directly engaged in the war effort, the committee has found that there was no justification for the tremendous expansions as carried on by many of the other executive departments and agencies. That this expansion is sufficient to give cause for alarm is evident from the following:

Executive branch employment and monthly pay roll

Date	Employment	Monthly pay roll
Nov. 11, 1918.....	917,760	(1)
September 1939.....	940,133	\$141,522,23
September 1940.....	1,059,984	159,798,624
September 1941.....	1,487,925	224,149,668
January 1942.....	1,703,099	256,404,945
February 1942.....	1,805,186	262,106,949
March 1942.....	1,926,074	293,764,679
April 1942.....	1,970,969	317,207,094
May 1942.....	2,066,873	336,588,306
June 1942.....	2,206,970	353,364,409
July 1942.....	2,327,632	382,373,859
August 1942.....	2,450,759	391,502,171
September 1942.....	2,549,474	414,594,644
October 1942.....	2,687,093	445,135,852
November 1942.....	2,739,815	453,580,367
December 1942.....	2,810,871	470,334,353
January 1943.....	2,864,021	519,225,846
February 1943.....	2,944,922	531,185,480
March 1943.....	2,991,287	552,700,300
April 1943.....	3,008,519	(1)

<sup>1</sup>No figures available.

FIFTY-FIVE PERCENT OF FEDERAL EMPLOYEES NOT IN DIRECT WAR PRODUCTION

It is difficult to ascertain the exact number of people actively engaged in the direct production of war essentials. Much depends upon the definition of war essentials. Much depends, too, on where to draw the line between those actually engaged in fashioning the war materials and those engaged in administrative, advisory, and clerical work, etc.

It may definitely be stated, however, that no more than 7 establishments of the Federal Government are engaged in direct mechanical war production—namely, the War Department, the Navy Department, the Maritime Commission, the Tennessee Valley Authority, the Panama Canal, Bureau of Standards, and the National Advisory Committee for Aeronautics. The total employment in these 7 establishments of those engaged in war production is 1,349,098. This excludes certain personnel in these agencies performing clerical, administrative, and fiscal work.

The 519,438 employees of the War and Navy Departments who are working in clerical and administrative positions cannot be considered as in direct mechanical war production. Therefore, they have been omitted from the following table:

War Department (except clerical, administrative, and fiscal employees).....	809,268
Navy Department (except clerical, administrative, and fiscal employees).....	475,436
Maritime Commission (except clerical, administrative, and fiscal employees).....	2,179
Tennessee Valley Authority (except clerical, administrative, and fiscal employees).....	26,213
Panama Canal.....	30,187
Bureau of Standards.....	2,235
National Advisory Committee for Aeronautics.....	3,580
Total.....	1,349,098

The above figures include all employment (except as noted) in arsenals and navy yards, camps and airports, aircraft industries and ports of embarkation.

This total represents less than 45 percent of the civilian employees in the Federal Government. These are the only employees who are chiefly engaged in actual mechanical war production. The committee may be criticized for including in these figures a large number of employees who are undoubtedly not in war production. It has included, for example, all of the consultants, analysts, attorneys, auditors, accountants, janitors, charwomen, police guards, economists, building electricians, and numerous others in the War Department, the Navy Department, the Maritime Commission, and the Tennessee Valley Authority, and, in addition, the clerical employees of the Panama Canal, Bureau of Standards, and the National Advisory Committee for Aeronautics.

It has been stated that more than 1,600,000, or approximately 60 percent of all Federal civilian employees are engaged directly in war production. However, from material furnished the committee, recapitulated in the above table, it is difficult if not impossible to understand the basis for arriving at such a disproportionate figure. It is reasonable to presume that it was based upon the inclusion of hundreds of thousands of employees within the clerical category. While the committee believes that some, but not all, of these clerical employees are essential, nevertheless it is clear that they are definitely not engaged in direct mechanical war production. Of course, the committee knows that many of the remaining Federal employees are essential to the war effort and to the maintenance of the Government. This division of employees is made to define the number of Federal civilian employees engaged in mechanical war production and those engaged in clerical, administrative, and fiscal duties. It emphasizes that this division does not attempt to establish an essential group of employees and a nonessential group. The committee finds that reductions in personnel can be made in both groups by improved efficiency and coordination without injury to the war effort. Investigations by and reports to the committee have shown that many of those clerical employees who have been included by others in their definition of those engaged in war production, are either idle, not employed in a position where their highest skills can be utilized, or are performing activities which duplicate and overlap those functions being performed by other employees in other agencies.

With 55 percent of the Federal employees not engaged in direct war production, and in view of the foregoing, it is obvious that cuts may be made in Federal personnel without hindering direct mechanical war production. Consequently, a drastic reduction can be made in the number of Federal employees without harmful effect to the war-production effort. That is to say, nonessential employees may be removed from Federal pay rolls by the Budget Bureau, which already has the power to make such reductions in over one-half of the Federal personnel pursuant to the authority contained in the Byrd-Langer amendment to the Overtime Pay Act.<sup>1</sup> Such a reduction will in no way jeopardize the war effort but will increase efficiency and morale, provide additional manpower for war work, reduce the Federal pay roll, and carry out the Overtime Pay Act.<sup>1</sup>

Other portions of this report show that the efforts of the 55 percent of the Federal employees who are not engaged in mechanical war-production work have not been fully utilized because of the lack of a vigorously administered war transfer program, and the failure to establish an effective Federal employee manpower pool.

<sup>1</sup>Public Law 49, 78th Cong., approved May 7, 1943.

## SURVEY OF ALARMING INCREASE IN PERSONNEL

The committee has undertaken an unprecedented investigation and study of the personnel and pay rolls of the entire Federal Government. (See appendixes I-VI.) This began on December 24, 1941, when, anticipating this rise in needless personnel and resultant wasteful expenditures, the committee recommended that "every possible retrenchment be made in the administrative costs of the civil departments and agencies." It is clear that this has not been done. Since then attention has been focused on (1) the ever-increasing rate of employment; (2) the rise in pay-roll figures (not to be confused

with congressional action increasing pay rates); (3) the unwarranted increases in salaries of employees receiving \$2,500 or more; (4) the irregularities attendant to many promotions; and, as an underlying cause, (5) the unsuccessful attempts of the Civil Service Commission to exercise properly many of its assigned functions. The committee feels that drastic action, as described herein, is necessary to curb this abuse of departmental power and consequent waste of Federal funds and manpower.

The following table makes clear the large increase in Federal employment:

Report of employees in the executive agencies<sup>1</sup>

Date	Total employees in District of Columbia	Total employees outside District of Columbia	Grand total employees	Total monthly pay roll	Total employee increase	Percent employee increase	Percent pay increase
July 1, 1939.....	123,505	801,755	925,260	\$140,140,553			
July 1, 1941.....	184,236	1,185,874	1,370,110	205,780,916	444,850	48.1	46.8
July 1, 1942.....	283,756	1,986,722	2,270,478	353,364,409	1,345,218	145.4	152.1
Jan. 1, 1943.....	276,228	2,553,550	2,829,748	470,334,353	1,604,488	205.8	235.6
Apr. 1, 1943.....	278,336	2,730,183	3,008,519		2,083,259	225.2	

<sup>1</sup> The employment figures used in this report are for all agencies in the executive branch of the Federal Government except the President's War Relief Control Board.

From this table may be read the tremendous drain which the Government has exerted on the Nation's manpower. From 925,000 on July 1, 1939, the total has jumped to 2,270,000 just 3 years later, an increase of 145 percent. In the following 6 months the total had further risen to the alarming height of 2,830,000, an increase of 205 percent since July 1, 1939. Latest committee figures show an increase of 225 percent to 3,008,519 in April 1943. In the last World War the ratio was 1 civilian Government employee to 5 soldiers. The ratio now is 1 civilian employee to 2½ soldiers.

From employment figures interesting comparisons may be made on a 6-month basis:

## Rise in Federal civilian employment

Average rise every 6 months from July 1939 to July 1941.....	110,000
Average rise every 6 months from July 1941 to July 1942.....	450,000
Actual rise in the 6 months from July 1942 to January 1943.....	559,000

In other words, the employment has been increasing at a rate of nearly 50 percent semiannually. Despite the assurances of those who are responsible for the reduction of Federal personnel the committee has observed a constant month-to-month rise in the number of employees on Federal pay rolls.

Pay-roll figures, which do not include overtime pay, similarly reflect an upward trend. From a monthly pay roll of one hundred and forty millions as of July 1, 1939, the figure has risen steadily until as of January 1, 1943, the total reached \$470,000,000. This indicates a 235-percent increase in pay roll as compared to a 205-percent increase in employment.

The pay increases in the higher-salary brackets in certain agencies are not isolated cases but are carried on in some instances on a large scale. Such increases reflect a pirating of employees, or trends in that direction, and a disregard for basic salary classifications and dangers of inflation.

## AGENCIES DRAIN PERSONNEL MARKET

The committee made a study of the increase in personnel of certain agencies, particularly the new war agencies, a list of which follows:

## Increase in personnel of certain new Federal agencies

Agency	July 1, 1942	Jan. 1, 1943	Apr. 1, 1943
Alien Property Custodian.....	229	1,118	1,195
Board of Economic Warfare.....	2,015	2,961	3,024
Office of Coordinator of Inter-American Affairs.....	804	1,079	1,253
Lend-Lease Administration.....	418	493	586
National Housing Agency.....	13,970	16,497	18,082
Office of Censorship.....	9,608	12,600	12,517
Office of Civilian Defense.....	1,160	1,550	1,616
Office of Defense Transportation.....	718	3,825	3,901
Office of Price Administration.....	22,981	44,517	51,817
Office of Scientific Research and Development.....	306	556	1,198
Office of War Information.....	2,391	3,617	3,698
War Labor Board, National.....	136	807	1,637
War Manpower Commission <sup>1</sup> .....	528	2,692	3,750
War Production Board.....	17,067	21,628	21,886
War Relocation Authority.....	212	641	1,898
War Shipping Administration.....	432	1,707	2,107
Total.....	72,375	116,298	130,175

<sup>1</sup> Excludes Selective Service System, National Youth Administration and U. S. Employment Service.

While certain increases are to be expected in new agencies, in most instances overstaffing has taken place with resultant waste and duplication of effort. The doubling of the number of employees in the Office of Price Administration over a 9-month period, the large increases in the War Production Board, War Manpower Commission, and Office of Defense Transportation are evidences of a lack of restraint in their recruiting programs.

In addition, several departments and agencies have given ample evidence of overstaffing. The Department of Commerce, with 29,000 employees has more than doubled its size since July 1939. The Civil Service Commission, the Federal Deposit Insurance Corporation, General Accounting Office, National Advisory Committee for Aeronautics, and Reconstruction Finance Corporation—all have failed to redirect their recruiting to reasonable levels. The committee's studies reveal that those agencies and departments concerned with the war effort could reduce their employment considerably without weakening their programs; and that those agencies and departments not directly concerned with winning the war could cut their employment to the minimum.

## WAR AND NAVY DEPARTMENTS

On July 1, 1939, the War Department had 109,886 employees. This figure rose sharply to 1,257,014 by January 1, 1943, an increase of 1,147,128. In the next 2 months the total had risen to 1,285,000. Similarly, the Navy Department showed a constant increase in personnel during the period July 1, 1939, to January 1, 1943. On the former date the number of employees of the Navy Department totaled 85,400, while on the latter date the total number showed 553,590, an increase of 474,190 in this 3½-year period. Likewise, the total number of Navy employees continued to increase during the first 2 months of 1943 to more than 580,000. These figures are, of course, only for the civilian personnel of the War and Navy Departments. They do not include any men in the armed services who from time to time are assigned office work in these two Departments.

Complaints reaching the committee have indicated that a completely sound employee utilization program has not as yet become effective. In the past the committee has been reluctant to criticize these two Departments in such matters, as inadequate record keeping, lack of organization, and faulty personnel placement, but in the future, when the consolidation of certain overlapping functions is accomplished, it intends to follow closely their efforts to utilize their personnel in a more effective manner.

Committee figures show that a large percentage of the increase in Federal civilian employment from July 1, 1939, to the present time has been due to increases in the clerical personnel of the War and Navy Departments.

The employees in the clerical (clerical, administrative, and fiscal service) category<sup>2</sup> within the Navy Department have increased from 10,437 in September 1939, to 94,390 in January 1943, and according to the Navy Department officials a further increase to 101,987 is contemplated by June 1943. These employees are not engaged in mechanical war production, and it is not reasonable that a number as large as one-sixth of the total Navy civilian personnel is needed to keep records and perform the routine clerical, administrative, and fiscal duties. In addition, 25,510 WAVES, SPARS, and members of the United States Marine Corps Women's Reserve, and a large number of enlisted and commissioned personnel similarly are also engaged in comparable routine clerical duties for the Navy Department.

The employees in the clerical (clerical, administrative, and fiscal service) category of the War Department likewise have had spectacular increases in their numbers. In July 1942, it is estimated that approximately 300,000 employees in the War Department were performing clerical duties. By October 1942, this figure rose to 406,037, and by January 1, 1943, there were 425,048 of these employees. Therefore, it is clear that today one-third of the total employees of the War Department are performing clerical administrative and fiscal duties. As in the case of the Navy Department this does not take into consideration the 63,300 WAAC's and the large number of enlisted and commis-

<sup>2</sup> The Classification Act of 1923 defines clerical, administrative, and fiscal service as follows: "The clerical, administrative, and fiscal service shall include all classes of positions the duties of which are to perform clerical, administrative, or accounting work, or any other work commonly associated with office, business, or fiscal administration" (5 U. S. C., 1940 ed., 673, approved March 4, 1923; 42 Stat. 1491).

sioned personnel who are also engaged in duties of a clerical nature.

On January 1, 1943, 519,438 employees were found by the committee to be in a clerical (clerical, administrative, and fiscal service) category in the War and Navy Departments. This represents over one-sixth of the personnel of the entire Federal Government who are performing clerical duties in the War and Navy Departments.

#### UNUSUAL PAY RAISES

The committee made a study of those employees in certain agencies of the Office for Emergency Management—namely, the Central Administrative Services, the War Relocation Administration, the Office of Defense Transportation, the Board of Economic Warfare, the Board of Scientific Research and Development, the Office of the Coordinator of Inter-American Affairs, and the War Production Board—to determine current Office for Emergency Management practices of advancement. The study embraced all those employees who, on November 15, 1942, were receiving over \$2,500 per annum. By comparing salary raises over a 2-year period from November 15, 1940, to November 15, 1942, it was determined that all of the above agencies showed unusual and apparently unwarranted pay raises in a large number of cases by reclassification of grades and promotions.

In the 7 agencies investigated over the 2-year period, a total of 568 employees received pay raises of more than \$1,200 and less than \$2,000, 234 received pay raises of between \$2,000 and \$3,000, 38 received pay raises of between \$3,000 and \$4,000, 14 received pay raises of between \$4,000 and \$5,000, 4 received pay raises of between \$5,000 and \$6,000, and 3 received pay raises of \$6,000 or over. It must be borne in mind that these are raises in pay and do not include the regular per annum salaries of these employees on November 15, 1940.

While all the agencies studied are open to censure for unwarranted pay raises, the War Production Board and the Board of Economic Warfare are most outstanding. Three Board of Economic Warfare employees received raises in pay of \$6,000 or over in the 2-year period between November 15, 1940, and November 15, 1942. Three employees—2 from the Board of Economic Warfare and 1 from the War Production Board—received raises in the same period which brought them in the \$5,000 to \$5,999 pay group. Eight employees of the Board of Economic Warfare and 6 from the War Production Board received raises of at least \$4,000 and not more than \$4,999. Fifteen from the Board of Economic Warfare and 18 from the War Production Board received pay raises of at least \$3,000 and not more than \$3,999. Forty-nine from the Board of Economic Warfare and 116 from the War Production Board received raises of from \$2,000 to \$2,999. No fewer than 61 employees of the Board of Economic Warfare and 282 employees of the War Production Board received raises of from \$1,200 to \$1,999. The average annual salary increase for these Board of Economic Warfare employees is \$2,491.33.

The committee has yet to determine the salary levels of these employees since No-

vember 15, 1942, and the amount of salary increase attributed to recent wholesale promotions. More current data on unusual salary increases in this and in other agencies of the Federal Government will be included in a subsequent personnel report of the committee.

The committee made many studies of this nature which are not included in this report but the above detailed analyses are equally applicable to all of the agencies studied in this respect.

#### SKIP-GRADE PROMOTIONS

A searching inquiry into the system of promotions was made by the committee to determine the methods used by the agencies to accelerate such wasteful and extravagant misuse of Federal funds. With respect to the responsibility for a vast number of rapid and lucrative promotions the personnel officers of the agencies blamed the Civil Service Commission. At first the Civil Service Commission refused to accept the responsibility and blamed the agencies, but a few months ago when the committee was investigating this malpractice, the Commission adopted corrective measures, the effectiveness of which has not yet been determined. However, it is clear that responsibility for these increases in salaries was due in the last analysis to the Civil Service Commission, because that agency has the statutory authority to approve or act in an advisory capacity on all promotions. The committee's investigation revealed that despite the fact that the Congress in the Classification Act of 1923 intended that grades CAF-6, CAF-8, and CAF-10 be used, the agencies seldom used these classifications and that the Civil Service Commission has sanctioned this nonuse.

It would be impossible to approximate what amount of Federal funds has been wasted and misused by way of "skip grade" promotions. In one agency Federal funds were being used in this manner at a rate of over \$1,000,000 annually. The committee feels that such an inexcusable state of affairs can only be attributed to the failure of the respective agencies and the Civil Service Commission to cooperate and to administer, within proper spheres of jurisdiction, a uniformly intelligent personnel policy.

Table of 8 departments showing classified employees and percentage in upper income bracket (see appendix II)

Department	Number of employees	\$3,800-\$4,499		Over \$4,500		Over \$3,800	
		Number of employees	Percentage	Employees	Percentage	Employees	Percentage
Agriculture.....	76,624	2,125	2.8	2,635	3.4	4,760	6.2
Commerce.....	19,282	768	3.9	884	4.6	1,652	8.6
Interior.....	27,882	1,112	4.0	1,068	4.0	2,210	8.0
Justice.....	29,564	1,218	4.1	1,606	5.4	2,524	9.6
Labor.....	5,806	260	4.5	304	5.2	364	6.3
State.....	5,200	251	4.8	668	12.8	919	17.7
Treasury.....	59,344	1,436	2.4	2,428	4.1	3,864	6.5
Post Office.....	266,281	862	.3	296	.1	1,158	.4
Total.....	489,683	8,032	1.7	9,919	2.0	17,951	3.7

From these tables it is clear that 3.7 percent of the old line agency employees receive salaries of \$3,800 or more, which percentage compares favorably with the 3.8 percent in the Government as a whole.

#### TOP-HEAVY PAY ROLLS

Actually, 28 Government agencies are today paying employees from 4 to 18 times as much as the average Government agency pays its employees. This is borne out by the following analysis.

By examining the over-all salary practices in the Government as a whole and by checking this with a further examination of the salary rates of the old line departments, one is able to establish what may be considered a normal salary rate in the higher income brackets. Thus, of the total number of classified employees who were in the Federal Government service on October 31, 1942, only 3.8 percent of these were making \$3,800 per annum or more, as evidenced by the following table:

Percentage of employees, by salary brackets, in classified Government service

Salary	Number of employees	Percentage of employees
Under \$1,200.....	43,282	3.1
\$1,200 to \$1,439.....	211,249	15.3
\$1,440 to \$1,619.....	322,853	23.4
\$1,620 to \$1,799.....	190,593	13.8
\$1,800 to \$1,999.....	122,245	8.8
\$2,000 to \$2,499.....	305,391	22.1
\$2,500 to \$2,999.....	85,902	6.2
\$3,000 to \$3,799.....	48,615	3.5
\$3,800 to \$4,499.....	25,023	1.8
Over \$4,499.....	27,715	2.0
Total.....	1,382,868	100.0

From this it may seem that 25,023 employees, or 1.8 percent, are being paid from \$3,800 to \$4,499 while 27,715 employees, or 2 percent, are being paid \$4,500 and up. Thus, only 3.8 percent of all Federal classified employees are paid \$3,800 or more.

A further check as to an equitable distribution of employees reveals the following number of employees in the higher salary brackets in old line agencies. The War and Navy Departments were omitted from this group because of the unusual conditions existing today in those organizations. However, these two Departments actually have fewer highly paid classified civilian employees than do any of the others.

With reasonable variations allowed for highly specialized groups—such as the State Department above—one might expect this to be true of the entire Government. But even after allowing a 400-percent deviation from

the normal salary rates for possible extraordinary conditions one still finds 28 agencies spending money wastefully in even higher income brackets. A list of these agencies follows:

*Agencies with 15 percent or more classified employees paid over \$3,800 per annum*

Agency	Number of classified employees receiving \$3,800 per annum or over	Percentage of classified employees receiving \$3,800 per annum or more
Office for Emergency Management: Liaison Office	5	71
National Mediation Board	19	70
Office for Emergency Management: Office of Economic Stabilization	4	66
Bureau of the Budget	215	48
Federal Trade Commission	209	35
National Resources Planning Board	102	34
Office for Emergency Management: Office of Coordinator of Inter-American Affairs	344	33
Board of Investigation and Research	50	32
Tax Court of the United States	39	21
Securities and Exchange Commission	424	30
Tariff Commission	100	28
Interstate Commerce Commission	775	28
Office for Emergency Management: Office of Alien Property Custodian	278	28
National Capital Park and Planning Commission	5	27
Federal Power Commission	180	27
National Labor Relations Board	247	27
Reconstruction Finance Corporation	2,031	27
Bituminous Coal Consumers' Counsel	15	26
Office for Emergency Management: War Production Board	5,801	26
Lend-Lease	120	25
Board of Economic Warfare	640	23
Office for Emergency Management: Office of Civilian Defense	262	19
Office of Scientific Research and Development	79	18
War Manpower Commission	166	18
War Relocation Authority	139	18
National Housing Agency	2,564	18
State Department	919	17
National War Labor Board	49	17

Attention is specifically directed to the War Production Board, with 5,301 employees receiving over \$3,800, or 26 percent of its total employment; National Housing Agency, in which 2,564 employees receiving \$3,800 or over comprise 18 percent of its total personnel; Reconstruction Finance Corporation, in which 2,031 employees receiving \$3,800 or over comprise 27 percent of its personnel; the Interstate Commerce Commission, in which 775 employees receiving \$3,800 or over comprise 28 percent of its personnel; the Board of Economic Warfare, in which 640 employees receiving \$3,800 or over comprise 23 percent of its total personnel; the Securities and Exchange Commission, in which 424 employees receiving \$3,800 or over comprise 30 percent of its total personnel; the Office of the Coordinator of Inter-American Affairs, in which 344 employees receiving \$3,800 or over comprise 33 percent of its total personnel.

#### BREAK-DOWN IN PERSONNEL RECORDING SYSTEM

Under the authority vested in the Joint Committee on Reduction of Nonessential Federal Expenditures to inquire into the personnel practices of the Federal Government, a request was made by the committee that the departments and agencies of the Government furnish statistics on a monthly basis concerning their respective employees.

The committee experienced great difficulty in obtaining from the establishments of the Federal Government a monthly personnel and pay-roll report in a reasonable length of time. On April 28, 1943, there were 4 agencies which had not yet submitted complete reports for the month of December; 8 which had submitted no reports for the month of January; 17 which had submitted no reports for the month of February; and 27 which had submitted no reports for the month of March.

It is amazing to note that, in the face of the vast numbers of employees now on the pay roll of the Federal Government, the main reason given by the agencies for their inability to submit correct reports on time was lack of sufficient personnel. Many of the agency personnel reports were incorrect as to mechanical details and even as to simple addition, facts which substantiate the committee's belief that large numbers of inefficient and untrained employees have been recruited and are still being carried on the pay rolls of the various executive establishments. One agency submitted three different reports for the same month before a correct one was achieved. Another completely overlooked reporting a field office in Chicago. Others did not make the effort to see that the quasi-independent bureaus, for which they were responsible, were informed about the report or given information as to the detail of its preparation. Failure to use a system of providing permanent records was another reason which made it difficult for the agencies to submit correct reports. Information which was current, it was said, may be procured, but past records relating to items of Federal personnel expenditures are not available.

Many agencies experienced difficulty in securing information from their numerous field offices scattered over the country because of failure or delay in submitting reports to their central offices in Washington. This was true especially of the Department of Agriculture, the Department of the Interior, the Panama Canal, and the Division of Central Administrative Services in the Office for Emergency Management. The Department of Agriculture reported 68,210 employees to the committee as of January 1, 1943, and reported 76,875 employees to the Civil Service Commission for the same date. Thus this Department is unable to determine within more than 8,000 the actual number of employees it has on its pay roll. In discrepancies of this type the situation at the Department of Agriculture is a typical but not an isolated instance.

In a short while it became apparent that it would be almost impossible to secure this information on a current basis by reason of the fact that over a period of years a sound businesslike procedure had not been adopted by the agencies and the Civil Service Commission to secure such information readily. The Civil Service Commission from the outset was unable to furnish this information despite the fact that it is the central personnel serv-

icing agency of the Federal Government. The situation was further complicated by the fact that departments and agencies had not followed the lines set by the Classification Act in determining categories into which employees should be placed. Thousands of field positions have not as yet been placed under the Classification Act in a uniform manner as provided by the Brookhart Act of 1930 and the Mead-Ramspeck Act of 1940.

In addition it is difficult to ascertain the categories of those employees specifically exempted from civil-service examinations by section 3, rule 2, of the Civil Service Rules and Regulations. Also, those employees paid on the basis of prevailing wage scale in a particular locality, including mechanics, tradesmen employees, laborers, and artisans, seasonal employees, temporary employees paid on a per diem basis, and scores of other special categories—none of these fall under the Classification Act unless it is so desired by the particular agency involved. Therefore, it was evident from this that the committee not only had to devise means of obtaining this information readily but also had to encourage a more uniform, practical, and efficient method of reporting. A series of conferences arranged by the committee with representatives of the various departments and agencies, including the Civil Service Commission, the Bureau of the Budget, and the War and Navy Departments, resulted in the formulation of plans which would enable the Civil Service Commission to gather pertinent personnel data in a more intelligible and uniform manner. It is too early to predict the final outcome of these conferences, but it is hoped that the Civil Service Commission will modernize its reporting system so that all information pertaining to Federal personnel may be readily available to interested authorities. Such a system would obviate the necessity of the constant harassment of Federal personnel officers by various fact-finding and statistic-gathering governmental groups.

It is clear that a uniform personnel reporting system must be based on uniform job descriptions and a uniform classification of positions and salaries. The situation regarding the classification of employees within the Federal service has aggravated this entire problem of personnel reporting. From committee personnel reports it is obvious that a uniform employee classification system has not yet been put into operation by the Civil Service Commission. Investigation has revealed that thousands of employees all through the Federal service performing identical duties have been placed in different classifications and are receiving various salaries for the same work. This not only is a reprehensible situation unfair to the Federal employees, but wastes thousands of dollars of Federal funds.

In this connection it should be pointed out that the Civil Service Commission has not fully complied with the part of the Classification Act of 1923 which reads:

"Its regulations shall provide for ascertaining and recording the duties of positions and the qualifications required of incumbents, and it shall prepare and publish an adequate statement giving (1) the duties and responsibilities involved in the classes to be established within the several grades, illustrated where necessary by examples of typical tasks, (2) the minimum qualifications required for

the satisfactory performance of such duties and tasks, and (3) the titles given to said classes (5 U. S. C. 1940 ed. 663; approved March 4, 1923; 42 Stat. 1489)."

Future investigations and reports will deal more fully with this problem as it relates to unnecessary Federal expenditures.

#### EMPLOYEES' PROTESTS INVESTIGATED

Supplementing the information received by the committee from the agencies were hundreds of letters and complaints received from Federal employees who believed that a greater economy and a reduction in personnel in the Federal Government would aid the war program and would abolish red tape, wasted effort, and negligence. The committee is appreciative of these expressions of interest, and it is hoped that Federal employees will continue their cooperation in this manner. In many instances these complaints were wholly justified. Investigations were conducted and several times the problem was remedied by the agency itself during the course of the investigation. One agency in particular reorganized an entire division under investigation by the committee and transferred the major portion of its personnel to the field. Three weeks after the committee began investigating the loose promotion practices in the Federal service the Civil Service Commission issued an order placing certain restrictions on promotions.

#### FAULTY EXECUTION OF CLASSIFICATION ACT

It has come to the attention of the committee that within the Federal Government, both in the departmental and field service, there exist inequities and waste because of the fact that employees performing the same duties are designated by different civil-service title, grade, and salary classifications. Under existing legislation, the committee believes that there is no excuse for this situation within the departmental service and seriously doubts that it should exist in the field service. By the Classification Act of 1923 and the Brookhart Act of 1930 (with certain exceptions provided for by law), departmental and field employees were brought within a classified civil service. The difference between the Civil Service Commission's jurisdiction over field and departmental classifications has arisen because of the Comptroller General's decisions stating in effect that the Commission has no authority "to review or revise adjustments in pay of positions in the field service." Therefore, as far as uniformity of positions within the field service is concerned the responsibility in the final analysis has rested on the departments and agencies. The Mead-Ramspeck Act of 1940 provides that by Executive order the entire departmental and field service shall be brought under the classified civil service (with certain exceptions provided for by law). The committee expresses the hope that the proper execution of future Executive orders on this score will operate to wipe out the inequities and waste present today.

For a long time the committee has been aware that the departments and agencies are solving the problem of inefficient personnel by the recruitment of scores of additional employees. This policy of making up in quantity what is lacking in quality is tacit admission that an effective personnel administration is absent and a dilatory and more expensive solution is being used. The committee believes that in the future attempts should be made to recruit for and employ in key positions only those who are fully qualified and are capable administrators, and those who are more concerned with winning the war than with personal aggrandizement.

#### OVERLAPPING PERSONNEL FUNCTIONS AND ACTIVITIES

The committee has been apprised that there have been extensive recruiting programs carried on by many of the Federal agencies. Aside from the merits of their individual re-

cruiting activities the committee was concerned with the fact that these overlapped and duplicated generally accepted functions of the Civil Service Commission. This duplication has wasted thousands of dollars of Federal funds. Regardless of whether this condition arose as a result of the failure of the Civil Service Commission to exercise its rightful function or as a result of the Commission's failure to plan effectively for future needs, it is clear the situation is intolerable.

The performance of functions which heretofore was considered as incumbent upon the Civil Service Commission and which has been duplicated by other departments and agencies has not been restricted to the field of recruiting alone, for an examination has shown that this duplication has extended to interviewing, examining, investigating, and placing applicants.

One department in its report stated that one of its divisions operated a "miniature civil-service commission in receiving and rating applications, and certifying eligibles \* \* \*". In this connection 9,359 applications were received, personally examined, and rated, and 1,975 certificates of eligibles containing 4,609 names were issued from which selections were made."

#### LABOR UTILIZATION REQUIRES MANPOWER POOL

The committee finds that the turn-over in Federal personnel is due to (a) the absence of a uniform personnel policy, (b) the lack of a full labor-utilization program, (c) lack of planning, and (d) inefficient administrative management.

It is reasonable to presume that the recruitment of vast numbers of new employees could be eliminated if the available Government manpower pool—namely, those employees already in Government service—was used to its fullest extent. Many efforts have been made in this direction, but as yet only the surface has been scratched. The committee believes that the solution to the problem is through more concerted action and cooperation rather than through confusing, countermanding, and contradictory circular letters, orders, and regulations.

Pursuant to several Executive orders and War Manpower directive 10, the Civil Service Commission has been given complete control over the war transfer program within the Federal Government service. However, it has not been successful in initiating and executing such a program in a really effective manner.

About a year and a half ago the Commission set up a War Transfer Unit, but did very little to advertise it among the Federal workers or to give the unit proper emphasis. The committee's investigation showed that from an organizational standpoint that unit functioned well and its procedure was modernized in every way possible. However, for some reason not entirely clear, the Commission changed the procedure and instead of 6 actions being required to effect a transfer under the previous set-up, now 10 major and 35 minor actions by employees are necessary. The investigation showed also that war transfer files are not consulted before a new employee is certified to an agency.

Many Government employees were interviewed, who stated that they had never heard of the war-transfer program. A responsible official of the Civil Service Commission admitted that the Commission had not really tried to make the program as effective as it should be. He thought that "possibly the Commission would have to implement its regulations."

A few employees who had used the facilities of the Civil Service Commission's war-transfer program and had reported overstaffing and waste in their agencies, stated that retaliatory measures had been taken against them in a prejudicial and unfair manner.

Therefore, the Federal Government finds itself in the peculiar position of advocating

and sponsoring a full labor-utilization program within private industry, but neglecting the same problem insofar as the Federal service is concerned.

Failure to attack this problem effectively does not rest entirely upon the Civil Service Commission, because, coincident with such a governmental program, the departments and agencies should have instituted a survey within their own organizations to determine whether all employees were working at top capacity in positions for which they were best suited, and those not necessary should have been discharged or transferred to other parts of the Federal service. Instead of adopting such a policy and solving an acute labor shortage in this manner, the departments and agencies, with a few exceptions, recruited needless numbers of employees at the expense of an American public which was soon to feel the pinch of the extravagant and wasteful expense in higher taxes.

The committee wishes to commend the efforts of those departments and agencies whose administrators attacked this problem realistically and set up a division with the power to make the necessary changes equitably and in accordance with full manpower utilization, but at the same time the committee regrets that this was not done in other departments and agencies of the Government.

With the United States faced with an acute labor shortage of competent and qualified employees it is imperative that the Government put a brake on recruiting, and adopt an efficient, well-planned, fair, and equitable labor-utilization program.

#### EFFECT OF OVERTIME PAY LAWS

(Public Law 821, 77th Cong., and Public Law 49, 78th Cong.)

On December 22, 1942, the temporary overtime pay resolution (Public Law 821, 77th Cong.) was approved. It provided overtime compensation for approximately 2,180,000 Federal civilian employees retroactive to December 1, 1942, and extending to April 30, 1943. Senator HARRY F. BYRD, chairman of the Joint Committee on Reduction of Non-essential Federal Expenditures, and Senator WILLIAM LANGER caused section 2 to be added to the overtime pay resolution. Section 2 provided as follows:

"Sec. 2. Within 30 days after the enactment of this act the heads of departments and agencies in the executive branch, whose employees are affected by the provisions of this joint resolution, shall present to the Director of the Bureau of the Budget such information as he shall require for the purpose of justifying the number of employees in their respective departments or agencies. If any such department or agency fails to present such information or if, in the opinion of the Director, the information so presented fails to disclose that the number of such employees in any department or agency is necessary to the proper and efficient exercise of its functions, the personnel of such department or agency shall be reduced, upon the order of the Director, by such number as the Director finds to be in excess of the minimum requirements of such department or agency. Upon the expiration of 30 days from the date of issuance of such order by the Director of the Bureau of the Budget the provisions of the first section of this joint resolution shall cease to be applicable to the employees of the agency affected by such order, unless and until the head thereof has certified to the Director of the Bureau of the Budget that such order has been complied with. The Civil Service Commission is authorized to transfer to other departments or agencies any employees released pursuant to this section, whose services are needed and can be effectively utilized by such other departments or agencies."

This provision gave the Director of the Bureau of the Budget authority to order reductions in the personnel of the departments

and agencies subject to the overtime-pay law. One of the most important factors considered by the Director was the effect of the increased number of working hours, and it was assumed that the amount of reductions in personnel would be in direct proportion to that increase.

The Byrd-Langer amendment was continued in section 11 of the War Overtime Pay Act of 1943 (Public Law 49, 78th Cong., approved May 7, 1943), which law extended the overtime compensation for Federal civilian employees to June 30, 1945. Section 11 of the latter act provides as follows:

"Sec. 11. The heads of departments and agencies in the executive branch, whose employees are affected by the provisions of this act, shall present to the Director of the Bureau of the Budget and to the Congress such information as the Director shall from time to time, but not less frequently than the first day of each quarter, require for the purpose of determining the number of employees required for the proper and efficient exercise of the functions of their respective departments and agencies. The Director shall, from time to time, but not less frequently than the thirtieth day after the beginning of each quarter, determine the number of employees so required, and any personnel of any such department or agency in excess thereof shall be released at such times as the Director shall order. Such determination shall be reported to the Congress each quarter. Sections 2 and 3 of this act shall cease to be applicable to the employees of such department or agency unless the head thereof shall certify within 30 days from the effective date so prescribed by the Director that the number of employees of this agency does not exceed the number determined by the Director to be required for the proper and efficient exercise of its functions. Any determinations and directions made by the Director under the authority of Public Law 821, Seventy-seventh Congress, are hereby continued in effect until modified by him. The Civil Service Commission is authorized to transfer to other departments and agencies any employees released pursuant to this section whose services are needed in and can be effectively utilized by such other departments or agencies, and the services of these employees are to be utilized by the departments and agencies before additional employees are recruited."

The continued increase in Federal employment gives rise to the speculation as to what effect the Byrd-Langer amendment has had on the reduction of Federal employment. The committee is at present obtaining information from the Civil Service Commission and the Bureau of the Budget in the form of progress reports which will reflect the true effect of the reduction orders. In the near future, when such information is complete, the committee will report its findings to the President and to the Congress.

#### GENERAL CONCLUSIONS

1. Any needless Federal personnel and resultant administrative expenses is a hindrance to the war effort and is also an unnecessary burden on the American taxpayer. Despite the committee's recommendation on December 24, 1941, that administrative costs be held to a minimum, the problem today is more acute than ever. (See recommendations 1 and 2.)
2. During the past 2 years too much emphasis has been placed on positive recruiting and not enough importance has been attached to a full labor utilization program. This has caused poor morale, inefficiency, unnecessary personnel, and resultant wasteful expenditures. (See recommendation 3.)
3. Functions ordinarily performed by the Civil Service Commission have been usurped by the individual departments and agencies of the Federal Government, leaving a field of doubtful authority, thereby causing a dupli-

cation and an overlapping of such functions. (See recommendation 4.)

4. Within the past 2 years the beneficial effects of a merit system have been impaired and Federal funds have been wasted through the negligent attitude of the personnel officers and operating officials of the various departments and agencies. (See recommendation 6.)

5. Unwarranted promotions of employees receiving \$2,500 per annum or more have been sanctioned by the various agencies and approved by the Civil Service Commission. In this connection the policy of granting "skip grade" promotions, instituted widely by the executive agencies with the approval of the Civil Service Commission, clearly violates the Classification Act of 1923. (See recommendation 6.)

6. The institution of a uniform personnel reporting procedure based upon a uniform position classification structure satisfying legislative and executive needs for personnel information is imperative. (See recommendation 7.)

7. The problems raised by this report have been aggravated by the fact that various agencies have hampered the Civil Service Commission in its efforts to carry out a well-defined personnel policy in line with the broad authorization given the Commission under the Civil Service Act of 1883 and have not given the Commission their fullest cooperation in reporting personnel statistics. (See recommendation 7.)

8. The Civil Service Commission throughout the war period has concentrated most of its resources on recruiting. The Commission must recognize, however, that it also has the responsibility, as the central personnel agency of the Government, of exercising leadership in connection with all phases of personnel administration. The Commission has in some instances exercised this leadership. In others it has not. This failure has aggravated the problems raised by this report. (See recommendation 8.)

#### RECOMMENDATIONS

The committee recommends:

1. That a 300,000 reduction in personnel be promptly carried out by all departments and agencies of the Federal Government. The committee believes that much further reductions can be safely effected without interference with the war effort by a firm determination of all branches of the Government to eliminate all unnecessary personnel. The Director of the Bureau of the Budget can effect much of this reduction through an effective use and execution of the authority and power contained in the Byrd-Langer amendment in the Overtime Pay Act (sec. 11, Public Law 49, 78th Cong., approved May 7, 1943). This power applies to all employees in the classified service comprising over one-half of the total Federal civilian personnel. In the remaining half the proper officials in charge shall take the necessary steps to effect all possible reductions of personnel. It is, of course, realized that this reduction cannot be made on a uniform basis as some agencies can afford a greater reduction than others.
2. That the Civil Service Commission and the respective personnel offices of the various departments and agencies of the Federal Government immediately cease all unnecessary recruiting of employees, particularly from sources outside the Government service; and that the Civil Service Commission be specifically authorized to enforce this measure.
3. That the Federal labor-utilization program be strengthened by the Civil Service Commission by forming an effective manpower pool to use fully the services of those employees already in the Federal Government.
4. That the Civil Service Commission exercise its authority to guard against activities of recruiting, interviewing, investigating, and

placing of employees by the personnel offices of the various departments and agencies of the Federal Government.

5. That steps be taken immediately in all personnel offices of the various departments and agencies pending adjustment of functions outlined in the above recommendations to improve the selection of their employees as to quality in order that the number of new employees hired may be reduced to a minimum; and that the Civil Service Commission take full responsibility for this action.

6. That a sound employee promotion system be adopted by the Federal Government; and that the Civil Service Commission take full responsibility for modernizing, effecting and policing such systems in line with the Classification Act of 1923.

7. That a uniform system of reporting personnel statistics to the Civil Service Commission with a satisfactory occupational and functional break-down be instituted immediately by all departments and agencies of the Federal Government; and that this method replace the antiquated system now in use; and that this new personnel report be so constituted as to satisfy the needs of the executive and legislative groups now desiring such information; and that the Civil Service Commission be empowered and instructed to make this change immediately.

8. That the Civil Service Commission should spend more and more of its time and resources on the exercise of such functions as those outlined in this report. It should make sure, in its relations with the President, with the departments, and with the Congress, that it is constantly exercising the vigorous type of leadership which the Nation has the right to expect from its central personnel agency.

9. That the Civil Service Commission and the Bureau of the Budget immediately take steps to eliminate the evils herein outlined, and use their respective authority to prevent the wasteful personnel malpractices prevalent within the Federal service, and if those ends cannot be achieved in a cooperative and effective manner, the entire personnel-servicing and business-management functions of the Federal Government should be reorganized.

10. That in order to reduce recruiting, eliminate overstaffing, and make effective the war-transfer program the Civil Service Commission, in conjunction with the Bureau of the Budget, adopt the following procedure: (A) Under authority now vested in the Bureau of the Budget, and upon information gathered by that agency from all sources, the Bureau of the Budget prepare and furnish the Civil Service Commission with information as to the existence and contemplated existence of surplus employees in every department and agency of the Government; and (B) that the Civil Service Commission by using the authority vested in it by War Manpower Directive No. 10 use the services of those employees and place them where they can be utilized before the recruitment of any single new employee.

LETTER OF THE SECRETARY OF THE TREASURY

THE SECRETARY OF THE TREASURY,

Washington, June 12, 1943.

HON. HARRY F. BYRD,

Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Senate Office Building, Washington, D. C.

MY DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of June 4, 1943, requesting an expression of my views on the tentative report on Government personnel which you furnished on May 26, but which has been subsequently revised, and which you have been directed by the committee to submit to Congress at an early date.

I am in accord with the committee's views that the tremendous expansion in Federal

personnel is a cause of serious concern, and that agencies of the Government, including new war agencies, should redouble their efforts to reduce their employment. It should be borne in mind, however, that many of the older agencies have had duties incident to the war placed upon them, and furthermore have without question done a better job in holding down their personnel requirements than some of the newer agencies by reason of their more mature experience in dealing with problems of personnel, with consequent better controls over such matters. Also, they have lost the services of many of their most valuable employees who have entered the armed forces. This situation has undoubtedly had its effect upon efficiency of operations and resulted in a tendency to require a greater number of untrained persons or inexperienced employees to carry on essential services. This has been our experience in the Treasury, and it is reasonable to assume that other agencies have had the same experience.

As Secretary of the Treasury, I am in a position to appreciate the personnel problems of the executive agencies because I meet such problems in administering the Treasury Department and, as a member of the committee, I recognize our duty to strive for the reduction of nonessential Federal expenditures. Improvement in governmental administrative management, including personnel, will be a positive step in the direction of economy, but wartime administration, especially war on the scale in which we are now engaged, accentuates our personnel problems and consequently makes improvements more difficult to accomplish. We should nevertheless correct or eliminate obvious unsatisfactory conditions wherever possible and lay long-range plans for our post-war guidance in this field.

In the relatively short time available, and on account of my preoccupation with matters involved with our financing operations, I have not been able to fully acquaint myself with or to analyze the detailed information upon which the committee's general conclusions, page 17, and its recommendations, page 18, have been based.

I do not share the general implications in the report that the Civil Service Commission has failed to exercise properly its assigned functions and is primarily responsible for many of the unfavorable personnel conditions mentioned in the report. The Civil Service Commission has been the advocate of improved personnel procedures for several years, but was unable to accomplish such improvements for the reason that it, along with other Government agencies, was handicapped by inadequate appropriations for improving personnel administration.

In the present emergency when the energies of the greater percentage of Government personnel are being taxed to the utmost in performing essential functions relating to the war effort, it is my belief that it is not an opportune time to undertake drastic and far-reaching changes in Government personnel administration. Nevertheless, I am in sympathy with the committee's objectives and with the reservations herein outlined join in the committee's report.

I will be glad if you will include these comments with the committee report.

Very truly yours,

H. MORGENTHAU, JR.,  
Secretary of the Treasury.

LETTER OF THE DIRECTOR OF THE BUREAU OF  
THE BUDGET

EXECUTIVE OFFICE OF THE  
PRESIDENT, BUREAU OF THE BUDGET,  
Washington, D. C. June 14, 1943.

HON. HARRY F. BYRD,  
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Washington, D. C.

MY DEAR MR. CHAIRMAN: If I were to sign the committee report on Federal personnel,

I would be in a position of predetermining the judgments which I am required by law to make quarterly.

Sincerely yours,

HAROLD D. SMITH, Director.

#### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution of the City Council of Cambridge, Mass., favoring the enactment of pending anti-poll-tax legislation, House bill 7; to the Committee on the Judiciary.

By Mr. CAPPER:

A petition, numerous signed, of sundry citizens of Paola, Kans., praying for the enactment of Senate bill 860, relating to the sale of alcoholic liquors to the members of the land and naval forces of the United States; to the Committee on Military Affairs.

#### POST-WAR CONSTRUCTION OF THE GREAT LAKES-ST. LAWRENCE WATERWAY—JOINT RESOLUTION OF WISCONSIN LEGISLATURE

Mr. WILEY. Mr. President, I ask consent to present and request to have printed in the RECORD, under the rule, a joint resolution passed by the legislature of Wisconsin memorializing the Congress to take steps in the war effort to bring about the construction of the St. Lawrence waterway.

There being no objection, the joint resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, under the rule, as follows:

#### Senate Joint Resolution 13

Joint resolution memorializing the Congress of the United States to enact proper legislation for the procurement and construction of the Great Lakes-St. Lawrence waterway upon termination of the war

Whereas the tortuous and hazardous shipment of submarines from Wisconsin to the Gulf coast recently symbolized both the stupidity of the selfish interests that have opposed the Great Lakes-St. Lawrence waterway and the tremendous potentialities of the Midwest as an oceangoing seaport; and

Whereas the President has indicated that such program of power and navigation development must be abandoned during the present emergency because of the critical and urgent war needs of raw materials and manpower which necessarily must be utilized in such project; and

Whereas one of the very first projects that should be undertaken upon the termination of the war is the building of the Great Lakes-St. Lawrence waterway in order to ease the burden of readjustment from emergency conditions of the country to a peacetime economy with a full measure of opportunity to the returning soldiers for employment; and

Whereas the complete utilization and development of all inland transportation facilities will reduce shipping costs so as to permit the entire country to cooperate and to participate in the international competition for commerce in the post-war period on more than even terms; and

Whereas the exigencies of the war have imperatively illustrated that such seaway would grant the hydroelectric power necessary to an effective and expansive defensive effort and grant savings to consumers with lower rates and better living standards through a greater use of electricity; and

Whereas this waterway project will add value to the products of industry and agriculture, create new markets and business,

and thereby stimulate employment and materially aid economic recovery: Now, therefore, be it

*Resolved by the senate (the assembly concurring),* That the Legislature of Wisconsin memorializes the Congress of the United States and the President of the United States, and especially the Wisconsin Senators and Members of Congress, to promulgate and initiate the adoption of such treaties or other necessary legislation for the construction of the Great-Lakes-St. Lawrence waterway project upon termination of the war; be it further

*Resolved,* That properly attested copies of this resolution be transmitted to the President of the United States, to both Houses of the Congress of the United States, and to each Wisconsin Member thereof.

The VICE PRESIDENT laid before the Senate a resolution identical with the foregoing, which was referred to the Committee on Foreign Relations.

#### REPORT OF APPROPRIATIONS COMMITTEE DURING RECESS

Under authority of the order of the 15th instant,

Mr. HAYDEN, from the Committee on Appropriations, to which was referred the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes, reported it on June 17, 1943, with amendments and submitted a report (No. 319) thereon.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LA FOLLETTE, from the Committee on Education and Labor:

H. R. 2536. A bill to amend the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, and for other purposes; with amendments (Rept. No. 320).

By Mr. ELLENDER (for Mr. KILGORE), from the Committee on Claims:

S. 199. A bill for the relief of Robert Norheim; with an amendment (Rept. No. 321); and

S. 425. A bill authorizing the Comptroller General of the United States to settle and adjust the claim of J. C. Munn; without amendment (Rept. No. 322).

Mr. HILL. Mr. President, from the Committee on Education and Labor I report back with amendments Senate bill 637, the Federal aid and education bill. I ask that the senior Senator from Ohio [Mr. TAFT] may have the right to file minority views.

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

By Mr. HILL, from the Committee on Education and Labor:

S. 637. A bill to authorize the appropriation of funds to assist the States and Territories in more adequately financing their systems of public education during emergency, and in reducing the inequalities of educational opportunities through public elementary and secondary schools; with amendments (Rept. No. 323).

By Mr. ELLENDER, from the Committee on Education and Labor:

S. 636. A bill to amend the act of September 7, 1916, providing compensation for injuries to employees of the United States; without amendment (Rept. No. 324); and S. 1109. A bill to increase by \$400,000,000 the amount authorized to be appropriated

for defense housing under the act of October 14, 1940, as amended, and for other purposes; with an amendment (Rept. No. 325).

#### REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

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

#### MEETING OF CANADA BRANCH OF THE EMPIRE PARLIAMENTARY ASSOCIATION—ACCEPTANCE OF INVITATION TO HAVE MEMBERS OF THE SENATE AND HOUSE ATTEND MEETING

Mr. CONNALLY, from the Committee on Foreign Relations, reported a concurrent resolution (S. Con. Res. 14), which was considered by unanimous consent and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring),* That the Senate and the House of Representatives hereby accept the invitation tendered by the speaker of the Senate of Canada and joint president of the Empire Parliamentary Association, Dominion of Canada Branch, to have four Members of the Senate and four Members of the House of Representatives attend a meeting to be held in Ottawa, Canada, during the period June 26 to July 1, 1943, at which the Dominion of Canada Branch of the Empire Parliamentary Association will be host to a delegation from the United Kingdom Parliament and probably to delegations from the legislative bodies of Australia, New Zealand, and Bermuda. The President of the Senate and the Speaker of the House of Representatives are authorized to appoint the Members of the Senate and the Members of the House of Representatives, respectively, to attend such meeting and are further authorized to designate the chairmen of the delegations from each of the Houses. The expenses incurred by the members of the delegations appointed for the purpose of attending such meeting, which shall not exceed \$1,000 for each of the delegations, shall be reimbursed to them from the contingent fund of the House of which they are Members, upon the submission of vouchers approved by the chairman of the delegation of which they are members.

#### 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:

Mr. McNARY. Mr. President, on behalf of the Senator from California [Mr. JOHNSON] who is detained from the Senate on account of illness I introduce a bill for appropriate reference.

By Mr. McNARY (for Mr. JOHNSON of California):

S. 1233. A bill to authorize the construction and maintenance of Moss Landing Harbor (Monterey Bay), California; to the Committee on Commerce.

By Mr. CAPPER:

S. 1234 (by request). A bill to amend section 8 of the act of May 29, 1930, as amended; to the Committee on Civil Service.

By Mr. WHERRY (for himself and Mr. BUTLER):

S. 1235. A bill for the relief of Nebraska Wesleyan University; to the Committee on Claims.

By Mr. VAN NUYS:

S. 1236. A bill to make it a criminal offense for certain escaped convicts to travel from one State to another; and

S. 1237. A bill to amend the law relating to larceny in interstate or foreign commerce; to the Committee on the Judiciary.

By Mr. THOMAS of Oklahoma:

S. 1238. A bill to authorize payment to attorneys representing Creek Nation of Indians;

S. 1239. A bill to authorize payment to attorneys representing Seminole Nation of Indians; and

S. 1240. A bill to authorize payment to certain enrolled members of the Seminole Tribe of Indians under act of July 2, 1942, Public, No. 645, Seventy-seventh Congress; to the Committee on Indian Affairs.

By Mr. McKELLAR:

S. 1241. A bill for the relief of the Canal Dredging Co. (with accompanying papers); to the Committee on Claims.

By Mr. BAILEY:

S. 1242. A bill to authorize appropriations for salaries and expenses, Office of Fishery Coordination; to the Committee on Commerce.

By Mr. O'MAHONEY:

S. 1243. A bill authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. THOMAS of Oklahoma:

S. J. Res. 66. Joint resolution consenting to an interstate oil compact to conserve oil and gas; to the Committee on Mines and Mining.

#### HOUSE BILLS REFERRED

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

H. R. 215. An act for the relief of Lorenzo H. Froman;

H. . 255. An act for the relief of Col. E. H. Tarbutton;

H. R. 3<sup>rd</sup>. An act for the relief of J. E. Martin;

H. R. 305. An act for the relief of Howard Morgan;

H. R. 560. An act for the relief of the Farrell-Argast Electric Co.;

H. R. 563. An act for the relief of Joe Koor;

H. R. 636. An act for the relief of C. J. Toole;

H. R. 925. An act for the relief of the estate of Mathew C. Cowley, deceased, and the estate of Louisa Cowley, deceased;

H. R. 1155. An act for the relief of Capt. Leland M. Mower and Lt. Percy K. Morrison;

H. R. 1222. An act for the relief of Jacob Wolozin;

H. R. 1310. An act for the relief of Thula B. Wellborn;

H. R. 1313. An act for the relief of Delores Lewis;

H. R. 1334. An act for the relief of J. Frank Meador;

H. R. 1335. An act to provide for an appeal to the Supreme Court of the United States from the decisions of the Court of Claims in two suits instituted by H. B. Nelson (doing business as the H. B. Nelson Construction Co.);

H. R. 1344. An act for the relief of Paul W. Busbey, Mrs. Paul W. Busbey, Paula Busbey, and Mrs. Louisa Busbey;

H. R. 1379. An act for the relief of Gerald Estell Proctor;

H. R. 1498. An act for the relief of Charles W. Ruckman;

H. R. 1518. An act for the relief of Mrs. Bessie Pike and Mrs. Estelle Rosenfeld;

H. R. 1602. An act for the relief of Robert N. Bickert;

H. R. 1637. An act for the relief of Fred Hunter;

H. R. 1790. An act for the relief of Wymer Bowlin;

H. R. 1835. An act for the relief of Fredrick Lee Littlefield;

H. R. 1872. An act for the relief of J. E. McCoy & Son;

H. R. 1889. An act for the relief of Andrew Williams;

H. R. 1907. An act for the relief of Anthony J. Leiberschall;

H. R. 2088. An act for the relief of John Rhoden;

H. R. 2152. An act for the relief of Rafael Torres;

H. R. 2299. An act conferring jurisdiction upon the United States District Court for the Eastern District of Arkansas to hear, determine, and render judgment upon the claims of W. M. Hurley and Joe Whitson;

H. R. 2544. An act for the relief of Bessie Myers; and

H. R. 2545. An act for the relief of Samuel J. D. Marshall; to the Committee on Claims.

H. R. 2935. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1944, and for other purposes; to the Committee on Appropriations.

#### CONTINUATION OF THE COMMODITY CREDIT CORPORATION—AMENDMENT

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (S. 1108) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and to provide for an audit by the General Accounting Office of the financial transactions of the Corporation, and for other purposes, which was ordered to lie on the table and to be printed.

#### PRINTING OF QUESTIONS AND ANSWERS ON THE TAX PAYMENT ACT OF 1943

The VICE PRESIDENT laid before the Senate House Concurrent Resolution 28, which was read, as follows:

*Resolved by the House of Representatives (the Senate concurring),* That the manuscript prepared by Representative DANIEL A. REED, containing an analysis of the current Tax Payment Act of 1943, entitled "Questions and Answers on the Tax Payment Act," be printed as a House document; and that 42,000 additional copies shall be printed, of which 30,000 shall be for the use of the House document room, 10,000 copies for the use of the Senate document room, 1,000 copies for the Committee on Ways and Means of the House, and 1,000 copies for the use of the Committee on Finance of the Senate.

Mr. HAYDEN. I move that the Senate concur in the House concurrent resolution.

The motion was agreed to.

#### FLAG DAY ADDRESS BY SENATOR BARKLEY

[Mr. HILL asked and obtained leave to have printed in the RECORD an address delivered by Senator BARKLEY at the Flag Day celebration, Hot Springs, Ark., on June 14, 1943, which appears in the Appendix.]

#### VICTORY DINNER ADDRESS BY SENATOR TRUMAN

[Mr. THOMAS of Oklahoma asked and obtained leave to have printed in the RECORD an address delivered by Senator TRUMAN at the Victory dinner at Oklahoma City, Okla., June 14, 1943, under the auspices of the Oklahoma Democratic State Committee, which appears in the Appendix.]

**SUBSIDIES—ADDRESS BY SENATOR BUSHFIELD**

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD a radio address on the subject of subsidies delivered by Senator BUSHFIELD on June 15, 1943, which appears in the Appendix.]

**WINGS FOR THE FUTURE—ARTICLE BY SENATOR McCARRAN**

[Mr. McNARY asked and obtained leave to have printed in the RECORD an article entitled "Wings for the Future," written by Senator McCARRAN and published in Shipmate for June 1943, which appears in the Appendix.]

**STATEMENT BY BASIL MANLY CONCERNING THE FUNCTIONS OF THE FEDERAL POWER COMMISSION**

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD a statement by Basil Manly, Vice Chairman of the Federal Power Commission, concerning the functions of the Federal Power Commission in relation to the supply of electricity and gas for war plants and establishments, which appears in the Appendix.]

**ADDRESS BY HIS HOLINESS POPE PIUS XII TO THE WORKERS OF ITALY**

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address delivered by His Holiness Pope Pius XII to the workers of Italy on June 13, 1943, which appears in the Appendix.]

**THE ROLL-BACK AND SUBSIDY PROBLEM—STATEMENT BY ALBERT S. GOSS**

[Mr. CAPPER asked and obtained leave to have printed in the RECORD a statement on the subject of the roll-back and subsidy problem, made by Albert S. Goss, master of the National Grange, before the Senate Committee on Banking and Currency, on June 15, 1943, which appears in the Appendix.]

**ADDRESS BY JUAN T. TRIPPE ON INAUGURATION OF STRATOCOLLIPPER SERVICE TO CENTRAL AND SOUTH AMERICA**

[Mr. OVERTON asked and obtained leave to have printed in the RECORD an address delivered at New Orleans, La., on June 12, 1943, by Juan T. Trippe, president of Pan-American World Airways, on the occasion of the inauguration of stratoclipper service between New Orleans and the Central and South American countries which appears in the Appendix.]

**GOVERNMENT PURCHASE OF NEWSPAPER ADVERTISING—LETTER FROM RALPH W. PINKERTON**

[Mr. BANKHEAD asked and obtained leave to have printed in the RECORD, a letter addressed to him from Ralph W. Pinkerton, of Ferndale, Wash., relative to the Government purchase of newspaper advertising, which appears in the Appendix.]

**THE GASOLINE PROBLEM—ARTICLE BY IGOR CASSINI**

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article relative to the gasoline problem, by Igor Cassini, published in the Washington Times-Herald, which appears in the Appendix.]

**THE YARDSTICK OF CHRISTIANITY—LETTER FROM WALLACE C. SPEERS**

[Mr. HOLMAN asked and obtained leave to have printed in the RECORD a letter addressed to him under date of June 9, 1943, by Wallace C. Speers, discussing Christianity as a yardstick in national affairs, which appears in the Appendix.]

**THE TIMES TEST AND OUR PUBLIC SCHOOLS—PAPER BY PAUL BOYD**

[Mr. CHANDLER asked and obtained leave to have printed in the RECORD a paper on the subject The Times Test and Our Public Schools, by Paul B. Boyd, dean of the college of arts and sciences, University of Kentucky, which appears in the Appendix.]

**INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT**

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1762) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1944, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 6.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 8, 9, 10, 11, 13, 17, 18, 20, 21, 22, 23, and 24; and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$125,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$11,642,200"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$800,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 3, 4, 12, 14, and 16.

RICHARD B. RUSSELL,  
THEODORE FRANCIS GREEN,  
KENNETH MCKELLAR,  
GERALD P. NYE,  
STYLES BRIDGES,

*Managers on the part of the Senate.*

C. A. WOODRUM,  
JAMES M. FITZPATRICK,  
JOE STARNES,  
R. B. WIGGLESWORTH,  
EVERETT M. DIRKSEN,  
FRANCIS CASE,

*Managers on the part of the House.*

The report was agreed to.

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 1762, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES,  
UNITED STATES,  
June 16, 1943.

*Resolved*, That the House recede from its disagreement to the amendment of the Senate No. 1 to the bill (H. R. 1762) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1944, and for other purposes, and concur therein with an amendment, as follows: In lieu of the sum inserted by said amendment insert "\$1,552,500."

That the House recede from its disagreement to the amendment of the Senate No. 3 to said bill and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment insert:

**"NATIONAL RESOURCES PLANNING BOARD**

"Salaries and expenses: For all expenses incident to the discontinuance of the work of the Board, including personal services in the District of Columbia and elsewhere, printing and binding, traveling expenses, and the payment of accumulated and accrued annual leave of employees of the Board due them after June 30, 1943, \$50,000: *Provided*, That the National Resources Planning Board is abolished effective August 31, 1943, and the functions exercised by such Board shall not be transferred to any other agency and shall not be performed after such date except as hereafter provided by law or as authorized in the ensuing proviso of this paragraph with respect to winding up the Board's affairs: *Provided further*, That the Director of the Board is authorized after August 31, 1943, and until January 1, 1944, to perform such duties and to exercise such administrative authority as may be incident to the effectuation of the discontinuance of the Board: *Provided further*, That the records and files of the Board shall be transferred to The National Archives.

"The appropriation herein made for the National Resources Planning Board shall constitute the total amount to be available for obligation by such agency during the fiscal year 1944 and shall not be supplemented by funds from any source."

That the House recede from its disagreement to the amendment of the Senate numbered 4 to said bill and concur therein with the following amendments: In line 22 of the matter inserted by said Senate engrossed amendment strike out "\$350,000" and insert "\$275,000"; and in line 27 of the matter inserted by said Senate engrossed amendment strike out all after "1943:" down to and including "studies" in line 28 and insert "*Provided*, That the foregoing total amount shall be so used as to complete the studies, investigations, and reports authorized and required by part I, title III, of the Transportation Act of 1940."

That the House recede from its disagreement to the amendment of the Senate numbered 12 to said bill and concur therein with an amendment as follows: In line 3 of the matter inserted by said Senate engrossed amendment strike out "\$10,000" and insert "\$9,000."

That the House recede from its disagreement to the amendment of the Senate numbered 14 to said bill and concur therein with an amendment as follows: In the last line of the matter inserted by said Senate engrossed amendment after "authorization" insert "*Provided*, That a report of such transfers and the savings effected thereby shall be submitted to Congress in the annual Budget."

That the House recede from its disagreement to the amendment of the Senate numbered 16 to said bill and concur therein with the following amendments: In line 10 of the matter inserted by said Senate engrossed amendment strike out "by July 1, 1945" and insert "at the earliest practicable date"; and in line 10 of the matter inserted by said Senate engrossed amendment after "shall" insert ", by February 1, 1944."

Mr. MCKELLAR. Mr. President, I intend to move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 1, 3, 4, 12, 14, and 16, but before a vote is had, I wish to explain to the Senate just what is being done.

Senate amendment numbered 1 increased by \$205,000 the appropriation for

the Bureau of the Budget. The House concurred in the Senate amendment with an amendment restoring \$102,500 of the \$205,000 which the House had cut out. This is an amendment in which the junior Senator from Georgia [Mr. RUSSELL] is greatly interested, and he has informed me that he is agreeable to the amendment made by the House.

I am not sure but that the amendments should be separately voted on, and I ask for a vote on the amendment of the House to the amendment of the House to the amendment of the Senate numbered 1. I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 1.

The motion was agreed to.

Mr. MCKELLAR. The next amendment is one about which there has been a great deal of controversy, as Senators all know. It relates to the National Resources Planning Board. The Senate adopted an amendment continuing the Board, and appropriating \$200,000 for that purpose. The House had proposed to abolish the Board entirely. Yesterday the House, on motion, agreed to an appropriation of \$50,000 to wind up the affairs of the Board, and I shall move to concur in the amendment of the House.

I wish to say, in explanation, that there will be \$42,500 due employees of the Board for leaves of absence, and the \$50,000 will not be sufficient to pay that sum and take care of the other necessary expenses, but rather than not let the bill go through at this time, I shall move to concur in the amendment of the House, and let that be the end of the matter to that extent. Whatever appropriation may be necessary to pay the employees of the Board for earned leave may be carried in a subsequent bill. I have conferred with Mr. WOODRUM of Virginia of the House, and that matter will probably be brought up later.

Mr. President, I now move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 3, which means that the appropriation to wind up the National Resources Planning Board will be only \$50,000.

Personally, I believe we will spend on other methods of doing the work the Board has been doing a great deal more money than if we had allowed the Board to proceed with a reasonable appropriation, but that is only my opinion, and the Senate has disagreed with me, and for that reason I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 3.

Mr. McNARY. Will this completely liquidate the activities of the Board by July 1?

Mr. MCKELLAR. No; it will take until September 1 to carry out the liquidation, according to statements in the House.

Mr. McNARY. Will the Board have any funds after September 1, unless it receives funds transferred to it by the President?

Mr. MCKELLAR. Funds cannot be transferred to the Board; they cannot receive funds from any other source. Congress has as nearly as possible abolished the National Resources Planning Board.

Mr. McNARY. Mr. President, I really regret the action of the House; but under the circumstances I suppose we had better follow the judgment of the able Senator in charge of the bill.

Mr. MCKELLAR. I do not think we can do anything else at this late day but agree to the amendment the House has made to the bill. Therefore, Mr. President, I move that the amendment of the House to the amendment of the Senate numbered 3 be agreed to.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Tennessee [Mr. MCKELLAR].

The motion was agreed to.

Mr. MCKELLAR. Mr. President, the other four House amendments to amendments of the Senate have to do merely with ordinary routine items. Unless an explanation of them is desired, I shall not make an explanation. I move that the remaining four House amendments to Senate amendments numbered 4, 12, 14, and 16 be agreed to en bloc.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. MCKELLAR. Mr. President, that concludes my request at this time.

#### NAVAL APPROPRIATIONS—CONFERENCE REPORT

Mr. OVERTON submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2713) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1944, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 5, 6, 9, 10, 11, 13, 24, 25, and 30.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 7, 12, 14, 15, 16, 17, 18, 19, 22, 22½, 26, 27, 28, 29, 31, 32, 33, 35, 36, 37, 38, 39, 40, and 41, and agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "after December 31, 1943, that would entall expenditures in liquidation thereof"; and on page 34 of the bill, in line 15, strike out "June 30, 1945" and insert "December 31, 1945"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In line 6 of the matter inserted by said amendment strike out "two" and insert in lieu thereof "one"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree

to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Director of Personnel, Senior Executive Officer, not to exceed \$7,000."

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 8 and 34.

That the House recede from its disagreement to the amendment of the Senate amending the title of the bill, and agree to the same.

JOHN H. OVERTON,  
ELMER THOMAS,  
THEODORE FRANCIS GREEN,  
RUFUS G. HOLMAN,

*Managers on the part of the Senate.*

HARRY R. SHEPPARD,  
ALBERT THOMAS,  
JOHN M. COFFEE,  
JAMIE L. WHITTEN,  
J. W. DITTER,  
CHARLES A. PLUMLEY,  
NOBLE J. JOHNSON,

*Managers on the part of the House.*

The report was agreed to.

The VICE PRESIDENT. As matter of information, the Chair lays before the Senate a message from the House of Representatives on House bill 2713.

The message was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,  
June 17, 1943.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 8 and 34 to the bill (H. R. 2713) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1944, and for other purposes, and concur therein.

Mr. McNARY. Mr. President, has the conference report on the naval appropriation bill been disposed of?

The VICE PRESIDENT. It has; and the House has agreed to certain Senate amendments which were in disagreement. No further action on the part of the Senate is necessary.

Mr. MCKELLAR. Mr. President, I wish to ask a question in the nature of a parliamentary inquiry. Conference reports on two appropriation bills, the Navy Department appropriation bill and the Independent Offices appropriation bill, have just been finally agreed to and will now go to the President. How long will it be before they actually reach the White House? I am not as familiar with the procedure as I ought to be. I am very anxious to have final disposition made on the measures.

The VICE PRESIDENT. The probabilities are they will reach the White House by tomorrow.

Mr. MCKELLAR. I thank the Chair.

#### BENEFITS FOR SERVICEMEN, EX-SERVICEMEN, AND THEIR DEPENDENTS

Mr. CLARK of Missouri. Mr. President, as chairman of the Subcommittee on Veterans' Legislation of the Senate Finance Committee, it has several times pointedly come to my attention that benefits intended by Congress for servicemen, ex-servicemen, and their dependents frequently are not received by them, mostly because of the failure of the potential beneficiaries to apply for such benefits, generally by reason of

their lack of information concerning such benefits.

Legislation pertaining to those serving actively in our Nation's armed forces, or to those who have so served, and their dependents is now so voluminous as to be confusing. Although I have spent 10 years as a member of the veterans' subcommittee, and have been intensely interested in this legislation from year to year, it is very difficult for me to find these statutes without painstaking investigation. Not all of such laws are applicable to all of such persons; in fact, most of them are applicable only to certain groups, under certain conditions.

How to bring order out of this chaos so that those in each such group might be put on notice as to the rights, privileges, and benefits to which they might become eligible, without requiring them to read too much about other benefits to which they could never be entitled, has heretofore been an unsolved problem. The key to the solution of this maze of material has, I believe, just been fashioned by my good friend, Mr. Millard W. Rice, the National Service Director for the Disabled American Veterans, now the dean among the national legislative representatives of the several major veteran organizations.

Mr. Rice has compiled a 31-point outline as to all such benefits divided into 5 parts, a scanning of which will speedily inform a serviceman, a veteran, or his dependent as to what governmental benefits, if any, he or she might be entitled to under the circumstances indicated.

Those who read such outline should be cautioned that it is merely an outline, and that more detailed information concerning each such point can be secured from the War Department, the Navy Department, the Veterans' Administration, or whatever governmental agency may be concerned with the application of the particular law indicated.

It is well also to be reminded that active servicemen may request the assistance of an American Red Cross representative as to any problem or claim, whereas discharged veterans, and the dependents of veterans, have the privilege of requesting needed advice and assistance from the service officers of the several congressionally chartered veteran organizations: The Disabled American Veterans—commonly referred to as the D. A. V.—which is composed exclusively of American citizens who have been either wounded, gassed, injured, or disabled while serving honorably in the armed forces of the United States, or of some country allied with it, during time of war; the American Legion, composed of honorably discharged veterans of World War No. 1 and World War No. 2; and the Veterans of Foreign Wars—commonly referred to as the V. F. W.—composed solely of America's campaign badge war, campaign and expedition veterans.

These three major veteran organizations, and others, have been recognized by Congress, and by the Veterans' Administration, as having the right, through their accredited service officers, to look through the papers in the claim

folders of veteran applicants, and to advise and assist them as to the proper preparation, presentation and prosecution of their equitable claims for various benefits potentially provided for. Most applicants would be wise to take advantage of the technical knowledge and experience of such veteran organization service officers.

Mr. Rice assures me that the outline prepared by him has been carefully checked by members of his staff and by the office of the legislative counsel of the Veterans' Administration to make sure of its accuracy. I ask unanimous consent that the outline prepared by Mr. Rice be printed in the RECORD at this point as a part of my remarks.

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

OUTLINE OF BENEFITS FOR SERVICEMEN, EX-SERVICEMEN, AND THEIR DEPENDENTS

I. BENEFITS FOR PERSONS SERVING IN ARMED FORCES

1. Base pay for enlisted personnel, beginning with privates or apprentice seamen, and up through seven grades to master sergeant or chief petty officer, is from \$50 to \$138 per month. Base pay for commissioned personnel begins with \$150 per month for second lieutenants or ensigns. All base pay of enlisted men is increased by 20 percent and of all officers by 10 percent while on sea duty or serving outside the continental United States. Active flying duty or active submarine duty increases the base pay by 50 percent, and active parachutist duty by \$100 per month for officers and \$50 per month for enlisted men. Certain other pay increases are provided for special skilled or dangerous types of service. Longevity pay is provided by adding 5 percent to the base pay for each 3 years of active or Reserve service, up to 30 years.

2. Allowances, in varying amount, for clothing, subsistence, and quarters made to officers and, under certain conditions, to enlisted men are not subject to income tax.

3. During World War No. 2, after June 1, 1942, any enlisted man of the four lowest grades, with a wife (including a divorced wife) or a dependent child must, upon a written application therefor by himself or by or on behalf of a dependent, be charged with an allotment from his pay of \$22 per month, to which is added a Government allowance of \$28 per month for a wife, plus additional allowances, in varying amounts, for other dependents, and an additional allotment of \$5 per month is charged against his pay, and allowances, in varying amounts, are made for his dependent parents, grandchildren, brothers, or sisters which may be terminated at his written request. In the event of death during active service the next of kin is entitled to a gratuity equal to the monthly pay of the deceased for a period of 6 months.

4. National service life insurance, obtainable without examination during first 120 days of active service, or before August 11, 1943, whichever date is later, and thereafter if found by the Veterans' Administration to be a good insurance risk (with privilege of conversion after 1 year; mandatory conversion before end of fifth policy year), in multiples of \$500, from \$1,000 to \$10,000, for those in active service since October 8, 1940, maturing only by death of the insured, with proviso that premiums may be waived during continuous total disability, which commenced after he was insured, and before he became 60 years of age, and which has continued for 6 consecutive months.

5. Certain protection for those in active military or naval service of the United States, and to American citizens, under certain conditions, in the active service of some country

allied with it during time of war, with preference to private life insurance and property rights, and personal indebtedness, when ability to meet obligations is impaired by such service, through judicial process, under Soldiers and Sailors' Relief Act. (All matters affecting real or personal property rights should be referred promptly to competent local attorneys for assistance and advice.)

6. Naturalization as an American citizen by the easy petition method as to any alien while serving in the armed forces, as well as for certain war veterans.

II. MONETARY BENEFITS TO VETERANS

1. Compensation or pension for disabilities proven to have been incurred in, or aggravated by reason of, active service in the armed forces of the United States, ranging from \$6 to \$285 per month, depending on the nature, degree, and permanency of disability, and the time of its incurrence, including statutory awards ranging from \$18.75 to \$285 per month for certain disabilities, but, if single and without dependents, not more than \$15 per month while being furnished hospital treatment or domiciliary care by any governmental agency.

2. Retirement benefits, at three-fourths of base pay, for certain Regular officers with permanent handicapping disabilities, or after a certain period for certain types of service, or/and the attainment of certain ages; and for certain emergency, provisional, probationary, and temporary officers with permanent disabilities of requisite degree, clearly shown to have been acquired in active service, in fact, in line of duty.

3. Pensions on the basis of age, degree of inability to earn a living, and/or length of service for—

(1) Civil War veterans, in the amount of \$75 per month or \$100 if in need of a regular attendant, and for Indian war veterans, in amounts ranging from \$20 to \$55 per month, or \$72, if in need of an attendant, but only \$50 while in a United States, National, or State soldiers' home, and only \$15 while being furnished hospital treatment or domiciliary care by the Veterans' Administration if the veteran has no dependents.

(2) Veterans of the Spanish-American War, Philippine Insurrection, and Boxer Rebellion, in amounts ranging from \$12 to \$60 per month, plus varying amounts if in need of a regular attendant, with total not to exceed \$100, but not more than \$50 monthly while maintained in a United States, National or State, soldiers' home.

4. Pension of \$40 per month for veterans of the Spanish-American War, Philippine Insurrection, Boxer Rebellion, or World War No. 1, with 90 days or more of honorable service, or, if less than 90 days, if discharged for disability incurred in line of duty, who suffer with permanent total disability, regardless of service connection, if not due to misconduct. (Only \$6 per month is paid to single men, without dependents, while being furnished hospital treatment or domiciliary care by a governmental agency.)

5. Enlisted men of the Regular Army, or of the Philippine Scouts, who have served 20 years or more and who have become permanently incapacitated for active service, due to physical disability incurred in line of duty, may be retired at 75 percent of the average monthly pay received for 6 months prior to retirement. This retired pay may be waived for the purpose of receiving pension or compensation.

6. Enlisted men of the Regular Navy, whose service began after July 1, 1925, may, after 20 years service, be transferred to the Fleet Reserve at one-half the base pay received at time of transfer, and, after completion of 30 years of service, are transferred to the retired list with 75 percent of the pay of their rank at date of retirement, plus all permanent additions thereto. If their service commenced on or prior to July 1, 1925, they could

be transferred to the Fleet Reserve upon completion of at least 16 years service, with one-third of base pay, and after 20 years of service or more, one-half the base pay received at time of transfer, plus all permanent additions. This pay is increased by 10 percent for all men credited with extraordinary heroism in line of duty, or whose average marks in conduct for 20 or more years, shall be not less than 95 percent of the maximum. After 30 years of service they are transferred to the retired list of the Regular Navy with 75 percent of the pay of their rank at date of retirement, plus all permanent additions.

7. Enlisted men of the Army or Navy are, after 30 years of service, entitled to retirement with monthly pay at 75 percent of their last base pay.

8. Statutory award of \$10 per month is payable to all medal of honor men, age 65 or more.

9. All monetary benefits from the Veterans' Administration are exempt from taxation, or from attachment by claims of private creditors, or as to claims of any other Government agency, except as to overpayments by the Veterans' Administration.

10. Adjusted service credit up to \$50, payable in cash, or, if more, an adjusted service certificate based upon adjusted service credit, for active World War No. 1 service in excess of 60 days, computed at the rate of \$1 per day for domestic service and \$1.25 per day for overseas service, with maximum limitations, exchangeable for United States bonds bearing interest at 3 percent, redeemable at any time.

11. Government life insurance policies, as to death or permanent total disability, in multiples of \$500 up to \$10,000 for insurable veterans of (1) World War No. 1 or (2) of peacetime-service men who applied therefor prior to October 8, 1940, with lien loans permissible up to 94 percent of reserve value, at interest of 5 percent per annum.

12. Incompetent and minor beneficiaries generally receive their monetary benefits, if any, through guardians, whose accountings are periodically inspected by regional attorneys of the Veterans' Administration.

### III. MEDICAL TREATMENT AND DOMICILIARY CARE

1. Hospital treatment, or out-patient medical or dental treatment, including necessary medicines and prosthetic appliances, may be furnished certain persons medically determined to be in need thereof, for service-connected disabilities. Out-patient treatment may also be authorized for any non-service-connected condition which is associated with and aggravating a service-connected disability, as adjunct treatment.

2. Hospital treatment or domiciliary care for non-service-connected disabilities may be furnished, when needed, for any war veteran not dishonorably discharged, or for any peacetime veteran discharged from service for disability incurred in line of duty or who is in receipt of pension.

3. Transportation to, and back from, Veterans' Administration facilities, when authorized in advance, for examination, medical treatment, hospitalization, or domiciliary care.

4. Clothing may be furnished at Government expense to beneficiaries receiving hospital treatment or domiciliary care in Veterans' Administration facilities, when necessary for protection of health or for sanitary reasons and when such beneficiaries are without means and receiving less than \$10 per month for their own personal use. Toilet articles, barber service, tobacco, etc., are furnished beneficiaries receiving hospitalization or domiciliary care in Veterans' Administration facilities, whose total income is less than \$6 per month.

### IV. MISCELLANEOUS BENEFITS FOR VETERANS

1. Vocational rehabilitation, including placement in suitable gainful employment,

furnished by the Veterans' Administration for those honorably discharged service-connected disabled veterans of World War No. 2 who are feasible therefor, and in need thereof, to overcome a service-incurred handicap.

2. Certain preferences as to Federal civil service, as to physical and age prerequisites, examinations, ratings, appointments, retentions, and reinstatement of Federal employment, are extended to qualified service-connected disabled veterans, the wives of unemployed service-connected or 50-year-aged pensioned veterans, the widows of veterans, and other war veterans and Regulars, supplemented by extensive United States Employment Service, and Veterans Employment Service, in every State, for war veterans. Any World War No. 2 veteran who applies therefor, within 40 days after discharge, is entitled to reinstatement to the Federal position held at time of entering service, or to one of equal grade and pay, or to his previous private employment, where at all practicable for employer, enforceable by order of court, if necessary.

3. Credit for all active military or naval service for Federal civil-service retirement purposes, with minor exceptions.

4. Credit for all active war service for railroad-retirement purposes.

5. Burial allowance, up to the amount of \$100, may be paid as to any war veteran, honorably discharged or in receipt of pension or compensation, as to any veteran discharged from the armed forces for disability incurred in line of duty or in receipt of pension for service-connected disability.

A United States flag to drape the casket, subsequently to be turned over to the next of kin, may be furnished as to any veteran, discharged honorably after active service during any war or after serving at least one enlistment or by reason of disability incurred in line of duty. Burial in a national cemetery may be arranged as to any honorably discharged veteran or as to anyone who dies while in active service, with right of burial therein of his wife or widow, and, under certain circumstances, as to his minor children or adult unmarried daughters. The expenses incident to transporting the body of one who has died while in active service, or of a veteran who has died in a Veterans' Administration facility, to the place of burial are, within limitations, borne by the Government. Headstone or marker—stone or marble—will be furnished for the unmarked grave of any honorably discharged veteran or as to anyone who died while in the active service.

6. Various benefits, rights, and privileges are also provided as to certain veterans, their dependents, and their organizations under State laws, as per the résumé thereof, recently published by the House Committee on Pensions, entitled "State Veterans Laws."

### V. MONETARY BENEFITS FOR DEPENDENTS

1. Death compensation or pension, under varying conditions, to widows and minor children (also including helpless children), and dependent parents, of those deceased veterans who die as the result of service-connected disabilities.

2. Death compensation, in smaller amounts, under certain conditions, to widows and minor children (also including helpless children) of those deceased World War No. 1 veterans, who, at time of death, had some service-connected disability of measurable degree, even though less than 1 percent.

3. Death pensions, under certain conditions, to widows and minor children (also including helpless children) of deceased Civil War, Spanish-American War, Philippine Insurrection, Boxer Rebellion, and Indian War veterans.

NOTE.—The Women's Army Auxiliary Corps is an auxiliary component of the Army, and as such is not generally covered by laws administered by the Veterans' Administration.

Members of the Women's Reserve of the Navy and Marine Corps and Women's Reserve of the Coast Guard, on the basis of active duty, are eligible to veterans' benefits, except pension, the latter being excluded by the acts creating these components, and employees' compensation is granted in lieu thereof. The WAAC's are also eligible for employees' compensation.

As to rights to hospitalization, domiciliary care, and burial benefits under laws administered by the Veterans' Administration, the term "active military or naval service" includes active duty as a member of the Women's Army Auxiliary Corps, Women's Reserve of the Navy and the Marine Corps, and the Women's Reserve of the Coast Guard.

### INTERIOR DEPARTMENT APPROPRIATIONS

Mr. HAYDEN. Mr. President, I move that the Senate proceed to the consideration of House bill 2719, making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes.

Mr. McNARY. Mr. President, I have no objection, but I have stated over and over again that when unanimous consent is given to the reporting of measures during the recess or adjournment of the Senate, if any Senator wishes consideration of the bill to go over he may have the privilege of asking that it go over. Personally, I have no objection to the present consideration of the measure.

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

There being no objection, the Senate proceeded to consider the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. HAYDEN. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, and that the bill be read for amendment, the committee amendments to be first considered.

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

Mr. HAYDEN. Mr. President, it is my understanding that there are Senators who desire to address the Senate at this time. For that reason, until they shall have concluded, I shall not at the moment press further consideration of the bill. When Senators shall have concluded their addresses I shall be very glad to explain the bill to the Senate.

### PREVENTION OF STRIKES IN DEFENSE INDUSTRIES

Mr. CONNALLY. Mr. President, the morning press reports that tremendous pressure is being exerted on the President in an effort to induce him to veto the antistrike bill which passed the Senate on the 5th of May, and subsequently passed the House and went through conference, after which action was concluded by both Houses, and the measure is now on the President's desk. The press reports that Mr. William Green, of the American Federation of Labor; Mr. Philip Murray, of the C. I. O.; and Mr. David B. Robertson, president of the Brotherhood of Locomotive Firemen and

Enginemen, have filed with the President a vigorous protest against the approval of the bill.

Mr. President, I wish to say in this forum that the American people are expecting and hoping that the President will approve the bill. The Senate and the House of Representatives are not spokesmen for any minority; they are not spokesmen for any selfish or interested group, but they are spokesmen for all the people of the United States.

The Senate passed the bill by a vote of 55 to 22, a majority of 2½ to 1. The bill passed the House of Representatives by a very large majority. Polls, including the Gallup poll, and other evidence of public sentiment throughout the United States reveal that 80 percent of the American people desire that the bill be approved.

Mr. President, Mr. Green and Mr. Murray say that the bill is—

The worst antilabor bill passed by Congress in the last hundred years.

It is not an antilabor bill. So far as I am aware, no antilabor bill has ever been passed by this Congress or any other Congress. We have been passing bills for labor at every session, every year, and most of the Senators who voted for the antistrike bill as it passed the Senate have voted time after time for legislation in behalf of labor unions. There is no spirit of enmity toward the great body of labor that wants to help us in our efforts to win the war. There is no opposition to the men who made no-strike agreements and are observing them, and intend to observe them in the future. But there is an intention to deal with the outlaw—the man who broke his word—the outlaw who in time of stress of world war would utilize violence and force in order to extort from his government advantages which he ought not to enjoy.

So, Mr. President, I hope the President of the United States will not be beguiled by this insistent, this arrogant, this impudent pressure upon him. These gentlemen say that the bill is not constitutional. It is constitutional, and if any portion of it is not constitutional, and the courts shall so declare, the bill provides that the failure of any clause of the bill on the ground of unconstitutionality shall not vitiate or affect the other clauses of the bill; so they will be able to stand on their own legs. The reason these gentlemen probably do not want the bill is because they think it is constitutional.

Mr. President, I have no abuse or vilification for labor. I sympathize with the man who earns his bread by the sweat of his brow and the toil of his hands. I know what it is to work, to engage in manual labor and toil. Through a long career of public life, my record is the record of other Senators here revealed. We have been voting for the progressive and helpful measure in behalf of labor and its unionization, and for cooperation in advancing better working conditions and living conditions and advantages in the compensation of labor. But the members of labor are not above other citizens. Because a man happens to be a member of a union he does not become

elevated above other citizens. All of us have obligations. We are regulated. Each one of us is regulated as to food, as to clothing, as to fuel, and as to motive power; we are regulated in hundreds of ways. Labor is not superior to the remainder of our citizens, and it has no right to claim more than the rights and privileges to which every other citizen of this Republic is entitled.

So, Mr. President, I hope the President of the United States will listen to the people of the United States; I hope he will listen to the verdict which was written on the floor of the Senate, in the House of Representatives, and in the conference committee between the two Houses; and I trust that without undue delay, he will approve the bill and will make it the law of the land, as sanctioned by the law-making bodies, the representatives of the people of the United States, without regard to faction or class or group, but in behalf of the national welfare of all the people in prosecuting this war for survival, this war to establish the principles upon which we have always rested our democracy and our Government, and in connection with the maintenance of which we call upon every citizen of the Republic, not alone to perform positively his duty, but to refrain from sabotaging the war effort by hindering or impeding that effort through strikes, slow-downs, or any other method which would hamper or delay the efforts of all the people of the United States.

#### SENATOR TYDINGS AND PUERTO RICAN INDEPENDENCE

Mr. REYNOLDS. Mr. President, at the present time the Committee on Territories and Insular Affairs has been holding hearings on a bill introduced by our very able colleague, the senior Senator from Maryland [Mr. TYDINGS], who is chairman of that committee, regarding the independence of Puerto Rico. I hold in my hand a radio address which was delivered in Spanish by the Honorable Felix Benitez Rexach, a native of San Juan, P. R. I had his very excellent speech translated into English. In it a very high tribute is paid to our colleague, the Senator from Maryland. The speech is one of the finest orations I have read in many a day. The author of the speech is a gentleman of very high character, and has in interest not only the welfare and future of the entire United States, but particularly, and naturally, of Puerto Rico. I ask unanimous consent that his speech be printed in the RECORD as a part of my comments at this time.

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

Ladies and gentlemen, fellow Puerto Ricans, you are listening to Felix Benitez Rexach. I have just half an hour to talk to you. I am going to explain as clearly and as accurately as possible what recently happened in Washington regarding Senator TYDINGS' independence bill for Puerto Rico at the hearings of the Committee on Territories and Insular Affairs.

Senator TYDINGS belongs to the Democratic Party. As chairman of the Senate Committee on Territories and Insular Affairs, he is a nationally prominent figure. Senator TYDINGS was the author of the bill granting inde-

pendence to the Philippine Islands, which, as you know, came under the United States flag as a result of the Spanish-American War.

I shall also talk to you about the independence of Puerto Rico as the only solution to our problem.

I want as many of you to hear me as possible. I am going to ask such fellow countrymen as are listening to me to go to the telephone, call up their friends, and tell them to tune in on station WIAC.

You have 2 minutes to make your calls. I shall speak again in 2 minutes.

(Music: Lamento Borincano.)

Very well, ladies and gentlemen. Puerto Rico is at this moment going through the most important and significant period in her history. After more than 400 years under Spanish control and 45 years under American rule, her right to become a sovereign and independent republic has for the first time been brought clearly and forcefully to the attention of the Congress of the United States.

And this historic moment becomes still more significant when, also for the first time, the Congress of the United States, through Senator TYDINGS, chairman of the Committee on Territories and Insular Affairs, says, in effect, to Puerto Rico:

"We want to make you a sovereign and independent republic like the other 21 republics of the Americas. We desire to give you your sovereignty in accordance with the democratic principles of the United States of America. We wish to see the Puerto Ricans have their own government; we wish to see them accept as freemen the responsibility of governing their own country. We want the Puerto Ricans to set up their own economic structure in harmony with their own needs. We want the Puerto Ricans to retain their language, their culture, and their customs. We wish to help them solve their economic problems. We do not by any means desire to set Puerto Rico adrift, hence the 21-year period of transition provided by the independence bill for the gradual adjustment of the economic machinery of the new republic. And as to citizenship, we grant the right to retain American citizenship to all Puerto Ricans who desire to do so."

Still more clearly, with the utmost frankness, without mincing words, Senator TYDINGS in effect told those who oppose Puerto Rican independence:

"You will either accept independence or remain as you are—a colony, a mere possession. This is the attitude of the United States Congress."

It is easy to see the basis of this determination of the Washington Government. A brief historical analysis is enough to reveal the motives for this attitude of the United States Congress.

As you know, Puerto Rico is a country of Spanish origin—the earliest stronghold of religion and culture in the New World. Men of our race left Puerto Rico to discover portions of North America that are now parts of the United States. We have given to the world great men in the fields of science, literature, and war. We have the right and the duty to be proud of our ancestry and our history.

Our forefathers waged bitter battles during the Spanish régime to obtain the independence of the island. No matter how selfish we may be, no matter how short-sighted we may insist upon being, no matter how negative our attitudes may appear—there will always be in the heart of every Puerto Rican a spark of respect and admiration for that group of patriots who struggled, lived, and died with the ideal of Puerto Rican independence in their hearts.

Finally, a change of government in Spain gave us the Autonomy Charter and complete self-government. In all fairness I should make it clear—and here history is speaking—

that we had in those days, as we have today, a mercenary group of Puerto Ricans who consistently opposed every reform that implied greater liberty for Puerto Rico. This was the same group that everywhere in the world wants to be on the right side of the government—our "Inconditionals," the "Afrancesados" of Spain, the "Tories" of the Thirteen American Colonies. Of this type of people, ladies and gentlemen, all that remains is a sad and shameful memory. But we remember our glorious patriots with pride. We venerate their memory and the cause for which they stood. We honor them with monuments in town and country, and as time goes on, their patriotic struggle takes on greater significance.

Cuba and the other republics revere with almost religious fervor the heroes of their epic fights for freedom. In Washington, the City of Monuments, the immortal figures of America's great men, done in granite and bronze, stand in parks and public squares; and even the theaters present plays that carry directly to the American public and to foreign visitors the heroic stature of the patriots who fought and bled to found the freest and most sovereign Nation in the world—the United States of America.

War broke out with Spain. Under the command of General Miles, American troops landed at Guánica and planted on Puerto Rican soil the Stars and Stripes—the symbol of justice and liberty throughout the world. General Miles, in the name of the United States Government, made to the people of Puerto Rico the promise with which you are all familiar.<sup>1</sup>

The people of Puerto Rico en masse welcomed the American Army with greatest joy. This attitude of our people was more than justified—first, because we were getting rid of a number of Spaniards against whom we had certain grievances due to mistakes of the past; and, second, because General Miles' pledge, which was and is clear and definitive, was made under the folds of the United States flag, which, as I said before, is the symbol of justice and liberty throughout the world. The United States won the love and affection of our people in that historic moment; but since then, as a result of violations of that promise and of the sacred principles of justice and liberty, she has gradually lost what was so easy for her to win.

A military government was instituted in place of the autonomy that we had acquired by our struggles and sacrifices in the time of Spain. Then came the Foraker Act. Later on we received our present organic act and with it a special form of American citizenship and the status of a possession.

The expansionist policy which in the past<sup>2</sup> intervened in and invaded the affairs of other American republics, also made us the easy prey of its commercial aims. United States marines landed in sister republics, govern-

<sup>1</sup> Maj. Gen. Nelson A. Miles said: "The people of the United States in the cause of liberty, justice, and humanity \* \* \* come bearing the banner of freedom, inspired by a noble purpose \* \* \* (to) bring you the fostering arm of a nation of free people, whose greatest power is in justice and humanity to all those living within its fold \* \* \* not to make war upon the people of a country that for centuries has been oppressed but, on the contrary, to bring you protection, not only to yourselves, but to your property, to promote your prosperity, and to bestow upon you the immunities and blessings of the liberal institutions of our Government \* \* \* to give to all within the control of its military and naval forces the advantages and blessings of enlightened civilization."

<sup>2</sup> Original manuscript, before revision by radio censor: "of the United States which."

ments were changed, and so-called financial experts were sent to "set in order" and "regulate" the finances and economy of these independent nations.

To be sure, in these countries, as in Puerto Rico, there was no lack of native cooperation.<sup>3</sup>

Under the shadow of the old governmental power these collaborators lived a life of ease, while absentee corporations grew wealthy at the expense of the misery of exploited people.<sup>4</sup>

In our country the president of a foreign corporation or the lawyer of an American shipping company received greater attention and had more power in the Governor's palace<sup>5</sup> than the president of our own senate.

"One hundred percent Americanism" became the watchword of job seekers. No matter how great his merits might be, nobody whatever could find employment unless he subscribed to this sort of Americanism invented by the favored group of exploiters.

It became a crime to talk about Puerto Rican independence. Any voice raised in protest was a voice crying in the wilderness.

It may be said in passing that much of the blame for this unhappy past falls on our own political leaders, who, with few exceptions, submitted without protest to a regime that exploited us, starved our people, ruined our industries, destroyed our middle class, and reduced us to actual slavery under a colonial regime of the worst type.

For Mr. Coolidge and Mr. Hoover the United States had fulfilled to Puerto Rico General Miles' sacred promise, and this likewise was the theory broadcast from the housetops with certain pride by many of our own politicians.

Ladies and gentlemen, this is a bird's-eye view of the situation that was found in Puerto Rico by President Franklin Delano Roosevelt—the greatest and most humane man of our times.

But since nothing endures forever, and since truth is finally victorious, the Washington Government of today began to realize that the glorious history of the United States had become somewhat beclouded<sup>6</sup> by the official actions of unscrupulous men in her own Government.

The great statesmen of the North looked toward the Americas—toward all the Americas from Tierra del Fuego to Alaska. He was horrified at what his predecessors had done. In order to wipe out once and for all the blot on the history of his country, President Roosevelt conceived and is successfully carrying out his immortal good neighbor policy, which is as firm, as humane, and as sacred as the very Bill of Rights of the American people.

The present war broke out, and the United States, in defense of democracy and in defense of the weaker countries threw her resources into the combat with the firm determination to restore the liberty and independence of those countries that had been conquered by brute force.

Out of this situation arose the Atlantic Charter, which gives explicit recognition to the right of self-determination for all countries.

The combination of past experiences with the good neighbor policy and the Atlantic Charter gave new spirit to our leaders, and, in February 1943, the Legislature of Puerto Rico, midst patriotic rejoicing, passed, by

<sup>3</sup> Original manuscript, before revision by radio censor: "there was no lack of Arnolds and Qulsings."

<sup>4</sup> Inserted by radio censor.

<sup>5</sup> Original manuscript, before revision by radio censor: "exploited the people and reduced them to the utmost misery."

<sup>6</sup> Deleted by radio censor.

<sup>7</sup> Original manuscript before revision by radio censor: "besmirched."

unanimous vote of all the legislators of all the parties, Joint Resolution No. 1 petitioning the President and the Congress of the United States for recognition of the right of Puerto Rico to terminate her present colonial regime and establish herself as a sovereign country in accordance with the principle of self-determination.

The bill of Senator TYDINGS granting to Puerto Rico the right to independence is, without doubt, a definite answer from the Congress of the United States to the unanimous resolution of our legislature asking for termination of the colonial regime. The bill of Senator TYDINGS represents the very essence of the good neighbor policy. The bill of Senator TYDINGS is complete fulfillment, on the part of the United States, of the Atlantic Charter. The bill of Senator TYDINGS is, ladies and gentlemen, irrefutable proof to Latin America of the fact that the United States has no desire to annex countries in this hemisphere, and this bill carries out the purpose of rectifying once and for all the errors of the past.

We must open our eyes to reality. We must understand this problem from the national point of view. The United States has to solve our problem, because it is an American problem, and the problems of the Americas have always been solved by independence. The problem of Santo Domingo was solved by the independence of Santo Domingo. The problem of Haiti was solved by the independence of Haiti. The problem of Panama was solved by the independence of Panama. The problem of Nicaragua was solved by the independence of Nicaragua.

The problem of Cuba was solved by the independence of Cuba. The problem of the Philippines was solved by the independence of the Philippines. And, likewise, the problem of Puerto Rico must be solved by the independence of Puerto Rico.

There is no use in thinking for a moment of the annexation of Puerto Rico to the United States either as a Territory or as a State. This idea was clearly expressed in the hearings by the chairman of the committee, Senator TYDINGS. In the realm of international politics such a solution would nullify the good-neighbor policy and would violate the first article of the Atlantic Charter.

For reasons of culture and language, our annexation to the United States would be impossible, aside from the fact that it would create an internal conflict of alarming proportions for the United States herself.

In the economic field, annexation would mean the utter ruin of Puerto Rico. The Federal income-tax laws would automatically be applied to Puerto Rico, and the taxes would go to the United States Treasury rather than to the Treasury of Puerto Rico. Furthermore, and this is an important point, our own income-tax laws would remain in force. The customhouse duties would go to the Federal Treasury and not to the Treasury of Puerto Rico. The same thing would happen in regard to Federal internal-revenue taxes on goods produced or processed in Puerto Rico and exported to the United States. The Federal minimum-wage law and other uniform Federal laws would also be enforced in full in Puerto Rico.

The coastwise-shipping laws would remain in force, thus perpetuating the American shipping monopoly that is ruining us by raising our cost of living, and by preventing us from developing industries and from exporting our goods.

As a Territory or State of the Union, Puerto Rico would not be able to maintain a single industry. We should continue to be unable to afford to our industries tariff protection, the only means of keeping them alive.

We should continue to be tied to the economic structure of the United States, a country of large-scale production which can ruin

any of our industries by dumping and suppressing competition.

We should continue to be obliged to import everything that we consume; and our money, instead of remaining at home, would go to enrich foreigners, carrying with it both prosperity and opportunities for work to people outside our country. Our honest, industrious, and skillful workers would continue to be victims of unemployment. The few industries that we possess and that exist merely because of the present war emergency would inevitably disappear as soon as shipping and business were again established on a normal basis in the North.

Our cement factory and other industries that the Government is sponsoring at present because of the world situation, would be unable to survive the crushing competition of the large and powerful factories of the North. This, in broad outline, is the picture that I present for the consideration of sensible and thoughtful Puerto Ricans.

I have maintained all my life, and I reaffirmed in Washington, the criterion that such independence as is provided in the bill of Senator TYDINGS is the only solution to our problem, both from the point of view of the United States and from that of Puerto Rico.

I maintained that under the Republic, during the 21-year period of transition provided by the Tydings bill, we should gradually restrict our sugar in order to avoid the evils of a single-crop economy, and to free lands for the production of food crops that we now import. By producing our own food, we should avoid the emigration of millions of dollars from the country, and this money would remain in circulation here for the benefit of our people.

We should lower the cost of living and therefore the cost of production. Under independence our working people would be better fed; they would be healthy and strong, since they would not lack good, wholesome food.

Our excess population which is now a liability and which is sustained by Federal almsgiving, would become an asset of great value in the development of our industries. And our industries would exist without the fear of being wiped out, because under independence we should be able to protect them from destructive outside competition.

Under independence we should transport our products in our ships, with our own seamen and to our own profit, and in the same manner we should import what we bought elsewhere.

Under independence we could do business throughout the world without let or hindrance. Our fruits, our vegetables, and other crops, now ruined by the high freight rates of the shipping monopoly, would rise again to a state of prosperity.

By means of reciprocal commercial treaties with the European countries we could recover for our coffee—the best in the world—its lost market. And we could do the same for our tobacco, our cotton, and other products.

Under independence we should convert the tourist industry into a great source of revenue. We should be free from the coastwise shipping laws and other hindrances that have never permitted the development of this business in Puerto Rico in spite of the large investments and enormous efforts of our Government.

Under independence we should be able to make in San Juan Harbor a free zone in accordance with our needs and with our desire to become a center of distribution and to have available raw products from all over the world. I should like to pursue this idea further, but my time is limited.

The inevitable conclusion is that this whole governmental program involves a well-balanced economy together with a system of taxation that would not be burdensome.

I affirm once more—and I address myself particularly to bankers, capitalists, farmers, merchants, and manufacturers; to the conservatives, to the timid and pessimistic Puerto Ricans—I affirm that the right of a people to be free is not to be discussed in terms of dollars and cents, nor in the light of falsified statistics. Liberty is priceless. It is supreme and axiomatic. But in our particular case we must add that independence is not only a sacred ideal but is also our economic salvation.

Under independence, I most emphatically affirm—and I am willing to prove it to the incredulous, to those who doubt even the existence of a God—that the economic structure of the Republic of Puerto Rico will be so solid, so firm, and so beneficial to all, that it will allow us to have a budget of \$30,000,000 without any income tax, and that the property tax will be insignificant rather than ruinous, as it is today.

It is useless to waste energy in combating the independence bill of Senator TYDINGS. It is unfitting that any good Puerto Rican should, at this moment, waste his time in advocating reforms that are not in the mind of the United States Congress nor within the policy of Washington.

In February 1943, all our legislators united as brothers, and, setting aside the pettiness of party politics, joined together in our capitol to pass unanimously the patriotic resolution asking for immediate termination of colonialism in Puerto Rico. I wish to remind my friends who favor statehood, I wish to remind our legislators, I wish to remind the leaders of all our political parties that the day has come to repeat that patriotic gesture so that all of us, on a firm, realistic basis, may determine the future of Puerto Rico without further tragic vacillations.

Read the record of the public hearings held in Washington a few days ago to discuss Senator TYDINGS' bill. A Spanish translation of this record is being published in *El Imparcial*. This document of the United States Congress will reveal to you the feeling of the higher circles of the Washington Government. This feeling is that without loss of time the independence of Puerto Rico should be recognized on a basis of peace, friendship, and sound economic and political relations with the people and Government of the United States.

Ladies and gentlemen, let us ask Almighty God to illuminate the minds of our political leaders, and of our people. I thank you.

#### A FRUITFUL APPROACH TO A PROLONGED PEACE

Mr. LODGE. Mr. President, it has become plain as day and it is common sense to recognize that our British and Russian allies are not only dedicated to the broad purpose of crushing Nazism and Fascism, but that they have a number of very definite and very practical national aims which have been frankly revealed to the world. These great nations are not only committed to defeat of the common enemy and to cooperation for peace thereafter; one of them—Britain—frankly intends to maintain the Empire, and the other one—Russia—has clear intentions regarding eastern Europe.

We in the United States, on the other hand, are committed to speedy victory and to effective measures to preserve peace thereafter. But in the field of definite and practical aims there seems to be a vacuum. Why this vacuum exists, I cannot say; but I suggest that it is not because there is any lack of matters lying outside our borders in which we

have a vital interest. I further submit that the clear statement of these aims is not only in our own interest, but is also a frank act to which our Allies and our own people are entitled, and is an essential step—nay, the most fruitful approach—toward discharging the overshadowing obligation of effective post-war collaboration.

What are some of these matters outside our borders in which we must have a definite interest?

It will, for example, come as a surprise to many Americans to be told that we are actually facing the prospect of an America materially depleted of some of its magnificent natural resources. The great demands of our own fighting forces and those of our allies have cut deeply into our reserves of vital, basic materials. We are not in the habit of regarding the United States as a "have not" nation—and now is the time to think of steps to avert such a catastrophe. These thoughts are also expressed in an article appearing in the *St. Louis Post-Dispatch* for Sunday, January 10, 1943, and written by Richard I. Stokes, its Washington correspondent, from which I desire to quote certain excerpts:

Another legend exploded since Pearl Harbor was the idea that the United States had inexhaustible natural resources. The country has been at war for only 13 months, but the fury with which its material wealth is being ransacked has already perturbed the Government's scientific agencies.

Chairman Donald M. Nelson, of the War Production Board, predicted recently that manufacture of armament goods in the current twelvemonth will surpass that of 1942 by two-thirds. He defined 1942 as the year of the battle of facilities, which was won, and promised that 1943 would bring victory likewise in the battle of materials.

If so, the triumph may be a Pyrrhic one, because of the headlong greed with which Mars is rifling the Nation's material stocks, even of clay and sand.

On the presumption that World War No. 2 will continue several years and that depletion of this country's natural reserves will accelerate rather than decline, the following question, of portentous significance for the destiny of the American people, is now being raised:

Is the United States headed toward an economy of scarcity, which will replace its historic economy of abundance?

And, if the answer to the first question is yes, there are these further considerations: Must regimentation of materials become national policy in time of peace as well as war? Will there be a leveling down of American wage and living standards, with a proportionate leveling up of such standards in countries from which essential supplies are imported? Is a revolution in our trade and tariff systems bound to follow? Will the United States, out of its own resources, ever again be able to fight a big-time war?

On the verge of exhaustion or serious impoverishment, according to scientists in the Department of the Interior, are the domestic stores of materials having such ultra-vital combatant importance as lead, zinc, mercury, and iron, for which there are no substitutes; and copper, bauxite, and petroleum as well. Alternatives for the last three are known, but they are either at a primitive stage of development, exorbitant in cost or relatively inefficient.

In the Reader's Digest for April appears a condensation of an article from

the United States News entitled "Will War Make Us a 'Have-Not' Nation?"

We are digging deep into our natural resources to make bombs and bullets that will be shot away; to make tanks, planes and ships some of which will never return. As a result, the United States may become a "have not" Nation in many materials basic to our economy.

The vast expenditure of irreplaceable riches is leading thoughtful people in and out of the Government to ask if the United States will be left with enough basic resources to fight another big-time war. They ask if present material shortages aren't just the forerunners of permanent shortages in the future. They ask whether this country should not eventually develop resources in other areas of the world and conserve its own.

War costs astronomical amounts of all materials. Copper is a good example. A 37-millimeter antiaircraft gun shoots away a ton every 20 minutes of action. The Army Signal Corps uses 5,000 tons a month in communications equipment. Once plentiful deposits of high-grade copper ore are now reduced to a single big deposit near Butte, Mont.

The same applies to oil. Until recently, 60 percent of the supplies going to the African front were petroleum products. Government officials warn that our oil supply is not inexhaustible. In 1942, output of oil was greater than reserves discovered. This is a reversal of a trend that lasted until 1938, and comes just when oil reserves are subjected to the greatest strain in history. While new fields have been found, they average less than half the size they did before. There seems to be little question that the United States eventually will be dependent on foreign sources.

We are running out of high-grade ores in certain metals. Supplies of bauxite, best source of aluminum, may be used up within 3 years. The great Mesabi Range of iron ore in Minnesota, which supplies 80 to 85 percent of our needs, may be exhausted by 1950. Lead deposits in the tri-State area centering at Joplin, Mo., are nearing their end. Mercury deposits are expected to be exhausted for good before this war is finished. The possibility of opening new zinc mines is small. Depletion of these ores is the price paid for all-time record production of metals and minerals.

I, therefore, undertook an investigation of my own. I addressed an inquiry to Dr. R. R. Sayers, Director of the Bureau of Mines, in which I asked him to give me the facts bearing on the exhaustion of our supply of vital minerals. Under date of March 2, 1943, Dr. Sayers wrote me as follows:

MARCH 2, 1943.

HON. H. C. LODGE, JR.,  
United States Senate.

DEAR SENATOR LODGE: In your letter of February 17 you made inquiry concerning the status of domestic resources of ores of some of the common metals and of petroleum, and to what extent depletion has been accelerated by war production.

The volume of our mineral resources cannot be evaluated with precision because of the multitude of factors that affect the definition of ore, price being usually the major consideration. Under wartime conditions even that factor may be of subordinate importance, need being the governing criterion. However, a reflection of the relative reserve positions of the minerals you named is provided by the classification given in the list of material substitutions and supply issued by the Conservation Division of the War Production Board, February 1, 1943.

Iron ore and petroleum as such are not listed but numerous iron and petroleum

products are in the extremely short-supply category and are completely subject to allocation. That is, currently and for the near future raw material resources are ample to meet anticipated demands although the rapid depletion of direct shipping open-cut iron ores and restrictions of wildcat oil drilling are causing some concern. The immediate problems connected therewith are primarily those of conversion and distribution. Our internal ability to meet the requirements now does not however imply that the current high rates of production can long be maintained unless discovery be kept in pace with extraction.

Lead is now among the noncritical materials and is available in sufficient volume to serve as a substitute for scarcer materials. In the early part of last year shortages were feared. Thus it may be a border-line case as far as domestic supply is concerned. Mercury remains in the critical class, with supply approximately in balance with war and essential civilian needs. Although domestic production rose approximately one-third from 1940 to a half-century peak in 1942, it is doubtful if that rate, which was just about sufficient to meet domestic needs, can be maintained for more than a year. The relatively satisfactory and fair current positions of these metals are in large measure owing to substantial volumes of imports from Canada and Mexico during the past year.

The situation with respect to the other minerals is in varying degree precarious. Aluminum, copper, and zinc are, respectively, second, third, and sixth in the most critical metals group, viz., those essential for war, but in insufficient supply for war and essential civilian demands and in many cases, including those named, insufficient for war purposes alone. We are highly dependent on overseas resources for major portions of our total supply, and since ocean transport has become increasingly difficult while demand pyramided domestic production capacity has been strained and appears about to reach its peak or a point of rapidly diminishing returns. Ore reserves in a major zinc-producing area are close to exhaustion, and reserves of bauxite that can be treated in existing plants will last but a few years at the contemplated rate of extraction; a condition so serious that this Bureau has recently proposed a greatly expanded exploration and research program. Although our copper store has a potentially longer life, its concentration in a few large ore deposits precludes further expansion of output except at the expense of production of war end products.

The exploratory programs of the Bureau of Mines and Geological Survey and the Bureau's research work with those that could be carried out by industry have indeed added much to our known natural resources, but although these results are impressive they still have failed to keep step with extraction, and it is to be noted that for virtually all the minerals most of the deposits explored have been smaller in size and lower in tenor than those being exploited. Except for petroleum and iron ore there have been also marked declines in grade of ore mined, another definite marker of impoverishment. Thus our ore reserves are being depleted at a rate even greater than accelerated production might indicate because in more normal times much of what remains may be submarginal.

In the attached pages are given more detailed statements concerning each of the minerals you named. Since virtually all the data have been furnished in confidential reports to the Bureau, you will understand, I am sure, that their use is restricted.

Sincerely yours,

R. R. SAYERS.

I then became interested in discovering the minerals which the United States needed but which it did not possess within its own borders. I requested the Bureau of Mines to make a compilation listing these minerals together with principal world sources. The list includes antimony, arsenic, asbestos, bauxite, beryllium ore, chromite, graphite, industrial diamonds, lead, manganese ore, mercury, mica, natural nitrates, nickel, platinum, quartz crystals, tin, titanium ore, tungsten, vanadium, and zinc.

Mr. President, I ask unanimous consent that this tabulation be printed in the RECORD at this point as a part of my remarks.

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

*Deficient minerals of the United States and principal world sources of supply*

Mineral	Per cent	Percent of world production
Antimony:		
United States consumption, imported pre-war.....	84	-----
Principal world sources 1939:		
Bolivia.....		27
China.....		24
Mexico.....		23
Yugoslavia.....		9
Arsenic, white:		
United States consumption, imported pre-war.....	84	-----
Principal world sources 1939:		
United States.....		35
Sweden.....		15
Mexico.....		12
France.....		11
Japan.....		7
Belgium.....		6
Asbestos (long fiber):		
United States consumption, imported pre-war.....	89	-----
Principal world sources, 1939:		
Canada.....		45
Rhodesia.....		35
Union of South Africa.....		15
Soviet Russia.....		5
Bauxite:		
United States consumption, imported pre-war.....	55	-----
Principal world sources 1939:		
France.....		19
Surinam.....		12
Hungary.....		11
Italy.....		11
British Guiana.....		11
United States.....		9
Yugoslavia.....		7
Soviet Russia.....		6
Netherlands East Indies.....		5
Greece.....		4
Beryllium ore:		
United States consumption, imported pre-war.....	83	-----
Principal world sources 1939:		
Argentina.....		35
Brazil.....		32
Canada.....		19
Chromite:		
United States consumption, imported pre-war.....	89	-----
Principal world sources 1939:		
Soviet Russia.....		17
Turkey.....		16
Union of South Africa.....		14
South Rhodesia.....		12
Philippine Islands.....		11
Cuba.....		6
Greece.....		5
Yugoslavia.....		5
India.....		4
New Caledonia.....		4
Japan.....		3
Graphite (crucible grade):		
United States consumption, imported pre-war.....	100	-----
Principal world sources 1939:		
Madagascar.....		60
Ceylon.....		20
Germany.....		15
Soviet Russia.....		5

## Deficient minerals of the United States and principal world sources of supply—Con.

Mineral	Per cent	Percent of world production
<b>Industrial diamonds:</b>		
United States consumption, imported pre-war	100	
<b>Principal world sources 1939:</b>		
Belgian Congo		77
Gold Coast		6
Angola		6
Sierra Leone		4
Union of South Africa		4
Brazil		2
<b>Lead:</b>		
United States consumption, imported pre-war	3	
<b>Principal world sources 1939:</b>		
United States		25
Australia		16
Mexico		13
Germany and Austria		10
Canada		10
<b>Manganese ore:</b>		
United States consumption, imported pre-war	97	
<b>Principal world sources 1939:</b>		
Soviet Russia		49
British India		17
Union of South Africa		8
Gold Coast		7
Brazil		5
Egypt		3
Cuba		2
French Morocco		2
<b>Mercury:</b>		
United States consumption, imported pre-war	35	
<b>Principal world sources, 1939:</b>		
Italy		43
Spain		34
United States		12
Mexico		5
Soviet Russia		5
<b>Mica (excluding scrap and ground):</b>		
United States consumption, imported pre-war	80	
<b>Principal world sources, 1939:</b>		
British India		80
Brazil		2
Canada		2
<b>Natural nitrates:<sup>1</sup></b>		
United States consumption, imported pre-war	100	
<b>Principal world sources 1939: Chile:</b>		99
<b>Nickel:</b>		
United States consumption, imported pre-war	99	
<b>Principal world sources, 1939:</b>		
Canada		85
New Caledonia		8
<b>Platinum:</b>		
United States consumption, imported pre-war	84	
Canada		254
Soviet Russia		219
Union of South Africa		111
United States		19
Colombia		16
<b>Quartz crystals:</b>		
United States consumption, imported pre-war	100	
<b>Principal world source, 1939: Brazil:</b>		99
<b>Tin:</b>		
United States consumption, imported pre-war	100	
<b>Principal world sources, 1939:</b>		
Malay States		29
Netherlands Indies		16
Bolivia		15
Thailand		10
China		6
Belgian Congo		6
Nigeria		5
Burma		5
<b>Titanium ore:</b>		
<b>Ilmenite:</b>		
United States consumption, imported pre-war	14	
<b>Principal world sources, 1939:</b>		
India		74
Norway		16
United States		4
<b>Rutile:</b>		
United States consumption, imported pre-war	29	
<b>Principal world sources, 1939:</b>		
United States		46
Australia		37
Brazil		10

<sup>1</sup>These percentages do not take into account the large synthetic nitrogen industry of the United States. After this war there will be sufficient synthetic nitrogen fixation capacity available to more than replace pre-war natural nitrate purchases. Nitrate imports would then be unnecessary except for diplomatic reasons.

<sup>2</sup>All platinum metals.

## Deficient minerals of the United States and principal world sources of supply—Con.

Mineral	Per cent	Percent of world production
<b>Tungsten:</b>		
United States consumption, imported pre-war	60	
<b>Principal world sources, 1939:</b>		
China		29
Burma		23
Portugal		10
United States		10
Bolivia		8
Argentina		3
<b>Vanadium:</b>		
United States consumption, imported pre-war	52	
<b>Principal world sources, 1939:</b>		
Peru		34
United States		30
Southwest Africa		17
Northern Rhodesia		13
Mexico		5
<b>Zinc:</b>		
United States consumption, imported pre-war	9	
<b>Principal world sources, 1939:</b>		
United States		28
Germany		13
Belgium		11
Canada		10
Poland		7
Australia		4
France		4
United Kingdom		3

Mr. LODGE. Mr. President, the tabulation shows all the foreign countries from which these articles can be obtained.

In a letter accompanying this tabulation, Dr. Sayers made the following remarks:

MARCH 15, 1943.

HON. HENRY C. LODGE, JR.,  
United States Senate.

DEAR SENATOR LODGE: In response to your recent request for a list of minerals of which the United States has an inadequate supply, and information as to the principal world sources of these deficient minerals, I am pleased to submit the enclosed tabulation. The data shown are based on pre-war conditions rather than the present disturbed relationships because it is believed the former will reflect more accurately the state of affairs after the war is concluded. The 21 commodities listed include all the important minerals, substantial quantities of which were imported for domestic consumption in the immediate pre-war years.

Not included in the list are the major industrial minerals—coal, iron ore, copper, and petroleum. The United States has abundant reserves of coal. Deposits of iron ore and copper appear to be adequate to meet our peacetime requirements for several years, although a small proportion of our total iron ore demand doubtless will continue to be imported by our seaboard blast furnaces due chiefly to lower freight rates on ocean shipping. In 1939, 4 percent of the iron ore consumed in domestic blast furnaces was foreign ore, over half of which was obtained from Chile and the remainder chiefly from Cuba and Scandinavia. The outlook for continued self-sufficiency in petroleum is less favorable. Unless current trends in prospecting and discovery are reversed, present rates of production cannot be assured for more than a few years. In recent pre-war years the United States was a net exporter of crude petroleum. In the event of a decline in domestic production it would seem logical for the United States first to reduce its export trade and then to draw on those sources that have supplied imported crudes in the past. These include Venezuela, Mexico, and Colombia. Less accessible reserves exist in southwest Asia and the Netherlands Indies.

If the Bureau of Mines can be of further assistance at any time, please let me know.

Sincerely yours,

R. R. SAYERS, Director.

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

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

Mr. LODGE. I yield.

Mr. OVERTON. The report which the able Senator has read shows that petroleum reserves will probably last only a few years. Does the Senator know whether any specific statement has been made as to the number of years they will last? I have read in periodicals and newspapers that the probable duration of petroleum reserves in the United States, under normal usage will be from 15 to 20 years. Has the Senator any specific information concerning that subject?

Mr. LODGE. I will say to the Senator that I have been in touch with the experts in Washington, and they have not given me information as to any particularly specific period, but they have given me the impression that the period is not nearly so long as 15 years.

Mr. OVERTON. If the Senator has any information along kindred lines I should be glad to receive it. I should like to know whether petroleum can be produced economically from coal. If it can be, we would have an almost inexhaustible supply.

Mr. LODGE. I am not in a position to comment on that suggestion. I wish I were.

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

Mr. LODGE. I yield.

Mr. WILEY. As I understand, American and British companies to a large extent own all Venezuela petroleum-producing properties. Am I correct in that regard?

Mr. LODGE. I believe so.

Mr. WILEY. If the Senator will further yield, as a matter of future policy, I suggest that it would be wisdom to enter into what is called a customs union with Venezuela so that we could utilize oil properties there owned by our own people and keep intact our own reserves in the United States.

Mr. LODGE. I am coming to the question as to what we should do about the oil situation. I believe I have in my mind the same purpose the Senator has in his. If the Senator will permit me, as I continue my address, I think he will see what I mean.

Mr. WILEY. If I may make one further inquiry, is the Senator acquainted with the large deposits of oil in northern Canada near Alaska?

Mr. LODGE. I have heard about them.

Mr. WILEY. We have already built a pipe line there, but I wondered if the Senator had any information as to the tremendous reservoir which exists there, and what, if any, suggestion he has to make regarding the utilization of that reservoir.

Mr. LODGE. I have been told about it, but the figures which I have been

shown I am not permitted to use in public. The knowledge as to the exact location of all the oil deposits is somewhat of a military secret; and while the authorities will allow a Member of Congress to examine the figures, they will not authorize him to use them in public.

It is undoubtedly true that we can improve our position by using low-grade ores, of which we have a large supply in the case of certain metals. We have, during our short national life, lived off the cream. We may not be able to skim off the cream much longer. We must take careful stock of our domestic resources and stand ready to develop them. Military considerations indicate that these resources should be freely available and that at the same time we should encourage importations and stock piles of scarce materials.

In the case of those metals of which we are entirely deficient, however, we have no choice but to import them.

While considering this subject of matters outside our own borders in which the welfare of the American people compels us to have a strong national interest, let us take a somewhat longer look at oil.

The importance of insuring a supply of oil adequate to maintain the domestic economy of this country is painfully apparent to every citizen today. Competent opinion is that our domestic reserves are inadequate. The world supply of oil is ample for all if efficiently developed and distributed. Present American concessions abroad are sufficient for our needs and trade, if preserved. Responsibility for this preservation could be left with the oil companies as in the past, or could be taken in some degree by the Government. History does not give us confidence that private company policy alone will adequately safeguard the national public interest, particularly with the prospect of circumstances in the future even more difficult than those which the private companies have failed to cope with in the past. How should this Government move to achieve the security of so important a factor in our national life? This responsibility is a real one, and those entrusted with it cannot dismiss it with fair promises.

The importance of oil from the standpoint of the armed forces is also vital. Responsible and forward-looking Navy officers, experienced in oil-supply problems, have been asking what assurance have we—if any—that our fleet and air force will have certain supplies for maintenance or police duty. This question extends itself to include supplies for such cargo shipping as this Government may choose to keep under its own administration following the war for implementation of its security or economic policies until a stabilized world economy makes this unnecessary. These officers bear and keenly feel a high responsibility. They know better than most the price paid for empty bunkers and do not intend to find them empty. They are waiting impatiently for our solution.

I shall not enter into the details of what the answers are to these two chal-

lenging questions. The suggestion has been made by thoughtful men that a petroleum reserve corporation should be established to provide an agency in which many related functions could be centered and through which much might be accomplished. Certain it is, however, that we must have oil, that the average citizen insists that he have oil, and that he looks to us who are public servants to see that he gets it.

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

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Washington?

Mr. LODGE. I yield.

Mr. BONE. For a long time I have assembled material dealing with the probable consequences of the prodigal expenditure of our natural resources during the war. These resources are not limitless; they have very definite limitations. Wrapped up in the problem is the possibility of another great war following this war. That is the supreme tragedy of it, because with this technology of ours, 135,000,000 Americans are not going to see this vast industrial machine break down and bring about what would amount to a chaotic condition under the system which we have enthroned in this country, and which we cherish. I think that is one of the great tragedies which threaten, and I am glad the Senator from Massachusetts has referred to it as he has here today, for it is a discouraging situation, and it may spell disaster for us, because it may force us into another war. If we should become a "have-not" nation a man would be a bold prophet who would assert that we would not go out and get what we need, and if some other nation has it and does not want to give it because of her technological needs we might have the ground work for a most grave issue in the future.

Mr. LODGE. I am obliged to the Senator for what he says. It is essentially a tragedy, and it is also essentially an opportunity, as I have tried to show.

In my remarks up to this point I have listed some of the mineral resources which are vital to our existence and for which we are to a greater or lesser degree dependent on the outside world.

Then, of course, there are vast vegetable resources, such as rubber, coffee, and quinine. I wish to emphasize that we are also vitally interested in the world outside our borders for other things—for services as well as goods. Think of the merchant marine which we have so suddenly built. Think of radio, telegraph, and telephone communications, a field in which we have a natural proficiency, and in which I do not think we are on an equality throughout the world. Think of aviation. After the war we shall have at least 3,000,000 young men who will be well versed in the fields of aviation, merchant marine, and communications. They will probably look to their Government to give them an opportunity to exercise these skills. These are activities which rest on international agreements if they are to exist at all. You cannot have free air transportation without international understanding.

You cannot have a large merchant marine without agreements. You cannot operate either of these things without a communications system at least on an equal basis with that possessed by other countries. In these fields, therefore, other countries have things to give, things which we want to get. I hope we can get them—of course, by just, peaceful means, for under no condition can this war ever become an imperialistic one.

Then there are the broad questions of currency, international exchange, and beyond these the still broader questions of international commerce as a whole.

These are vital matters in the long view, as we well know. They will also have great immediate urgency. There is a deep conviction in men's minds today that the powers of government, now being used to win the war, can and must be used after the war to promote prosperity, while at the same time preserving and encouraging free enterprise.

Mr. CHANDLER. Mr. President—  
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Kentucky?

Mr. LODGE. I yield.

Mr. CHANDLER. I take pleasure in expressing my appreciation to my distinguished friend from Massachusetts for calling the attention of the Senate and the people of the country to the threatened shortage of critical and important materials. The people of the country are very deeply concerned about this matter, and I wish to say to the Senator that I think he is performing a real service to the people of his country.

Mr. LODGE. I thank the Senator from Kentucky very much for his courteous and generous words.

I think we can all agree that there will be no patience with a post-war world of doles and bread lines. There must be a gradual transition from a war to a peace footing. In all this the goods and services which we must get from abroad will play a vital part—a part which cannot be postponed.

Mr. President, we pride ourselves on having the highest material living standard of any nation in the world, and we boast of it not merely in a materialistic spirit. We know that a society of free men, with free speech, free worship, free institutions, and equal opportunity cannot exist in a country which is in a state of abject poverty. If you are to have democracy you must have a certain amount of prosperity.

Therefore, both our standard of living and our spiritual freedom are based on the fact that Providence has blessed us with so many natural resources.

In this war some of us have been privileged to observe our young American fighting man. In a very true sense he represents the justification of our democratic system, for his hardihood, his quickness of thought, his self-reliance, and his courage under the most severe tests life holds are the results not only of the food and clothing which he received as a child, but of the education which he received and the spiritual climate in which he grew to manhood. All these things rise and fall together. An

America without a plentiful supply of natural resources would not be the America of democracy. It would be a bitter irony if we were to shoot away our natural resources in the name of democracy and lose democracy while we were doing it.

After the last war it was stated many times that the United States wanted nothing, and we magnanimously refused to accept any territory. If it is true that we are becoming a "have-not" Nation, it is a very open question indeed whether we should not at the end of this war seek to acquire, in a just and peaceful manner, some things which we might lack. We hear it often said—and with admiration in some quarters—that our allies know exactly what they want out of this war. Should we not be equally definite in making our wants known? Is not such frankness on all sides the best guarantor of fruitful agreement and true understanding?

What will be the result of a conference at which two parties know exactly what they need whereas the third wants everything in general and nothing in particular? As a fervent believer in the pressing need of effective international collaboration after the war, I submit that the United States owes it to the world as well as to herself to define her needs.

Mr. President, these are the questions which bring me to the last part of this speech.

In the part just ended I tried to list the goods and services, which we must obtain from outside our borders if we are to maintain either our democratic life or a respectable military establishment, or our influence for peace in the family of nations.

I now submit that if these problems are solved—if we have a satisfactory set of treaties assuring us, for example, proper supplies of oil and tin and our fair share of our shipping and communications rights, that the framework of our relationship with the rest of the world would be fixed—and that it would be fixed on a sound basis, a true basis, a basis which took into account the differences between nations, a basis which saw the different needs of different peoples and sought to satisfy those needs—instead of a basis which assumed that all nations and peoples are alike when actually they are not.

Mr. President, I have very little faith in what I call the cosmic or transcendental approach to the question of American foreign relations. I cannot see why it is necessary to treat the relations between peoples of different nationalities on a highly theoretical, political, and emotional basis when the relations between peoples of the same nationality are not treated that way. True, the airplane has changed commerce and revolutionized military science; it has not, however, automatically created a universal state of brotherly love. I have some good friends, of whom I am personally fond, both in and out of the Senate who believe in the cosmic approach, and I respect their sincerity. But the more I think about it the more

convinced I become that it is an approach which can only do harm to the very cause which its proponents espouse.

One method produces agreement on the part of the American people; the other method divides the American people. And have we not learned by this time that one of the first considerations in forming any foreign policy in this country is that it must be a policy on which the American people can unite?

Such a policy must be based on national interest, guided by justice. Would that we had had a clear policy of national interest to guide us in the past. I am very much afraid that we have not had such a policy for quite a little time. We have had momentary policies based on emotion, such as the Neutrality Act, the purpose of which was to keep us out of war by legislation and which circumstances then caused us to repeal. We then had a vacuum instead of a true policy based on national interest, and that was all too often—and all too naturally—filled by old hatreds and old attachments relating to countries in the Old World. I do not hesitate to say that if a policy based on national interest had been in existence in the past in the prewar period it would have been wholeheartedly supported by all Americans regardless of racial extraction. Such a policy in the future would weld Americans together—regardless of racial differences—more than any other single act of government.

In his book entitled "U. S. Foreign Policy," Walter Lippmann makes some true observations on the mentality prevailing in the administrations of two Presidents holding office before and during the First World War. He says:

Both were idealists who habitually rejected the premises of the politics of power. Both disliked armaments. In them the idealism which prompts Americans to make large and resounding commitments was combined with the pacifism which causes Americans to shrink from the measures of force that are needed to support the commitments. Neither promoted the preparation of armaments in time of peace. Both accepted reluctantly and tardily the need to arm. Both abhorred as inherently vicious and unnecessary, and as contrary to American principles, the formation of alliances. But both favored a league of nations in which the United States assumed the obligation to enforce peace.

This eagerness to accept commitments and reluctance to arm also characterized our conduct before World War No. 2.

In a later discussion of the failure of the United States to enter the League of Nations, Mr. Lippmann says:

The United States did not go to war because it wished to found a league of nations; it went to war in order to preserve American security. And when the war was over, the Nation would almost certainly have accepted in some form or other the scheme of the League of Nations if President Wilson had been able to demonstrate to the people that the League would perpetuate the security which the military victory had won for them. Mr. Wilson failed to make this demonstration. He failed because in leading the Nation to war he had failed to give the durable and compelling reasons for the momentous decision. The reasons he did give were legalistic and moralistic and idealistic reasons, rather than the substantial and vital reason that the

security of the United States demanded that no aggressively expanding imperial power, like Germany, should be allowed to gain the mastery of the Atlantic Ocean.

Mr. Lippmann here points out the dangers of what he calls a legalistic, or a moralistic, or an idealist policy, rather than a substantial and vital policy. I have used the phrases cosmic, transcendental, theoretical, and political. We both mean the same thing.

I believe we have made some progress toward a truly national policy. For instance, we are determined that never again shall we find ourselves unprepared as we were on the outbreak of this war, and that we must have a military force which is manifestly ready to function at any moment. We believe that if we had had such a force Hitler might never have started. We hold that there must be practical plans for a rapid expansion of our Army and Navy, that there will have to be limited compulsory military training, that never again must we be dependent on others for essential war materials, and that the approaches to the United States must be safeguarded.

Robert Moses has expressed this new feeling about the foreign policy of the future in these words:

We will go along with feeding the starving and undernourished everywhere, binding up the world's wounds, canceling debts and making loans, perhaps with some kind of League and World Court which do not require the surrender of our sovereignty and which frankly separate ultimate from immediate objectives, with moderate tariff barriers not involving the lowering of our living standards, and with immigration restricted in order to prevent the rushing in of the vast hordes who will attempt to seek escape from painful readjustments abroad.

Our people will favor cooperation with other nations in the many benefits to be derived from improvement of communications, but they won't give up nationalism. They will be for sufficient American armament to insure respect, and for an internal economy which will not again make us dependent on others for vital needs. They will be for spreading democratic doctrine by example rather than by forcing conformity upon those to whom democracy is still a new experience. Does any sane person seriously contend that with the signing of the peace our armed forces should be quickly reduced to skeletons and stripped of appropriations and respect? Not after this war. This time we shall be more prudent. We shall not disarm until we see how sincere the rest of the world is about the new Utopia.

Uncle Sam is neither a skinflint nor a fool. The middle road in world affairs may not be melodramatic, but it has always looked good to him. He knows this at least—that in the long run he will win the widest respect by refusing to overpromise and by being scrupulously careful to keep his word.

Mr. President, I do not mean to ignore or belittle the fact that thorny military and political decisions will have to be made. They will be difficult decisions, no matter how successfully we settle our material questions about which I have been speaking. The matter of control of any international military organization and our reaction to the continuation, resurrection, and extension of imperialism are two out of many thorny questions from which we cannot escape. The question of restoring small nations with-

out also restoring the European crazy-quilt of quarreling nationalities is another. There are many more.

But the fact still remains that the approach is important. The more matters are agreed on, the easier agreement becomes even on these thorny problems. And it is so very plain that there are things which we need in the world outside our borders, things which we must have in order to maintain not only our material standard of living but our democratic way of living—things which we need to maintain our influence for peace in the family of nations. These are the things which should be the basis of prompt agreements based on national interest, because these are the things on which Americans can agree among themselves and regarding which reasonable men of differing nationalities should be able to come to terms. For 50 years the American people have been divided on questions of foreign policy. I submit that the test of a sound foreign policy is "that those who have disagreed are brought toward agreement."

Let me summarize:

First. It is a sacred duty to achieve effective international collaboration after the war to prevent the recurrence of these slaughters. Only thus can we be worthy of the sacrifice of our fighting men.

Second. The political and theoretical approach to the peace divides the people and defeats its own purpose. We cannot assume that the aeroplane has automatically created a state of universal brotherly love. The touchstone of any American foreign policy must be that it unites the American people.

Third. We must develop a policy based on national interest guided by justice which will bring people together as Americans regardless of racial differences.

Fourth. Such a policy can be based on those things which we must have from outside our borders to maintain our democracy, our Military Establishment, and our influence for peace in the family of nations.

Fifth. Some of the things which should be the objects of international agreement are:

(a) Vital natural resources which we either lack completely or of which our supply is growing scarce. For example, we will soon be dependent on the rest of the world for oil.

(b) Equality with other nations in international radio, telegraph, and telephone.

(c) An opportunity for free competition in international aviation.

(d) A real chance for our new, big merchant marine.

(e) Equitable arrangements in the field of international exchange.

(f) Naval, military, and air bases to safeguard the approaches to the United States.

Sixth. Agreement on these practical matters will make agreement easier on the great political problems. It is a fruitful approach which will unite the people.

Indeed the challenge of making a conclusive peace is too compelling to be met

in any other spirit. The sacrifices made by American fighting men impose the duty of developing world relations which will work, which will be accepted, and which will meet the issues of our time. We simply cannot afford the pride of opinion which says that it must be done a certain way or not at all. That the cosmic approach is attractive to many people cannot be denied. Certain aspects of it are attractive to me. In a less important cause we might tolerate it. But in the vital, soul-stirring task of making a just and lasting peace for our children and grandchildren we cannot afford this dubious luxury. We have the stern duty of being practical, of making a peace which will work. Only thus can we be worthy of the sacrifice of our fighting men.

Mr. JOHNSON of Colorado. Mr. President, I desire to commend and congratulate the Senator from Massachusetts on the address he has just delivered. It is timely, challenging, and thought-provoking, and relates to a subject which should be called to the attention of the country and the Senate.

In connection with the Senator's statement I ask unanimous consent to have printed in the RECORD a statement made by Warwick M. Downing, an authority in my State, in regard to oil shales and the possibility of deriving petroleum products from coal.

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

It is the patriotic duty of all of us to take strong measures to prevent the imminent shortage of our national petroleum supply.

President Roosevelt, in his letter to Hon. WILLIAM P. COLE, Jr., chairman of the Cole committee, of November 10, 1942, said:

"The immediate discovery of additional sources of oil is imperative."

Petroleum Coordinator for War Ickes, in Collier's of August 15, 1942, said, in referring to our oil reserves:

"The truth is that our oil reserves are low and getting lower. Even if we could be complacent about them, we would have no right to be. \* \* \* During the 3-year period of 1938-40, the United States took 4,250,000,000 barrels of oil out of the ground, and during the same period only 2,500,000,000 barrels of new underground reserves were discovered.

"In 1941 it was even worse. That year we produced 1,400,000,000 barrels and discovered a mere 500,000,000 barrels treasured underground."

According to Petroleum Administration for War release, in 1942 we discovered 421,000,000 barrels of new reserves. Our consumption was 1,385,479,000 barrels.

Thus during the last 5-year period (1938-42), we consumed 7,035,479,000 barrels, and discovered new reserves of 3,421,000,000 barrels. The 5-year deficiency is 3,614,479,000 barrels greater than our production.

Senator Ed C. JOHNSON, member of the Senate Committees on the Public Lands and on Military Affairs, said more than a year ago:

"I am told by military experts that if the present war continues 5 years—and it is likely to do so—that there will be an extreme shortage of motor fuel in this country, and that it will be necessary to extract the motor fuel from coal as Hitler is now compelled to do. We cannot afford to lose any battles and a lot of lives through any preventable shortage of natural resources."

Chairman Cole, of the Cole committee, on his retirement after 8 years of service in

study of the oil situation, in a letter to the President, dated October 22, 1942, said:

"We are certainly headed toward disaster, Mr. President, if we cannot make provision at this time for an increased supply of nearby petroleum.

"The time lapse between the search for petroleum and its use where needed is at least 2 years.

"If we knew that one-fourth of our iron furnaces or steel mills would be out of commission within 2 years, and it took 2 years to build others, we would certainly do something about it, and do it now.

"We do not know that 3,800,000 barrels per day will be the limit for our war needs. Our needs may reach 5,000,000 barrels a day, in which case there is no present prospect of meeting them, and all the tanks and trucks and planes grounded in this country for lack of fuel will be of no account.

"The combination of these facts makes it imperative that many, many years before we have a collapse of our oil productivity, we have a substitute to take the place of natural petroleum.

"We have two stupendous possible sources of petroleum.

"First, the oil shales which are widely dispersed over our country and exist in almost limitless quantities in the intermountain country.

"Second, coal of which we have sufficient quantity for several thousand years, and which can be made a huge source of synthetic petroleum."

The worst of it is that new discoveries are dwindling and becoming less and less each year. Of course we are helped out somewhat by extensions to existing fields.

But the truth is that our oil fields today are overproducing and are not producing enough. William B. Heroy, Petroleum Administration for War Director of Reserves, in a statement to the Interstate Oil Compact Commission on April 3 of this month, said:

"There is a normal decline in production from one year to the next of about 400,000 barrels per day in productive capacity"; and also that the initial daily production of wells completed in 1942 was only 259 barrels as against 1,077 barrels in 1937. He shows that what counts is productive capacity rather than estimated reserves.

Yet we are in the midst of a life-and-death struggle—how long the war may last, how much greater will be the petroleum needs of our fighting men, no one knows.

Mr. Ickes, at our meeting on April 15, 1942, said:

"That is why it is the solemn responsibility of each of us to see that this oil is available—adequate, ever-continuing supplies of it—this year, next year, and for as many years as this war may continue."

Mr. Ickes, in his Milwaukee speech of January 21, 1943, after saying that the complete fulfillment of the requirement of the military is the main responsibility of the Petroleum Administrator for War, and the task was his, said: "In the doing of it there cannot be—there must not be—any failure."

We must not take a chance of "too little and too late." If we fail in our duty to our country at this critical hour, if any of us fail, if Mr. Ickes fails, if oil is not available, adequate, ever-continuing supplies of it—this year, next year, and for as many years as this war may continue, if our war effort is stymied, or even impeded by lack of gasoline, or if civilian morale or war work at home is delayed by a like cause, those of us responsible therefor should be, and forever will be, disgraced, in the eyes of our fellow countrymen.

We have been summoned here by the Petroleum Administrator for War to advise him, to make suggestions that would prevent the awful calamity that begins to loom in the future.

We must remember it takes months and years to discover new reserves, and longer to put them in production.

We have heretofore urged a reasonable price for crude to make possible the necessary exploratory work. Petroleum Administrator Ickes has recently recommended a price increase of 35 cents per barrel. Petroleum is selling at only 60 percent of parity, and is the only commodity selling at less than parity. The average price for 15 years prior to the abnormal conditions caused by the flood of oil from East Texas and Oklahoma, was \$1.85 per barrel. Inasmuch as wages have gone up, materials have gone up in price, skilled labor is almost impossible to obtain, and inasmuch as oil is more costly to find and wells must be drilled much deeper than heretofore, it is absolutely impossible for the average independent (who must be relied upon to do the successful discovery work) to hope to engage in any exploratory work whatever, unless the price of crude be raised.

We have asked the Honorable Secretary of the Interior to reduce royalties on the public domain—to the one-eighth royalty, a royalty that is universal in the industry, and have asked him to do everything freely, fully, and without stint, necessary to give every possible encouragement to the development of our public lands.

At our last meeting, we urged the speedy adoption of regulations under the O'Mahoney bill, a splendid law if liberally interpreted by the Interior Department.

We have tried to do our duty fully in our home States.

We are not discouraged, even if our recommendations have not been followed.

Though our recommendations heretofore have accomplished little, we are not here to criticize, nor are we here to discuss the past. We much prefer to praise the great amount of good that has been accomplished. We look solely to the future. All of us should present our ideas for betterment of conditions, and as a body we should recommend measures we think would be beneficial. I am sure Mr. Ickes would not have invited us here, and would not have declared that as a body or as a national conference, we run parallel with the war council, unless he expected us to speak out fully and fearlessly, whatever we may think will be good for our country's welfare.

Therefore, I will present briefly two recommendations:

#### FIRST RECOMMENDATION

That the United States Geological Survey, a body of very able scientific men under the direct control of Mr. Ickes, be given the funds to help existing oil fields on the public domain to produce more oil, and to help discover new oil fields.

The personnel of the Survey is splendid. Its job is to conserve every barrel of oil possible on the public domain and on the Indian lands, and by secondary recovery methods and otherwise to cause all wells thereon to produce the maximum without waste. Its principal job, however, during wartime, at least, is to aid the search for new oil reserves. Indeed, nothing can be more important than for the Survey to map and geologize probable oil areas. In years past it has done such work, and such work has been extremely valuable. The American Association of Petroleum Geologists has recently published a book, Possible Future Oil Provinces of the United States and Canada. This book contains an index map, showing possible petroliferous areas, which comprise about one-third of Montana, nearly one-half of Wyoming, nearly one-half of Colorado, about one-quarter of Utah, nearly one-third of New Mexico, and about one-sixth of Arizona. In the January 1939 report of the National Resources Committee (predecessor of the present National Resources Planning Board), of which at the time Mr. Ickes was

chairman, at page 293 thereof, also appears a map showing possible areas for the discovery of oil and gas. This map shows as possible oil-producing areas one-half of Montana, two-thirds of Wyoming, more than one-half of Colorado, nearly one-half of Utah, and four-fifths of New Mexico. In both maps the "possible" is the most favorable classification for oil-producing purposes.

No effort in connection with winning the war is more important than that the United States Geological Survey geologize promising sections of this vast area, as well as promising sections in other parts of the United States. Certainly Mr. Ickes ought not to have it said that in his own Interior Department, upon lands under his exclusive jurisdiction, the public lands, waste of oil and gas in considerable amounts should occur. Yet notwithstanding the importance of this work, the budget of the United States Geological Survey for the current year is only slightly over \$500,000, substantially the same as it has been for some years.

I have examined the Budget of the United States Government for the fiscal year ending June 30, 1944, and have been unable to find any recommendation for any increase for next year.

Plainly speaking, the United States Geological Survey will not have the necessary money to adequately police the public lands for the prevention of waste; it will have nothing whatever for the expense of mapping and geologizing new oil and gas areas. Yet we see immediately in front of us the growth of an organization created to aid in the war effort. I refer to the Petroleum Administration for War. This organization was not created until December 2, 1942, an outgrowth of the Petroleum Coordinator's office. Yet by December 31, 1942, it had on its payroll 1,118 employees in Washington and in district offices. It was given a budget for the present fiscal year of \$3,365,000 and an additional \$685,000 has recently been requested for immediate expansion activities. I mention this solely for the purpose of showing that when there is need, the men and the money are forthcoming. Certainly there is no greater need than that the United States Geological Survey should be supplied with adequate funds for the purposes I have just set forth. I am advised that an additional \$500,000 to the United States Geological Survey would be sufficient.

#### SECOND RECOMMENDATION

That the Bureau of Mines, under the jurisdiction of Mr. Ickes, be immediately given the authority and the money to do whatever is necessary and proper preparatory to building plants to utilize our oil shale and coal for the extraction of synthetic petroleum.

On April 15, 1942, a little over a year ago today, we passed a resolution which it will be well to quote in full:

"We must not repeat the mistake of rubber. Is it not better to be alert, to plan ahead, to realize that we may have unforeseen events and disasters before final victory? Therefore, among other things, we should begin to get ready to make available for petroleum needs our proven deposits of coal and oil shale, which have all the oil we can possibly need during the war and for a thousand years in the future. We should not wait until the necessity is upon us, until it is too late. We should at least be in the blueprint stage. The Secretary of the Interior should be given the money to enable his scientific men to perfect the necessary processes, already fairly well worked out, and to build test plants."

What has been done about this extremely important matter?

Concerning oil shales, absolutely nothing; not a penny has been spent in research work for about 15 years. The Budget for this fiscal year ending June 30, 1944, above referred to, does not ask for a dime for any such work. Concerning coal, for the fiscal year 1942-43,

\$85,000 was provided for land, structure, and equipment for an experimental plant for synthesis of motor fuel at Pittsburgh, Pa., and \$80,000 was provided for expenses. The plant has not yet been completed. The Budget before mentioned, as I read it, proposes to appropriate \$85,000 for the next fiscal year.

Dr. Arno C. Fieldner, chief of the Fuel Service of the Bureau of Mines, in his statement before the O'Mahoney Committee on October 12, 1942, concerning the availability and cost of coal hydrogenation for the production of gasoline and liquid fuels, says:

"The small laboratory plant at the Central Experiment Station in Pittsburgh, Pa., should be enlarged to pilot-plant scale so that the necessary data for designing commercial plants may be obtained. Also, there should be intensive research on the chemistry of the processes with a view to producing a product of higher octane value and also at lower cost. \* \* \* The Nation should protect itself from disaster in this field such as has overtaken us in the field of synthetic rubber. Such protection involves the erection and operation of full-scale, industrial-size units so as to solve the engineering problems involved in these processes. \* \* \* The cost of such a pilot plant is estimated at \$2,000,000."

Very little is known in this country concerning processes to utilize coal or shale as a source for petroleum products. However, it is believed that Germany obtains at least half of her gasoline and motive fuel from coal. Without such utilization of coal, Germany could probably not have carried on the war, and Russia would have been greatly hampered.

Though in the midst of plenty, we are faced with the probability, or the possibility, of a shortage of oil, the most important material, the most strategic of all materials, absolutely necessary to win the war. We know that our petroleum supplies are dwindling. After the experience concerning rubber, it is possible that our national administration, with its eyes open, and after having been forewarned, will make the same mistake concerning oil? Long before we begin to run short of petroleum, we should have completed and thoroughly understood, the mechanics of extracting oil from our shales and from coal. When in the midst of a long war, where the issue may depend entirely upon the Nation having the greatest petroleum supply, it is suicidal, and indeed treasonable, for public officials to fail to complete detailed plans, so that when and if the need therefor arises, plants may be started immediately for the extraction of liquid fuel from our coal and oil shales.

This statement will not be complete until I give you briefly the facts and figures which show the immensity and value of our shale and coal deposits, a treasure beyond compare, the greatest of all our national resources.

We have in the United States in our oil shales, 92,144,985,000 barrels of recoverable shale oil. At or close to the common corner of Colorado, Utah, and Wyoming, shale beds contain 75,131,988,000 barrels of shale oil. These figures were taken from the statement of A. J. Kraemer of the Bureau of Mines to the O'Mahoney committee, on October 12, 1942, concerning the "Availability and Cost of Production of Shale Oil in the United States."

Our national coal reserves aggregate 3,180,765,230,000 tons, of which 939,457,443,000 tons are lignite coals, leaving 2,241,307,787,000 tons of higher-grade coal more suitable for extraction of hydrocarbons.

Of the coals other than lignite, Wyoming, Colorado, Montana, and Utah have a total of 1,095,656,254,000 tons, or practically one-half of the total reserves of like coal in the United States. These figures were obtained from the report of the Federal National Resources Committee of January 1939, of which Mr. Ickes was then chairman.

At the present rate of consumption of petroleum products, our Utah, Wyoming, and Colorado shales would supply our needs for 50 years at the present rate, even if a barrel of petroleum be not produced. A ton of coal on the average will produce more than a barrel of oil. Our coal reserves are sufficient to supply our coal and petroleum requirements for a thousand years.

Dr. Fieldner, in his statement before the O'Mahoney committee, says the estimated cost of producing gasoline from coal varies from 12 to 25 cents per gallon. Kraemer, in his statement before the O'Mahoney committee, estimates that crude shale oil may be produced at \$2 per barrel. This doesn't include refining.

However, it must be strongly emphasized that very little is known in this country concerning the best methods of obtaining oil from coal or shale. The above costs are based on figures of the past. Concerning shale, open-pit mining, recently developed in our country, may be found practicable, and greatly reduce the cost; after intensive research, it may be found possible to extract the oil from the shale rock and refine it in one operation and with one heating, thereby reducing cost very materially.

If American ingenuity and American technical ability is put to work on the job, we may be assured that a substitute product will be made available at less, perhaps much less, than the above figures. Scientific men tell me that such cost would be greatly reduced if proper allowance be made for byproducts, which, by the way, are of the greatest importance. However, it is not a matter of a few pennies' difference in cost; it is a matter of national safety.

A comparison between the method of obtaining oil by wells from oil sands, and of obtaining oil from oil shales, will be illuminating. Each method takes time. After the first well, it may be 2 or 3 years before the field is drilled up and in production. It should not take any longer to build large plants to treat the oil shales. Both methods are expensive. The cost of the average oil well is more than \$50,000. Such wells on the average will not produce 50 barrels a day for 20 years, their average life; but if so, the cost of wells or plant would be \$1,000 per barrel per day for a limited time. An oil shale plant, producing 10,000 barrels a day, might cost \$10,000,000, though probably less. This is at the same figure, \$1,000 per barrel per day. The average oil well requires 161 tons of steel. This is on the basis of approximately 3 tons for each barrel of daily production. Kraemer says that a 10,000-ton shale oil plant would require only 15,000,000 pounds of steel, or at the rate of 1.3 tons of steel for each barrel of oil per day. No estimate is given for steel required in mining, but this would be small. The oil shale method, however, has this difference—a plant once constructed will last for the life of the shale deposit, and there will be no dry holes.

Unquestionably, it is entirely practicable to obtain liquid fuels or synthetic petroleum from oil shales and coal. The cost thereof, according to present knowledge, should not greatly exceed the cost of petroleum if petroleum was priced at parity. The amount of steel required is less. As between coal and shale, it is principally a question of what research will show. But an immense amount of work and intensive research is required to determine the best and most economical methods concerning both coal and oil shale. This work should be immediately started.

In respect to every other industry, the brains of our people have found ways to do the job better and cheaper. If this rule follows with respect to coal and shale, we have the right to expect as good or better products that will sell as cheaply or more cheaply than present petroleum products. The great ad-

vantage of obtaining these products from coal and shale is, that the risk of drilling (which, by the way, is becoming a very great risk, with few plums) will be entirely eliminated.

I am told that the necessary appropriation for shale is \$800,000, and for coal from \$2,000,000 to \$5,000,000.

I am not urging that we start now to produce oil from shale or coal. It will never be possible to supplant crude oil or its products by extracting liquid fuels from either coal or shale. But nothing is more certain than that the day will come when our petroleum supply will be insufficient. God grant that day may not come during this war. But whenever it comes, especially if it should come during the war, we should be ready.

I have been asked to state the relative advantages as between using coal or oil shale as a source for liquid fuel. My information, briefly, is as follows:

There is really no basis of comparison as the products are entirely different. From coal, through hydrogenation, is manufactured a synthetic substance which may be used as a substitute for gasoline, and perhaps other petroleum products. This, however, is a complicated and expensive process.

From oil shale there is obtained by a fairly simple retort process, what I understand to be a low-grade petroleum or the equivalent thereof. This product may be refined, or may be used without refining for fuel oil. Shale oil is, in a sense, petroleum in nature's process of making.

The cost of a plant for shale is much cheaper. The cost of mining is much less. The cost of retorting the shale is much less than the cost of the complicated synthetic process relating to coal. On the other hand, a ton of coal will yield a larger quantity of the product. A serious problem concerning shale is the disposal of the dump rock.

As to the time element, a shale plant, being much less complicated, can be built much more quickly. The quantity of steel required is very much less—1.3 tons for the oil-shale plant per barrel of product per day, as against 6.5 to 14.1 tons for the coal plant per barrel of product per day. Shale rock has only the one use, whereas coal has other uses. The question of byproducts can be determined only by further research. The principal question is one of locality in relation to markets. Obviously, it would be better to build a plant in Pennsylvania for the eastern market, and in Colorado or Wyoming for the Rocky Mountain market. Shale fits in better with a declining petroleum supply. Our petroleum supply will be sufficient for gasoline and lubricating purposes for many years if oil shales supply, wholly or in large part, the liquid fuel demand, and coal is used in its natural state wherever possible. The Bureau of Mines believes that the work concerning both coal and oil shale should be vigorously carried on simultaneously.

#### GOVERNMENT-OWNED USE OF SILVER FOR WAR PURPOSES

Mr. GREEN. Mr. President, I ask unanimous consent for the present consideration of Senate bill 35, to authorize the use for war purposes of silver held or owned by the United States.

Mr. McNARY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. Does the Senator from Rhode Island move that the Senate proceed to the consideration of the bill?

The PRESIDING OFFICER. The Senator from Rhode Island has asked unanimous consent for its present consideration.

Mr. McNARY. I think the Senator from Rhode Island should ask unanimous consent that the pending appropriation bill be temporarily laid aside, and then ask for present consideration of the bill to which he refers.

Mr. HAYDEN. That was the suggestion I was about to make.

Mr. McNARY. I would have no objection to that course being followed.

Mr. GREEN. Mr. President, I ask that the pending bill be temporarily laid aside, and that the Senate proceed to the consideration of Senate bill 35. There is urgent necessity for immediate passage of the bill because the silver stocks of the country are running low, and the use of silver in the making of munitions is vital.

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

The CHIEF CLERK. A bill (S. 35) to authorize the use for war purposes of silver held or owned by the United States.

Mr. GREEN. Mr. President, as I began to say, there is urgent necessity for prompt passage of the bill. As Senators know, the bill has been pending for a long time. A similar bill was introduced at the last session of Congress, but failed of passage. The bill was introduced in the first days of the present session, and on May 12 the Committee on Banking and Currency, to which the bill was referred, made a unanimous report recommending its passage.

The silver stocks of the country are running low. They are needed for many purposes, but primarily for munitions. There is a large stock of silver, as is well known, at West Point and elsewhere, which may be used for these purposes but cannot be so used under existing law. The bill in question is very short, and perhaps I should summarize it in a few words. It makes available Government-owned silver under proper safeguards. The President is authorized, through the Secretary of the Treasury, upon the recommendation of the Chairman of the War Production Board, to sell or lease for domestic purposes for a period not longer than 6 months after the cessation of hostilities any silver which is in the ownership of the Government at the time. The price of the silver is set at 71.11 per fine troy ounce.

The bill contains the following proviso:

*Provided further, That at all times the ownership and the possession or control within the United States of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.*

The bill provides that the act shall expire on December 31, 1944.

Various objections have been raised to the bill, but they have all been met, and I understand there is at present no objection to its passage. The House, I am told, is awaiting the passage of this bill so it may take action upon it.

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

Mr. GREEN. I yield.

Mr. McCARRAN. I wish to invite the attention of the Senator from Rhode Island to certain amendments to the bill which it seems to me he should offer at this time.

Mr. GREEN. I desire to offer certain amendments to the committee amendment. I thought I should make that offer after a brief explanation was made.

Mr. McCARRAN. I hope the Senator will make the offer of the amendments because there will be no objection to the bill if the amendments are included.

Mr. GREEN. It is my purpose to offer as amendments to the committee amendment the following:

On page 2, in lines 19 and 20, after the word "for", to strike out the words "use in furtherance of the war effort" and to insert the word "purposes"; and in line 22, after the word "needs", to strike out the words "contributing to the war effort."

I now ask for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 35) to authorize the use for war purposes of silver held or owned by the United States, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and to insert:

That the President is authorized, through the Secretary of the Treasury, upon the recommendation of the Chairman of the War Production Board, to sell, or lease for domestic purposes for a period not longer than 6 months after the cessation of hostilities in the present war, as proclaimed by the President, upon such terms as the Secretary of the Treasury shall deem advisable, to any person, partnership, association, or corporation, or any department of the Government, for use in furtherance of the war effort, including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes, any silver held or owned by the United States: *Provided*, That no silver shall be sold under this act at less than 71.11 cents per fine troy ounce: *Provided further*, That at all times the ownership and the possession or control within the United States of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.

SEC. 2. This act shall expire on December 31, 1944.

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

Mr. GREEN. I yield.

Mr. McCARRAN. Let me say for the advice of the Senate with respect to the bill that during the month of November and December a bill somewhat similar to this was pending before the Senate. If the bill now before us had been before the Senate at that time objection would have been much allayed. The bill has been reconsidered and re-formed. In this bill there is nothing—and I hope the Senator from Rhode Island will confirm what I say—in this bill there is nothing either by word or intent which affects or limits or impairs the present existing statute with respect to the acquisition, retention, and price of silver.

Mr. GREEN. I think the Senator is correct. The so-called silver purchase acts remain unaffected by it.

Mr. McCARRAN. Mr. President, with that in mind let me say to the Senate that I have an agreement with certain persons in authority, in view of objections which have been raised to proposed silver legislation, which objections are raised by me, that the proposed legislation will be so modified that the grounds for objection will be removed. I am not going into that matter in detail, because it does not involve Members of this body.

With that explanation, let me say that those of us who are interested in silver legislation, and who know, or think we know, the subject of silver, and who are always anxious to retain silver, under the Constitution of the United States, as a part of the monetary system of the country, realize that in this war effort it is necessary to use some of the so-called free silver in the Treasury, especially for war activities.

The language of the bill permits of the interpretation that free silver may be taken from the Treasury and used in industries that are not directly connected with the war effort. Those of us who are interested in silver have no desire to put any industry out of business. We have no desire to put out of business those who are engaged in the arts which use silver. So we have consented that there may be a limited use of silver in the arts, the whole program to be governed by the President, the Secretary of the Treasury, and the chairman of the War Production Board.

So, with that purpose in mind, the bill can be passed by the Senate and I think can become law within a very short time. Passage of the bill will relieve many objections which have been raised, and will relieve those who have gone through the hardship of being deprived of the use of silver.

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

Mr. GREEN. I yield.

Mr. BUCK. As I understand the bill, it would permit the Secretary of the Treasury to sell to industry within or without the United States, for consumptive and nonconsumptive purposes, any or all free silver which may be in the vaults of the Treasury. Is that correct?

Mr. GREEN. Under certain conditions; yes.

Mr. BUCK. That in itself seems to be a very commendable and laudable objective. The bill also, as I understand, authorizes and empowers the Secretary of the Treasury to lend to industries in this country, for nonconsumptive purposes, any and all of its monetary silver. Is that correct?

Mr. McCARRAN. Mr. President, will the Senator yield to me so that I may reply to the Senator?

Mr. GREEN. I yield.

Mr. McCARRAN. The answer to the Senator's question is, Not the monetary silver—that is, not the silver that stands behind the currency in circulation.

Mr. GREEN. Mr. President, in further answer to the Senator's question, let me say that the Treasury would be

able to lend the silver for nonconsumptive purposes. In other words, the silver would still exist and would be in either the possession or control of the Government, so it still would be available for monetary purposes.

Mr. BUCK. Nonconsumptive purposes?

Mr. McCARRAN. Yes.

Mr. BUCK. Then I was correct.

Mr. McCARRAN. I thought the Senator said "nonconsumptive"; yes.

Mr. BUCK. Yes; I did.

Mr. President, it seems to me that the use of the silver which stands back of the silver certificates which have been issued—and I understood the senior Senator from Oklahoma to say the other day that about \$900,000,000 of silver certificates had been issued, and that is the silver which we are asked to lend to private industries—is at least unethical, and I am not sure that it does not raise the question of the integrity of the United States Government.

Mr. McCARRAN. Mr. President, in that connection will the Senator from Rhode Island yield, so that I may answer the Senator from Delaware?

Mr. GREEN. I am glad to yield to the Senator.

Mr. McCARRAN. The silver loaned to private industry within the United States for nonconsumptive purposes remains in the ownership and is the property and is in the custody of the United States Government. It is used only in facilities where there is no consumption of the silver and no impairment of it.

Mr. BUCK. Mr. President, I understand that the silver goes out of the vaults of the Treasury and is used in industry for bus bars or what not; and it is the same silver that is back of the silver certificates which have been issued with the understanding that they can be redeemed in silver upon demand.

Mr. McCARRAN. The situation has not yet reached that point.

Mr. BUCK. It has not?

Mr. McCARRAN. No.

Mr. BUCK. The bill would permit such use, would it not?

Mr. McCARRAN. It would permit it.

Mr. BUCK. I still think the ethics of the procedure are questionable. If the bill is passed by Congress and becomes law, certainly in the post-war era and thereafter this section of the bill should not be taken as a guide for the treatment and disposition of monetary silver.

Mr. McCARRAN. I agree very heartily with the Senator; but the reason why we are in accord as to the provisions of the bill is that the emergency is now on us. Therefore we are going further now than we would under ordinary circumstances; and the provisions of the bill will cease having effect 6 months after the emergency or upon a definite date, if one is provided.

Mr. BUCK. If the exigencies of the war require that the action provided by the bill be taken, I am very glad to go along with it.

Mr. McCARRAN. That is the only occasion for it.

Mr. BUCK. But I say it is a very dangerous precedent to be followed hereafter.

Mr. McCARRAN. I heartily agree with the Senator.

Mr. THOMAS of Oklahoma. Mr. President, I think the RECORD should contain a rather definite statement with respect to the amount of silver the Government owns.

We now have almost 3,000,000,000 ounces of silver owned by the United States Government and under the control of the Secretary of the Treasury. We have approximately 500,000,000 silver dollars coined. Each standard silver dollar contains one hundred-one hundred twenty-ninths of an ounce of silver, and for monetary purposes silver is worth \$1.29 an ounce. Under the law the 3,000,000,000 ounces of silver which the Government owns, if coined into standard silver dollars, would amount to some \$3,870,000,000. As stated we have in the Treasury a large number of standard silver dollars.

Recently the Congress authorized the Treasury to reduce to silver bars some 40,000,000 of those silver dollars, for the reason that such coined silver dollars had become worn and slick from use and therefore did not contain the full amount of silver. So those dollars have been melted into bars, and are subject to use as provided by the terms of the pending bill.

The record shows that we now have in circulation something over \$1,900,000,000 of silver certificates. There is in the Treasury, behind each dollar of such money, either a standard silver dollar or silver bullion, to the full monetary value of the certificates. That makes it necessary to retain in the Treasury about a billion and a half ounces of silver. That leaves, then, about a billion and a half ounces of silver that are free, and not necessary to be kept in order to redeem our outstanding silver certificates. It is that billion and a half ounces of silver that the pending bill deals with in the main. If the time comes when the billion and a half ounces of free silver not being used for money and subject to the provisions of the proposed bill are disposed of in the war effort, then if additional silver is needed additional legislation may be required to enable us to use the silver that is retained as redemption for the outstanding silver certificates.

Mr. GREEN. I thank the Senator for his statement. It clarifies the situation. Mr. President, I send to the desk the amendments which I propose, and I ask to have them stated.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. In the committee amendment, on page 2, lines 19 and 20, after the word "for", it is proposed to strike out the words "use in furtherance of the war effort," and to insert "purposes"; and in line 22, after the word "needs", it is proposed to strike out the words "contributing to the war effort."

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Rhode Island to the committee amendment.

The amendments to the amendment were agreed to.

Mr. McCARRAN. I understand that there were three amendments, but that they have now been combined into the two amendments just agreed to.

Mr. GREEN. That is correct.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 35) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the President is authorized, through the Secretary of the Treasury, upon the recommendation of the Chairman of the War Production Board, to sell, or lease for domestic purposes for a period not longer than 6 months after the cessation of hostilities in the present war, as proclaimed by the President, upon such terms as the Secretary of the Treasury shall deem advisable, to any person, partnership, association, or corporation, or any department of the Government, for purposes including but not limited to the making of munitions of war and the supplying of civilian needs, and the converting of existing plants to those purposes, any silver held or owned by the United States: *Provided*, That no silver shall be sold under this act at less than 71.11 cents per fine troy ounce: *Provided further*, That at all times the ownership and the possession or control within the United States of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.

Sec. 2. This act shall expire on December 31, 1944.

#### INTERIOR DEPARTMENT APPROPRIATIONS, 1944

The Senate resumed the consideration of the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes.

The PRESIDING OFFICER. Under the order previously entered, the first amendment of the committee will be stated.

The first amendment of the Committee on Appropriations was, under the heading "Office of the Secretary—Salaries", on page 2, line 3, after the figures "\$5,000", to strike out "\$1,028,560" and insert "\$1,072,270."

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Andrews	Connally	Kilgore
Bailey	Danaher	La Follette
Ball	Eastland	Langer
Bankhead	Ellender	Lodge
Bilbo	Ferguson	Lucas
Bone	George	McCarran
Bridges	Gerry	McClellan
Brooks	Gillette	McKellar
Buck	Green	McNary
Burton	Gurney	Maybank
Byrd	Hatch	Millikin
Capper	Hawkes	Moore
Caraway	Hayden	Murdock
Chandler	Hill	Murray
Chavez	Holman	Nye
Clark, Mo.	Johnson, Colo.	O'Daniel

O'Mahoney	Shipstead	Tydings
Overton	Smith	Vandenberg
Radcliffe	Stewart	Van Nuys
Reed	Taft	Wallgren
Revercomb	Thomas, Idaho	Wheeler
Reynolds	Thomas, Okla.	Wherry
Robertson	Thomas, Utah	White
Russell	Truman	Wiley
Scrugham	Tunnell	Wilson

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Seventy-five Senators have answered to their names. A quorum is present.

#### FINANCIAL PLIGHT OF KANSAS FARMERS

Mr. CAPPER. Mr. President, we have become so used to dealing in the upper brackets of the numerical system—hundreds of millions, billions, and hundreds of billions of dollars—that our mathematical senses may have become somewhat numbed in a good many cases to the relationship which still exists between the dollar sign and the individual.

I have received a letter from Ralph W. Asbury, a fine Kansas farmer near Hooser, Kans., which is typical of many others I have recently received from Kansas farmers. He enclosed an itemized summary of his receipts and expenditures from farming operations on his 320 acres of mortgaged land plus 60 acres of rented land.

Mr. Asbury says the manpower on this farm consists of two adults, and three children, the oldest a girl of 15 years. He says all of them work. The farm is appraised at \$12,000 by the Federal land bank. Mr. Asbury says that the tax value of the livestock and equipment is \$3,500.

According to this farmer's bookkeeping, he and the entire family made profits last year from the farm totaling \$339.27, and for the first 4 months of this year, \$113.93.

He believes that with his labor and investment he should make \$1,000 a year; he says that a man can make upward of \$27 a week in the towns as a common laborer. He is cutting down on his dairy operations this year, and says so are his neighbors. I ask unanimous consent to place his letter and a table in connection therewith in the RECORD at this point as part of my remarks.

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

HOOSER, KANS., May 10, 1943.

Senator ARTHUR CAPPER,  
Washington, D. C.

DEAR SIR: I am sending a report of our farming business for 1942, also the first 4 months of 1943. We own 320 acres and are renting about 60 acres more. This is an average upland farm, which the Federal land bank appraised at \$12,000. The tax valuation on the livestock and equipment is \$3,500.

There are three adults, one 15-year-old girl, and two girls in the lower grades, and we all work to the limit of our endurance.

We have 25 milk cows and 2 stock cows, of which we are milking 21 at this time and selling separated cream, besides bucket feeding the 21 calves night and morning. We have 4 brood sows. Also 200 laying hens and 200 little chickens.

My reports will show you that our profits last year were \$339.27 and the first 4 months of this year were \$113.93. Corn was 80 cents last year and \$1.24 last week, and hogs are going down every day.

How does Roosevelt and the Office of Price Administration expect us farmers to stay in business?

We can't depend on the promises of the Office of Price Administration from one week to the next.

The farmers here are all talking of slowing down to just what they can get along on. I have interviewed a number of these fellows and here are their answers:

No. 1. Sold all his white-face cattle which was \$11,000. Had 100 hogs last year and none this year, milking just a few cows and keeping some chickens. He thought the Government was justified in doing something to stop inflation.

No. 2. Had 4 sows last year and about 20 cattle. Has 1 sow and 2 milk cows this year, owns 200 acres of land and out of debt. He says he voted for Roosevelt three times but he thinks we, the people, need to get rid of the whole New Deal bunch.

No. 3. Had about 60 cattle last year and 6 brood sows, but this year has 25 cattle and 3 brood sows. He has been a life-long Democrat but he now intends to merely exist until they get rid of Roosevelt.

No. 4. Had 22 milk cows and 8 sows last year, and this year has 5 cows and 4 sows and out of debt. Doesn't expect to any more than exist until they get rid of Roosevelt.

Our local banker told me there were a lot of people going out of the hog business. If Congress and the Senate don't do something to protect the farmers at once, at least 60 percent of them are going to cut down to a mere existence.

I aim to cut down to 10 cows and 1 sow. We are all working until we are so tired and sore we are hardly able to start a new day's work. We start at 5 a. m. and finish at 9:30 p. m., which is 16½ hours a day or 103½ hours a week. So I don't see how some folks can howl about 48 hours a week. Don't let Roosevelt make any more trade agreements without the Senators ratifying them.

Let me know at once if the Senate is going to help us farmers win this war or let the Office of Price Administration help Hitler win it.

I believe with the amount I have invested here, I should realize \$1,000 a year profit.

A man can make \$27 a week in any of these towns and a woman can get from \$15 to \$25 at just common labor.

Yours truly,

RALPH W. ASBURY.

Farm operating expenses, 1942:	
Feed.....	\$655.47
Crop expense.....	38.92
Machinery repair.....	150.53
Auto expense.....	127.96
Stationary engine.....	17.84
Building-land upkeep.....	206.19
Livestock expense.....	471.57
Taxes and interest.....	304.42
Other.....	90.78
Principal on farm.....	200.00
Food.....	205.40
Clothing.....	42.16
Personal.....	31.38
Medical care.....	12.78
Household.....	47.94
Minor housing.....	11.77
Total.....	2,616.11
Money received, 1942:	
Poultry.....	39.72
Eggs.....	271.86
Dairy products.....	1,071.77
Cattle.....	1,111.74
Hogs.....	396.04
Other sales.....	62.25
Total.....	2,953.38
Yearly profit, including labor.....	339.27

#### FIRST 4 MONTHS OF 1943

Farm operating expenses, 1943:	
Labor.....	\$95.37
Farm.....	77.58
Seed.....	121.16
Groceries.....	70.95
Clothing.....	33.98
Auto.....	43.64
Total.....	542.68
Money received, 1943:	
Eggs.....	138.03
Cream.....	317.89
Grain (for seed).....	16.10
Hogs.....	184.59
Total.....	656.61
Profit for first 4 months of 1943.....	113.93

#### DEATH OF THOMAS RAYMOND BALL

Mr. DANAHER. Mr. President, it is with deep sorrow that I advise the Senate of the sudden death of Thomas Raymond Ball, a former Representative from the Second Congressional District in Connecticut.

Mr. Ball was a distinguished artist, and an architect of note. He served his State well—at least five terms in the General Assembly of the State of Connecticut, both in its house of representatives and in its senate. He later was honored for his integrity of purpose and his general ability by being elected Representative from the important Second Congressional District of his State, serving with distinction in the Seventy-sixth Congress. He leaves a widow and a daughter.

The late Mr. Ball was a veteran, having served in the United States Army Engineers overseas for 2 years during the First World War.

Later, Mr. President, I shall extend my remarks, but at this time I wish his family and his friends to know that we here in the Senate share their sense of loss.

#### EFFECT OF ROLL-BACK ON LIVESTOCK MARKET

Mr. WHERRY. Mr. President, last Tuesday I brought to the attention of the Senate the demoralized and chaotic condition of the livestock market at the five terminal livestock markets in this country.

The conditions to which I refer resulted from putting into effect amendment 15 to order 169, which was the order issued by the Office of Price Administration to roll back consumer prices to the consumer and the worker, in connection with which it was contended by many distinguished Senators that arrangements had been made whereby the subsidy would be extended down to the producer.

As the conclusion of those remarks I thought I made a very constructive suggestion. In fact, my remarks were made only for the purpose of being constructive, and in sincerity I again renew the suggestion.

My suggestion was that a committee representing the leadership of the Senate go to the Office of Price Administration and, if necessary, to the President himself, with the view to having adopted immediately procedure whereby the sub-

sidies can be paid—if they are to be paid—into the hands of the producer. I stated that unless some such action were taken we would have to expect decreasing receipts in the livestock terminals, and that the present conditions would continue to be demoralized and chaotic.

That was last Tuesday. Last night I received a telephone call and today I received two telegrams bearing upon the subject. Day before yesterday I received another telephone call from Chicago. I have received several other telegrams. I wish again to bring this question to the attention of the Senate. I do not desire to detain the Senate in its consideration of the appropriation bill which has been brought up, but the situation to which I refer is so serious that I feel it is my duty and responsibility to show what are the results in the terminal markets.

I have an Associated Press report from Chicago under date of June 17, which reads as follows:

Packers and commission dealers today watched with interest the effect on business at the Nation's major livestock markets following disclosure by the Government of details of subsidy payments accompanying the scheduled rollback in retail meat prices.

Spokesmen for packers and dealers asserted that the recent slowdown in activity at the stockyards here and in other major centers was due to the uncertainties of the terms of the subsidy payments—

That is what was contended here last Tuesday. It was the uncertainty of those payments that caused the slowdown, and it is being said now that the confusion was caused by the uncertainties of the terms of the subsidy payments. I continue reading—

to packers to compensate them for the rollback, which seeks to cut consumer prices 10 percent. The new retail prices become effective next week.

The payments, to be made monthly and to apply to livestock slaughtered beginning June 7, will be 1.1 cents per pound for cattle and calves; 1.3 cents per pound for hogs and pigs, and 0.95 cent per pound for sheep and lambs. Some packing-company spokesmen said preliminary calculations indicated the payments would not compensate fully for the reduction in resale prices.

That was spoken of last Tuesday in the Senate.

The article refers to a statement by Charles Rice, president of the Chicago Livestock Exchange, as follows:

Charles Rice, president of the Chicago Livestock Exchange, said the price roll-back might cause an even greater scarcity of beef in the regular commercial channels than now exists. The War Meat Board has declared that the Nation's armed forces are in critical need of beef. The Board met again yesterday, continuing its study of facilitating the operation of the Nation's meat program.

I invite the attention of the Senate to the fact that at a meeting held by some of the Senators from the Corn Belt it developed, after discussions were had, and facts presented, that last week the military forces received only 30 percent of their meat requirements, and the week before that they received only 20 percent of their requirements. The article from which I have read shows that the

War Meat Board is meeting in Chicago in the effort to obtain beef for the armed forces.

I continue to read from the article:

Prices of both cattle and hogs weakened in yesterday's slow trade, and at the close of business some 4,000 hogs and 1,000 head of cattle remained unsold.

That is exactly what I predicted last Tuesday—

New receipts continued small—

It was said here that the effect of this order would be that they would not ship their cattle—

both here and in other centers. Cattle arriving at 20 leading livestock centers totaling only 29,000 head.

I trust the Senate will note this statement—

the smallest for June in the last 15 years.

Now at a time when we want cattle, the supply in yesterday's market was the shortest in 15 years, and only 29,000 head of cattle were sold.

Receipts for the corresponding day last week were 51,000 head.

That gives some idea of the market in the last 2 days and of its demoralized condition.

At one big plant here slaughtering crews were idle, the second day this week for workers at Armour & Co. At the Wilson & Co. plant, workers in the calf department have worked only 1 hour this week. They are guaranteed wages for 32 hours a week.

Think of that. They have worked only 1 hour this week, although guaranteed wages for 32 hours.

Gentlemen of the Senate, that was the condition in Chicago yesterday. Here is a telegram from the president of the United States Stockyards in Omaha in which he says that because of the small receipts the market responded yesterday 25 cents a hundred, but they are not getting receipts. He further says:

This price roll-back and subsidy program must be eliminated in favor of prices adequate to encourage maximum production.

I have also an editorial, taken from one of the leading newspapers. I shall not read it now, but I ask unanimous consent that it be included in the Record as a part of my remarks.

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

The editorial is as follows:

#### CONFUSION AFFECTS MARKETS

There was confusion on the Omaha market Monday. Trading was reported at from one-half to two-thirds less than it should have been. Packers were offering lower prices, from 50 cents to a dollar per hundred less than offering prices. The Office of Price Administration had promised recompense for a price roll-back to packers, but there was some doubt as to its ability to fulfill the promise. The fear was that Congress might curtail the Office of Price Administration's ability to get funds with which to make the payment.

President Harry Coffee, of the Union Stockyards, advised shippers to keep their offerings off the market until confusion over the situation is cleared. Sales made of fat cattle were at reduced prices and these mostly to small

packers and speculators. Most of the sales were of feeders. In the meantime there is a shortage of meat offerings in many cities. Dealers do not have supplies, and customers, armed with cash and coupons, cannot buy what they demand.

The Office of Price Administration may solve its problem. The country wonders about how much wisdom will be applied to handling a bad situation by Washington authorities. In the meantime it hopes for the best.

Rolling back prices and promising a subsidy to processors might work out all right if the Office of Price Administration could guarantee the subsidy. With Congress in its present mood, opposing subsidies, the guaranty of the administration is not accepted at face value by processors.

Mr. REED. Mr. President, will the Senator yield to me for a moment?

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

Mr. REED. For the Record, I should like to read some information from Kansas which fits in perfectly with what the Senator from Nebraska has said. I hold in my hand a telegram, dated yesterday, from the president of the Kansas Live Stock Association, in which he says:

Kansas City, St. Joseph, and Wichita markets slow and uneven. Bulk sales 25 to 50 cents lower. Steers, heifers, and yearlings suffer from inactive buying. Cows and bulls about steady. Vealers weak to 50 cents lower. No encouragement to producers. Letter follows.

I have a letter which reached me yesterday from one of the most conservative and intelligent citizens of Kansas. He is a banker and livestock feeder. His name is Waugh, and the name of Waugh is known in Kansas for conservatism, integrity, and good faith as well as good business judgment. Mr. Waugh operates a bank at Eskridge, Kans., which is on the north side of what we call the blue stem country. In Kansas there is an area about 60 miles wide running from the Oklahoma line north nearly to Nebraska, which contains the most nutritious grasses for fattening cattle in the world. Annually perhaps 200,000 or 300,000 head of steers from the ranches of Texas, New Mexico, Arizona, and Colorado are sent to that territory to be put on grass and fed for the market. That area is recognized nationally as perhaps the best fattening region in the United States. Mr. Waugh writes as follows:

Some time ago, I purchased a drove of thin cattle and am reeding them for beef. These thin cattle cost a great deal on the market and the feed and labor are also very high. The Government, through their spokesmen, encouraged us to produce more beef and now through their manipulations, they are going to cause us to take a loss in our operation. They have caused the market to break 50 cents today in Chicago on cattle. It seems to me, that unless the Government adopts some sound policy with respect to the cattle industry, there will be a beef famine by winter. I have handled cattle for 25 years, but am going to quit just as soon as I can get out on the ones that I now have. If more meat is the Government's goal, they should allow the producer a fair profit for his labor and risk. Beef cattle are much lower than during World War No. 1, yet labor and other costs are much higher.

I may add, with the permission of the Senator from Nebraska, on whose time I am trespassing—

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

Mr. REED. That I have had a hundred letters or telegrams from cattle feeders in Kansas which read just like the letter and telegram I have presented. If this country desires to avoid a meat famine, as, of course, it does, there must be a more dependable, more logical, more sensible, and fairer policy adopted than the one now in effect. I thank the Senator from Nebraska.

Mr. WHERRY. I thank the Senator from Kansas for his remarks.

The junior Senator from Kansas just made the prediction unless these conditions were corrected, there would be a meat famine.

Mr. President, I ask you and the other Members of the Senate, why there should be a meat famine in this country? The junior Senator from Kansas will recall that on Wednesday afternoon the distinguished senior Senator from Iowa [Mr. GILLETTE] called together Senators from the Corn Belt States. To that conference there had been invited as an expert and to give testimony Mr. J. B. Hutson, president of the Commodity Credit Corporation. He testified to facts which were a revelation to me. He stated that the cattle production of this country is on the increase and that it has been on the increase for the last 4 or 5 years. He stated to the committee that we now have on hand about 78,000,000 head of cattle, of which about 38,000,000 head were feed cattle.

Yesterday in my office I had the privilege of a visit from Chris Abbott, of Hyannis, Nebr., who is not only one of the largest ranchers in Nebraska, if not in the Middle West, but is also a director of the Burlington Railroad. He told me that there had been an increase of about 2,000,000 beef cattle in the United States in the last 15 months. So we have the cattle in this country. That is likewise the testimony of Mr. Hutson.

What else does Mr. Hutson say? He also stated that we have the corn in this country. Senators who were at the conference will bear me out when I say that Mr. Hutson stated that we had between 950,000,000 and 1,000,000,000 bushels of corn and that, comparing this supply with the figures of prior years, it was 200,000,000 bushels more than the average June carry-over. If we have that many head of cattle in this country, and if we have 200,000,000 bushels more corn, why in the world should there be a meat famine, when we need beef for our military forces and the civilian population?

There are many reasons given why that condition exists. One is that the cattle feeders are feeding on too narrow a margin. I wish to substantiate exactly what the writer of the letter read by the junior Senator from Kansas said and also the remarks of the junior Senator from Kansas that we have the narrowest meat-feeding profit we have had down through the years. It is so narrow that feeders

are going out of business by the wholesale. Why is it narrow? One reason is because the costs are high. Another reason is because feeders are uncertain of conditions. They do not know what will happen tomorrow relative to the price ceilings, and the orders, and, as a result, they are retiring from feeding operations.

It is said that the prices of cattle are satisfactory. I want Senators to know that the best corn-fed steers in the last 3 days have sold below \$15 a hundred, whereas in World War No. 1 the price reached \$17 a hundred, and the labor costs of 1916 and 1917 were far below the labor costs which now have to be paid. I also want the Senate to know that in the past 6 weeks the average price of fat cattle has been less than the point reached between January 1 and September 1, 1942. The cattle feeders have a right to have that high price paid, and the administration should see to it that it is, and that the market is not depressed.

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

Mr. WHERRY. Yes, I yield to the junior Senator from Kansas.

Mr. REED. Can the Senator from Nebraska point out any place in this program where any of the bureaucrats, including the O. P. A., administering this program have paid the slightest attention to the law or to the expressed intention of Congress when it has provided the appropriations and made the law?

Mr. WHERRY. My answer to the junior Senator from Kansas is that if the law be interpreted correctly, or at least as I interpret it, the producers had a right to have the high point paid for cattle between January 1 and September 1, 1942, for the past 6 or 8 weeks during which the price has been less than that. So that the market for feeding cattle has become so narrow that the feeders are not feeding the calves.

Now let me give another reason why replacement cattle are not going into the feed lots. It is because of the ceiling on corn. If we expect to feed livestock—and when I say "livestock" I mean not only cattle, but poultry in Delaware, and poultry in Michigan—we must get corn with which to feed the live animals and the fowl, and it is absolutely necessary that the ceiling on corn be lifted, and it be allowed to flow through its natural channels, so that it can come off the farms and reach the cattle feeders and the industrial purposes for which corn is needed.

Some may ask, why? It is because we will eliminate the black market if we take the ceiling off, and we certainly do have a black market in this country today.

I have here another Associated Press report coming from Chicago on June 17, as follows:

#### TRUCK DRIVERS ROAM MIDWEST HUNTING CORN

CHICAGO.—Truck drivers, roaming the Midwest in an unprecedented hunt for corn, are buying the yellow grain at higher-than-ceiling prices and selling it profitably to farmers who need it to feed livestock, members of leading grain firms said Tuesday.

That is one reason, they said, why not as much corn as is needed is coming into marketing terminals, threatening, in the words of the Corn Industries Research Foundation,

a complete shut-down in the corn-refining industry within the next 30 days.

A shut-down in corn refineries would affect such industries as textile manufacturing, paper making, aluminum and steel foundries, brewing, candy manufacturing, and innumerable others which utilize derivatives of America's most important grain.

Existence of an illegal market for corn, grainmen said, is common knowledge among the trade. The Baldwin Elevator Co., Decatur, Ill., commenting on the situation, said: "There probably never was such a storm of truckers roaming over the Illinois highways staging a veritable corn blitz on country elevators as in recent weeks. Now they are contacting the growers direct. With truckers being the privileged characters as to prices they can pay for corn, it does not look as though there will be a normal corn movement through regular channels even after producers have caught up with their work."

Reports to grain firms indicated similar situations in other Corn Belt States.

Meanwhile, major markets are not getting the corn they need. The amount of the maize in principal marketing centers at the start of this week was pitifully small as compared with last year. The figures for three major terminals:

	This week		Year ago	
	Bushels	Bushels	Bushels	Bushels
Chicago.....	4,300,000	14,870,000	4,300,000	14,870,000
Kansas City.....	706,000	4,598,000	706,000	4,598,000
Minneapolis.....	757,000	4,753,000	757,000	4,753,000

It is practically impossible to enforce corn ceilings at every fence post in the American Grain Belt, grain men said. The transactions are not officially recorded, as they are in marketing terminals, and the only persons who know about them are the buyer and the seller.

Mr. President, this message shows the seriousness of the present situation. Corn is being held in the elevators and on the farms because of a black market, in which the price is away up from 10 to 15 cents over the ceiling. That is another reason why we have a famine in beef.

If we let the livestock producers buy the corn, if we make it possible to feed the poultry the corn which can be bought through legitimate channels, if we take the ceiling off we will take a right step and a constructive step toward eliminating the famine staring us in the face so far as meat is concerned. Until that is done we will continue to have the demoralized and chaotic condition which is now confronting the cattle feeders.

Mr. President, one of the things we learned yesterday from Mr. Hutson was brought out by this question from me: "When will we get relief? When will the cattlemen know and poultrymen know that they will have feed?" I remember distinctly the question of the junior Senator from Michigan, when he said, "We really want to know when we can get grain for our poultry and livestock in Michigan."

Mr. Hutson said they were going to release this, that, and the other thing. The fact is that the only thing the Commodity Credit Corporation can release was released yesterday—that is, 10,000,000 bushels of corn, just 10 days' need for industrial purposes, which, according to Mr. Hutson, will have priority rating. It does not help the livestock situation one grain of corn.

He came to one conclusion. I do not know whether I can quote him correctly or not, and no record was taken of the hearing, but if I do not quote him accurately I hope some one who is present will correct me. He said just one of two things should be done. Either take the ceiling off—and he said he was prepared to take it off, though he could not speak for his department—or import grain from South American countries.

So, Mr. President, observe the situation in which we find ourselves in this great country of ours. I have friend after friend after friend today closing his feed lots because he cannot get corn and because the profit margin is too narrow. Yet we have the greatest number of cattle we have had in years, and we have a 200,000,000-bushel surplus of corn, but cannot get the two together because of the restricted ceiling on corn, and misadministration, in my opinion, of the Office of Price Administration.

I tell you, Mr. President and gentlemen of the Senate, this is the most serious thing that has confronted the Senate in the 5½ months I have been a Member of it. Food is the No. 1 problem, and unless we can get the corn and the cattle together, unless we can get corn to the poultry and the livestock, we will have a famine, and there will be no excuse for it. The farmers of this country are the ones who should be making a profit on feeding the cattle and producing the corn, rather than the farmers of some South American country in which we do not have the stake we have in our own country.

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

Mr. WHERRY. I yield.

Mr. TAFT. In connection with the remarks made by the junior Senator from Nebraska, only this morning I talked with one of the packers of Cincinnati. There are some 16 or 17 different packers, small packers, in Cincinnati, which is not a great cattle market. The market is somewhat different from that in Chicago, with lighter cattle.

This gentleman told me that since Tuesday 4 of the 17 packers had stopped slaughtering altogether, and had closed down their plants; that 4 more of them will certainly close up next Tuesday; that a mass meeting of all the packers and grocers and wholesale distributors of food is to be held to protest against the present management of price control, particularly with relation to the roll-back on meat.

Mr. President, I fully agree with the Senator from Nebraska that we face one of the most serious problems we have had to face. I think it is fair to say that this is no partisan statement. We have practically the same statement this morning from Mr. Chester Davis, the Food Administrator, himself. I read from a report of what he said in New York:

Chester C. Davis, in his first public address since his March 25 appointment as War Food Administrator, said yesterday that management of the Nation's civilian food supply was one of the most neglected problems on the home front and warned that "there is going to be chaos if it is not managed right." \* \* \*

"Normally," he explained, "prices are the force that brings supplies to where they are needed. Where skillful management is not brought to bear, you're going to have chaos."

Mr. President, it seems to me that unless the entire food situation today is put into the hands of someone who is not predominantly concerned with price, who is not scared, above all things, about inflation, who is concerned primarily with production, we are going to have chaos and starvation in this country.

If the Senator will yield further, I may say that I am today proposing an amendment to the commodity credit bill which would limit seriously the extent to which subsidies might be paid.

The final situation which has practically stopped slaughtering in Cincinnati, as in many other cities, was brought about by the roll-back and subsidy plan. It seems to me that to a certain extent we have to make good on promises which have been made. Otherwise that plan should be stopped. If the stopping of that plan forces a complete reorganization of our food program, it will serve a useful purpose.

Mr. WHERRY. Mr. President, I thank the Senator from Ohio for his remarks, and I wish to conclude my brief statement by quoting a message the junior Senator from South Dakota [Mr. BUSHFIELD] received this morning, as follows:

BERESFORD, S. DAK., June 16, 1943.  
HON. H. J. BUSHFIELD,

United States Senator,  
Washington, D. C.:

We the undersigned substantial cattle feeders of Beresford, S. Dak., and territory, hereby serve notice on our Government that we have complied with their request to increase the production of meat and in doing so now face financial loss. Under existing prices for livestock we will soon be forced to sell, as corn and grains are selling at ceiling prices, and we cannot continue to feed at the present level of prices for livestock. We surely will discontinue the feeding of livestock this coming year on the basis of present prices.

Martin Ebsen, John O. Stene, C. O. Peterson, Ole J. Stene, Ludvig Johnson, Melvin Ende, George Ende, Eric Soderstrom, P. N. Thormodsgard, Osmond T. Twedt, Ole T. Twed, Mrs. Grover Christensen, J. W. Birgen, Theo Muhlenkort, Felix Birgen, A. P. Sorenson, A. R. Olson.

Mr. President, I renew my request. I hope I have said enough that is constructive so that from both sides of the aisle, in a nonpolitical way, a committee may go to the Office of Price Administration, or to the President, if necessary, and see if there cannot be put into operation, if subsidies are to be paid, the machinery necessary to clear up the difficulty which the packers are now having relative to the subsidy, which is causing the demoralized condition, and to ascertain if there is not some plan possible whereby the ceiling can be removed from corn, so that it may go through its natural channels and reach the great purposes for which we need it now, in what, in my opinion, is the most critical year of our Nation's history.

CONTRACT BETWEEN NAVY DEPARTMENT AND STANDARD OIL CO. OF CALIFORNIA

Mr. LANGER. Mr. President, I wish to call the attention of the Senate to the

agreement between the Standard Oil Co. of California and the Navy Department relating to certain oil land development and to the further fact that this morning the newspapers announced that the Secretary of the Navy had canceled the agreement.

Mr. President, I deem this contract of such importance that I think every Senator should be familiar with it, and I ask unanimous consent that the agreement made and entered into between the Navy Department and the Standard Oil Co. of California be printed in the RECORD at the conclusion of my remarks, so that Senators themselves and the American people may see exactly how subtly the contract was drawn, and for the further reason that I expect to discuss the agreement further, very likely on Monday, and having it printed in the RECORD will enable Senators to follow the discussion.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

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

AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF LANDS OF THE UNITED STATES WITHIN NAVAL PETROLEUM RESERVE NO. 1, INCLUDING LANDS TO BE ACQUIRED FROM STANDARD OIL CO. OF CALIFORNIA AND OTHERS ON THE GEOLOGIC STRUCTURE CONTAINING THE ELK HILLS OIL AND GAS FIELD, KERN COUNTY, CALIF., AND FOR THE CONSERVATION AND PROTECTION OF THE OIL AND GAS CONTENTS THEREOF

This agreement is made and entered into as of the 20th day of November 1942, by and between the United States of America, acting by and through the Secretary of the Navy, hereafter referred to as "Navy," with respect to lands owned or controlled by the United States, and Standard Oil Co. of California, a Delaware corporation, hereafter referred to as "Standard."

Recitals: This agreement for the development and operation of Government-owned lands in the Elk Hills oil and gas field shall become effective when executed by the Secretary of the Navy, with the approval of the President, on behalf of the United States, and by duly authorized officers on behalf of Standard.

The purpose of the agreement is to conserve and protect the natural resources of oil, gas, and other hydrocarbon substances within the geologic structure containing the Elk Hills oil and gas field in order to create an effective petroleum reserve in the ground for the use or benefit of the United States Navy, to assure adequate supplies of petroleum products for the United States Navy in order to facilitate the prosecution of the war, to achieve the greatest possible ultimate production of petroleum and its associated hydrocarbons through the development of the field as a unit, and to provide Navy with facilities for developing and operating the lands under Navy's direction.

Authority for this agreement is provided by the act of Congress approved June 4, 1920 (41 Stat. 813), as amended by the act of Congress approved June 30, 1938 (52 Stat. 1252; 34 U. S. C. 524) entitled "An act to amend the part of the act entitled 'An act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes,' approved June 4, 1920, relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves;" the First War Powers Act, act of December 18, 1941 (Public, No. 354, 77th Cong., 1st sess.); Second War Powers Act, act of March 27, 1942 (Public, No. 507, 77th Cong., 2d sess.); Executive Or-

der No. 9001 of December 27, 1941; Executive Order No. 9055 of February 10, 1942; and a directive letter from the President of the United States to the Secretary of the Navy, dated March 21, 1942.

The Secretary of the Navy, by the execution of this agreement on behalf of the United States, with the approval of the President of the United States, determines and certifies that this agreement is necessary and advisable in the public interest in order to:

(a) conserve and protect the oil, gas, and other hydrocarbon substances within the geologic structure containing the Elk Hills oil and gas field from waste and destruction;

(b) furnish supplies of petroleum products for the Navy in order to facilitate the prosecution of the war; and

(c) carry out the policy of the Government of the United States to conserve and maintain in the ground a petroleum reserve in the interest of national defense sufficient to provide the United States Navy with supplies of petroleum products as long as possible.

Witnesseth:

SECTION 1. CONSIDERATION

In consideration of the payment to be made by Navy to Standard of the sum of \$1,748,408.75 and the rights and privileges granted herein by Navy, Standard agrees:

(a) To sell and convey to the United States by grant deed a good and sufficient title in fee simple to the following lands situated in Kern County, Calif., subject, however, to existing easements and encumbrances:

Southwest quarter of the northeast quarter of section 23, township 30 south, range 24 east, Mount Diablo base and meridian

South half of section 23, township 30 south, range 24 east, Mount Diablo base and meridian.

Southwest quarter of the southwest quarter of section 24, township 30 south, range 24 east, Mount Diablo base and meridian (according to the official plat of the survey of the said land returned to the General Land Office by the Surveyor General), excepting therefrom, that portion thereof conveyed to Elk Hills School District by deed recorded November 20, 1933, in book 411, page 312 of Official Records of Kern County, Calif., described as follows: Commencing at a point in the east line of the southwest quarter of the southwest quarter of said section 24 which point is distant 330 feet north of the southeast corner of said southwest quarter of the southwest quarter of said section; running thence north along said east line a distance of 660 feet; thence at right angles west, a distance of 660 feet; thence at right angles south, a distance of 660 feet; thence at right angles east, a distance of 660 feet to the point of beginning. Also, excepting therefrom, all oil and gas in said lands as reserved in that certain United States of America land patent No. 695,254, dated the 1st day of July 1919, being Land Office serial No. Visalia 07529.

All that portion of the southwest quarter of the southeast quarter of section 24, township 30 south, range 24 east, Mount Diablo base and meridian (according to the official map of the survey of said land returned to the General Land Office by the surveyor general), lying south and west of the so-called Outlet Canal as same existed on June 14, 1932, date of the deed of said land from Commercial Land Co., a corporation, to Kern Investment Co., a corporation, recorded June 14, 1932, in book 446, page 63, of official records of Kern County, Calif.; excepting therefrom, that portion thereof lying within the townsite of Tupman as shown by map of said townsite, recorded September 2, 1923, in book 3, page 94, of maps in the office of the county recorder; also excepting a parcel of land 100 feet by 150 feet comprising 0.34 acre more or less, particularly described as beginning at the northwest corner of the southwest quarter of the southeast quarter of said section, and running thence north 89 degrees 54 feet east along the north line

of the southwest quarter of the southeast quarter of said section 240 feet; thence south 51 degrees 36 feet east 150 feet to the true point of beginning of said excepted parcel; thence south 38 degrees 24 feet west 100 feet; thence south 51 degrees 36 feet east 150 feet; thence north 38 degrees 24 feet east 100 feet; thence north 51 degrees 36 feet west 150 feet to the true point of beginning; also, excepting therefrom all oil and gas in said lands as reserved in patent from the United States of America dated June 29, 1923, recorded July 16, 1923, in book 21, page 445 of patents; and subject to right-of-way for pipe line granted to Commercial Land Co., a corporation, by deed recorded November 4, 1935, in book 625, page 236 of Official Records of Kern County, Calif.

(c) Upon the expiration of the current term thereof, to surrender and terminate all of its right, title, and interest in and to that certain operating agreement dated November 30, 1938, between Mary C. Hagood, L. N. Hagood, and H. F. Davies, and any and all modifications and amendments thereof, covering United States oil and gas lease Sacramento, Calif., serial No. 031888.

(d) Upon receipt of written notice that Navy has acquired all of the right, title, and interest of Kern County Land Co. in and to that certain parcel of land in Kern County, Calif., described as the west one-half, section 31, township 30 south, range 25 east, Mount Diablo base and meridian, to surrender and quitclaim to the United States all of its right, title, and interest in and to those certain oil and gas leases dated March 10, 1920, and September 16, 1941, between Kern County Land Co., as lessor, and Standard, as lessee, and in and to any and all modifications and amendments thereof, covering said parcel of land.

(e) To sell and convey to the United States, concurrently with the conveyance of the foregoing lands and interests, all of its right, title, interest, and estate in and to all structures, improvements, equipment, and facilities located thereon, save and except automotive equipment, oil-pumping station and facilities (excluding stock tanks), and pole and pipe lines extending from said oil-pumping station to the point where said lines connect with Standard's main lines.

The foregoing money payment to be made to Standard is the sum of the following items:

(a) Surface value of lands deeded to United States by Standard, 8,297.60 acres at \$10 per acre.....	\$82,976.00
(b) Surface value of 48 acres in S½ sec. 24, T. 30 S., R. 24 E.....	2,276.70
(c) Present value of division equipment.....	157,801.60
(d) Payment to equalize exploration, development, and equipment costs on Standard's lands and Navy's lands.....	1,505,354.45
<b>Total.....</b>	<b>1,748,408.75</b>

The sums set forth in items (c) and (d) above have been computed as shown on exhibit A, attached hereto and made a part hereof, but as these amounts cannot be accurately determined at this time, proper adjustments will be made in the operating accounts of the parties hereto as soon as practicable.

#### SECTION 2. RIGHTS GRANTED TO STANDARD

(a) Development and maintenance of property: In consideration of the conveyances from Standard to Navy, of the conditions and covenants to be observed as herein set forth and for the purpose of effecting the economical development and operation, as a unit, of the lands described in section 4 (a) hereof, Navy hereby grants to Standard

the exclusive right and privilege, subject to the conditions hereinafter provided:

1. To drill for, mine, extract, remove, and dispose of the oil, gas, and other hydrocarbon deposits in or under said lands, together with the right to redrill and repair any wells thereon and to use all property thereon belonging to Navy;

2. To purchase for Navy's account under this agreement necessary materials for the construction and maintenance thereupon of works, buildings, plants, waterways, roads, telegraph or telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other structures, facilities, and services necessary for development and operations hereunder: *Provided*, That Standard shall agree to hold the United States harmless for injuries to or death of any person, and for damage to or loss of property of third persons occasioned by such use of said Government-owned property; and

3. To cover costs of ordering, handling, and storing material, supplies, and equipment, done at Standard's sole expense, to charge Navy with an additional 1 percent of Navy's share of the cost of casing delivered from seller direct to any well by Standard, 1 percent of Navy's share of the cost of casing similarly delivered from Standard's regular storehouse to a well, and 5 percent of Navy's share of the cost of all materials other than casing, but Navy shall be allowed its share of all rebates and discounts Standard receives in connection with such purchases.

(b) Navy's obligation to Standard to be paid in production: Standard shall be entitled to retain out of Navy's share of production, at the prices determined in the manner provided in section 4 (h) hereof, such portion thereof as shall cover Navy's share of the actual cost of developing and operating the lands covered hereby. If at any time Navy so elects, it may deliver to Standard royalty production due the United States from any lease or leases in Naval Petroleum Reserve No. 2, to be credited at not less than the current market price, to apply against its share of development and operating costs. If, however, at any time Navy's share of production under this agreement, and royalties from leases in Naval Petroleum Reserve No. 2, shall be insufficient to cover its share of development and operating costs, Navy may pay Standard in cash the amount of such deficiency or permit it to accrue as a charge against Navy's share of future production. If Navy elects to pay its share of development and operating costs in cash, it may do so.

(c) Rights-of-way: Standard is granted the use of as much of the surface of the lands subject hereto as may be necessary to maintain pump stations, pipe lines and other facilities required for handling and removing the oil, gas, and other hydrocarbons produced hereunder. The location of such other facilities as may hereafter be placed on said lands shall be subject to Navy's approval.

#### SECTION 3. STANDARD AGREES

(a) Bond: To furnish and maintain at all times a bond in the penal sum of not less than \$10,000 with approved surety, or to deposit in the Treasury of the United States, United States bonds in the same amount, as surety therefor, conditioned upon compliance with the terms and provisions of this agreement; said bond shall be furnished to Navy when this agreement has been executed.

(b) Estimates of cost of work: To give notice to Navy's representative on the operating committee provided for in section 4 (m) hereof, of the estimated cost of any well to be drilled and of the construction of plants, buildings, warehouses, roads, or other works of a permanent nature estimated to cost in excess of \$5,000, on the lands covered hereby. If in Navy's opinion, the estimated

costs are too high, Navy shall so notify Standard within 20 days from the receipt of such estimate of cost and Navy may require Standard to secure bids from three responsible contractors regularly engaged in such work. If any bid is less than the estimated cost submitted by Standard, then Standard may either drill the well, or perform the work, at the lowest bid submitted, or may enter into contract therefor with the party submitting the lowest bid, which contract bid shall constitute the cost of the work.

(c) Processing wet gas: To process Navy's share of the natural gas produced from the shallow oil zone which contains sufficient gasoline or other hydrocarbons to justify processing, in a plant or plants on the lands covered hereby, or elsewhere, and Standard shall be entitled to retain as compensation, if processing is carried on in some plant owned by Standard elsewhere, and operated at Standard's sole expense, 50 percent of the natural gasoline and other hydrocarbons recovered from Navy's gas and of the resultant dry gas which is not used for fuel or for injection purposes. Should such gas be processed in a plant owned by Navy, and located on the lands covered hereby, as a part of the general operations conducted hereunder, then Navy and Standard shall share the costs and the resultant products in the proportions applying to oil produced from the shallow oil zone. If natural gas produced from other zones contains sufficient gasoline or other hydrocarbons to justify processing, such gas shall be processed under arrangements mutually agreed upon.

(d) Accounts and reports: To keep at all times true and correct books of account showing the production of oil, gas, gasoline, and other hydrocarbons, as well as all other data necessary or proper for the settlement of accounts between the parties hereto and the proper adjustment of their rights under this agreement. Such books, records, and accounts shall be open at all reasonable times for inspection by any duly authorized representative of Navy, and Standard shall furnish Navy:

1. A written statement once each calendar month, in such form as may be prescribed by or acceptable to Navy, showing the production from the lands, the respective shares thereof of Navy and Standard, and the amount of expenses incurred during the preceding calendar month;

2. Upon request, a plat showing all developments, improvements, pipe lines, buildings, and other facilities and structures thereon;

3. An annual summary of the monthly reports of the preceding year with any adjustments and revisions necessary therein; and

4. Such other information relating to operations hereunder as Navy may specify.

(e) Inspection of premises and records: To keep open at all reasonable times for inspection by any duly authorized representative of Navy the lands covered hereby and the wells, improvements, machinery, and fixtures thereon, and all maps and records relative to operations, and of surveys or investigations made on the lands covered hereby. Standard shall also keep a daily drilling record, a log, history, and complete information on all well surveys and of all wells drilled or worked on, which logs, histories, information, and records, or copies thereof, shall be furnished Navy's representative on the operating committee within 30 days following the completion of drilling or work performed.

(f) Diligence: To exercise reasonable diligence in drilling and producing all wells on the lands covered hereby, to carry on all operations hereunder in a good and workmanlike manner, in accordance with approved methods and practices having due regard for the prevention of waste of oil or gas, damage to deposits or formations containing

oil, gas, or water, or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees, and to plug or condition properly and effectively all wells before abandoning the same.

(g) Assignment of interest: Not to assign this agreement or any of its interest therein except with the consent in writing of the Secretary of the Navy first had and obtained.

(h) Conservation: To conduct operations hereunder so that the conservation of oil, gas, and other hydrocarbons in the lands covered hereby shall be promoted and obtained, and production will be prolonged by orderly and controlled drilling and producing operations to the end that maximum economic recoveries will be made in an efficient manner and without waste, as defined by any law of the State of California or of the United States, or by any regulations promulgated or adopted by Navy pursuant to provisions of existing law.

(i) Wells: To drill all wells and conduct all operations in accordance with a well-spacing plan to be mutually agreed upon by Navy and Standard.

#### SECTION 4. NAVY AND STANDARD MUTUALLY AGREE

(a) Description of lands: That the lands covered by this agreement, approximately 43,793 (43,815) acres, embrace the area enclosed within the heavy black line on the map attached hereto marked "Exhibit B," and are described as follows:

##### *Mount Diablo base and meridian*

Township 30 south, range 22 east, section 24.

Township 30 south, range 23 east, sections 10, 12 to 30, inclusive, and sections 32 to 36, inclusive.

Township 30 south, range 24 east, sections 17 to 22, inclusive, section 23, northwest quarter northwest quarter, south half northwest quarter, southwest quarter northeast quarter and south half; section 24, south half southwest quarter and southwest quarter southeast quarter; and sections 25 to 36, inclusive.

Township 30 south, range 25 east, section 31, west half.

Township 31 south, range 23 east, sections 1 to 4, inclusive, and sections 10 to 14, inclusive.

Township 31 south, range 24 east, sections 1 to 12, inclusive, and section 18.

Township 31, south, range 25 east, section 6, west half.

All above-described lands which are not now owned or controlled by Navy will be acquired by Navy at the earliest possible date and made a part of Naval Petroleum Reserve No. 1 and all leases of such lands heretofore made will be terminated.

#### (b) Production

(1) Primary period: That for the duration of the war emergency, but for not less than a period of five (5) years from the date thereof, Standard may produce and take without current payment to Navy, but as hereinafter provided, Navy's percentage share of production from the shallow oil zone. During this period Standard may produce from such shallow oil zone (including its own percentage share thereof) a daily average of 15,000 barrels of oil, together with associated hydrocarbons, provided, however, that in no event shall more than 27,500,000 barrels of oil be so produced during such period without specific authorization from Navy. If at any time the existing shallow oil zone wells are incapable, under good operating and engineering practices, of producing such quantity of oil, Standard may redrill or repair existing wells or may drill additional wells into the shallow oil zone at such locations as shall be mutually agreed upon. In such

case Navy shall be charged by Standard with its proper share of the "actual cost" of these operations and Standard shall take payment therefor out of Navy's share of production. If during this period, there is produced in any year from the shallow oil zone a daily average of more than 15,000 barrels of oil, together with associated hydrocarbons, each party shall take its percentage share of the excess production. Out of Standard's share of such excess it shall pay to Navy one-third thereof, which amount shall be deducted from Standard's obligation to repay Navy's share of production previously taken by Standard without current payment therefor. At the end of the primary period Standard shall, except as provided in 4 (b) (2) hereof, begin to repay any net balances due on Navy's share of said production previously taken. Such repayment shall be made as provided in section 4 (1) hereof or in quantities of oil, gas, and other hydrocarbons equal to the net balances due Navy, and in the latter case, at the rate of one-third of Standard's current share of production from the shallow oil zone.

(2) Subsequent period: If, after such primary period, Navy should desire to limit production from the shallow oil zone to such an extent that Standard's share thereof would be insufficient to pay its share of operating, maintenance, and other costs and charges in connection with the lands covered by this agreement, Standard shall be entitled to produce from the shallow oil zone and retain without payment or reimbursement to Navy a quantity of production sufficient to cover such deficiency, but production shall not exceed an average of 750 barrels daily each year unless approved by Navy; provided, that when deficiencies, due to development and operating costs, shall accrue against Navy's share of future production, as provided in section 2 (b) hereof, Navy shall permit continuance of production, at a daily rate mutually agreed upon, until such deficiencies have been eliminated.

(c) Participation on basis of acre-feet of commercially productive formations: That Navy and Standard shall each own and share in the oil, gas, and other hydrocarbons in and produced from the lands covered hereby (except such portions thereof as shall be used in operations hereunder or unavoidably lost) and in the development and operating expenses hereunder in the percentage relationship that the acre-feet of commercially productive formations in each zone underlying the lands contributed by each party to this agreement bear, respectively, to the total acre-feet of commercially productive formations within the estimated limiting line of commercial productivity for each commercially productive zone.

(d) Estimated limiting lines of commercial productivity and participating interests: That the initial estimated limiting lines of commercial productivity have been established and a determination has been made of the estimated acre-feet of proved commercially productive formation for each of the present commercially productive zones within the estimated limiting lines of commercial productivity for such zones. Based upon such establishment and determination, the initial percentages of participation of Navy and Standard in production and in development and operating expenses for the present commercially productive zones are as follows:

Dry gas zone: Navy, 77.0492; Standard, 22.9508.

Shallow oil zone: Navy, 63.9301; Standard, 36.0699.

Stevens zone: Navy, 65.4517; Standard, 34.5483.

The above zones are defined as follows:

Dry gas zone: All of the dry gas sands above the top of the lower scales marker bed.

Shallow oil zone: All oil sands in formations of Pliocene age above the reef ridge shale.

Stevens zone: All oil and gas sands in formations of Upper Miocene age within the stratigraphic interval between the top of the reef ridge shale and the top of the zone of Valvulineria californica or associated faunas of Middle Miocene age.

The above initial estimated limiting lines of commercial productivity and the initial estimated acre-feet of proved commercially productive formation for each of the presently commercially productive zones are based upon an engineering report dated September 28, 1942, entitled "Estimate of Commercially Productive Acre-Feet of Formation Proved Zones Elk Hills by United States Navy and Standard Oil Co. of California Representatives," by Lt. Comdr. V. H. Wilhelm, United States Naval Reserve; Lt. Comdr. H. P. Stolz, United States Naval Reserve; Ensign M. C. Eastman, United States Naval Reserve, representing Navy, and Messrs. J. E. Gosline, G. C. Gester, W. F. Barbat, and Murray Putnam, representing Standard, which report is incorporated herein and made a part hereof by reference.

As other prospective zones are proved commercially productive by development, estimated limiting lines of commercial productivity for such zones shall be established and a determination made of the estimated acre-feet of proved commercially productive formation in each zone in the same manner as for the present commercially productive zones.

If any developments occur with respect to any commercially productive zone which, in the opinion of either Navy or Standard would reasonably warrant revision of the estimated acre-feet of commercially productive formation in such zone, either party hereto may give written notice to the other of its desire to have the estimated limiting lines of commercial productivity, and the calculations based thereon, revised. Within 30 days from the receipt of such notice representatives of Navy and Standard shall meet and review the data pertinent to the developments which have occurred. Revisions agreed upon shall become effective as of the date upon which such developments occurred if such date is definitely determinable; otherwise as of the date such request for revision was made. In determining the acre-feet of formation to be included in participation beyond the initial westerly limiting line of commercial productivity (as described in the said engineering report of September 28, 1942) for each zone, a systematic and progressive exploratory development program shall be used. A reasonable extrapolation from commercially productive wells, based on thickness and nature of productive formation encountered, shall determine such maximum westerly extension.

(e) Types of wells defined: That an "exploratory" well is one which either party elects to drill for the purpose of revising the participating percentages of the parties in any commercially productive zone, or one drilled for the purpose of testing the productivity of any unproved interval. A "development" well is any well other than an "exploratory" well. A "commercially productive" well is one which, based on a 30-day sustained production test, indicates from its production characteristics that it is capable of returning current operating costs, and, in addition, that if maintained on production at a steady rate, the cost of drilling and equipping the well would be amortized within a period of 5 years.

(f) Drilling of exploratory wells: That Navy shall be charged with the entire cost of drilling exploratory wells which it directs Standard to drill and which are not commercially productive. Standard shall have the right to drill exploratory wells without direction from Navy but shall be charged with the entire cost of drilling such wells which are not commercially productive. Actual cost of all exploratory wells, if commercially productive, shall be borne by Navy and Standard in the

same manner as the cost of development wells.

(g) Navy control: That Navy shall, except as limited in sections 4 (b), (d) and (f) hereof, determine the locations of wells to be drilled and the rate of prospecting and development on and the quantity and rate of production from the lands covered by this agreement. Except for purposes of adequate production tests of exploratory wells, no production shall be taken from any zone other than the shallow oil zone without the approval and consent of Navy.

(h) Disposal of products: That Standard will buy and Navy will sell Navy's share of production (except that taken by Standard under provisions of section 4 (b) hereof, and that taken in payment for Navy's share of "actual cost") at the average posted market price offered and paid by the major oil purchasing companies for crude oil and natural gasoline of similar grade and quality in Kern County, Calif., and at the highest price per thousand cubic feet (m. c. f.) for dry gas currently paid to Standard by gas purchasing companies for dry gas in Kern County, Calif. If at any time Navy is of the opinion that such prices do not represent the value of any product, Navy may elect to take its share of such product in kind and offer it for sale in accordance with provisions of existing law. Should Navy by so doing, receive a higher acceptable written offer, it shall notify Standard thereof and Standard may, if it so elects, take Navy's share and pay therefor on the basis of such highest acceptable written offer. If Standard shall sell any of the oil, gas or other hydrocarbon products purchased from Navy, it shall furnish Navy with copies of any agreement made covering such sale.

(i) Payment in refined petroleum products. That should Navy so elect, when Standard is purchasing Navy's share of production, it may, in lieu of accepting payment in cash, take from Standard the equivalent value thereof in refined petroleum products at such times and places as may be mutually agreed upon. Supplemental agreements shall be made to cover any such arrangements. Such agreements shall provide that Standard may charge Navy for such products on the basis of its current sales prices at the time and place of sale. Standard may arrange to furnish any such products through its subsidiaries or affiliated companies in which it owns as much as 50 percent of the voting control. Should Navy and Standard mutually agree Standard may return to Navy the equivalent value of the oil, gas, and associated hydrocarbons advanced by Navy to Standard under section 4 (b) hereof, in refined petroleum products, in the manner provided for above.

(j) Division of drilling and operating costs of development wells. That Navy and Standard shall each bear their respective percentage shares, as determined from time to time, of the cost of drilling and operating all development wells in the manner provided in section 4 (c) hereof; provided, that Navy shall bear the entire cost of restoring to production or abandoning all Navy wells standing suspended as of the date of this agreement, and similarly Standard shall bear the entire cost of restoring to production or abandoning all such suspended wells on its lands being conveyed to Navy. Should it be determined by the operating committee that any such wells cannot be economically restored to production, the accounts of the parties hereto shall be adjusted to cover the allowance made for such wells in item (d) of section 1 hereof, and the value of any equipment and materials salvaged shall be credited to the account of the party bearing the cost of abandonment.

(k) Ownership of wells, equipment, and other property: That Navy shall own all wells, equipment, and other property which may at any time be permanently located on the lands

covered hereby and used in connection with operations hereunder, except drilling and other equipment belonging to Standard and furnished on a rental basis, and except the pump station, and pole and pipe lines specifically reserved by Standard. Navy shall hold in trust Standard's percentage share of wells, equipment, and other property, as determined from time to time, in accordance with section 4 (c) hereof. If at any time Navy shall remove any equipment or other property from the lands covered hereby, it shall reimburse Standard for its share of the value thereof at the time of removal.

(l) Payments to Navy: That when paid in value, Navy's share of production (except that portion thereof which is retained by Standard pursuant to this agreement) shall be due and payable on the last day of the calendar month next following the calendar month in which produced, to the Property Accounting Officer, Bureau of Supplies and Accounts, Navy Department, Washington, D. C., for deposit in the United States Treasury. When paid in kind, Navy's share of production shall be delivered in merchantable condition on the premises where produced unless otherwise agreed to by the parties hereto. Standard shall not be held in any manner responsible or liable for loss or destruction of liquid products of Navy in storage, from causes over which Standard has no control. Navy and Standard shall mutually agree upon the basis for measurements of volumes and gravities of oil and of gaging their respective shares of production.

(m) Operating committee: To form an operating committee to handle field operations. This committee shall consist of two members, representing Navy and Standard, respectively. In case of disagreement between these representatives on any matter concerning field operations the matter shall be referred for settlement to the Director of Naval Petroleum Reserves and to the vice president of Standard in charge of producing operations, and if they fail to agree the question shall be submitted to the Secretary of the Navy whose decision will be final.

(n) Actual cost defined.—That "actual cost" as used herein means the entire cost and expense of development, drilling for and producing oil, gas, and other hydrocarbons from the lands covered hereby and of treating, storing, and transporting these products on said lands, and shall include:

1. Expenditures necessarily incurred in drilling and operating oil or gas wells, the maintenance, cleaning out, repairing, deepening, re-drilling, and abandonment of wells, transportation, construction and maintenance of camps, roads, pipe lines, power and telephone lines, and such other facilities and services as are necessary;

2. Sums paid by Standard as compensation for, or in reasonable settlement of, damages arising out of injury to or death of any person, or damage to or loss of property of third persons, resulting from operations under this agreement;

3. Workmen's compensation awards and expenses on account of injuries to or death of, employees engaged in operations hereunder;

4. Compensation and expenses of field superintendent and other employees exclusively engaged in carrying out operations hereunder, including taxes assessed on or measured by the pay of such employees, and any accident, sickness, vacation and other company benefits accorded such employees;

5. Charges to cover rental of equipment owned by Standard while being used for operations hereunder;

6. Cost of planning and supervising work done at Standard's sole expense in connection with contracts entered into under the provisions of section 3 (b), hereof.

7. Special services of Standard's employees when required (other than those employees regularly engaged in operations hereunder)

such, for example, as designing work performed by Standard's engineering department in San Francisco; provided, however, Standard shall not include under "Actual cost" items generally designated as "Overhead," "Head office expense," "Engineering," and "General administrative expenses."

(o) Relief: That the obligations of either party shall be excused or modified to the extent that such party is prevented or hindered from complying therewith by conditions beyond its control.

#### SECTION 5. NAVY EXPRESSLY RESERVES

(a) Right to acquire materials, supplies, and equipment: The right to acquire materials, supplies, and equipment for operations hereunder, if it can do so at lesser cost than the same can be acquired by Standard. Standard shall reimburse Navy to the extent of its share of the value of the items so acquired.

(b) Helium: The right to take the helium from any gas produced under this agreement, but Standard shall not be required to extract and save the helium for Navy. In case Navy elects to take the helium, Standard shall deliver all gas containing same, or portion thereof desired, to such plant as Navy may provide on the lands covered hereby, whereupon the residue gas shall be returned to Standard without substantial delay in the delivery thereof: *Provided*, That Standard shall not suffer a diminution of the value of the gas save for the value of the helium extracted.

#### SECTION 6. SECURING OF MATERIALS AND SUPPLIES

Navy agrees to use its best efforts to assist Standard in securing materials and supplies necessary for operations hereunder and in securing permission to drill and operate any well or wells hereunder which may be restricted by any governmental order or regulation, provided that the drilling of any such well, or the operation thereof, is conducted in accordance with good oil field and engineering practices.

#### SECTION 7. UNLAWFUL INTEREST

It is agreed that no Member or Delegate to Congress or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and that no officer, agent, or employee of the Department of the Navy shall be admitted to any share or part in this agreement or derive any benefit that may arise therefrom; and the provisions of section 3741 of the Revised Statutes of the United States, and sections 114, 115, and 116 of the Codification of the Penal Laws of the United States approved March 4, 1909 (35 Stat., 1109), relating to contracts, enter into and form a part of this agreement so far as the same may be applicable.

#### SECTION 8. COMMISSION, PERCENTAGE, BROKERAGE, OR CONTINGENT FEE

Standard warrants that it has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give Navy the right to annul this agreement or in its discretion, to deduct from the consideration the amount of such commission, percentage, brokerage, or contingent fees.

#### SECTION 9. AMENDMENT

This agreement or any provisions thereof may be modified, amended, or terminated at any time by mutual consent of the parties hereto.

In witness whereof the parties hereto have executed this agreement.

THE UNITED STATES OF AMERICA,  
FRANK KNOX, *Secretary of the Navy*.  
THE STANDARD OIL CO. OF CALIFORNIA,  
H. L. COLLIER, *President*.  
B. WRETCHER, *Secretary*.

I, Franklin D. Roosevelt, President of the United States of America, on this 18th day of November 1942, do hereby approve the execution of the foregoing agreement by the Secretary of the Navy.

FRANKLIN D. ROOSEVELT,  
President of the United States.

## EXHIBIT A

## COMPUTATION OF CASH PAYMENT DUE STANDARD OF CALIFORNIA AS OF DEC. 1, 1942

(a) Surface fee to 8,297.80 acres at \$10 per acre.....	\$82,976.00
(b) Surface fee to 48 acres in sec. 24-30/24 at actual cost thereof to Standard.....	2,276.70
(c) Present value of division equipment:	
Navy buys 64 percent interest in Standard's equipment valued at \$302,815.....	193,801.60
Standard buys 36 percent interest in Navy equipment, estimated value \$100,000.....	36,000.00
Balance due Standard	157,801.60
(d) Navy pays Standard 50 percent of cost, less 5 percent overhead, of well 45-19-30/24, \$321,580.....	160,790.00
Navy pays Standard 64 percent of cost, less 5 percent overhead, less net production prior to Sept. 1, 1942 (\$230,-875.41) less estimated net production prior to Dec. 1, 1942 (\$63,000), \$1,232,837.69.....	789,016.12
Navy pays Standard a balance to properly proportion developments costs:	
Navy contributes 166 wells valued at \$15,000 each.....	2,490,000.00
Standard contributes 144 wells valued at \$15,000 each.....	2,160,000.00
Value of all wells.....	4,650,000.00
Navy's 64 percent interest therein is worth.....	2,976,000.00
Navy's contribution was.....	2,490,000.00
Balance due Standard.....	486,000.00
Navy's proportionate share 64 percent of Geophysical Surveys, \$108,-669.27.....	69,548.33
Total due Standard.....	1,748,408.75

INTERIOR DEPARTMENT  
APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes.

Mr. HAYDEN. Mr. President, I think it is due the Senate that I make a brief explanation of the bill now pending. As is indicated by the report, the amount of the bill as it passed the House was \$72,861,316. The amount added by the Senate committee is \$55,027,825. The amount of the bill as reported to the Senate is \$127,889,141. The amount appropriated for the current year was \$192,860,791.43. The amount of the regular and supplemental estimates for 1944 is \$107,263,931. The bill therefore

exceeds the estimates by \$20,000,000, but is \$64,971,000 below the current appropriation.

The increases in the bill are of two general characters. First, perhaps I had best discuss the addition of about \$10,000,000 which applies to the Bureau of Mines and the Geological Survey. One-half million dollars was added to the Geological Survey appropriation, based upon a Budget estimate. That amount is primarily designed for oil and gas investigations. The supply of fuel oil in this country is gradually being reduced. There has been so little prospecting going on, because of the fixed price of oil, that we are in danger of having a serious shortage. For that reason it was felt entirely desirable that the Geological Survey examine structures throughout the United States to determine where oil can be found.

With respect to the Bureau of Mines, we have gone through the bill in various ways to encourage the production of metallic ores, and particularly I want to direct the attention of the Senate to a proposal to examine throughout the United States the various deposits of iron ore in order to determine their quantity and their quality.

We are approaching the time when the present known iron ore resources of the United States will have been exhausted. No man can see farther into the ground than another; so the only way to find new fields is by diamond core drilling, and money is provided for that purpose.

There are also provisions in the bill to continue the operation of pilot plants for the development of sponge iron, which takes the place of steel scrap.

With respect to other increases in the bill I wish to call the attention of the Senate to page 2 of the report, which contains recommendations made by Mr. Chester Davis, the War Food Administrator, with respect to the dire necessity for the production of additional food supplies. About last January, realizing that the conditions had changed very materially, I asked the Director of the Reclamation Service to examine various irrigation projects throughout the United States to determine where food could be produced within 1 or 2 years. Such a report was prepared. It has been carefully considered by the War Food Administration, and the increase recommended in the bill is to carry out the policy with respect to production of additional food, the need for which Mr. Davis has so well stated. To do that we have added to the bill about \$2,300,000 for Indian irrigation projects, a total of \$15,726,000 for the general reclamation fund, and a lump sum of \$4,000,000 to take care of what are known as the Case-Wheeler projects. A large part of the increase is backed by Budget estimates.

I think it is due to the Senate to explain these larger increases. I now ask that the bill be read for amendment.

Mr. LODGE. Mr. President, has an agreement been entered into that the committee amendments be taken up first,

or is it in order to offer an amendment to the bill at the appropriate place?

Mr. HAYDEN. The Senator from Massachusetts can ask unanimous consent to do that.

Mr. LODGE. Mr. President, I ask unanimous consent to offer an amendment on page 2, line 13, of the bill, to increase the amount of \$108,620 by \$30,-850, so as to make a new total of \$139,470.

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

Mr. HAYDEN. The purpose of that increase, as I understand, is to carry out a Budget estimate.

Mr. LODGE. Yes; a Budget estimate for the Division of Territories and Island Possessions.

Mr. President, if the amendment shall be agreed to this important Division will still have to operate with 5 fewer employees than it now has, a total of 46. If the increase is not now made, the services of 10 employees will have to be dispensed with. The problems which are facing that Division in Puerto Rico, in Alaska, and in the Hawaiian Islands are critical. Puerto Rico has a serious shipping, feeding, and unemployment problem. Of course, Alaska and the Hawaiian Islands are actually in the war zone, and the conduct of civil affairs is vitally important under such circumstances. The Chief of this Division, Mr. Benjamin W. Thoron, is a conscientious, high-type public official, and I for one am impressed with his testimony.

Mr. HAYDEN. Mr. President, the amendment is in order. It is not subject to a point of order. I shall be glad to take it to conference.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Massachusetts on page 2, line 13, is agreed to.

Mr. BONE. Mr. President, I rise merely to say that I wish to support the Senator from Massachusetts, because I think that item should be raised to the amount of the Budget estimate.

Mr. LODGE. I thank the Senator from Washington.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 2, line 3, which has heretofore been stated.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, under the subhead "Grazing Service", on page 2, line 25, after the word "vehicles", to strike out "\$801,700" and insert "\$827,-700"; and on page 3, line 4, after the words "in all", to strike out "\$856,700" and insert "\$882,700."

The amendment was agreed to.

The next amendment was, on page 3, line 10, after the numerals "1934", to strike out "\$75,000" and insert "\$78,000."

The amendment was agreed to.

The next amendment was, on page 3, line 17, after "(52 Stat. 1033)", to strike out "\$8,000" and insert "\$10,000."

The amendment was agreed to.

The next amendment was, under the subhead "Soil and Moisture Conservation Operations", on page 5, after line 14, to insert:

Fire protection of forests, forest industries, and strategic facilities (national defense); For all expenses necessary to enable the Department of the Interior, independently or in cooperation with other agencies, to initiate and augment forest-fire prevention and suppression measures on critical forest, brush, and grass areas under the administration of the Department of the Interior, including not to exceed \$7,000 for personal services in the District of Columbia; maintenance, operation, and repair of passenger-carrying automobiles; travel expenses, including expenses of attendance at training courses and meetings of organizations concerned with the furtherance of the purposes hereof; and purchase in the District of Columbia or elsewhere of other items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior", \$700,000.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent Expenses, Department of the Interior", on page 7, line 12, after the word "to", to strike out "\$57,900" and insert "\$52,900", and in line 16, after the word "Service", to strike out "\$12,500" and insert "\$7,500."

The amendment was agreed to.

The next amendment was, on page 7, line 24, after the word "Department", to strike out "\$400" and insert "\$600", and on page 8, line 6, after the word "Mines", to strike out "\$4,500" and insert "\$6,000."

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, I should like to ask a question with respect to the amendment on page 5. I notice that the money is limited to "critical forest, brush, and grass areas." Does the Secretary of the Interior define those critical areas?

Mr. HAYDEN. The break-down shows that the \$700,000 for which a Budget estimate was submitted is for fire protection within the Indian reservations, national parks, and in the areas controlled by the Grazing Service. It covers all the land administered by the Department of the Interior and is complementary to a much larger appropriation which we made for the Forest Service under the Department of Agriculture.

Mr. MILLIKIN. Specifically, would it be applicable to Colorado national forests, if the Secretary so decided?

Mr. HAYDEN. It would not be applicable to national forests in Colorado, but applicable to national parks in Colorado in the public domain, under the jurisdiction of the Grazing Service. It relates only to land under the jurisdiction of the Interior Department.

Mr. MILLIKIN. I thank the Senator.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, under the subhead "Printing and binding", on page 8, line 11, after the word "journals", to strike out "\$167,500" and insert "\$237,500"; in line 12, before the word "for", to strike out "\$60,000" and insert "\$95,000", and in line 13, after the word "and", to strike out "\$20,000" and insert "\$30,000."

The amendment was agreed to.

The next amendment was, under the heading "Bonneville Power Administration", on page 9, line 10, after the word "exceed", to strike out "\$3,200,000" and insert "\$3,287,000."

The amendment was agreed to.

The next amendment was, under the heading "Solid Fuels Administration for War", on page 11, line 12, after the word "services", to strike out "\$850,000" and insert "\$895,000."

The amendment was agreed to.

The next amendment was, under the heading "General Land Office", on page 11, line 19, before the word "including", to strike out "\$778,300" and insert "\$790,300."

The amendment was agreed to.

The next amendment was, on page 12, line 15, after the word "Secretary", to strike out "\$400,000" and insert "\$500,000."

The amendment was agreed to.

The next amendment was, on page 13, line 7, after the word "motorboats", to strike out "\$345,000" and insert "\$350,000."

The amendment was agreed to.

The next amendment was, on page 13, line 24, after the word "vehicles", to strike out "\$29,000" and insert "\$30,000."

The amendment was agreed to.

The next amendment was, on page 14, line 17, after the word "vehicles", to strike out "\$270,000" and insert "\$290,000."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Indian Affairs—Salaries and general expenses," on page 16, line 4, after the name "District of Columbia", to strike out "\$692,860" and insert "\$704,620."

The amendment was agreed to.

The next amendment was, on page 16, line 13, after the word "available", to strike out "\$49,000" and insert "\$51,320."

The amendment was agreed to.

The next amendment was, under the subhead "Industrial assistance and advancement", on page 20, line 10, after the word "lands", to strike out "\$400,000" and insert "\$425,000."

The amendment was agreed to.

The next amendment was, on page 20, line 18, before the word "reimbursable", to strike out "\$135,000" and insert "\$145,000."

The amendment was agreed to.

The next amendment was, on page 21, line 21, after the name "District of Columbia", to strike out "\$80,000" and insert "\$90,000."

The amendment was agreed to.

The next amendment was, on page 21, line 25, after the word "equipment", to strike out "\$600,000" and insert "\$680,000."

The amendment was agreed to.

The next amendment was, on page 24, line 14, after the word "including", to strike out "\$20,000 for departmental personal services, and."

The amendment was agreed to.

The next amendment was, under the subhead "Development of water supply", on page 25, line 18, after the word "equipment", to strike out "\$90,000" and insert "\$100,000."

The amendment was agreed to.

The next amendment was, under the subhead "Irrigation and drainage", on page 26, line 3, after the word "below", to strike out "\$220,000" and insert "\$255,500"; in line 9, after the word "projects", to strike out "\$25,000" and insert "\$55,830"; and on page 27, line 6, after the word "expenses", to strike out "\$66,500" and insert "\$71,170."

The amendment was agreed to.

The next amendment was, on page 27, line 22, after the name "Arizona", to strike out "\$120,000" and insert "\$125,000"; in line 23, after the word "and", to strike out "\$215,000" and insert "\$220,000"; on page 28, line 1, after the word "of", to strike out "\$120,000" and insert "\$125,000"; in line 2, after the word "and", to strike out "\$215,000" and insert "\$220,000"; and in line 5, after the words "in all", to strike out "\$335,000" and insert "\$345,000."

The amendment was agreed to.

The next amendment was, on page 28, line 17, before the word "reimbursable", to strike out "\$8,000" and insert "\$10,000"; and in the same line, after the word "with", to strike out "\$17,000" and insert "\$19,990."

The amendment was agreed to.

The next amendment was, on page 29, line 1, after the word "project", to strike out "\$10,000" and insert "\$11,500."

The amendment was agreed to.

The next amendment was, on page 29, line 4, after the name "Idaho", to strike out "\$23,000" and insert "\$26,650"; and in line 5, after the word "with", to strike out "\$22,000" and insert "\$24,200."

The amendment was agreed to.

The next amendment was, on page 29, line 11, after the name "Montana", to strike out "\$11,250" and insert "\$12,000"; and in line 12, before the word "from", to strike out "\$3,750" and insert "\$4,000."

The amendment was agreed to.

The next amendment was, on page 29, line 19, before the word "reimbursable", to strike out "\$7,000" and insert "\$8,000."

The amendment was agreed to.

The next amendment was, on page 30, line 2, after the name "Montana", to strike out "\$10,850" and insert "\$11,850"; and in line 3, before the word "from", to strike out "\$13,150" and insert "\$14,000."

The amendment was agreed to.

The next amendment was, on page 30, line 9, before the word "reimbursable", to strike out "\$4,000", and insert "\$5,000"; in the same line, after the word "with", to strike out "\$112,500", and insert "\$117,000"; in line 11, after the word "and", to strike out "\$113,500", and insert "\$118,000"; in line 12, after the word "of", to strike out "\$112,500", and insert "\$117,000"; in the same line, after the word "and", to strike out "\$113,500", and insert "\$118,000"; and in line 15, after the words "in all", to strike out "\$230,000" and insert "\$240,000."

The amendment was agreed to.

The next amendment was, on page 30, line 22, after the word "thereunder", to strike out "\$4,000" and insert "\$5,000"; and, in line 23, after the word "with", to strike out "\$41,000" and insert "\$43,000."

The amendment was agreed to.

The next amendment was, on page 32, line 8, before the word "reimbursable",

to strike out "\$19,500" and insert "\$20,000"; and, in the same line, after the word "with", to strike out "\$35,500" and insert "\$37,000."

The amendment was agreed to.

The next amendment was, on page 32, line 20, after the word "with", to strike out "\$175,980" and insert "\$189,000."

The amendment was agreed to.

The next amendment was, on page 33, line 16, after the word "reservation", to strike out "\$18,500" and insert "\$20,000"; and in line 17, after the word "with", to strike out "\$26,500" and insert "\$28,000."

The amendment was agreed to.

The next amendment was, on page 34, line 2, after the word "ammunition", to strike out "\$50,000" and insert "\$75,000."

The amendment was agreed to.

The next amendment was, on page 34, after line 12, to insert:

Arizona: Salt River, \$325,000;

The amendment was agreed to.

The next amendment was, on page 34, line 15, after the figures "\$6,000" and the semicolon, to insert "Yuma, \$145,000."

The amendment was agreed to.

The next amendment was, on page 34, after line 15, to insert:

Idaho: Fort Hall, \$285,000.

The amendment was agreed to.

The next amendment was, on page 34, line 17, after the name "Montana" and the colon, to insert "Blackfeet, \$50,000; Crow, \$205,000;" and in line 18, after the figures "\$6,250" and the semicolon, to insert "Fort Peck, \$180,000; Tongue River, \$31,000."

The amendment was agreed to.

The next amendment was, on page 34, after line 19, to insert:

Minnesota: Red Lake, \$103,000.

The amendment was agreed to.

The next amendment was, on page 34, line 21, after the figures "\$11,000" and the semicolon, to insert "Fallon, \$23,000; Moapa, \$304,000; Pyramid Lake, \$71,000;" and in line 23, after the name "Shoshone", to strike out "\$9,000" and insert "\$142,000."

The amendment was agreed to.

The next amendment was, on page 34, after line 23, to insert:

New Mexico: United Pueblos, \$97,000;

The amendment was agreed to.

The next amendment was, at the top of page 35, to insert:

Wyoming: Wind River, \$250,000;

The amendment was agreed to.

The next amendment was, on page 35, line 5, after the word "binding" and the comma, to strike out "\$92,750" and insert "\$192,750."

The amendment was agreed to.

The next amendment was, on page 35, line 6, after the words "In all", to strike out "\$200,000" and insert "\$2,502,000."

The amendment was agreed to.

The next amendment was, under the subhead "Education", on page 36, line 3, after the name "Montana", to strike out "\$5,864,665" and insert "\$5,894,205."

The amendment was agreed to.

The next amendment was, on page 42, line 12, after the word "heads", to strike out "\$1,233,800" and insert "\$1,245,000."

The amendment was agreed to.

The next amendment was, on page 43, line 9, after the word "diseases", to strike out "\$5,642,300" and insert "\$5,666,300."

The amendment was agreed to.

The next amendment was, on page 46, line 15, after the word "heads", to strike out "\$570,680" and insert "\$580,000."

The amendment was agreed to.

The next amendment was, under the subhead "General support an administration", on page 46, line 21, after the word "provisions", to strike out "\$2,785,200" and insert "\$2,780,400."

The amendment was agreed to.

The next amendment was, on page 47, line 4, after the name "United States", to strike out "\$700,000" and insert "\$825,000."

The amendment was agreed to.

The next amendment was, on page 47, line 15, after the word "expenses", to strike out "\$80,000" and insert "\$90,000."

The amendment was agreed to.

The next amendment was, on page 50, after line 16, to insert:

Expenses incidental to the sale of timber on the Choctaw-Chickasaw Sanatorium Reserve: Not to exceed \$2,000 of the funds held by the United States in trust for the Choctaw and Chickasaw Tribes may be expended for expenses incidental to the sale of timber on the Choctaw-Chickasaw Sanatorium Reserve: *Provided*, That all payments from this appropriation shall be made in the same proportion as the interest of said tribes in such timber.

The amendment was agreed to.

The next amendment was, on page 50, after line 24, to strike out:

Expenses of tribal officers, Five Civilized Tribes, Oklahoma (tribal funds): For the current fiscal year money may be expended from the tribal funds of the Choctaw, Chickasaw, Creek, and Seminole Tribes for equalization of allotments, per capita, and other payments authorized by law to individual members of the respective tribes, salaries and contingent expenses of the governor of the Chickasaw Nation and chief of the Choctaw Nation, one mining trustee for the Choctaw and Chickasaw Nations, at salaries of \$3,000 each for the said governor, said chief, and said mining trustee, chief of the Creek Nation at \$1,200 and one attorney each for the Choctaw and Chickasaw Tribes employed under contract approved by the President under existing law: *Provided*, That the expenses of the above-named officials shall be determined and limited by the Commissioner of Indian Affairs at not to exceed \$2,500 each.

And in lieu thereof to insert the following:

Expenses of tribal officers, Five Civilized Tribes, Oklahoma (tribal funds): For the current fiscal year money may be expended from the tribal funds of the Choctaw, Chickasaw, Creek, and Seminole Tribes for equalization of allotments, per capita, and other payments authorized by law to individual members of the respective tribes, and for salaries and contingent expenses, as follows: Expenses of governor, Chickasaw Nation, not to exceed \$2,500; expenses of chief, Choctaw Nation, not to exceed \$2,500; expenses of chief, Creek Nation, not to exceed \$2,500; expenses of mining trustee, Choctaw-Chickasaw Nation, not to exceed \$2,500; expenses of Choctaw tribal attorney, not to exceed \$2,500; expenses of Chickasaw tribal attorney, not to exceed \$2,500; salary of governor, Chickasaw Nation, \$3,000; salary of chief, Choctaw Nation, \$3,000; salary of mining trustee, Choctaw-Chickasaw Nation, \$3,000; salary of chief, Creek Nation, \$600;

*Provided*, That the attorneys for each of the Choctaw and Chickasaw Tribes shall be employed under contract approved by the President under existing law.

The amendment was agreed to.

The next amendment was, on page 52, after line 9, to strike out:

Support of Osage Agency and pay of tribal officers, Oklahoma (tribal funds): For the support of the Osage Agency, and for necessary expenses in connection with oil and gas production on the Osage Reservation, Oklahoma, including pay of necessary employees, the tribal attorney and his stenographer, one special attorney in tax and other matters, and pay of tribal officers; payment of damages to individual allottees; repairs to buildings, rent of quarters for employees, traveling expenses, printing, telegraphing, and telephoning, and purchase, repair, and operation of automobiles, \$185,000, payable from funds held by the United States in trust for the Osage Tribe of Indians in Oklahoma: *Provided*, That not more than \$1,920 may be used for the employment of a curator for the Osage Museum, which employee shall be an Osage Indian and shall be appointed without regard to civil-service laws and regulations upon the recommendation of the Osage tribal council: *Provided further*, That this appropriation shall be available for traveling and other expenses, including not to exceed \$6 per diem in lieu of subsistence, and not to exceed 5 cents per mile for use of personally owned automobiles, of members of the tribal council and other members of the tribe, when engaged on tribal business, including visits to the District of Columbia or Chicago, Ill., when duly authorized or approved in advance by the Commissioner of Indian Affairs.

And in lieu thereof to insert the following:

Support of Osage Agency and pay of tribal officers, Oklahoma (tribal funds): For the support of the Osage Agency, and for necessary expenses in connection with oil and gas production on the Osage Reservation, Oklahoma, including pay of the superintendent of the agency and of necessary employees, the tribal attorney and his stenographer, and pay of tribal officers; payment of damages to individual allottees; repairs to buildings, rent of quarters for employees, traveling expenses, printing, telegraphing and telephoning, and repair and operation of automobiles, \$170,000, payable from funds held by the United States in trust for the Osage Tribe of Indians in Oklahoma: *Provided*, That no part of the funds herein appropriated shall be available to pay the salary of the tribal attorney except pursuant to a contract in writing approved by the Osage Tribal Council and the Secretary of the Interior: *Provided further*, That of the said sum herein appropriated \$7,500 is hereby made available for traveling and other expenses of members of the Osage Tribal Council, business committees, or other tribal organizations, when engaged on business of the tribe, including supplies and equipment, not to exceed \$6 per diem in lieu of subsistence, and not to exceed 5 cents per mile for use of personally owned automobiles, when duly authorized or approved in advance by the Commissioner of Indian Affairs: *Provided further*, That no part of the funds appropriated herein shall be available for the collection of any income due the Osage Tribe of Indians or the enrolled members thereof where such income is not deposited to the credit of the said Osage tribal funds account or to the credit of the proper member's account.

The amendment was agreed to.

The next amendment was, under the subhead "Roads and Bridges", on page 56, line 6, after the word "amended", to

strike out "\$750,000" and insert "\$1,200,000."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Reclamation", on page 60, line 19, after the word "maintenance", to strike out "\$65,000", and insert "\$75,000."

The amendment was agreed to.

The next amendment was, on page 61, line 2, after the word "maintenance", to strike out "\$73,000", and insert "\$104,000."

The amendment was agreed to.

The next amendment was, on page 61, line 4, after the word "works", to strike out "\$16,500", and insert "\$18,000."

The amendment was agreed to.

The next amendment was, on page 61, line 17, after the word "maintenance", to strike out "\$90,000", and insert "\$95,000."

The amendment was agreed to.

The next amendment was, on page 61, line 21, after the word "maintenance", to strike out "\$160,000", and insert "\$200,000."

The amendment was agreed to.

The next amendment was, on page 61, line 23, after the word "maintenance", to strike out "\$130,000", and insert "\$143,000."

The amendment was agreed to.

The next amendment was, on page 62, line 24, after the word "maintenance", to strike out "\$248,000", and insert "\$265,000."

The amendment was agreed to.

The next amendment was, on page 63, line 7, after the word "maintenance", to strike out "\$50,000", and insert "\$70,000."

The amendment was agreed to.

The next amendment was, on page 63, line 11, after the word "division", to strike out "\$15,000", and insert "\$18,000."

The amendment was agreed to.

The next amendment was, on page 65, after line 1, to strike out:

For general investigations and administrative expenses, to be expended from the reclamation fund in the same manner and for the same objects of expenditure as specified for projects hereinbefore in this act under the caption "Bureau of Reclamation," under the heading "Administrative provisions and limitations," but without regard to the amounts of the limitations therein set forth, all to be reimbursable under the reclamation law, and to remain available until expended, as follows:

The amendment was agreed to.

The next amendment was, on page 65, after line 10, to insert the following:

Construction: For continuation of construction, and for general investigations and administrative expenses, of the following projects in not to exceed the following amounts, respectively, to be expended from the reclamation fund in the same manner and for the same objects of expenditure as specified under the caption "Bureau of Reclamation," under the head "Administrative provisions and limitations," but without regard to the amounts of the limitations therein set forth, all to be reimbursable under the reclamation law, and to remain available until expended:

Boise project, Idaho, Payette Division, \$500,000;

Deschutes project, Oregon, \$250,000;

Klamath project, Oregon-California, \$420,000;

Riverton project, Wyoming, \$500,000;  
Shoshone project, Wyoming, Heart Mountain Division, \$350,000.

The amendment was agreed to.

The next amendment was, on page 66, line 13, after the word "Commission", to strike out "\$275,000", and insert "\$700,000."

The amendment was agreed to.

The next amendment was, on page 66, line 20, after the word "exceed", to strike out "\$45,000", and insert "\$70,000"; and in line 21, after the word "expenses", to strike out "\$65,000", and insert "\$175,000."

The amendment was agreed to.

The next amendment was, on page 66, line 22, after the word "fund", to increase the total appropriation from the reclamation fund from \$1,388,500 to \$4,084,000.

The amendment was agreed to.

The next amendment was, on page 67, line 11, before the word "from", to strike out "\$100,000" and insert "\$500,000."

The amendment was agreed to.

The next amendment was, under the subhead "Colorado River Dam Fund," on page 69, line 18, after the words "set forth", to insert a colon and the following proviso:

*Provided*, That the Secretary of the Interior shall make a report to the Congress prior to December 31, 1943, on expenditures from the Colorado River Dam fund incurred in the construction, operation, and maintenance of Boulder City, together with his recommendations for allocations of such expenditures between the construction, operation, and maintenance of the Boulder Canyon project and other Federal activities in Boulder City (and whether such allocation should be retroactive).

The amendment was agreed to.

The next amendment was, under the subhead "General Fund, Construction," on page 70, line 25, after the name "Arizona", to insert "\$1,000,000"; and in the same line, after the item just stated, to strike out "Not to exceed \$200,000 from unexpended balances of appropriations", and insert "*Provided*, That this appropriation and appropriations heretofore made."

The amendment was agreed to.

The next amendment was, on page 71, line 11, after the words "Central Valley project, California", to strike out "\$11,500,000", and insert:

Kennett division, \$15,374,000, of which \$1,900,000 shall be available for the construction of the Shasta Dam-Oroville transmission line and terminal facilities; Friant division, \$10,640,000; and Delta division, \$2,686,000; in all, \$28,700,000;

Colorado-Big Thompson project, Colorado, \$3,600,000;

Boise project, Idaho, Anderson Ranch, \$4,100,000;

Lugert-Altus project, Oklahoma, \$1,985,000; *Provided*, That of the total construction cost of all features of the project not to exceed \$3,080,000 shall be reimbursable under the provisions of the Reclamation Act of June 17, 1902;

Tucumcari project, New Mexico, \$1,200,000; Yakima project, Washington, Roza division, \$1,415,000.

Mr. HAYDEN. Mr. President, this is the only controversial item in the bill. I did not want the amendment to be agreed

to without inviting the attention of the Senate to it. Shall we pass over for the moment the Central Valley project and the other projects mentioned in the amendment.

Mr. McCARRAN. I am perfectly willing to have the amendment agreed to.

Mr. HAYDEN. Very well.

The PRESIDING OFFICER. Without objection, the committee amendment on page 71, lines 11 to 23, is agreed to.

Mr. BYRD. Mr. President, will the Senator make an explanation of the projects?

Mr. HAYDEN. Yes. I invite attention to page 2 of the report, where there appears a very illuminating statement by Mr. Chester Davis with respect to the absolute necessity for increasing food production. As I stated, the United States Bureau of Reclamation went all over their projects to determine where food could be produced next year and the year following. Mr. Davis indicates that food will be needed after that; because, as he very properly states in the report—

It should also be noted that food is in a category by itself insofar as the war and post-war situation is concerned. The minute the shooting stops, production of direct military items, such as ships, tanks, guns, airplanes, etc., can be suspended, but no such action can be taken with food. Unquestionably, the demand for it will be even greater for at least 2 years after the war has been won.

Mr. BYRD. Let me ask the Senator how long it will take to complete the projects.

Mr. HAYDEN. All the appropriations recommended in the bill are based upon a study of the projects made by the Bureau of Reclamation, and then checked by the Food Administration, of which Mr. Davis is the head. The study shows that food will be produced there next year or the year following.

Mr. BYRD. The projects will be completed then?

Mr. HAYDEN. Yes; so far as the work covered by these items goes. Other things will be done subsequently. Of course, there will be other units, but the whole basis for these appropriations is that the projects will produce food within the next 2 years.

Mr. BYRD. Are any of these new projects?

Mr. HAYDEN. They are all old projects. In many instances, as, for example, in the Central Valley in California, dependence has been had on pumping, and the wells have gone lower and lower. This appropriation will produce food on farms which already have the equipment. The same thing is true of the Big Thompson project in Colorado, where there are 400,000 acres on which there is not sufficient water to finish the crop. The lands are valuable and highly productive. The same situation prevails in Washington and in other places. There is very little new development. In some cases there will be an additional unit alongside an existing project where the farmers can step over onto it with their existing equipment.

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

Mr. HAYDEN. I yield.

Mr. MURDOCK. Under the item headed "General Fund, Construction" a number of projects are listed. I do not see listed the Provo River project in my State. I should like to have the Senator state what the situation is with regard to that project.

Mr. HAYDEN. The situation is that in each case the committee took into consideration any unexpended balances heretofore appropriated. We inquired of the Reclamation Service with respect to that project. There is a carry-over of \$2,000,000. The work would have been done if the War Production Board had not stopped it. There is no necessity of reappropriating the money. It is available. That is the only reason why the project is not mentioned in the bill. That is true of a number of other projects. We must always take into consideration the carry-over.

Mr. MURDOCK. My understanding is that all that is necessary for the work to be resumed on that project is a "green light" from the War Production Board.

Mr. HAYDEN. That is correct. Mr. Davis states that he has taken the matter up with the War Production Board, and is quite hopeful that the Board will change its attitude.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 72, line 8, after the name "Federal Power Commission", to strike out "\$250,000" and insert "\$800,000."

The amendment was agreed to.

The next amendment was, on page 72, line 10, after the word "exceed", to strike out "\$250,000" and insert "\$275,000" and in line 11, after the word "expenses", to strike out "\$350,000" and insert "\$400,000."

The amendment was agreed to.

The next amendment was, on page 72, line 12, after the word "construction", to strike out "\$12,100,000" and insert "\$43,200,000."

The amendment was agreed to.

The next amendment was, on page 72, after line 13, to insert:

#### WATER CONSERVATION AND UTILIZATION PROJECTS

For the construction of water conservation and utilization projects and small reservoirs, including not to exceed \$220,000 for surveys, investigations, and administrative expenses in connection therewith (of which not to exceed \$20,000 shall be available for personal services in the District of Columbia), all as authorized by the act of August 11, 1939, as amended (16 U. S. C. 590y, 590z), \$4,000,000.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, at this point in the bill, on behalf of the committee, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona on behalf of the committee will be stated.

The CHIEF CLERK. On page 73, after line 12, it is proposed to insert the following:

Services or labor of prisoners of war, enemy aliens, and American-born Japanese

who are in the control of the Federal Government may be utilized in connection with the construction, operation, and maintenance of Federal reclamation projects, water conservation, and utilization projects, Indian irrigation projects, and related work, subject to the approval of, and regulations by, the War Department or other Federal agency having control of such persons.

Mr. HAYDEN. Mr. President, we passed the same provision last year, except that at that time we did not take into consideration prisoners of war. We provided for enemy aliens and Japanese who might be employed. This provision adds prisoners of war.

Mr. McNARY. Mr. President, as I understand, the language of the amendment is simply a repetition of the existing statute, and the only modification consists in adding the words "prisoners of war."

Mr. HAYDEN. That is correct.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN] on behalf of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, under the heading "Geological Survey", on page 73, line 16, after the word "exceed", to strike out "\$35,000" and insert "\$70,000."

The amendment was agreed to.

The next amendment was, on page 73, line 23, after the name "District of Columbia", to strike out "\$173,000" and insert "\$182,140."

The amendment was agreed to.

The next amendment was, on page 74, line 15, after the word "thereto", to strike out "\$880,000" and insert "\$1,380,000"; and in the same line, after the word "exceed", to strike out "\$475,000" and insert "\$510,000."

The amendment was agreed to.

The next amendment was, on page 74, line 25, after the name "Alaska", to strike out "\$74,000" and insert "\$198,365"; and on page 75, line 1, after the word "exceed", to strike out "\$24,000" and insert "\$64,000."

The amendment was agreed to.

The next amendment was, on page 76, line 2, after the name "Federal Power Commission", to strike out "\$95,000" and insert "\$275,000"; and in the same line, after the word "exceed", to strike out "\$40,000" and insert "\$59,000."

The amendment was agreed to.

The next amendment was, on page 76, line 6, after the word "binding", to strike out "\$75,000" and insert "\$100,000"; in line 7, after the word "illustrations", to strike out "\$20,000" and insert "\$25,855"; and in line 8, after the words "in all", to strike out "\$295,000" and insert "\$325,855."

The amendment was agreed to.

The next amendment was, on page 76, line 20, before the words "of which", to strike out "\$339,600" and insert "\$550,325"; and in the same line, after the word "exceed", to strike out "\$60,000" and insert "\$72,000."

The next amendment was agreed to.

The next amendment was, on page 77, line 23, after the name "United States Geological Survey," to strike out "\$4,474,600" and insert "\$5,529,685."

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Mines," on page 78, line 4, after the word "including," to strike out "\$56,000" and insert "\$57,000" and in line 5, after the name "District of Columbia," to strike out "\$67,765" and insert "\$68,765."

The amendment was agreed to.

The next amendment was, on page 78, line 25, after the words "not to exceed" to strike out "\$60,000" and insert "\$69,200."

The amendment was agreed to.

The next amendment was, on page 79, line 1, after the name "District of Columbia," to strike out "\$673,200" and insert "\$688,200."

The amendment was agreed to.

The next amendment was, on page 79, line 9, after the word "exceed," to strike out "\$59,000" and insert "\$64,900," and in line 22, after the word "industry," to strike out "\$718,380" and insert "\$727,380."

The amendment was agreed to.

The next amendment was, on page 80, after line 24, to insert:

Protection of mineral resources and facilities (national defense): For all expenses necessary to enable the Bureau of Mines, independently or in cooperation with other agencies, public or private, to initiate and augment measures to prevent subversive activities from interfering with the extraction and processing of minerals, including not to exceed \$35,000 for personal services in the District of Columbia; purchase (not to exceed \$5,000), maintenance, operation, and repair of passenger-carrying automobiles; travel expenses, including expenses of attendance at meetings of organizations concerned with the furtherance of the purposes hereof; not to exceed \$3,500 for printing and binding; purchase of special apparel and equipment for the protection of employees while engaged in their work; and purchase in the District of Columbia and elsewhere of other items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior", \$475,000.

The amendment was agreed to.

Mr. BRIDGES. Mr. President, a few moments ago the Senator from Arizona [Mr. HAYDEN] offered an amendment including the following language:

Services or labor of prisoners of war, enemy aliens, and American-born Japanese who are in the control of the Federal Government, may be utilized in connection with the construction, operation, and maintenance of Federal reclamation projects, water conservation and utilization projects, Indian irrigation projects, and related work, subject to the approval of, and regulations by, the War Department or other Federal agency having control of such persons.

I should like to ask the distinguished Senator from Arizona to what extent the labor mentioned in the amendment, eliminating prisoners of war, is being utilized today.

Mr. HAYDEN. When the Japanese were included a year or more ago it was thought there might be quite a number of them, but it developed that most of the interned Japanese, or a large number of them, were shopkeepers, and so on, from

the towns, and no substantial number of them were obtained.

The prisoner-of-war situation, however, looks much better because of the return of prisoners from north Africa. We had General O'Brian, who has control of the prisoners of war, before the committee, and he indicated to us that all the ships which are going over to north Africa with troops now return with German and Italian prisoners. The prison camps are so located throughout the United States that it is expected to utilize a large number of prisoners in connection with agricultural activities. In the building of a canal, men can be worked in crews or gangs, and it is much easier to guard them than when they are scattered over a number of farms. It is not contemplated, however, that they will be employed near critical works, such as great power dams or hydroelectric dams.

Mr. BRIDGES. That is the point. It is not expected that they will be placed near any dam.

Mr. HAYDEN. No.

Mr. BRIDGES. The amendment would allow that being done, would it not?

Mr. HAYDEN. If the War Department were foolish enough to allow them to be employed in the vicinity of such places, it could be done, but as a practical matter it will not be done. The most substantial use to be made of them will be on irrigation canals at great distances from any dam, the same as in the case of employment upon farms.

There is one thing which is perfectly clear. Under the Geneva Convention, a prisoner of war cannot be employed in making a munition of war, but his employment in connection with agricultural development is accepted as being entirely proper. Therefore, if the prisoners of war were employed on farms in connection with the gathering of crops, digging canals, and so forth, or in connection with digging a canal for the purpose of getting water to a farm for irrigation, such employment would be proper. Such operations would come within the scope of the Geneva Convention, and would be highly desirable.

Mr. BRIDGES. I have no quarrel with the objective sought through the amendment, but I think it might be interpreted as a wide-open amendment giving the sanction of Congress to the utilization of these men around great dams and other critical places.

Mr. HAYDEN. No; that is the last thing that would be done. It was not done in connection with the Japanese in past years, nor with enemy aliens. I can assure the Senator that it will not be done now.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 82, line 4, after the name "District of Columbia", to strike out "\$340,000" and insert "\$380,455", and in the same line, after the word "exceed", to strike out "\$40,000" and insert "\$67,000."

#### THE CORN SITUATION

Mr. LUCAS. Mr. President, some time ago the President of the United States vetoed what was known to the Congress

and the country as the Bankhead bill. Among the basic commodities found in the Bankhead bill was corn. When the veto message was returned to the Senate I took occasion to make certain definite comments upon various phases of it.

The basic commodity of corn stands in a singular and a rather significant position insofar as any affirmative argument can be made upon the question of inflation, should the producers' price be increased. On April 7, 1943, when we were discussing the veto message to which I have referred, among other things I said:

I am alarmed so far as the corn situation is concerned. I honestly believe that sooner or later there must come an adjustment of some kind with respect to the corn if we expect to release it from the cribs and the warehouses and the bins where it is being held at the present time.

Mr. President, as I view the situation it is serious. I have talked on the subject before. I have given out statements to the press along this line. I have discussed the matter with men high in the Department of Agriculture and high officials in the Government, and have tried to give them the benefit of my advice, and whatever wisdom I may have upon a serious situation with respect to the way corn is being handled in the country today.

I sincerely hope that the corn dilemma of the Nation will soon be solved. It will do much to restore confidence and aid the war effort in the Midwest, because it is just—it is fair, it is right—and it is not inflationary.

Mr. President, at that time I was merely making an argument that the price received by the producer for his corn should not be less than parity. As everyone knows, under an Executive order, at the time the Bankhead bill was being discussed and passed by the Senate corn was selling for less than the parity price. Two months have passed, and as time goes on the corn situation in America becomes more serious. I submit that today a calamity is threatening the war effort unless something constructive shall be done immediately.

It is my understanding that those in authority are grappling with this problem. It is my information, further, that the Commodity Credit Corporation has at the present time approximately 10,000,000 bushels of corn on hand which have been taken over through default loans. It is my further understanding that those in authority expect to call the loans on corn which have been made under the corn-loan program. Through this procedure they expect to obtain from 10,000,000 to 15,000,000 bushels of corn. I remind the country now, Mr. President, that it is not absolutely necessary or mandatory that farmers sell this corn if the Government calls the loans, if the farmer is in a position to borrow a sufficient amount of money to take care of it. The amount of corn which may be released through this method is problematical and purely speculative. I am further advised that in addition to these measures some 30,000,000 to 40,000,000 bushels now in terminal warehouses throughout the country are subject to requisition by the Government.

So at the moment we have the picture of only forty to fifty million bushels of corn being available for corn proc-

essors, for those who feed, and for other necessary purposes in connection with the war effort. Obviously that small amount of corn for grinding and feeding purposes only touches the surface of the emergency. To reach bedrock it will take another one hundred and fifty or two hundred million bushels of corn to tide us over until the next corn crop comes along. That is the far-reaching, economic problem which is now before the Economic Stabilizer, the Food Administrator, and other men high in the official life of our Government.

Recently I wrote Chester Davis about this problem. On June 17 I received from his Deputy Director a letter in which he says:

The supply of corn products has been greatly curtailed recently by the inability of the corn refiners to obtain adequate quantities of corn to maintain maximum production. Such supplies of corn as are now obtainable are being used primarily for the production of starch and starch products which are directly needed for the war effort by such industries as aluminum and steel foundries, textile industry, paper industry, adhesive industry, and others directly important to the war effort.

Corn is not flowing to market, but is being kept on the farm and is being fed to hogs and other livestock. This is only natural, as the corn when sent to market is worth \$1.07 maximum (Chicago price), whereas it is worth anywhere from \$1.35 to \$1.60 when fed to the hogs.

Mr. President, that statement indicates the problem with respect to obtaining corn from the farmers at the present time. The farmer takes a bushel of corn for which he pays \$1.07 and by feeding it to his hogs he receives as a minimum \$1.35 for the same bushel of corn. Such an economic discrepancy cannot be justified. The man who produces the corn certainly should be considered, when the process of rolling prices upward or downward is started.

I continue reading from the letter:

This situation places all of the commercial users of corn in a position of competing, without success, for corn in the hands of the farmer.

In these circumstances the proper balance between animal production and industrial or commercial uses of corn is not maintained. The problem is of serious concern to the Administration and every effort is being made to work out a solution which will permit these essential industries to continue to operate.

Mr. President, unless an adequate solution is found for this problem within the next 6 weeks, certain industries will be bound to shut down and close. Only yesterday a processing plant in Keokuk, Iowa, was closed, and the Commodity Credit Corporation is now rushing corn there in order to keep the plant going on a temporary basis. The Corn Food Products Co., in Pekin, Ill., was threatened with closing, and the Commodity Credit Corporation is giving that company a few thousand bushels in order that it may be tided over for the moment. So it goes. In my State there are some 9,000 people employed in corn products and refinery industrial concerns who are depending upon the grinding of corn in order to keep them employed, and this

does not include the thousands working in the distilleries.

Not only that, but the corn-refining industry is so vital to the war effort, I undertake to say that within 6 weeks, unless this problem is solved, the textile industry will have shut down for lack of starch for warp sizing; the paper industry will have curtailed production through lack of starch; production of B board, which is the board used in the production of shipping cases for the Army, will have ceased; the sugar supply of the country will be reduced by about 20 percent of the present sugar supply—that is, production of corn sugar and sirup will have ceased, and, furthermore, we will have ceased shipping starch for lend-lease to England, where it is being used for the same purposes.

Not only does this situation affect the particular industries mentioned, but I am also advised that the distillers who are now making alcohol for war purposes are greatly disturbed over the situation, and that one or two of them have closed down as the result of failure to obtain corn.

Mr. President, what is there peculiar about corn in connection with the inflation theory which we hear constantly discussed? I deny that an increase in the price of corn will create inflation in this country in any degree. I will give the reasons for my statement. I stated them in a speech I made about 2 months ago and what I said at that time still holds good today so far as inflation is concerned.

Senators, hear me when I say that 80 percent of all the corn that is produced in this country is fed to hogs, cattle, horses, sheep, and poultry. Eighty percent of all the corn that is produced goes into the mouths of live animals. The consuming public is not affected one iota as a result of that for reasons I shall disclose later. Forty-nine percent of that 80 percent is fed to hogs; 11 percent to dairy cattle; 10 percent to beef cattle; 10 percent to horses; 18 percent to poultry; and 2 percent is used for stock in the cities.

What is the present situation with respect to the price of cattle, hogs, poultry, and sheep? I shall read some figures given by me in the speech made 2 months ago which I think will vary but little from the figures of today.

I said then, "Hogs carry an actual price of \$14.67 a hundredweight; the parity price is \$11.70 a hundredweight. Calves, a hundred-pounds \$14.45; parity price \$10.87. Cattle per hundred \$12.80; parity price \$8.73. Chickens, actual price 23.5 cents a pound; parity price 18.4 cents a pound. The actual price of butterfat, which comes from dairy feed, is 50.5 cents a pound, and the parity is 42.9 cents a pound."

I am discussing now basic commodities of the same kind.

If corn should rise, Mr. President, 10, 15, or 20 cents a bushel, or even 25 cents a bushel, the only individuals who would be affected would be the farmers themselves, the cattle farmer, the hog farmer, the poultry farmer, and the sheep producer. They are the ones who are get-

ting higher prices for their products; they are the ones who will have to pay more for the corn if the price of corn should go up. Furthermore the man who is making alcohol for war purposes, the man who is making starch for war purposes would have to pay more, but those products would go into the war effort and would not affect the consuming public. No one can tell me that in view of the price the cattle producer, the hog producer, the sheep raiser, and the poultryman are getting for their products, they cannot stand to pay an additional price for corn.

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

Mr. LUCAS. I yield.

Mr. HATCH. Are not the producers to whom the Senator has just referred more interested in getting the feed than they are in the cost of the feed?

Mr. LUCAS. There can be no question about that. The former distinguished Senator from Delaware, Mr. Townsend, is one of the men who are engaged in the poultry business on a large scale. He told me recently he would pay almost any price in order to get a few carloads of corn into his section of the country in order to feed his poultry adequately.

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

Mr. LUCAS. I yield.

Mr. MAYBANK. The Senator mentioned the price of corn insofar as feeding purposes are concerned. In view of the fact that the Senator mentioned the textile industry, which is an important industry in my State, in which are employed some quarter of a million workers who are solely dependent on the finished product, which is completed by the use of cornstarch, it is my information that the operators of the textile industries, too, are desirous of obtaining corn and cornstarch regardless of the price, because the price is a small consideration in comparison with the total product.

Mr. LUCAS. It is my information—and it is reliable—that unless the corn industries in my State and other States of the Union are able to obtain the corn which is necessary for grinding purposes, for the making of corn starch, many of the textile industries in South Carolina will close, if they do not get the product I am discussing, and if they are to get it, something drastic must be done to move the corn from the bins and the warehouses on the farms in the commercial corn areas of the Nation.

Mr. MAYBANK. The Senator is exactly correct. The owners and operators of the cotton mills and the finishing plants in the Carolinas have advised me exactly as the Senator from Illinois has stated.

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

Mr. LUCAS. I yield.

Mr. WHERRY. Is it not a fact that those operators are paying more money for the corn? As the Senator from New Mexico has said, the question is one of getting the corn, and the operators are actually paying more than the ceiling price in order to get the corn. Is not that the Senator's observation?

Mr. LUCAS. It is not my observation; I know nothing about the matter other than from rumors continually being heard that buyers are constantly coming through my section of the country paying \$1.25 or \$1.30 a bushel for corn, and carrying it away from the farmers' cribs and bins in order to dispose of it for feeding purposes. So "King Corn" is now operating in the black market.

Mr. President, this is a serious situation, and it is one which has been the subject of comment and discussion for many months. At the present time, I am informed, approximately 900,000,000 bushels of corn are being held by the farmers throughout the Nation. I do not place any blame on the farmers for holding the corn; but something must be done to induce the farmers to move the corn into the ordinary channels so that the things can be produced which are vital and necessary for the war effort, and the men who are working in the industries still be kept on the job.

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

Mr. LUCAS. I yield.

Mr. McCARRAN. On the subject to which the Senator is addressing himself at this time, I wish to say that it is really remarkable into what avenues this commodity goes. I hold in my hand a message received this morning from Los Angeles, Calif., addressed to me, stating as follows:

Immediate action necessary on corn supply for commercial channels to enable us to secure supply of corn flour used in manufacture of wallboard used in Army and Navy contracts. Failure to relieve this situation will prevent completion of construction now in progress.

I bring this to the attention of the Senate so that we may all know the devious ways in which corn is used in the all-essential activities now proceeding.

I have another telegram which shows another avenue in which the use of corn is vital. This comes from Sacramento, Calif.:

Advised by corn refiners that shipments of dextrose discontinued because of lack of material. Present ceiling price does not allow manufacturers to pay prevailing market price for corn, and manufacturers advise that present stocks are running out and plants will be forced to close. This area is dependent on corn sugar to help spread our volume in ice cream and sherbets, and losses would result because facilities are not otherwise available.

I draw this to the attention of the Senate in keeping with the expressions of the Senator from Illinois, with which I very heartily concur.

Mr. LUCAS. I thank the very able Senator from Nevada for his contribution. It is a demonstration of the many ramifications involved in the corn program, from coast to coast, from the Lakes to the Gulf.

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

Mr. LUCAS. I yield.

Mr. HOLMAN. Apropos of the subject to which the Senator is addressing himself, I have just this moment received a letter from the Corn Products Sales Co.,

of Portland, Oreg., in perfect harmony with the Senator's remarks. With his permission, and with the consent of the Senate, I should like to have the letter printed as a part of my interruption at this time.

The PRESIDING OFFICER. Is there objection? There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CORN PRODUCTS SALES Co.,  
Portland, Oreg., June 14, 1943.

To Our Customers:

The extreme difficulty we are experiencing obtaining sufficient corn has brought about a critical situation in our industry. Every effort has been and is being made to obtain corn without success. Our plants are now operating at a greatly reduced grind and unless the situation improves in the very near future, we will be obliged to shut down.

The farmers are keeping their corn for hog feeding which at present is estimated to be worth \$1.35 to \$1.50 per bushel, instead of selling it to the grain elevators at the ceiling price for cash corn which is \$1.07. Unless some action is taken quickly to change this situation it will be impossible for us to continue supplying our customers.

This industry requires only about 130,000,000 bushels of corn out of a total production last year of over 3,000,000,000, but at the rate corn is disappearing daily on the farms, it will soon be exhausted for commercial purposes, for it is estimated there are 140,000,000 hogs on American farms today. We feel that all our trade should be fully acquainted with this condition well in advance of such a catastrophe so they may in turn present these facts before their customers and Government representatives.

Yours very truly,

J. E. WALZ,  
Vice president.

Mr. LUCAS. I thank the Senator from Oregon. I wish to reiterate what I have heretofore said with respect to the corn problem as it stands alone, and not in conjunction with sugar or wheat or any other basic commodity. No matter what is done in the way of increasing the price of corn, it will not be inflationary, in my opinion. I do not believe the law of supply and demand would permit corn to go so high that it could be said to be inflationary but, in any event, a ceiling can always be placed upon the price of corn if such should happen.

Would an increase in the price of corn increase the price of food which those employed in the defense plants, the white collar man in the city, and others must have in order to sustain life for themselves and their families? Not at all, Mr. President. The prices for butter, eggs, poultry, beef, lamb, and hogs are fixed by law. The ceiling is high enough, and no one in the O. P. A. or any other agency should ever place any further support to the prices of those commodities. The man who is raising hogs at the present time can pay \$1.35 for corn and still make a fine profit on hogs; and I know what I am talking about. The corn-hog ratio has been all out of proportion almost from the very beginning of the program, and very little if anything has been done to bring the corn-hog ratio into proper line.

Anyone who says that the price of corn, as a basic commodity, standing

alone, is inflationary, in my judgment makes a fallacious and unsound argument. The one thing desired is economic adjustment of the prices of these commodities among the farmers themselves. The farmer who is selling his hogs and the farmer who is selling his cattle and his poultry is going to have to pay more for the feed; yet he will get the same price for his products he is receiving at the present time. It is an equitable adjustment between those people, but at the same time it will bring the corn out from the bins and the warehouses on the farms, and give it to the industries of the country which are now ready to close down, practically, for lack of corn.

The administration spokesmen realize the seriousness of the situation, and drastic action of some kind must be taken. However, I do not want to see an attempt to roll back the prices of extra heavy fat hogs, refined beef, and other products, in order to meet the present situation. Whenever that happens trouble will come. The producers of hogs, of cattle, and of poultry have all adjusted themselves in line with the present prices. In my humble opinion, the only way by which we can satisfactorily meet that situation is to permit the price of corn to rise, at least, during the emergency. An emergency exists at the present time, and there will be an emergency until the next corn crop comes along in September or October of this year. I do not say that my proposal affords a solution, but it could very well be a solution to permit corn, for instance, during the next 3 months to go to a dollar and twenty-five cents a bushel, and then say that upon such and such a date, when the corn crop for this year starts coming in, and the emergency is over, the corn price by Executive order would then be moved back to parity price.

Mr. President, I undertake to say that such an administrative move would bring plenty of corn to the market, that the 900,000,000 bushels which are in the cribs and bins at the present time would flow through the proper channels, and the industries in question would obtain what is so vital and so necessary to carry on the war effort successfully.

Mr. President, that is about all I care to say. I was never more concerned with any problem than I am at this time with the economic issue which threatens to paralyze the industry. The issue is real; it is vital. It is an issue which must be met, and met soon, in order to save these industries and to continue to promote the gigantic war effort which is so interwoven with the problem of the basic commodity of corn.

ESTABLISHMENT OF THE GEORGE WASHINGTON CARVER NATIONAL MONUMENT

Mr. HATCH. Mr. President, I ask unanimous consent for the present consideration of House bill 647 to provide for the establishment of the George Washington Carver National Monument. In explanation I wish to say that in January the Senator from Missouri [Mr. TRUMAN] introduced a bill to provide for the establishment of the George Washington Carver National Monument. A

similar bill was introduced in the House of Representatives. The House bill has passed the House of Representatives and is now in the Senate, before the Committee on Public Lands and Surveys. The Senate bill was reported from that committee, placed on the calendar, and was passed by the Senate a few days ago. I now ask unanimous consent that the Committee on Public Lands and Surveys may be discharged from the consideration of the House bill and that the Senate proceed to consider it. If that is done, I shall offer the same amendments which were made to the Senate bill. After the amendments are agreed to and the bill is passed, I shall ask that action on the Senate bill be indefinitely postponed.

Mr. McNARY. Mr. President, the parliamentary procedure suggested by the Senator is the correct procedure. However, I wish to have it made clear whether the bills are identical in substance.

Mr. HATCH. The bills are identical in substance.

Mr. McNARY. The amendments proposed by the Senator will not change the objectives of the bill?

Mr. HATCH. I think not.

Mr. McNARY. Otherwise I should be obliged to object. I am familiar with the House bill, and I have no objection to its present consideration. If the amendments proposed will not modify the House bill, and if the two bills will be identical in substance, I think the course suggested by the Senator is a proper one to be pursued at this time.

Mr. HATCH. I can assure the Senator that the two bills, with the proposed amendments to the House bill, are identical in substance.

Mr. McNARY. Very well.

Mr. HILL. Mr. President, I suggest to the Senator from New Mexico that he ask unanimous consent that the Interior Department appropriation bill, which is the unfinished business, be temporarily laid aside, and that he then ask for the present consideration of his bill.

Mr. HATCH. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, that the Committee on Public Lands and Surveys, which now has possession of House bill 647, be discharged from its further consideration, and that the Senate proceed to the consideration of the House bill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from New Mexico? The Chair hears none, and the Committee on Public Lands and Surveys is discharged from the further consideration of the bill. Is there objection to its present consideration?

There being no objection, the Senate proceeded to consider the bill (H. R. 647) to provide for the establishment of the George Washington Carver National Monument.

Mr. HATCH. Mr. President, I offer an amendment, on page 1, line 7, of the House bill, following the word "land", to insert the words "or interests in land."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HATCH. I offer the amendment on the same page, line 9, after the word "Act" and the period, to insert:

In the event the Secretary is unable to acquire such property, or any part thereof, at a reasonable price, he is authorized and directed to condemn such property, or any part thereof, in the manner provided by law.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HATCH. I offer an amendment on page 2, line 5, after the word "it", to insert "in a suitable and enduring manner which, in his judgment, will provide."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HATCH. Mr. President, those are the only amendments I care to offer. They merely conform to the action of the Senate with respect to the Senate bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill H. R. 647 was read the third time and passed.

Mr. HATCH. Mr. President, I ask unanimous consent that the vote on the passage of Senate bill 37 be reconsidered and that the bill be indefinitely postponed.

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

#### ANNIVERSARY OF THE QUARTERMASTER CORPS OF THE ARMY

Mr. MAYBANK. Mr. President, the United States Army has been noted for its unusually fine esprit de corps for more than a century and a half. This unconquerable spirit engendered by the friendly competition between its several corps and services has made the American doughboy the envy of the world.

It is particularly fitting, therefore, on this anniversary of the establishment of one of the oldest, and perhaps one of the most spirited of the corps of the United States Army, the Quartermaster Corps, that we should at this time recognize and record with a feeling of deep gratitude the tremendous contribution made to the stability of the United States by this essential branch of our military forces.

The Quartermaster Corps was established by the Continental Congress on June 16, 1775, more than a year before the signing of the Declaration of Independence. It is older, therefore, than the United States Army itself. Beginning as a two-man organization, it is today approximately in strength 5 percent of the Army, and it is larger than our entire Army was prior to the enactment of selective service. It is not the size of the Quartermaster Corps, however, of which I wish to speak, but rather of the great contribution which it has made as the backbone of the armed forces in carrying our supply lines to the farthest-most regions of the globe wherever American soldiers are needed and found, and of the commendable patriotic spirit with which this unusual unit of our

military service has fostered, maintained, and developed the world-famed esprit de corps of the Army.

The true American spirit is based upon friendly competition—competition in industry, commerce, finance, agriculture, transportation, education, religion, physical development, and sports—in fact, all American life is permeated with the competitive spirit. It is this same friendly, competitive spirit engendered by and between the separate corps of the Army that has made us invincible, and we may well, therefore, praise today to recognize, thank and glorify the fighting quartermasters who have had so much to do with the building of this wholesome, friendly, competitive spirit within our armed forces.

I say "fighting quartermasters" advisedly, for World War No. 2 has given a new significance to that title. This is a war of supply lines. Supply lines are necessarily longer and more vulnerable, as the war is world-wide in scope and the theaters of war are to be found in every nook and corner of the globe. The advent of bombing from the air has scattered and diffused the fronts, and there is just as much element of danger in the rear ranks as in the front ranks, and actually more danger in the supply lines, which are considered by the enemy as the blood life of the army.

The Quartermaster Corps of today is called upon not merely to select, test, procure, store, and deliver clothing, food, and other supplies to our armed forces throughout the world, but today as never before, it is called upon to do its own fighting in the protection of such supplies until they reach the troops.

As a result of this relatively vulnerable new position of the Quartermaster Corps, they are properly known today as the fighting quartermasters. As a matter of fact, the percentage of casualties among Quartermaster troops on battlefields of this war has been high. The heroic work which is being done by the Quartermaster Corps, under constantly changing precarious conditions, is the pride of America, and we glory in their bravery and in their determination to fulfill the vow of their valiant leader, Maj. Gen. Edmund B. Gregory, in his pledge that the Quartermaster Corps will never fail the American troops. They have lived up to their pledge. They have not been found wanting in organization, precision, economical operation, or in bravery. Under the direction of this brilliant leader and outstanding administrator, the Quartermaster Corps of today has risen to the greatest heights in its history.

The Quartermaster Corps furnishes the proper food, clothing, and equipment for every range of climate, from the frigid Arctic to the sweltering desert. It carries the American standard of living with American soldiers to the four corners of the world. Wherever American troops fight, there is a quartermaster organization that functions as trustee for their well-being.

Quartermasters are fighters first, suppliers second. The first casualty in the attack on Pearl Harbor that precipitated

the entry of this country into the war was a Quartermaster Corps truck driver. Quartermasters reached the high-water mark of gallantry during the siege of Bataan Peninsula in the Philippines when they fed and supplied American troops under unremitting Japanese attack from land and air. Amid a veritable rain of bombs they took time out from slaughtering attacking Japanese units to slaughter, dress and cook animals; thresh wheat and rice to be ground into meal; distill sea water so as to get salt; and deliver food and supplies to the remotest foxhole. Even mules and water buffalo were slaughtered for food. Coffee was brewed and rebrewed until the very grounds became white. So long as an ounce of food existed, it was put to use and, what is more important, was delivered to the fighting men.

Quartermaster organizations were with Army units occupying Guadalcanal. In the forefront was a laundry unit which blasted Japanese gun emplacements and sniper nests into oblivion, and then proceeded to set up their laundry. Equipment that was destroyed was speedily replaced, and service was continued for the front-line troops.

Docks and unloading facilities were nonexistent; and quartermasters unloaded ship after ship, carrying supplies ashore on small boats and hastily improvised rafts. Hundreds of natives were hastily pressed into service as employees. Doubling for longshoremen, they set a record for debarkation.

In the six-months-long campaign that resulted in the complete ousting of the enemy, quartermasters operated the length and breadth of the island, delivering the goods 8,000 miles from home. In a land where railroads were unknown, roads were practically nonexistent, and where there was no source of electric power, they set up operations in virtually 100 percent duplication of those furnished in an Army post in continental United States.

The New Guinea campaign was another red-letter achievement for the Corps. A Quartermaster Corps officer, Col. George DeGraaf, was awarded the Distinguished Service Cross for organizing scattered units at a critical moment in the siege of Buna and rallying the men to assist in the crushing defeat of the Japanese.

Here quartermaster units delivered supplies over mountains and across jungles, through mud, muck, swamp, and slime, in an area no white man had ever seen before 1928. Our men took what the Japs could not. The enemy got within sight of Fort Moresby, only to be driven back to the other side of the huge island, leaving dead, dying, and starving men behind them. The Japs could not supply their own troops and hundreds died as a result. The quartermasters did deliver the goods to our men, and helped chalk up another sensational victory.

Every form of conveyance was utilized. Supplies were carried as far as possible by freighter. Then they were unloaded to smaller craft and were carried still farther, often up rivers or streams. Then they probably would be transferred

to rafts, canoes, or dugouts, to go still farther. Finally, land transport alone would do, and the supplies were shifted to trucks and jeeps which crawled through territory where the automobile was unknown. From trucks, the shift was to the backs of mules, donkeys, and burros. Eventually, there came a point where even those animals could go no farther, and manpower took over the load. Quartermaster soldiers and natives hired for the purpose then took over, and carried supplies on their backs to the thick of the fighting zone. It was a terrific and incredible transportation problem, but the quartermasters were under oath to deliver the goods, and they did.

More than a year ago, the quartermasters set up huge supply bases on various islands in the south Pacific, many of them 2 months' sailing distance from the United States. The problems they encountered taxed, but did not overcome, their ingenuity.

Quartermaster units soon were operating their own canning factory, stamping out regulation-size cans from larger ones used to carry supplies and food in the initial landings. Fresh vegetables and fruits were obtained from natives, and were canned. Fish were caught in the sea and inland rivers, and were canned. Quartermasters sailed to nearby islands to bring back boatloads of live animals and poultry for slaughter. They had to bring them in alive because of the absence of refrigeration.

Quartermasters manufactured their own oxygen plants for welding and other purposes. They operated laundries, repair shops, and other services.

The South Pacific campaigns provided an acid test for the equipment the Quartermaster Corps furnished the Army, and it came through with colors flying. A hard-bitten, old-line Army officer remarked that he came out of the Buna campaign with a profound respect for the Army service shoe. Another declared the jeep and the C ration—both Quartermaster developments—were the eighth and ninth wonders of the world. Enemy clothing, food, and equipment simply could not stand up like American supplies.

The invasion of north Africa—the greatest undertaking of its kind in history—was in many respects a Quartermaster program. The supply problem was dominant. It was met in unprecedented fashion. Quartermaster supplies never failed to arrive, and they never failed to meet the bill.

The First Quartermaster Battalion has been cited by the Commanding General of the First Infantry Division for outstanding performance of duty in action in the Oran offensive. The citation reads as follows:

The efficiency and ingenuity exercised by the personnel of this battalion in repairing and operating French vehicles, trains, and local facilities on November 8, 1942, was an important factor in the success of the Oran offensive. The rapid flow of much-needed gasoline, rations, ammunition, and water from the ships to the men in the front lines and the evacuation of casualties to the rear were maintained despite heavy enemy fire.

The second and third platoons of the battalion's company A were cited singly for especially meritorious service in the preliminary Tunisian operations. From December 9 through December 25, 1942, the two platoons carried ammunition, rations, and personnel from Algeria to the Tunisian front without the loss of a man or a vehicle. The movements covered hundreds of miles over unknown routes, under black-out conditions, in the face of severe rainstorms, heavy bombing from the air, and sustained artillery fire.

The collapse of German resistance in Tunisia saw tens of thousands of Germans surrender because they had no supplies. Yet huge quantities of supplies also were captured. The answer is, the Germans just could not deliver the goods. That the American quartermasters could and did do so was a contributing factor to the successful conclusion of that campaign.

We praise the Quartermaster Corps for its splendid military service, and at the same time we might well pause and recognize its tremendous contribution to the economic life of our civilian population.

Today the Quartermaster Corps is supplying more than 70,000 different items to the Army. To name but a few, they include food, uniforms, clothing, barracks equipment, tents, general supplies, horses, mules, dogs, flags, insignia, band instruments, hospital supplies, towels, hymnals, skis and snowshoes, coal, gasoline, lubricants, fuel oil, toilet articles, stationery, office machines and equipment, paper, harness, cutlery, hardware, ice, cleaning materials, insecticides, furniture, stoves, and other supplies of general issue or that are common to two or more branches of the Army.

In addition, the Quartermaster Corps conducts the Army's salvage and reclamation operations, operates Army laundries, cleaning plants and repair shops, handles certain phases of lend-lease activities, and procures a number of items for the Navy, Marine Corps, and other branches of the Government.

Through its severe testing in the field and its scientific checking in its various laboratories, the Quartermaster Corps has been enabled to advise and direct industry in constructive changes of products to meet unusual war conditions and other changed circumstances. The effect of this extraordinary service has been to enable industry at large in the United States to better meet the exacting demands of changing times and to avoid obsolescence of equipment and outmoding of products. Thus, this great branch of the service is daily making its contribution to the national post-war stability.

The Quartermaster Corps has a highly trained personnel. Regular Army officers with years of specialized training and experience behind them are guiding quartermaster supply activities around the world. Outstanding leaders of American industry have been called upon to serve in military and civilian capacities, making their valuable services available to the Government. Enlisted men are carefully assigned to the jobs for which they are best qualified, and more

than 70 different trades are being taught. Officer-candidate schools continually produce needed new officer personnel, and are functioning not only in this country but overseas, even as far away as New Caledonia in the South Pacific.

But, in conclusion, I would return again to the esprit de corps of the United States Army which is so paramount in the operation of the Quartermaster Corps, and I would record again the fact that this competitive spirit, this unusual patriotic zeal, so exemplified by the fighting quartermaster, is greater even than the contribution of the Quartermaster Corps to post-war stability, to industrial mobilization and modernization, and is even more important than the strictly military contribution of this great branch of the service.

So, Mr. President, let us doff our hats to the spirit of the American doughboys, to the esprit de corps of the Army of the United States of America, and to the inspired leadership of one of the oldest of the Army Corps, the fighting quartermasters, on this, their one hundred and sixty-eighth anniversary.

#### INTERIOR DEPARTMENT APPROPRIATIONS, 1944

The Senate resumed the consideration of the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes.

The PRESIDING OFFICER (Mr. HATCH in the chair). Without objection, the committee amendments on page 82, line 4, which have already been stated, will be agreed to.

Mr. MCKELLAR obtained the floor.

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

Mr. MCKELLAR. I yield.

Mr. REYNOLDS. Mr. President, there are on the calendar three bills which came from the War Department, two of which have been on the calendar for 6 months. They are very simple bills. The War Department has repeatedly requested action on them, and I wish to ask the cooperation of this body with the War Department to the extent of granting unanimous consent that they may be considered at this time. It will take only a moment. Two of the bills have been on the calendar for 6 months, and the other is very necessary, or I would not make this request. I hope the minority leader will not object.

Mr. McNARY. Mr. President, with the greatest of frankness, I have objected to these bills several times on the call of the calendar, mainly because Senators temporarily absent from the Chamber on official business so requested. I could not permit the Senator to have his way now, because I wish to see the pending appropriation bill passed. Let us take one bill at a time. The bills to which the Senator refers should take their proper place. After the appropriation bill is passed we can consider them. Let me look into the matter and get some idea of the general purposes of the bills. Are they the first two bills on the calendar?

Mr. REYNOLDS. There are three bills, including the first two bills on the calendar, which have been on the calen-

dar for 6 months. There is another one, on page 5 of the calendar.

Mr. McNARY. Mr. President, I shall have to withhold my consent at this time.

The PRESIDING OFFICER. Objection is heard.

APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS—CONFERENCE REPORT

Mr. McKellar submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 1648) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, 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 House recede from its disagreement to the amendment of the Senate numbered 18; and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$3,450,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 17, and 26.

KENNETH MCKELLAR,  
PAT MCCARRAN,  
JOSIAH W. BAILEY,  
H. C. LODGE, JR.,  
WALLACE H. WHITE, JR.,

*Managers on the part of the Senate.*

LOUIS LUDLOW,  
EMMET O'NEAL,  
GEORGE MAHON,  
JAMES M. CURLEY,  
JOHN TABER,  
FRANK B. KEEFE,  
HENRY C. DWORSHAK,

*Managers on the part of the House.*

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to the bill (H. R. 1648) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,  
June 15, 1943.

*Resolved*, That the House recede from its disagreement to the amendment of the Senate No. 1 to the bill (H. R. 1648) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1944, and for other purposes, and concur therein with an amendment as follows:

"Restore the matter stricken out by said amendment amended to read as follows:

"No part of any money appropriated by this act shall be used directly or indirectly during the fiscal year 1944 for the purchase or procurement of silver under the provisions of the silver purchase acts—namely, the acts of June 19, 1934, and the act of July 6, 1939, or for the carrying out of any of the provisions of said silver purchase acts except with respect to silver purchased or procured or transfers of any interest in silver bullion effected on or before June 30, 1943."

That the House recede from its disagreement to the amendment of the Senate No. 17 to said bill and concur therein with an amendment, as follows:

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In lieu of the matter inserted by said amendment insert "including the employment of not to exceed three temporary experts by contract or otherwise without regard to section 3709 of the Revised Statutes, or the civil service and classification laws, for the purpose of making studies of the cost, rating, and accounting procedures of the Postal Service."

That the House recede from its disagreement to the amendment of the Senate No. 26 to said bill and concur therein with an amendment, as follows: In the last line of the matter inserted by said Senate engrossed amendment, after "mail" insert "Provided further, That after January 1, 1944, no part of the money appropriated in this title shall be expended for the purpose of collecting, sorting, handling, transporting, or delivering free the mail of any officer in any executive department or administrative agency of the Government."

Mr. McKellar. Mr. President, I move that the Senate disagree to the amendment of the House to Senate amendment No. 1, and further insist on the Senate amendment.

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

Mr. Lodge. Mr. President, is that the amendment involving the use of penalty mail by the departments?

Mr. McCarran. No; that is the so-called silver amendment. This is the Treasury and Post Office bill, and the amendment to which I refer is the so-called silver amendment.

Mr. Lodge. Is the Senator asking for a further conference?

Mr. McKellar. I am.

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

The motion was agreed to.

Mr. McKellar. I move that the Senate concur in the amendment of the House to Senate amendment No. 17.

Mr. Lodge. Mr. President, may we know to what that amendment relates?

Mr. McKellar. It relates to the employment of experts. The Senate inserted an amendment providing for the appointment of one temporary expert by contract or otherwise, without regard to section 3709 of the Revised Statutes or the civil service and classification laws, for the purpose of making studies into the cost, rating, and accounting procedures of the Postal Service. The House amended the Senate amendment by providing for the employment of three such experts. My motion is to concur in the amendment of the House.

Mr. Lodge. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. McKellar. I move that the Senate disagree to the amendment of the House to Senate amendment numbered 26, and further insist on the Senate amendment. That is the amendment relating to penalty mail, about which I talked with the Senator from Massachusetts a few moments ago. The House undertook to cut off certain free mail of the departments on January 26.

I am obliged to disagree to that amendment, and I hope the Senate will send it back for further conference.

Mr. Lodge. Mr. President, I concur in the view of the Senator from Tennessee. I think that amendment would have a very crippling effect on the operations of the Government agencies.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. McKellar. I move that the Senate request a further conference with the House of Representatives on the amendments still in disagreement, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Glass, Mr. McKellar, Mr. Tydings, Mr. McCarran, Mr. Bailey, Mr. Lodge, and Mr. White conferees on the part of the Senate at the further conference.

INTERIOR DEPARTMENT  
APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 82, line 16, after the word "exceed", to strike out "\$30,000" and insert "\$32,200" and in line 17, after the name "District of Columbia", to strike out "\$440,000" and insert "\$443,245."

The amendment was agreed to.

The next amendment was, on page 83, line 3, after the word "aprons", to strike out "\$328,380" and insert "\$538,380" and in the same line, after the word "exceed", to strike out "\$25,500" and insert "\$42,500."

The amendment was agreed to.

Mr. Hayden. Mr. President, no land may be purchased except by authority of Congress. The committee has directed me to offer amendments affecting three minor purchases of land. The amendment which I now offer and send to the desk relates to the purchase of land at Bartlesville, Okla.

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona will be stated.

The Chief Clerk. On page 83, after line 5, it is proposed to insert:

Purchase of land, etc., Bartlesville, Okla.: For the purchase of land in Bartlesville, Okla., which land may be acquired as an addition to the petroleum experiment station of the Bureau of Mines, and the purchase or construction of fences, temporary storage sheds, and other necessary structures, to remain available until expended, \$30,000.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 83, line 13, before the words "of which", to strike out "\$550,000" and insert "\$704,500" and in the same line, after the word

"exceed", to strike out "\$16,000" and insert "\$22,000."

The amendment was agreed to.

The next amendment was, on page 83, line 22, after the word "improvements", to strike out "\$110,000" and insert "\$114,500."

The amendment was agreed to.

The next amendment was, on page 84, line 14, before the words "of which", to strike out "\$450,000" and insert "\$501,300"; and in the same line, after the word "exceed", to strike out "\$295,000" and insert "\$350,000."

The amendment was agreed to.

The next amendment was, on page 84, line 17, after the word "for", to strike out "western"; in line 21, after the word "and", where it occurs the second time, to strike out "coking"; in line 23, after the word "including", to insert "pilot plant construction and operation to utilize more fully found resources and"; on page 85, line 2, before the word "operation", to insert "purchase"; in line 3, after the word "of", to strike out "two" and insert "twenty-five"; in line 4, after the word "exceed", to strike out "\$8,000" and insert "\$38,000"; and in line 10, after the word "work", to strike out "\$149,000" and insert "\$2,750,000."

The amendment was agreed to.

Mr. NYE. Mr. President, the Senate has just approved the amendments in the item under the heading Investigation of Raw Material Resources for Steel Production. I had intended to address myself to these particular amendments today, but in the light of the desire to move along and get the bill out of the way I shall withhold my remarks until some time on Monday next. However, in the light of the very eloquent address delivered by the Senator from Massachusetts [Mr. Lodge] today, I think there is much to be said for amendments of the kind we are dealing with in this particular connection.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 85, after line 22, to insert:

Gaseous and solid fuel reduction of iron ores (national defense): For necessary expenses for pilot-scale tests on the gaseous and solid-fuel reduction of iron ores, including laboratory research and maintenance and operation of pilot plants; procurement of necessary materials and ores; purchase or lease of land or buildings; construction and equipment of buildings; engagement by contract or otherwise, at such rates of compensation as the Secretary of the Interior may determine, of engineers, architects, or firms or corporations thereof necessary to design and construct the buildings and pilot plants; supplies and equipment; travel expenses; not to exceed \$9,500 for personal services in the District of Columbia; not to exceed \$200 for printing and binding, books of reference and periodicals; purchase not to exceed \$2,775 (including exchange), operation, maintenance, and repair of passenger-carrying automobiles; special wearing apparel and equipment for the protection of employees while employed; purchase in the District of Columbia and elsewhere of other items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior", \$400,000.

Mr. HAYDEN. Mr. President, before the committee amendment is agreed to,

I wish to offer an amendment to it to make it conform to the provisions carried in the House bill with respect to all national defense items.

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona will be stated.

The CHIEF CLERK. On page 85, line 24, in the committee amendment, after the word "expenses", it is proposed to insert "without regard to section 3709, Revised Statutes."

Mr. HAYDEN. The Senate should know that all the House provisions contain that language.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

Mr. HAYDEN. I offer a further amendment to the committee amendment, authorizing the Director of the Bureau of Mines to accept contributions from public and private sources.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 86, line 17, in the committee amendment, after the figures "\$400,000", it is proposed to insert "Provided, That the Secretary, through the Director of the Bureau of Mines, is authorized to accept lands, buildings, equipment, and other contributions from public or private sources, for the purposes hereof, and to carry out projects with other agencies, Federal, State, or private."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 87, line 10, after the word "exceed", to strike out "\$20,000" and insert "\$40,000", and in line 17, after the word "work", to strike out "\$900,000" and insert "\$1,900,000."

The amendment was agreed to.

Mr. GURNEY. Mr. President, I hesitate to let this item go by without an explanation. I wish to have the RECORD show, and to advise the Senate, that 2 years ago there was appropriated a small amount for a pilot plant to evolve a process for the beneficiation of manganese ores in the central part of South Dakota.

To suggest to the Senate the value of these deposits I invite attention to a report from the South Dakota State geologist, Dr. E. P. Rothrock, which reads as follows:

The manganese deposit is remarkably uniform throughout the entire length. Manganese content of the nodules averaged 18.9 percent, a little higher than the average content for the material previously explored. There is enough manganese in this deposit to supply the iron and steel industry of the United States for several hundred years.

I wish to say further that with the appropriation made 2 years ago the pilot plant which was constructed and operated by the Bureau of Mines has done the work which we expected at that time

it would do. A successful process was evolved for beneficiating the manganese in the ore nodules. The engineers having the work in charge know exactly how to do it, and they do it successfully and economically, bringing the manganese content up to about 19 percent. What is now needed is to ascertain how to bring that manganese up to such a percentage that it will be usable in the commercial trade. The Metals Reserve Company checked the figures and the process of the Bureau of Mines with a private engineering report of which I have a copy on my desk at the moment. The check which was made by the private engineering concern has brought the information down to the last detail, and it confirms the findings of the Bureau of Mines.

The recommendation for an appropriation of \$1,900,000 is not entirely for equipment to be erected at or near Chamberlain, S. Dak. It is to enlarge the plant so as to make it a semi-commercial pilot plant so that small amounts of manganese may be actually processed and made ready for commercial use, to go directly to the steel industry. There will be a regular daily output, and possibly after a year of operation we shall be able to sell the processed manganese for about \$200,000, making about 12 tons of ore a day available.

South Dakota believes that it has an ore which is very necessary for the war effort, and has insisted all along that the United States should have its own domestic manganese mines. With this appropriation we feel that we can prove the process, and that private industry and the steel mills will then take over and complete the development.

Mr. President, I ask unanimous consent that immediately following my remarks on manganese there be printed in the body of the RECORD as a part of my remarks that part of the report on the subject which appears on pages 12 and 13 of the committee report.

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

SEMICOMMERCIAL PLANTS FOR TREATING CHAMBERLAIN, S. DAK., MANGANESE ORE

It is well known that virtually inexhaustible reserves of manganese-shale deposits occur in the area contiguous to Chamberlain, S. Dak. The readily workable deposits contain something like 10,000,000 long tons in terms of metallic manganese.

The Bureau of Mines and other interested groups have shown that the shale may be mined cheaply by power shovels, and can be easily processed by crushing, screening, and hand sorting to recover nodules assaying about 16 percent manganese. The nodules may be calcined to a 23 percent manganese product which makes a satisfactory feed for matte-smelting, refining, and final sintering.

The demand for manganese sulfide, which has important war uses, can be supplied by stopping at the refining step. A final sintered product may be made which assays over 60 percent manganese, a highly desirable material for metallurgical uses. Pig iron is recovered as a byproduct.

Work in the field, in the laboratory, and in the pilot plants by the Federal Bureau of Mines has demonstrated the technical possibility and the probable practical feasibility of operating if the demand for the products is sufficiently critical.

An estimate has been made that a commercial plant capable of treating 20,000 tons of shale per day to produce 175 tons of 61 percent manganese sinter and 200 tons of pig iron on a daily basis might produce the manganese sinter for about \$40 per ton. The complete plant of this size would cost from eight and one-half to nine million dollars.

Before risking an expenditure of this size, it would appear that the next logical step would be the construction and operation of semicommercial plants on a scale that would recover 50 tons of nodules per day from some 1,300 wet long tons of shale and produce about 12 tons per day of sinter assaying 61 percent manganese, an operation about one-fifteenth that indicated above. By using certain equipment now stored by the Bureau of Mines near Chamberlain, S. Dak., as a nucleus, it is estimated that \$385,000 would be sufficient to construct and equip the necessary units of this semicommercial plant, and that \$515,000 would be required for 12 months' operation.

Everything necessary for the production of crude matte can be made available in South Dakota. Because of power requirements and other considerations, however, it would be advantageous to locate the refining and sintering units at some other locality.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 88, line 19, after the word "work", to strike out "\$430,000" and insert "\$495,875."

The amendment was agreed to.

The next amendment was, on page 89, line 8, after the word "exceed", to strike out "\$38,000" and insert "\$53,000"; in line 16, after "1944", to strike out "\$478,500" and insert "\$1,960,000"; in line 17, after the words "of which", to strike out "\$80,000" and insert "\$335,000"; and in line 18, after the word "exceed", to strike out "\$17,500" and insert "\$20,000."

The amendment was agreed to.

The next amendment was, on page 90, after line 3, to insert:

Magnesium pilot plants and research (national defense): For all necessary expenses for the conduct of investigations and development of methods for the recovery of magnesium from domestic raw materials, including naturally occurring brines, salt deposits, dolomite, magnesite, and brucite, by hydrometallurgy, direct reduction, and electrolytic methods, including laboratory research; maintenance and operation of pilot plants; procurement of necessary materials and ores for metallurgical tests; purchase or lease of land; construction and equipment of buildings to house pilot plants, including employment by contract or otherwise at such rates of compensation as the Secretary of the Interior may determine of engineers, architects, or firms or corporations thereof necessary to design and construct the buildings and pilot plants; supplies and equipment; travel expenses; not to exceed \$8,000 for personal services in the District of Columbia; not to exceed \$750 for printing and binding; purchase in the District of Columbia and elsewhere of other items otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior"; books of reference and periodicals; special wearing apparel and equipment for protection of employees while employed; and the operation, maintenance, and repair of three passenger-carrying automobiles; \$525,000.

Mr. HAYDEN. Mr. President, it is necessary to perfect the committee amendment in the same manner as we did with respect to a previous amendment, by adding the national defense provision. I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Arizona will be stated.

The CHIEF CLERK. On page 90, line 5, in the Committee amendment, after the word "expenses", it is proposed to insert "without regard to section 3709 of the Revised Statutes"; and on page 91, at the end of line 2, it is proposed to insert "Provided, That the Secretary of the Interior, through the Director of the Bureau of Mines, is authorized to accept buildings, equipment, and other contributions from public or private sources for the purposes hereof, and to operate the said plants in cooperation with other agencies, Federal, State, or private."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 91, line 10, after the word "exceed", to strike out "\$50,000" and insert "\$90,000" and in line 19, after the word "employed", to strike out "\$2,475,000" and insert "\$4,010,000."

The amendment was agreed to.

The next amendment was, on page 91, after line 24, to insert:

Drainage tunnel, Leadville, Colo. (national defense): For all expenses necessary to construct, operate, and maintain, independently or in cooperation with public or private agencies, a drainage tunnel, including lateral tunnels, to drain mining land in the Leadville, Colo., mining district, including the acquisition by purchase, condemnation, or donation of lands, rights-of-way, or other interests in lands, or other property; the engagement by contract or otherwise at such rates of compensation as the Secretary of the Interior may determine, of individuals, firms, or corporations, necessary to design and construct the tunnel; purchase, not to exceed \$2,700, operation, maintenance, and repair of motor-propelled passenger-carrying vehicles, which may be used for transporting employees from their homes to temporary locations of employment; purchase of special wearing apparel or equipment for the protection of employees while engaged in their work; not to exceed \$13,000 for personal services in the District of Columbia; and other items of expenditure otherwise properly chargeable to the appropriation "Contingent expenses, Department of the Interior"; \$1,500,000, to remain available until expended.

Mr. HAYDEN. I offer a perfecting amendment to the committee amendment which is of the same nature as the ones previously offered.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 92, line 1, after the word "necessary", it is proposed to insert a comma and "without regard to section 3709 of the Revised Statutes."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. HAYDEN. By direction of the Committee on Appropriations, I offer now a proposal suggested to the committee by the Senator from Nevada [Mr. SCRUGHAM], which provides for the sale of products by pilot plants.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 94, after line 4, it is proposed to insert:

The Bureau of Mines is hereby authorized to sell directly or through any Government agency, including corporations, any metal or mineral products that may be manufactured in pilot plants operated from funds appropriated to the Bureau of Mines, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts.

Mr. HAYDEN. Mr. President, valuable quantities of magnesium and other minerals are being produced and it was thought that the Government might as well obtain money for them.

Mr. McNARY. May I ask the Senator, in a word, how does it modify the language of the bill?

Mr. HAYDEN. At the present time if the pilot plant produces magnesium the Government can give it to some company to work with, but cannot sell it. This is to authorize sales and to have the money placed in the Treasury.

Mr. McNARY. That is an excellent idea.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

The amendment was agreed to.

The next amendment was, on page 94, at the end of line 5, to increase the total appropriation for the Bureau of Mines, from \$8,640,225 to \$18,712,600.

The amendment was agreed to.

The next amendment was, under the heading "National Park Service", on page 94, line 12, after the words "park system", to strike out "\$300,000" and insert "\$375,000."

The amendment was agreed to.

The next amendment was, on page 94, line 17, after the word "vehicles", to strike out "\$161,110" and insert "\$245,000."

The amendment was agreed to.

The next amendment was, on page 94, line 24, after the words "park system", to strike out "\$20,000" and insert "\$26,000."

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I ask unanimous consent to offer an amendment on page 96.

The PRESIDING OFFICER. The Chair will state to the Senator from Texas that, under the unanimous consent order, the Senate is now considering committee amendments.

Mr. CONNALLY. It will take but a moment, and I ask unanimous consent to consider it now because it relates to the pending item in the bill.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. The Chair hears no objection and the amendment will be stated.

The CHIEF CLERK. On page 96, line 6, after the word "features", it is proposed to strike out "\$1,861,200" and insert "\$1,876,200."

Mr. CONNALLY. Mr. President, the amendment proposes to increase this item only by \$15,000. The reason for it is that some years ago the Federal Government, through an act of Congress, provided that what is called the Big

Bend National Park in Texas would be adopted as a national park provided the State purchased all the land and made a gift of the land to the Federal Government. That has taken place. The State of Texas, through its legislature, appropriated a very large sum—I do not recall all the details—to acquire the title to the entire area known as the Big Bend National Park. It is now about to be turned over to the Government. Titles have been perfected, and I understand the Park Commissioner of Texas is now in the city. So this item is merely an item of \$15,000, sufficient to allow the Federal Government to employ some caretakers and others up to the end of the next fiscal year.

Mr. HAYDEN. Mr. President, the amendment is in order, inasmuch as it comes by reason of a situation created since the Budget estimate. I have no objection to it.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Texas is agreed to.

Mr. HAYDEN. On the same page, at the request of the Senator from Virginia [Mr. GLASS], I ask that an amendment be considered by unanimous consent.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment will be stated.

The CHIEF CLERK. On page 96, after line 14, it is proposed to insert:

Patrick Henry National Monument: For completion of the acquisition of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill, and including all expenses incidental to such acquisition, to be known as the Patrick Henry National Monument, in accordance with the provisions of the acts of August 15, 1935 (49 Stat. 652), and January 29, 1940 (54 Stat. 18), \$25,000.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Arizona on behalf of the Senator from Virginia is agreed to.

The clerk will state the next amendment reported by the committee.

The next amendment was, on page 98, line 14, after the word "vehicles", to strike out "\$140,000" and insert "\$170,000."

The amendment was agreed to.

The next amendment was, on page 102, line 25, after the word "services", to strike out "\$125,000" and insert "\$348,540."

The amendment was agreed to.

The next amendment was, on page 103, line 5, after the word "products", to strike out "\$80,000" and insert "\$84,000."

The amendment was agreed to.

The next amendment was, on page 103, line 12, after the word "service", to strike out "\$459,000" and insert "\$470,000."

The amendment was agreed to.

The next amendment was, on page 103, line 20, after the word "fur", to strike out "\$90,000" and insert "\$115,000."

Mr. HAYDEN. Mr. President, the committee amendment will have to be further amended and by direction of the committee I offer an amendment to authorize the purchase of a tract of land at Fontana, Calif. The amount involved is \$11,300.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 103, line 20, after the figures "\$115,000", it is proposed to insert a comma and the words "including not to exceed \$11,300 for the purchase of the land, buildings, and other privately owned property at the United States Rabbit Experiment Station at Fontana, Calif."

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, on page 104, line 3, after the name "Territory of Alaska", to strike out "\$125,000" and insert "\$225,000."

The amendment was agreed to.

The next amendment was, on page 104, line 16, after "(16 U. S. C. 667)", to strike out "\$740,000" and insert "\$1,000,000."

The amendment was agreed to.

The next amendment was, on page 105, line 11, after "192-211)", to strike out "\$130,000" and insert "\$152,000."

The amendment was agreed to.

The next amendment was, on page 106, line 1, after the word "Refuge", to strike out "\$540,000" and insert "\$620,315."

The amendment was agreed to.

The next amendment was, on page 106, line 6, after the word "expenses", to strike out "\$4,147,350" and insert "\$4,873,205."

The amendment was agreed to.

The next amendment was, under the subhead "Federal Aid in Wildlife Restoration", on page 106, line 18, after "(16 U. S. C. 669-669j)", to strike out "\$750,000" and insert "\$1,250,000."

The amendment was agreed to.

The next amendment was, on page 106, line 22, after the word "Service", to strike out "\$4,897,350" and insert "\$6,123,205"; and in line 25, after the word "exceed", to strike out "\$700,000" and insert "\$816,546."

The amendment was agreed to.

The next amendment was, under the heading "Government in the Territories—Government of the Virgin Islands", on page 111, line 25, after the name "Saint Croix", to strike out "\$168,820" and insert "\$174,620."

The amendment was agreed to.

The next amendment was, on page 112, line 9, after the word "vehicles", to strike out "\$37,640" and insert "\$40,000."

The amendment was agreed to.

The next amendment was, on page 112, line 13, before the words "to be", to strike out "\$125,000" and insert "\$150,000."

The amendment was agreed to.

The next amendment was, under the subhead "Puerto Rican Hurricane Relief", on page 114, line 2, after the name "Bureau of Mines", to strike out "\$3,000" and insert "\$6,000."

The amendment was agreed to.

The next amendment was, on page 115, after line 8, to insert:

SEC. 8. No part of any appropriation contained in this act shall be used directly or indirectly by way of wages, salaries, per diem or otherwise for the administration of the Jackson Hole National Monument as described in Executive Proclamation No. 2578, dated March 15, 1943.

Mr. O'MAHONEY. I send to the desk an amendment to the committee amend-

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 115, line 11, after the words "for the", it is proposed to strike out the word "administration" and insert "performance of any new administrative function or the enforcement or issuance of any rule or regulation occasioned by the establishment."

Mr. McNARY. Mr. President, I inquire if that is the committee amendment?

Mr. O'MAHONEY. Yes; I will say to the Senator from Oregon it is.

Mr. McNARY. It has the endorsement and recommendation of the committee, I understand.

Mr. O'MAHONEY. It has; it is a committee amendment. I may say, in connection with the amendment, that it is presented merely for the reason—

Mr. McNARY. Where does the amendment come in the bill?

Mr. O'MAHONEY. On page 115, line 11. At that point the word "administration" is stricken out and in lieu thereof it is proposed to insert the words "performance of any new administrative function or the enforcement or issuance of any rule or regulation occasioned by the establishment."

The amendment has to do with the creation by Executive order of a national monument within the State of Wyoming in the Jackson Hole area after attempts to extend the boundaries of the Grand Teton National Park by legislation had failed. The State of Wyoming has filed a suit challenging the legality of the act. The purpose of the amendment is to prohibit the use of any appropriation contained in this act to administer the monument as a monument, without interfering with the functions heretofore performed by the National Forest Service in fire prevention, the Bureau of Reclamation in administering the affairs of that bureau, or the wildlife activity in that area which is now within the forest or within the public domain.

A certain portion of this area was transferred by Executive order, properly, from one department to another. There is no desire to interfere with any of those previous functions, but the purpose of the amendment, approved by the committee, is to prevent the administration of the monument as a national monument.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the amendment reported by the committee.

The next amendment was, on page 115, after line 13, to insert a new section, as follows:

SEC. 9. The appropriations and authority with respect to appropriations contained herein shall be available from and including July 1, 1943, for the purposes respectively provided in such appropriations and authority. All obligations incurred during the pe-

riod between June 30, 1943, and the date of enactment of this act in anticipation of such appropriations and authority are hereby ratified and confirmed if in accordance with the terms thereof.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I have three minor amendments to offer which I wish to have disposed of, but as the Senator from Tennessee desires to address the Senate, I shall wait until he shall have concluded.

#### RENEGOTIATION OF CONTRACTS

Mr. McKELLAR. Mr. President, as we all know, this war is costing a tremendous amount of money. At this time I wish to speak of a very practical method we adopted a little more than a year ago which has resulted in the saving of a large amount of money to the Government on war contracts. I refer to the renegotiation of contracts law, introduced by me and passed by the Congress a little more than a year ago and signed by the President on April 28, 1942.

Our country has been engaged in seven large wars—the Revolutionary War, the War of 1812, the Mexican War, the Civil War, the Spanish-American War, the First World War, and now the Second World War. Up until last April, so far as I can ascertain, no measure to prevent excessive profits in war contracts in any of these wars was ever passed by Congress. I felt that we ought to supervise the profits on war contracts, and with the help of the War Department, the Navy Department, and the Maritime Commission, we secured the passage of this renegotiation of contracts law.

When passed, the law was put into the hands of the Under Secretary of War, Judge Robert P. Patterson, the Under Secretary of the Navy, Mr. James V. Forrestal, and Admiral Emory S. Land, of the Maritime Commission. They selected Mr. Maurice H. Karker, of the War Department, as Administrator, and other leading business men as aids, and I venture the assertion that no law ever passed by the Congress has ever been administered more fairly, more justly, or more successfully, than has this law. In the first 12 months there has been saved to the Government through renegotiation of war contracts the sum of \$2,849,000,000 in round figures. It is the most stupendous single saving that has ever been made in the conduct of any Government, \$1,062,000,000 in cash covered into the Treasury, and \$1,787,000,000 in price reductions, which is exactly the same as cash. The Departments were successful in obtaining a comparatively small but most efficient personnel of less than 1,500, at an annual cost in salaries of about \$4,500,000.

No contracts of less than \$100,000 can be renegotiated; only the large contracts are renegotiated, under the law, and those which have been renegotiated have been renegotiated voluntarily by the contractors and by the representatives of the Government. There have been no law suits, no unseemly contentions, the Government representatives always being ready and willing to see that the contractors get reasonable and even generous profits, and the contractors be-

ing willing, for the most part, to return or reduce excessive prices under the original contracts. Of course, no doubt some contractors would like to have or retain the prices in the original contracts, but when shown that they are taking advantage of their Government while it is engaged in its greatest war, almost without exception they have acted as reasonable and patriotic citizens, and have yielded back excessive profits.

Mr. President, while most of our war contractors do not want to make exorbitant profits out of this war, those who do attempt to benefit disproportionately tend to discredit all industry and make wartime controls a necessity. I shall not give names, but I wish to refer to a few examples.

One company, upon sales of about \$24,000,000, for 1942 made a net profit, before taxes, of 38.7 percent, and a net profit even after all taxes had been paid of five and one-half times the entire net worth of the company at the beginning of the year. Excess profits taxes did not solve this company's gouging the Government.

Another company made 52 percent upon its 1942 sales, and even after taxes, its profits for the year were almost 10 times its net worth at the year's beginning.

Another company realized a profit for 1942 of 26 percent, and after paying its taxes still had profits for the year which were greater than its net worth at the beginning of the year.

Still another company had left, after taxes for 1942, profits that were twice as great as its net worth at the beginning of the year.

These are actual cases, and there are numerous cases of this character which investigation has disclosed, and they demonstrate conclusively that taxes alone will not eliminate war profiteering.

It must be remembered that in controlling prices of war materials, even in the case of thoroughly conscientious and honorable contractors, controls are necessary if costs are to be kept down, waste is to be avoided, and inflationary trends are to be counteracted.

But it is claimed that these savings could be made by the collection of the excess-profits tax. The excess-profits tax is all right in many respects, but it would not take care of a situation like this. In the making of these Government contracts the contractor always counts in as a part of his expense the Federal, State, county, and city taxes which he has to pay. This can be explained possibly better by a personal illustration. I know of a man who took a Government contract out of which he expected to make a million dollars, with the taxes estimated at \$750,000, leaving \$250,000 as net compensation to him, the contractor. Then came the new tax law, which forgave or canceled three-fourths of his taxes, leaving this taxpayer not only the \$250,000 he expected to make in return for his services, but three-fourths of \$750,000, or \$562,000 in addition, making the contractor's net return for his work \$812,000, instead of the

\$250,000 he had calculated as reasonable compensation to himself when making the contract. The renegotiation law will take care of all such excess profits.

The savings I have just referred to, however, are but a small portion of the total benefits of renegotiation. These savings from renegotiation mean a reduction of prices after the contracts are renegotiated. Contractors, realizing that excessive profits are being recovered and that excessive prices in existing contracts are being reduced through renegotiation, are agreeing to more reasonable prices in their new or renegotiated contracts. Of course, these savings are not susceptible of accurate measurement, but I am convinced that they will amount to more than the \$2,849,000,000 actually saved as herein before stated.

Then, too, we have the equation of inflation. Mr. Bernard M. Baruch, a great authority on all matters of finance, has always contended that the excess-profits tax made tremendously for inflation. However that may be, the renegotiation of excessive prices in contracts does not make for inflation in any manner, shape, or form, but prevents inflation.

Mr. President, that is also a mistake. It is true that there is a provision in the Federal Constitution that no State shall pass any law impairing the obligations of the contract, but there is no reason why in cases of this kind, where such vast and excessive profits are made as almost to bring about fraud upon the Government, the United States cannot protect itself in the way I have spoken of in connection with renegotiating or changing contracts.

Such a law as the renegotiation of contracts law which we now have is absolutely necessary if we are to prevent inflation. There was no such law during the First World War, and it was estimated afterward that 23,000 new millionaires or multimillionaires were created in that war by reason of excessive prices in war contracts. It is the duty of this Government, therefore, to see that in a war excessive prices are not charged, and judging from the results of the first year's administration of this law it is quite easy to see that stupendous savings have been accomplished.

Mr. TAFT. Mr. President—

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

Mr. McKELLAR. I yield.

Mr. TAFT. I am very much interested in the Senator's speech.

Mr. McKELLAR. I am glad to hear the Senator say so.

Mr. TAFT. I think but one thing should be added, and that is, that had there been no renegotiation of contracts law, 80 percent of the savings made would have had to be paid in taxes, so that the actual savings resulting from the renegotiation of contracts law really amounts to about 20 percent of the total amount which has been saved through the renegotiation of contracts law.

Mr. McKELLAR. Mr. President, there are two answers to that statement. The first is that when the contractor is an

individual we forgive him under the recent tax law three-fourths of his last year's income tax.

Mr. TAFT. Can the Senator tell me how many such individuals there are?

Mr. McKELLAR. I do not know how many there are.

Mr. TAFT. I think the number is practically negligible.

Mr. McKELLAR. I do not know about that. There are a great many of them.

Mr. TAFT. There should be an excess-profits tax placed on such individuals during wartime. They are engaged in the performance of war contracts.

Mr. McKELLAR. I am glad the Senator has asked the question, because I wish to compare the figures.

The total excess-profits tax collected from July 1, 1942, to April 30, 1943, a period of 11 months, was \$3,757,211,910 for all businesses in the entire country. The estimated average for the year would be \$4,240,775,538, while the amount returned to the Government under the renegotiation of contracts law was \$2,849,000,000. Reduction in prices amounted to more than \$3,000,000,000. That amount added to the \$2,849,000,000 gives a total of \$6,000,000,000, or \$2,000,000,000 more than the entire excess-profits tax for the year. So the Senator's figures with respect to 80 percent which would be recovered in excess-profits tax are incorrect.

Mr. TAFT. What I wanted to point out to the Senator was that if there had been no renegotiation of contracts law and the \$2,800,000,000 had not been returned, 80 percent of it or approximately \$2,000,000,000, would have been added to the excess-profits tax, and we would have collected \$5,600,000,000 in excess profits taxes instead of \$3,600,000,000. So that the actual net saving is only about 20 percent of the figure mentioned by the Senator. I am not questioning the principle, I only think that the record should be accurate with respect to the savings actually accomplished.

Mr. McKELLAR. I think I have the accurate figures here. It is perfectly manifest that if the excess-profits taxes of all kinds, nature, and description amount to only a little more than \$4,000,000,000, and the renegotiation of contracts act brings in \$2,849,000,000 in cash, and reduction of prices results in a saving of more than that amount in addition, the excess-profits tax could not possibly have reached the amount represented by that saving, which is more than \$6,000,000,000.

Mr. TAFT. Of course, the effect of renegotiation of contracts and taking that money back is to reduce the excess-profits tax of the company which returns the money. If the company had been able to retain the \$2,800,000,000, then it would have had to pay additional excess-profits taxes equal to 80 percent of \$2,800,000,000.

Mr. McKELLAR. Mr. President, the Senator is mistaken about that, because returns have already been made on the basis of the income.

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

Mr. McKELLAR. I yield.

Mr. JOHNSON of Colorado. I completely agree with the suggestion made by the Senator from Ohio [Mr. TAFT]. If we recover the excess profits through taxes, they are returned to the Treasury, whereas if we recover through renegotiation of contracts the money is returned to the War Department, the Navy Department, or the Maritime Commission, or whoever is back of the renegotiation proceedings.

Mr. McKELLAR. Evidently the Senator was not present when I first read the figures. For the first year, \$1,062,000,000 has been returned in cash and covered into the Treasury of the United States, and the other \$1,700,000,000 represents the amount that was returned as the proceeds resulting from reduction in price.

Mr. JOHNSON of Colorado. I want it all to go back to the Treasury.

Mr. McKELLAR. That can be done easily by an amendment concerning which there would be no trouble. I do not have any objection to it all going back to the Treasury. I think the renegotiation of contracts law will bring more money into the Treasury of the United States than all excess-profits taxes, even up to 80 percent, would bring.

Mr. President, on May 3, I placed in the CONGRESSIONAL RECORD two letters, one from the Under Secretary of War, Mr. Robert P. Patterson, and the other from the Under Secretary of the Navy, Mr. James Forrestal. A short while after I did so my good friend, the Senator from Georgia [Mr. GEORGE] discussed those letters. I happened to be absent from the Chamber at that moment and did not hear the discussion and did not read it until the next day.

Mr. President, I have such great respect for the Senator from Georgia, and such admiration for him, and I respect his views so highly, that I am reluctant to disagree with him. He is as fine a legislator as there ever was, and as fine a man as ever lived. He is exceedingly level-headed. I deeply regret that I cannot agree with him in this matter, but I cannot agree with him on any of the contentions he has made concerning the renegotiation of contracts law, for it has been shown to be the most successful law of its kind. The purposes of the law have been successfully carried out.

The bill providing for the renegotiation of war contracts was passed a little more than a year ago, it having become the law on April 28, 1942. At the time the bill was reported by the committee it brought about much discussion. Other plans were suggested, but finally this plan was agreed to by the committee and by the departments affected. It has been in operation a little more than a year, as I have stated, and has met with the wholehearted and cordial approval of the departments. So successful have they been under its provisions in saving the Government money that I think it should meet the approval of every Member of Congress.

Mr. President, during none of the prior wars has there been any regulation of war contracts, and in each of them there

has arisen scandal growing out of the huge profits made by what are known as war profiteers. I was a Member of the Senate during World War No. 1 and have been a Member ever since. I remember distinctly that it was estimated at the close of World War No. 1 that America had 23,000 additional millionaires and multimillionaires growing out of excessive profits on war contracts. The remembrance of the situation that grew out of World War No. 1 made me believe that it was highly important that we should regulate war contracts. I believe, as we all do, in the sanctity of contracts. Our Federal Constitution provides that no State shall impair the obligation of a contract. That does not apply to the United States Government, but it is natural that we should give every consideration to the carrying out of an honest and fair contract.

Now as to war contracts, we must all remember that they are entered into under conditions where excessive prices for goods produced or for work done for the Government very naturally arise. The contractor, in most cases perhaps, has to change its business from a peace basis to a war basis. This results in uncertainty, and makes the contractor increase his price. How long the war may last is another uncertainty. The cost of labor is a vital uncertainty. The cost of materials is just as uncertain. The Government has to have these products in order to carry on the war, and that makes Government contractors peculiarly likely to ask prices which in ordinary times the Government representative would not agree to. I am not criticizing the contractor. Naturally, the uncertainty which surrounds him as to all the matters above stated makes him feel he must charge the highest prices in order to protect himself in the transaction. It is perfectly apparent to thinking persons that these contracts make the Government likely to agree to excessive prices and just as naturally makes the contractor raise his price to the highest figures so that he will be certain not to lose.

It was under these circumstances that the renegotiation of contracts law was passed.

I come now more specifically to the argument of the Senator from Georgia [Mr. GEORGE]. He said:

At the time of its passage (renegotiation), we had no wartime excess-profits taxes.

It will be remembered that the Renegotiation Act was approved April 28, 1942, at which time there was an excess-profits tax under the Revenue Act of 1941 running up to as high as 60 percent, and the Congress had under consideration the present law which increased that maximum rate to 80 percent—90 percent; less a 10-percent post-war refund. In this connection, the Senator from Georgia said:

But now we have an excess-profits act which provides for a tax up to 80 percent, with only a 10-percent credit to be paid back after the war period.

This statement of my distinguished friend is absolutely correct, but it needs a little further comment. It is true the

maximum rate is 90 percent. The law provides that the taxes shall not exceed 80 percent of a company's taxable income, and from this is to be taken 10-percent of the excess-profits tax to be refunded after the war, and we all know it will be refunded. Therefore, the present maximum eventual over-all tax is not 90 percent, but about 72 percent.

Again the Senator from Georgia said:

If we were to apply the 50-percent excess-profits tax to the amount in question (the \$2,500,000,000 in contract reductions) \* \* \* all of their proclaimed savings except \$250,000,000 out of the \$2,500,000,000 would have been taken back anyway under the excess-profits tax act.

There are several answers to this proposition. In the first place, when many of these contracts were made the present income-tax law was not in force and the contractor did not have to pay even 72 percent.

In the next place, the Senator from Georgia assumes that all this \$2,500,000,000 of profit would be subject to excess-profits taxes. It is true that most of it would, but because of the tax relief provisions wisely put in the law last year many war contractors have sizable exemptions from the excess-profits tax and therefore will not pay the rate he mentions on their profits.

In the next place, the contractor simply increases his prices to take care of the excess-profits tax and, therefore, much of the tax is really paid by the Government, and as Mr. Bernard Baruch says, makes for inflation.

Again we must remember that the maximum tax rate is not 90 percent but not exceeding 72 percent, as previously explained. Therefore, even if all war profits did come under the excess-profits tax, renegotiation has already recovered on one year, not \$250,000,000, but more than \$700,000,000 which would have escaped the excess-profits tax law. This is a very considerable amount of money, and one which is approximately 300 times larger than the cost of renegotiating contracts, which in round numbers is about \$2,550,000 per year.

Again, by permitting the companies to keep this additional \$700,000,000, the tax laws would have permitted some of them to make profits in 1942 which I am sure my distinguished friend will concede would be excessive and unconscionable. I do not think it wise to call names in this matter but we can give examples.

One company holding war contracts would have made a profit in 1942, after all taxes, which would have been 178 times larger than the company's earnings in 1937, and which would have given the company a 100 percent return on its net worth in a single year.

Another company, after paying all its excess-profits taxes in 1942, would have been left a profit equal to 580 percent of its average peacetime earnings and equal to an 83-percent return on its invested capital during a single year.

Another company, after paying all its excess-profits taxes in 1942, would have had left an excessive profit 13 times greater than its peacetime average and equal to a return of 130 percent on its invested capital during a single year.

Again my splendid friend the Senator from Georgia said:

How, if the procurement offices of the War Department and the Navy Department are not negligent in the first instance, has the administration of this act resulted in closer pricings on the part of war contractors?

I have already referred to this matter, but will specifically do so again here. The Government was in a position where it could hardly deny these excessive prices. The Government had to have airplanes; it had to have machine guns; it had to have rifles; it had to have ammunition; it had to have artillery; it had to have tanks and countless other arms and materials. It had to have them at the earliest possible moment because we were already at war. It was virtually, in a sense, at the mercy of the contractors. At the time the Government agents could not know what a reasonable price for the materials purchased was. The Government officials had had no experience in manufacturing these new materials. They were not to be blamed. The whole country demanded that these war materials be manufactured at once. Our safety as a nation demanded it. The question of cost was a secondary matter and necessarily had to be.

My good friend states that in the renegotiation of these contracts the contractors do not act voluntarily, that they are at the mercy of the Government renegotiators. I do not think this is so at all under the Renegotiation Act, and the methods which have been adopted to enforce it. But, assuming that the Senator is correct in his statement, the contractor is not one-tenth as much at the mercy of these negotiators as the Government was in the hands of the contractors when the contracts were originally made.

Again this question has been answered by the two Under Secretaries in their statements made before the Truman committee on the question of the necessity and desirability of the renegotiation law, in connection with which the committee said:

1. Because of the wartime need for rapid procurement of materials of war, new materials with which there has been no previous manufacturing experience and other articles previously manufactured only in relatively small quantities, some procedure for subsequent price adjustment is necessary and desirable if excessive war profits and costs are to be avoided.

2. Taxes alone will not do the job because (a) higher corporate tax rates are likely to encourage higher costs and discourage economical production; (b) no scheme of taxation has been devised which is sufficiently flexible to provide an incentive for efficient low-cost production; (c) a profit percentage which would fairly reward one war contractor with one type of financial structure would bankrupt a second contractor with a different financial set-up, and would provide inordinately excessive profits for a third contractor with a still different financial problem.

Again my good friend, the Senator from Georgia, recognizing the difficulties of pricing new weapons, nevertheless urged that experience should have removed these difficulties. Both of the Under Secretaries agree with this statement, and are experimenting with origi-

nal pricing methods which should restrict the need for renegotiation.

However, the changing character of the war requires procurement of new types of articles every day. The planes which are contracted for now are very different from the planes procured before. The detection devices constructed for now are unprecedented. The war constantly demands new weapons, and contract prices for weapons not previously manufactured can never be fixed so accurately that the need for renegotiation will entirely disappear.

The changing character of industrial operations also makes contractors unwilling to work under an appropriately close price. Possible contingencies, like labor dilution, subcontracting failures, shortage of materials, increases or decreases in volume make contractors desire, for their own protection, very wide margins which, if the contingencies do not develop, become excessive profits. Renegotiation then can restore an equitable price.

My good friend from Georgia next said that renegotiation "is coercion" and that the contractor's "very life is at stake."

Mr. President, as I have said before, the departments have kept me fully advised as to what they were doing under these renegotiation laws from the very beginning. They employed the highest class of men to do the job. From time to time some of these men who actually have been doing the job have come to my office and told me of their work. All of those I have seen and talked with have evidenced the disposition to be just as fair to the contractors as they are to the Government. There has been, except on one occasion which was the propaganda effort last summer to have the act repealed, little effort on the part of the contractors not to carry out the intentions of this law. As I have already stated, some paid back or reduced prices before they were asked to pay back or reduce prices. There has probably been less trouble in the enforcement of this most righteous law than enforcement of any law in the history of our country. That is so because of the high character and the just and fair dealing of the heads of the departments affected, and especially of Judge Patterson of the War Department and Mr. Forrester of the Navy Department, also Mr. Karker of the War Department, who have this matter in immediate charge. They have selected careful and prudent men to work under them and they have comparatively a very small set-up. The renegotiations of these contracts have not been coercive. It has been voluntarily agreed to. This fact is demonstrated by the record which shows that no contractor has appealed to the courts, although competent lawyers agree that such an appeal is open to all contractors.

The contractor is not at a disadvantage. The Army and the Navy need American industry as much as American industry needs the Army and the Navy. This interdependence is recognized by the Army and the Navy, and there is no disposition in either Department—even if it had the power—to deal unfairly with

contractors. Renegotiation has, in general, left contractors with a dollar amount of profits, both before and after taxes, which compares very favorably with peacetime earnings.

The entire number of officials and employees set up under this renegotiation act is less than 1,500. The entire cost to the Government in a year has been about \$2,550,000.

Again my good friend said:

What did the War Department do with the \$560,000,000 in cash which it got back \* \* \* did it go back into the War Department to be used without an appropriation of Congress? Is that sort of short-circuiting of the legislative branch of the Government to be commended?

The plain fact is that the act states that all money recaptured by repayment or suit shall be recovered into the Treasury as miscellaneous receipts. All cash recoverings are being deposited as general receipts in the Treasury. The amount of cash recovered up to May 1 is \$1,062,000,000. This has been paid into the Treasury. On the other hand, contractors who have not finished their contracts and who have not received payment thereon have had their contract prices reduced in sums aggregating \$1,787,000,000.

In other words, where reductions are made the Government has to pay that much less and, therefore, has saved that much more money. Renegotiation has not short-circuited the legislative branch of the Government in any sense. All cash which is returned because of renegotiation is covered into the Treasury as a miscellaneous receipt and cannot be spent without a new appropriation from Congress.

Again my good friend the Senator from Georgia, said:

It is impossible for the Treasury to know what its tax rates will yield when boards in Washington may themselves determine what is a reasonable profit.

As I am informed, renegotiation does not disturb the Treasury's position on balance at all. If renegotiation results in a cash refund, that money goes back into the Treasury just like taxes. If renegotiation results in a price reduction, then the department is called on to pay out that much less money. Renegotiation does not disturb the balance between Treasury income and outgo except that thus far renegotiation has brought the Treasury, in any view of the case, an additional billion dollars more than it would have obtained under the tax laws alone.

Again the Senator from Georgia said:

I may be incorrect in this statement, but my information is that there are nearly 80,000 contracts which remain for scrutiny by the various renegotiation boards. It will take them 10 years to renegotiate the contracts at the rate at which they are now proceeding.

Whoever gave the Senator this information gave it to him incorrectly. In the first place, renegotiation does not deal with separate contracts but with entire companies regardless of the number of contracts the company may hold.

There are between 20,000 and 25,000 companies to be renegotiated. This work is well along and will probably be completed within a year which will make a good record in view of the fact that tax liabilities frequently are not determined until several years after profits have been earned. The Navy has already completed renegotiation with companies holding more than one-third of the dollar volume of contracts assigned to the Navy Department, and renegotiation has begun with contractors holding six-sevenths of the dollar volume contracts. The War Department is equally well along with its work.

Again the Senator from Georgia speaks of renegotiation determining excessive profits "without any legislative standard." It is true the renegotiation law does set up a legislative standard of reasonableness. Congress left renegotiation flexible because, as the Truman committee said, no single formula will eliminate excessive profits without doing injustice to some war contractors and giving windfalls to others.

The munitions business is a multifarious one. Some producers are low-cost and efficient, others are high-cost and inefficient. Some producers finance their own war plants, others have asked the Government to finance all their facilities. Some producers have experimented with their product and improved it, others have continued to do a routine job. Some producers have borrowed working capital from the Government, others have been able to finance themselves. Some producers continue to make exactly the same things they made in peacetime, others have undertaken the risk and labor of producing items entirely foreign to their peacetime business. Some producers have converted their plants, others have left their plants virtually unchanged. Some companies have enjoyed an enormous expansion of business, as much as a hundredfold; other companies continue to do about the same volume of business they did in peacetime. Because, therefore, each case presents its own mixture of these various factors, no single formula, except reasonableness, has yet been devised which will do justice to all contractors.

Again the Senator from Georgia says:

Is it (the renegotiation) voluntary, when the Government officials can determine what is a reasonable profit or an unreasonable or an excessive profit, without regard to any standard.

Mr. President, my splendid friend is not correct in this assertion. The work of procurement is never done without regard to standards of value and equity and reasonableness. Negotiation and renegotiation cannot be reduced to the exactness of formulae which is possible in the revenue statutes, but they can and do follow defined principles and announced policies which are left to the discretion and judgment of experienced men of recorded accomplishment and reputation. It is to the everlasting credit of American industry itself that every settlement known to me which has been reached up to this time has been reached

on the basis of agreement by the representatives of the manufacturing company and of the Government.

There is no denying that the representatives of industry are conscious of the existence of the statute and of the powers delegated by the Congress to the Secretaries thereunder. But there is equally no denying the effort on the part of the departments to reach sound conclusions and to execute equitable agreements any more than there can be denied the right of the individual company to appeal to the courts if the settlement is reached by administrative determination but is regarded as inequitable and unjust. I believe if my good friend had followed this matter as closely as I have he would not have used the word "coercion."

Again my able friend says these settlements are made on what are regarded as unreasonable profits, without regard to taxes due by the contractor.

The answer to this is that the variation in the rates of income and excess-profits taxes has been such for the past few years that the only comparable and stable measure of profit is net before taxes. But to say that determinations in renegotiation are made "without regard to taxes" is incorrect. These renegotiations are made with thoroughness, and the facts are determined and discussed, and every consideration is given to them. Businessmen naturally fall into the measurement of profits (whether before or after taxes) by relating them percentage-wise to sales volume; and because of this natural and common use they center the discussion of profits after renegotiation on that one figure, without taking into account the relationships of earnings to volume in the base years; to the meeting of production schedules; to the saving of critical materials and manpower; to earnings on capital; to the availability of inventive contributions; to contributions within the field of management and production ability; and all of the other thousand and one important factors, relationships, and ratios which are discussed, measured, and evaluated in the process of renegotiation. These conclusions are reached by the voluntary actions of the representatives of the Government and the contractors.

Mr. President, in my sincere and honest judgment, the Government would not have got a single dollar more as a result of excess-profits tax from these various contractors if there had been no renegotiation law. In my judgment every dollar of the more than \$2,849,000,000 returned or saved under the renegotiation law has been just that much saved to this Government. There are so many exceptions and exemptions in the excess-profits tax law that the savings made under the renegotiations law, in my judgment, are absolutely savings, and these savings would not have been made if only excess-profits law governed them. We had an excess-profits law in 1917, 1918, 1919, and 1920 but we all realize what enormous and excessive profits the contractors made in that war, notwithstanding the excess-profits tax law.

Mr. President, the first year's operation of the Renegotiation Act conducted by the Departments of War and Navy and the Maritime Commission demonstrates beyond the peradventure of a doubt the wisdom of the law and its enormous value to the Government of the United States. In the year between April 28, the time of the passage of the bill, and May 1, 1943, the act resulted in the elimination of excessive profits in the amount, in round numbers, of \$2,849,000,000. Of this amount \$1,062,000,000 represents cash refunds which have been paid into the Treasury of the United States as general receipts and the sum of \$1,787,000,000 represents price reductions under war contracts, which are exactly the same as cash paid into the Treasury.

The break-down by departments is as follows:

	Recovery	Price reductions	Total
War Department.....	\$698,000,000	\$1,168,000,000	\$1,866,000,000
Navy Department.....	330,000,000	609,000,000	939,000,000
Maritime Commission.....	34,000,000	10,000,000	44,000,000
Total.....	1,062,000,000	1,787,000,000	2,849,000,000

As to the personnel required to obtain these gigantic refunds for the War Department itself, including personnel of every character and classification, there were 1,033 employed in renegotiation on May 1, 1943, and it is probable that the other departments are not employing more than 400 additional employees.

The average employed by the War Department per week during the first year of the effectiveness of section 403, Public, 528, is estimated at 544 persons at an annual cost of salaries of \$1,700,000. It is estimated that the same facts for all other departments engaged in renegotiation would not increase the numbers and costs by more than 40 percent; so the result is that there are not more than 1,433 employees engaged under the Renegotiation Act, and the total cost thereof is \$2,380,000. Therefore the cost of collecting these refunds is less than 1 percent of the funds recovered. It is the most marvelously successful financial operation of the Government that I know of.

#### SENATOR BRIDGES' RESURVEY STATEMENT

On May 21, 1943, the Senator from New Hampshire [Mr. BRIDGES] made a public statement covering a summary of results of a survey on renegotiation of war contracts conducted among 5,000 manufacturers.

As I read that survey, many of the manufacturers favor the act. Indeed, the survey shows that they felt that renegotiation was a good thing, but should be a prearranged part of the agreement. It is a prearranged part of the agreement, so far as all contracts made since the law was passed are concerned, and all contractors know of this law. I have no doubt that some feel that the excess-profits tax would take care of the matter, but our experience has shown that it

does not. There is no nullification of any contract. It is simply a readjustment of the price fixed in the contract which price was made when neither the contractors nor the representatives of the Government understood or could understand what a reasonable profit would be. Common experience shows that the contractor simply includes the excess-profits tax by raising the price of the goods produced.

Again, the Senator from New Hampshire stated that funds recovered through renegotiation remain with contracting agencies for respending. The act plainly provides in this respect as follows:

All money recaptured by repayment or suit shall be covered into the Treasury as Miscellaneous Receipts.

During the first year's operation, as heretofore shown, \$1,062,000,000 has been recovered and paid into the Treasury. The remainder of the money recovered has not been paid out on the renegotiated contracts at all, and is still in the money appropriated for the payment of these contracts. In other words, the \$1,787,000,000 simply represents price reductions, but it is just as much a saving to the Government as if the money were covered into the Treasury as general receipts. The simple fact is that all funds recovered through renegotiation, amounting to \$1,062,000,000, are deposited with the Treasury as miscellaneous receipts, and do not remain with the contracting agency at all, as stated by the Senator from New Hampshire.

Again, the Senator from New Hampshire states that companies are kept in continuous jeopardy because they are not brought into renegotiation, and that actually renegotiation agreements are completed on only a small number of cases. Mr. President, it is estimated by the Department that approximately 25,000 contractors are subject to renegotiation on their operations for 1942. Over 90 percent of these contractors will be subject to renegotiation by the War and Navy Departments. Both of these departments are quite confident that renegotiation on 1942 operations will be completed by December 31, 1943. It is quite evident that few, if any, contractors will be kept in continuous jeopardy.

The Senator from New Hampshire then states that manufacturers favoring repeal of the Renegotiation Act were reported as indicating that it would be a simpler process to recapture large profits by the Treasury through excess-profits tax. As heretofore stated, with the many exemptions and credits that are given in the excess-profit schedule, I do not believe that any of this money recovered through the Renegotiation Act—or, if any, only a small sum—would be recaptured by the Treasury through the excess-profits tax. Mr. Bernard Baruch, one of the greatest experts in our country on taxes and inflation and one of the grandest men I know, has this to say:

Excess profits (taxes), standing alone, have no effect whatever to check inflation. Their

only effect is to increase it. Thus 20 percent of \$500,000 is \$100,000, and 20 percent of \$1,000,000 is \$200,000. One way to increase \$500,000 profit to \$1,000,000 without increased risk or effort is to double the price. For this reason there is more incentive to increase prices—and therefore profits—under an 80-percent excess-profits tax than there is without it. Indeed, the main result of such a system is to induce rapid price increase to absorb the tax. Precisely because it accelerates and in nowise checks inflation, the excess-profits tax—without more—offers no cure at all for war evils. On the contrary, it aggravates them.

Mr. President, the Renegotiation Act has often been inaccurately interpreted as a tax act. Heavy taxation, as Mr. Baruch has so well stated, does not meet the problem, but tends to aggravate it by increasing the incentive for increasing costs. The excessive profits of war contractors are extremely irregular. They accrue to some contractors, but not to others. Taxation, which must apply equally to all war and civilian business, cannot keep pace with this erratic development of excessive war profits. Some contractors can continue their peacetime processes with little change. Others must attempt unfamiliar and unexplored operations. No formula for limiting profits can deal equitably with all these circumstances.

Renegotiation of contracts can do what taxation and flat formula cannot. It can fit the profits to the facts. It can reduce excessive profits, leaving reasonable profits untouched. It can reward low-cost efficiency. It can distinguish between degrees of risk and venture. It is the only device flexible enough to fit the variety of war industries.

In fact, Mr. President, renegotiation might well be called the substitution for peacetime competition in helping procurement in adjusting prices to a proper and equitable basis in connection with the emergency purchasing of a tremendous volume of war armaments and munitions.

Again the Senator from New Hampshire said, in speaking of the returns from his survey:

There was a "tone" of resentment running through the mail-survey that the price adjustment agencies were "prosecutor, jury, and judge", combined, in the matter of renegotiation of contracts and there was no appeal from their rulings.

The opposite is actually true. There is a definite procedure for appeal from the determination of the price adjustment boards to the individual in each of the Departments to whom final approval of renegotiation has been delegated. In the cases of the War and Navy Departments, those individuals are the Under Secretaries of those Departments.

The members of the price adjustment boards are carefully selected; they are business and professional men of recognized ability, a large majority of them being drawn from the ranks of industry itself.

The members of the price adjustment boards definitely give contractors every opportunity to present all favorable factors in their cases, and those factors are

given due consideration in arriving at the amount of excessive profits involved. In addition to all that, Mr. President, those contractors are at all times given the privilege, if they are dissatisfied with the renegotiation, of appeal to the courts.

Again, the Senator from New Hampshire asked of the contractors:

Should there be an outright repeal of the law? \* \* \* This question was answered in the affirmative in many reports with the suggestion that the excess-profits tax would take care of "recapturing" undue profits.

I have already discussed the utter inadequacy of recapturing profits by excessive-profits taxes. As heretofore stated, Mr. Baruch has demonstrated that in such cases the price is simply raised sufficiently to absorb such a tax.

Again, the Senator from New Hampshire [Mr. BRIDGES] stated that almost all contractors agreed that renegotiation should be restricted to deliveries made after April 28, 1942, instead of to contracts for which final payments had not been received by April 28, 1942, as provided in the present law.

The trouble is that the procedure contemplated for would involve starting all over again on most of the estimated 5,000 renegotiations now in process. Certainly, no one would want to vote for such an amendment.

Again, the Senator from New Hampshire suggested that renegotiation be restricted to contractors making over 3 percent of total sales—after taxes—during the taxable year.

Such a restriction would simply exempt many contractors who would definitely be left with exorbitant profits on war production. One illustration is submitted, but many more of a similar nature are available. According to my information obtained from the Department, one contractor's sales were approximately \$100,000,000 in 1942. The net profit after income taxes was \$3,000,000. If that volume had been exempted from renegotiation, it would have resulted in having the contractor left with profits equal to 71 percent of invested capital, and over 8 times as much as the average profits after taxes, left the contractor for the years 1936 to 1939, inclusive.

Again, the Senator from New Hampshire said that many of his letters from manufacturers stated that it would be "highly desirable" to have a joint board of all four Government agencies: Army, Navy, Maritime, and Treasury.

The Department advises me that the matter of necessity for uniformity in policy-making has been constantly before the price-adjustment boards. For many months, the Chairmen of the War, Navy, Treasury, and Maritime Commission Boards have held regular biweekly meetings to discuss pending questions as to which there might otherwise be some divergence in policy. Most, if not all, of the questions with which there has been some divergence in policy have now been reconsidered, and the results have been incorporated in a joint release by all four departments, namely, "Purposes, principles, policies, and interpretations," which is now available to contractors and to the public. The close collaboration be-

tween the Boards has achieved a substantial uniformity in policy.

The Senator from New Hampshire stated that most contractors desire renegotiation of over-all profits at the year's end, and one renegotiation only.

I am advised by the Department that it is the present policy and procedure of all renegotiation boards to conduct renegotiation on an over-all basis, covering the contractor's renegotiable sales and profits for the fiscal year, if the contractor so selects. Practically all renegotiations are now being conducted on that basis, and only in rare instances are renegotiations handled on an individual contract basis.

Again, the Senator from New Hampshire stated that, almost unanimously, contractors stated that Boards should allow all deductions permitted by the Internal Revenue Code. Why, Mr. President, under subsection (c) (3) of the renegotiation statute, as amended, the Secretary—

in determining the excessiveness of profits realized or likely to be realized from any contract or subcontract \* \* \* shall recognize the properly applicable exclusions and deductions of the character which the contractor or subcontractor is allowed under chapter 1 and chapter 2E of the Internal Revenue Code.

The Senator from New Hampshire then said that a majority of the manufacturers who were questioned stated that products on which a maximum price had been established by the Office of Price Administration should be eliminated from renegotiation.

If such products were eliminated from renegotiation, in many cases the result would be that the contractor would be left with very excessive profits on the sale of those items. In many cases, the O. P. A.'s maximum prices are established to protect the marginal producers; and the more efficient manufacturer, because of large increases in sales of those products for war production, is left with a very high margin of profit, in many cases amounting to as much as three times his normal peacetime profits in terms of percentage of sales.

The next statement of the Senator from New Hampshire was that all manufacturers questioned agreed that renegotiation should be concluded definitely within 1 year after the ending of the contractor's fiscal year.

Mr. President, the statute provides the following limits on renegotiation for any expired fiscal year:

Any contractor or subcontractor may file with the secretaries of the departments concerned financial statements for any prior fiscal year or years, in such form or detail as the Secretary shall prescribe by joint regulation. Within 1 year after the filing of such statements, or within such shorter period as may be prescribed by such joint regulation, the secretary of a department may give the contractor or subcontractor written notice, in form and manner to be prescribed in such joint regulation, that the Secretary is of the opinion that the profits realized from some or all of such contracts or subcontracts may be excessive, and fixing a date and place for an initial conference to be held within 60 days thereafter. If such notice is not given and renegotiation commenced by the Secretary within such 60 days the contractor or subcontractor shall not

thereafter be required to renegotiate to eliminate excessive profits realized from any such contract or subcontract during such fiscal year or years and any liabilities of the contractor or subcontractor during such fiscal year or years and any liabilities of the contractor or subcontractor for excessive profits realized during such period shall be thereby discharged.

A joint regulation prescribing the form which the contractor or subcontractor may fill out and file has been printed and is available to contractors.

The Senator from New Hampshire next stated that the majority of manufacturers favor renegotiating only those contracts on which the Government and the contractor agree that the costs cannot be estimated with sufficient accuracy in advance.

No doubt in the case of many of the contracts on which very excessive profits have been made, both the contractor and the procurement officer of the Government thought that the cost was accurately estimated at the time when the contract was entered into. Experience in renegotiation has definitely proved that in a majority of cases large-volume emergency purchases of war munitions and armaments did not permit accurate estimates of cost at the time when the contracts were made.

The Senator from New Hampshire then stated that manufacturers say that renegotiation causes from very little to up to 30-percent increases in book-keeping and accounting burdens.

Mr. President, it is the policy of the price-adjustment boards to base their determinations primarily on a study of the over-all profits of companies from their war contracts. Detailed audits are not attempted except in those cases in which the boards feel that the company's records, statements, or estimates are incorrect, insufficient, or misleading.

Again, the Senator from New Hampshire said that contractors who produce efficiently, and at low cost, should be given higher allowances of profit than should inefficient and high-cost producers.

The answer to that contention is that it is the definite policy of the price-adjustment boards to reward efficient and low-cost producers. Low net cost to the Government, whether obtained through low costs and low prices in connection with the original contract or through later price reductions, is in general given more weight than any other factor in allowing higher margins of profit to the contractor in renegotiation.

The Senator from New Hampshire then complained of the time spent by the contractors in answering questionnaires.

It is quite evident that those answers are in the form of a general complaint against questionnaires of a number of Government agencies, and not in particular against the preparation of data and operating figures needed for renegotiation.

The Senator from New Hampshire next claimed that a majority of firms—especially those in the machine-tool industry—feel that provision must be made for reserves for the post-war period.

The fact is that the Senator does not mention that the machine tool industry in 1942, because of war production, received the benefit of over seven times the annual sales volume which the industry had in the base years, 1936-39, inclusive. In renegotiation of contracts of machine tool industry companies, the price adjustment boards are taking into consideration the fact that there will be some saturation of the market in post-war years and that those companies are therefore being left with higher profits than are companies in an industry in which saturation of the market is not taking place.

The Senator then said:

Some manufacturers—and particularly the textile industry—feel that if their prices are controlled by the Office of Price Administration \* \* \* and if they are now making the same article as before the war \* \* \* they should not be subject to renegotiation.

Again, the Senator failed to take into consideration the fact that the textile industry and many other industries are receiving the benefit of greatly expanded volume because of war production being added to civilian production. This is particularly true of the textile industry. With approximately the same invested capital and administrative overhead which those companies had before the war, they are now handling from 2 to 10 times the volume they had in the 1936-39 period. The increased volume has resulted in very excessive profits in the cases of many of those contractors, in spite of the fact that some of their products are controlled by Office of Price Administration price ceilings.

Again, the Senator from New Hampshire declared that some manufacturers feel that more consideration should be given to those who have put their own capital into converting to a wartime plant and who have not taken the Government's money to do so.

It is the definite policy of the price adjustment boards to leave higher profit on war production to a contractor risking his own capital, rather than to one whose capital is all or partially provided by the Government in the form of D. P. C. plants or advances on contracts.

Lastly, the Senator from New Hampshire said:

There was a strong advocacy for lightening the burden of renegotiation by making a basic distinction between standard articles that a company has manufactured prior to the war and products developed during the emergency in cooperation with the Army and the Navy.

The answer to that statement is the same as the one to the statement that products under O. P. A. ceilings should be exempted from renegotiation. On large quantities of the standard articles referred to, the contractors have not reduced their prices in line with the reduced costs which they have obtained largely as a result of having war-production volume on those items added to their normal civilian production. Since the prices of those standard items going into war production have not been reduced in line with reduced costs, exces-

sive profits have resulted for many contractors on their sales of those items to the Government.

Mr. President, I hope Senators who are not present today will read in the Record what I have had to say.

#### DEPARTMENT OF THE INTERIOR APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 2719) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1944, and for other purposes.

Mr. HAYDEN. Mr. President, there are three minor amendments which I shall offer on behalf of the committee. One is in the nature of a transfer, on pages 36 and 37, where I wish to reduce the amount in the bill from \$340,000 to \$318,000. I send forward an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 36, line 23, after the word "than", it is proposed to strike out down to and including the figures "645" in line 4 on page 37, and insert in lieu thereof "\$318,000."

Mr. McNARY. Mr. President, is that the amendment which reaches its conclusion on page 86, line 17?

Mr. HAYDEN. No; it is on pages 36 and 37. It is proposed to strike out "\$340,190, including not to exceed \$22,190 for payment of tuition for Chippewa Indian children enrolled in public schools and care of children of school age attending private schools in the State of Minnesota, payable from the principal sum on deposit to the credit of the Chippewa Indians in the State of Minnesota arising under section 7 of the act of January 14, 1889 (25 Stat. 645)," and to reduce the amount from \$340,190 to \$318,000.

The amendment is in the nature of a transfer, because the item is carried elsewhere in the bill.

Mr. McNARY. The amendment begins in line 23, page 36, I observe. Is it proposed to reduce the amount?

Mr. HAYDEN. Yes.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HAYDEN. Mr. President, on page 107, line 11, I offer an amendment proposed by the committee, and send it to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 107, line 11, after the word "outfits", it is proposed to insert "plans and specifications for vessels, or for contract personal services for the preparation thereof."

Mr. HAYDEN. Mr. President, there is need to contract for the service on a basis of part-time employment. It is not necessary to employ someone all the year. The amendment would permit the part-time employment to be had.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HAYDEN. I now send to the desk and ask to have stated an amendment

for the purpose of providing for purchase of certain lands in Nevada. I offer the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 105, line 24, after the word "reservations", it is proposed to insert "For the purchase (not exceeding \$36,000) of approximately 6,000 acres of land and improvements thereon in Humboldt County, Nev., as an addition to the Charles Sheldon antelope range."

Mr. McNARY. Mr. President, let me inquire whether the amendment has received the approval of the Migratory Bird Conservation Commission?

Mr. HAYDEN. Yes; it was recommended to us.

Mr. McCARRAN. It was recommended.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. O'MAHONEY. Mr. President, I send to the desk and offer, by authority of the committee, an amendment on page 55. I am authorized by the committee to request unanimous consent that the amendment, affecting trust funds of the Shoshone Indians in the State of Wyoming, may be offered to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 55, after line 20, it is proposed to insert the following:

That the Secretary of the Interior be authorized and directed, with the consent of the business committee of the Shoshone Tribe of the Wind River Reservation in Wyoming, to purchase one United States Treasury War bond of the denomination of \$500 for each member of said Shoshone Tribe according to the official roll of said tribe on the date of the approval of this act, and pay the total cost of the bonds so purchased out of the accrued interest in the judgment fund of said tribe in the Treasury. Said bonds shall be purchased and registered in the name of each enrolled member of the Shoshone Tribe and when issued shall be held in trust for such Shoshone Indian by the United States to the date of maturity, whereupon said bond shall be delivered to the owner thereof free from such trust. Said bond shall not be sold or encumbered in any manner by the Shoshone owner nor shall said bond become liable, payable, or subject to any debt or debts contracted by the Shoshone owner prior to the date of maturity. In the event of the death of the Shoshone owner prior to the date of maturity, said bond, if not devised or bequeathed by will, shall descend to his or her heirs or next of kin as provided by existing law, subject to the existing trust. The Secretary of the Interior is hereby authorized to grant permission to the county chairman of the War bond-purchase program of Fremont County, Wyo., in which county the Shoshone Tribe resides, to include the total amount of bonds purchased for the members of said tribe in his quota of War bond sales.

The PRESIDING OFFICER. Is there objection to the amendment offered by the Senator from Wyoming?

Mr. McNARY. Mr. President, of course the amendment flies right in the face of the old rule prohibiting legislation on an appropriation bill. Earlier in the day I discussed the matter with the Senator

in charge of the bill and the Senator offering the amendment. The amendment seems to provide for the taking of moneys out of the tribal funds of the Indians—not out of the Treasury.

Mr. O'MAHONEY. Mr. President, if that were not the fact, I should not venture to offer the amendment. It deals solely with the funds of the Indians, and is presented at the request of the council of the Shoshone Indians who desire to have a participation in the sale of War bonds.

Mr. McNARY. Mr. President, I think the amendment is probably one of the rare exceptions to the rule. I understand that it would authorize the Secretary of the Interior to use the tribal funds to buy War bonds.

Mr. O'MAHONEY. That is correct.

Mr. McNARY. In view of that most commendable purpose, although I despise the practice of offering legislation on appropriation bills, and usually object to it, I shall not do so in this instance.

Mr. O'MAHONEY. Mr. President, I must say I appreciate what the Senator has said, and I want him to know that there is scarcely a meeting of the Appropriations Committee or of its subcommittees at which suggestions for legislation are not rejected.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Wyoming is agreed to.

Mr. McCARRAN. Mr. President, earlier today there was delivered on the floor of the Senate what to my mind will be recognized, not only now but in years to come, as one of the outstanding speeches that have been made at this session or for many sessions of the Senate. It was delivered by the junior Senator from the State of Massachusetts [Mr. LODGE]. The warning he gave to the country, the analysis he made of the items of the subject, and the factual matter contained in his address are so true and so important that I am indeed glad that he saw fit to deliver the speech. The subject is one in which many of us have been interested; but few of us have found the time to give the matter the careful attention and thorough investigation it deserves, and none of us have had the real ability that was demonstrated by the junior Senator from Massachusetts earlier today, to discuss the subject as he discussed it. His speech showed the fine study he had made.

In keeping with the thought expressed in his speech, we have had in the past, and there are represented in the pending bill, certain appropriation items by which money is placed at the disposal of the Bureau of Mines for use in exploring for war-essential materials in the United States and its possessions, and for conducting investigations as to their production. Our war-essential materials are, as was stated by the Senator from Massachusetts, in some cases rapidly showing that they are about to be entirely absorbed. We are destroying war essentials so rapidly that it behooves all of us to see to it that a more intensified study is made for the discovery and the production of bodies of war-essential metals and minerals as they appear in the ores and materials in the earth.

One item in the pending bill in which I have been especially interested goes along that very line. Many years ago—in fact, in the seventies—there was in the State of Nevada what was known as the Eureka mining district. It now has been practically abandoned because of the existence of certain physical conditions which made the mining of lead and zinc uncertain. In that district is a mine known as the Richmond-Eureka, the shallow levels of which produced substantial tonnages of lead and zinc ore in the past. In an effort to uncover new reserves, private capital has gone forward and has diamond-drilled in this area of what was once regarded as a great ore body; and there, through that investment of private capital, another great ore body, at a depth of from 2,000 feet to 2,250 feet, has been discovered. This lower-lying ore body, which is some 40 feet thick, contains both lead and zinc, bearing approximately 4-percent lead and approximately 10-percent zinc, both metals which are exceedingly important at this time. Early developments of this new find into a producing operation is clearly in the national interest; and since such development involves sinking a shaft at least 2,000 feet, plus extensive lateral work, it is important that the reserves of ore be definitely established.

It was the opinion of the senior Senator from Nevada that in view of the fact that private capital had discovered this ore body, through the investment of a large sum of money in drilling which made the discovery possible; and in view of the fact that the ore there discovered is essential at this very moment for our war activities, it would be proper for the Government to make a reasonable investment and go forward and put down other diamond-drill holes to determine the exact magnitude and grade of the ore body.

With that in mind, I urged the Bureau of Mines to look with favor upon an appropriation sufficient to make these necessary tests, so that we might have at the disposal of the Government what the preliminary investigations point to as potentially one of the greatest ore bodies in the world containing lead and zinc.

I am happy to say that the Bureau of Mines thought well of my suggestion; I am happy to say that the Bureau of the Budget thought well of the recommendation of the Bureau of Mines; and I am happy to see that this afternoon, in keeping with the spirit expressed by the Senator from Massachusetts [Mr. LODGE] which to my mind should be prevalent throughout this country, the Senate has approved an item of \$100,000 by which the Government of the United States, under the direction and guidance of the Bureau of Mines, will make further exploration to the end that we may bring to the Nation's hand vast ore bodies of lead and zinc, so much sought at this time. I am grateful to the Committee on Appropriations that that sum has been written into the bill, and has now been adopted by the Senate, for the exploration of what is known as the Richmond-Eureka ore body at Eureka, Nev.

Mr. HILL. Mr. President, the Senator from Nevada [Mr. McCARRAN] and

the Senator from Massachusetts [Mr. LODGE] have both spoken of our essential war materials. As we know, from time to time there have been discussions of the work and services of the Board of Economic Warfare. I think the record will show that that Board has rendered a very great and indispensable service to the war effort in securing strategic, critical, and essential war materials.

I ask that there be printed in the Record at this point the preliminary statement of Mr. Milo Perkins, Executive Director of the Board of Economic Warfare, before the House Appropriations Committee.

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

With your permission, I want to review the general background of our operations on the economic warfare front as we take stock some 17 months after Pearl Harbor.

The plain fact is that Germany and Japan got a long jump on us in the world-wide economic battle that preceded the war itself. For years before they launched their military attacks, these countries had been conducting a shrewd and ruthless war of economic aggression through such measures as the building of ersatz industries and the heavy stock piling of strategic materials. They were building ahead for the economic as well as the military show-down that they knew was coming. We on the other hand, not having planned a war of aggression, were caught relatively flat-footed.

We are catching up now, however. There is a long way to go, but the United Nations are definitely not losing the economic war. Our economic strength is still rising while both Germany and Japan are beginning to show the first signs of economic strain.

As the war is intensified—particularly as it swings further into definite offensives—the economic side will become a bigger and a tougher job. Steadily increasing production of weapons calls for steadily increasing raw-material supplies, including those from foreign sources to offset the drain on our own stock piles and resources. Tightening supply and shipping situations throughout the United Nations call for greater selectivity in meeting the essential export minimums to the countries with whom we are doing business. Offensive strategy, replacing the defensive phases of the war, calls for more exact information about enemy economic strengths and weaknesses, to guide blockade policy and help determine strategic objectives which will be high on the priority list for destruction.

The Board of Economic Warfare works on the general economic warfare front through three administrative offices—imports, exports, and economic warfare analysis. Each drives toward objectives in its own particular field of operations.

#### IMPORTS

The Office of Imports is responsible primarily for the job of scouring the four corners of the world to locate strategic commodities needed in the war effort and then programing the necessary development and procurement operations to get them for the United States.

We in the United States have rather proudly referred to our country as the richest raw materials Nation in the world. This was perfectly true, and it therefore came as a shock to many of us to realize that we were far from self-sufficient in many of the basic raw materials needed to meet our war commitments. The rubber shortage was quickly understood by the public because we all use tires. Shortages in quartz crystals, various insecticides, mahogany, balsa wood, and certain strategic grades of mica were equally

critical, however. Dozens of other foreign commodities that few people ever heard of were needed in quantity and needed quickly.

Not many weeks after Pearl Harbor, we lost the vast raw materials resources of the Far East. Japanese invasion cut off more than 60 percent of our normal tin supplies, 95 percent of our quinine, 60 percent of our hard fiber, and practically all of our rubber. We lost valuable sources of various fats and oils. Soon the Burma Road was closed, stopping not only the flow of supplies into China but also stopping the flow, in reverse, of tungsten, hog bristles, tin, silk, and other vital supplies that had been coming to us out over the road. All this happened at exactly the time when the speed-up in our war industries demanded more raw materials, not less.

Many of the lost supplies could not be produced at all in the United States; others could not be turned out in sufficient quantity. We were face to face with the tremendous problem of finding substitute resources in those foreign areas of the world still open to us. This was a year ago. Today we can report that what had to be done has been done. Utilizing the services of existing Government agencies, such as the Commodity Credit Corporation and various subsidiaries of the Reconstruction Finance Corporation, and in close cooperation with the Department of State, we have been able to bring in adequate supplies of the commodities which the War Production Board designated as strategic, and directed us to go after.

There were maddening delays, and reserves were dangerously low at times, but the really vital needs have been met. In some cases commodities have been flown in from half around the world to meet supply deadlines. The Army Air Transport Command and the Navy Air Transport Service have used their returning transport planes to bring in tungsten from China, mica from India, quartz crystals from Brazil, and dozens of other highly strategic materials from supply points which would have been beyond immediate reach without air service to bring them to our war plants on time. The goods have come in; war industry wheels have kept turning.

The Office of Imports is directing more than 200 purchase programs in 40 different countries or areas. Nearly 600 individual items are included in this list of programs. They are grouped roughly into: Minerals and metals, foodstuffs, textiles and fibers, miscellaneous commodities. The volume of development and procurement operations for imports will run to about a billion and a half dollars during the present fiscal year. For next year the total will be above two billion.

As the search for raw materials grows more intense, a far greater degree of development work will be necessary to produce the things we must buy and bring out of other countries. It is becoming more and more necessary to program the preliminary steps thoroughly so as to be sure of the increased production we need. In very few cases is our import operation a simple matter of buying what we want. Today we must go out and fight just as hard to develop the goods we want to buy as we used to fight for the chance to sell goods back in the days when over-production made selling the most aggressive challenge to every business firm.

This part of the job gets tougher as we need more materials and must reach farther out into new and undeveloped fields to find them. Circumstances have forced our men to become economic commandos, literally penetrating new territory in the jungles of the world, to find new sources of balsa wood for gliders, cinchona bark for quinine, fiber substitutes to replace lost hemp, and a long list of vital minerals and metals without which technological warfare would be impossible.

A lot of side factors must be kept constantly in mind as these import operations

are carried out. Transportation problems must be met; special area programs must be developed, with full consideration for related economies within the areas; price levels must be planned to induce maximum production, and yet not disrupt the domestic economy of the country involved; new producing units must be found and developed as older sources reach maximum capacity, often special equipment must be exported to make possible these increases in imports. The job can be done, and it will be done, but it will take a lot more ingenuity and drive in the year ahead of us than it took in the one behind us.

In all import operations, the interests of United States commercial importers must always be considered. If coffee is to be brought in, coffee importers handle the job, as agents of the responsible Government corporation. If fats and oils are needed, all United States oil importers are invited to join a special association to handle import operations. And so it goes through the long list of imported commodities. It's good business to use the skill and experience of these men now, and it's good business to help them weather the storms of this war economy so they'll still be in business when the war is over.

#### EXPORTS

The original duties of the Office of Exports centered largely around the job of export licensing to see that scarce strategic materials did not leave the United States, and that no shipments went to Axis Powers through sympathetic "blacklist" concerns in neutral countries. The whole function has now grown to include the more positive job of directing available exports to keep up the domestic and war economies of friendly countries, and to make possible the development and transportation of the materials we must import for our own war effort.

The United States finds itself today not only the military arsenal for the United Nations but also pretty nearly the only remaining supply house for commercial goods needed vitally by many of our allies. Latin America, which used to get a lot of its imports from Europe, must now look to us almost entirely. The same thing is true for other areas, to a greater or less extent.

We have got to keep the basic economies of these countries going. They are with us in the war effort, and they are turning out tremendous quantities of strategic materials we must have which we formerly got elsewhere. It is obvious that we must try to meet their most essential needs.

In the face of this demand, we are more and more up against the fact that we are forced to ration scarcities for export. We can't spare enough from our own stock piles to meet the full wants, and there aren't ships enough to haul all the exports other nations would like to buy even if we could spare the goods.

The answer is obvious: available goods and available shipping space must be carefully rationed. This adds tremendously to the export control job. It means more careful screening all down the line, to give a very high degree of selectivity. The job of dividing a deficit of goods is no easier on the foreign front than it is at home.

Briefly, the export job must be handled so as to get the greatest possible strength and solidarity on the Allied economic front. Exports must be kept from going to the wrong places; they must go to the right places at the right time, and they must go within available supply and shipping limitations. First things must come first. If country A needs some rolling stock to keep her basic industries in operation, she must get that rolling stock. If mining equipment is needed in country B, to get out tin, or mica, or tungsten needed by our war industries, country B must get that mining equipment.

Realistic steps have been taken by our Office of Exports in recent weeks to see that

the limited exports we can spare hit the nail on the head in the country to which they are sent. At the capital of each Latin-American country, representatives of our Department of State and Board of Economic Warfare sit down around a table with an agency representing the government of that country. With supply and shipping cards face up, this group makes a preliminary determination of the most vital import needs of the country in question. This determination becomes the first blueprint for our export shipments, subject to later changes made necessary by the availability of supplies and of shipping space.

For countries which are represented by purchasing commissions in the United States, a quarterly program plan was recently put into effect which will serve the same general purpose. Most essential needs of each country for both lend-lease and commercial imports will be determined definitely in advance, and shipments will be directed within these quotas.

Export control is an increasingly tough and exacting job as supplies become tighter. Every time a new commodity is rationed in the United States, tighter controls are necessary in export operations. Additional moves must be made by the Board of Economic Warfare to adjust export operations to the domestic picture. In 1942 we examined about a million and a quarter export license applications, of which something over half were granted. With the more exact study of transactions now required, we expect to have to handle about 2,000,000 export documents in 1943. That's between 6,000 and 7,000 every working day, and the work to be done on each application is becoming more exacting.

The scope of the export job is staggering. A total of 2,500 commodities and commodity groups are subject to export control. These commodities flow from approximately 16,000 United States export concerns to more than 140 different country destinations, and there are thousands of individual consignees. The control machinery must operate to see that no shipments fall into the hands of an importer who is known to be re-exporting to the enemy, stock-piling in warehouses, speculating at the expense of the good name of United States private enterprise, or who is in any other way unfriendly to the cause of the United Nations. We must also be sure that none of the materials in short supply here at home are used for any nonessential activity in the country of destination.

The whole job is complicated by the need to protect United States commercial exporters, just as far as it is physically possible to do so in a war economy. This is especially true of the smaller exporters. Just as in the case of importers, we need the trained services of commercial exporters now; we shall undoubtedly need them much more to spearhead United States commercial activities abroad when the war is over. This means that the Government export control machinery must perform a lot of service functions in addition to merely licensing exports. It must help get the goods produced, moved to the seaboard, and actually shipped. Board of Economic Warfare, as a claimant agency for commercial exports, goes before the War Production Board to present the case for the minimum of strategic exports considered essential in our joint Allied economy. It has working arrangements with the Office of Defense Transportation and War Shipping Administration, to assist exporters in getting the goods moved. The exporters themselves have organized several committees to help us with our work.

One special job carried out by the Board of Economic Warfare Export Office is the use of requisitioning authority to break loose goods which have been frozen at ports or in warehouses as a result of war developments. More than \$73,000,000 worth of such material, ranging all the way from rubber to

trucks and airplanes, has been located through this machinery and channeled into constructive use by the United Nations. Much of it was originally held by business firms located in countries now dominated by the Axis.

#### ECONOMIC WARFARE ANALYSIS

The Office of Economic Warfare Analysis must gather all possible information about the industrial economy of each of our enemies. It must gather complete information on the economies of European neutrals in connection with its blockade work. It needs similar information regarding other nations in the world for the use of our other two offices as well as for that of the armed services. With these facts in hand, its business analysts, its engineers and other technicians must then map out the most effective economic warfare program which it is possible to carry out.

As the United Nations go all-out on the offensive, and start pinching in on the Axis, more comprehensive and exact information is needed about the enemy economy. Weak spots must be found, strengths must be offset, economic strategy must be accurately anticipated.

The success of economic warfare analysis is obviously measured primarily in proportion to the excellence of our information about the enemy. Information—a piece here, a scrap there—comes from many sources. Often the action based on such information is thrilling and dramatic, but the job of collecting and piecing together these scraps into a useful whole means tedious, painstaking effort. Among the sources available to us are various intercepts, the files of American offices of foreign firms like Mitsubishi of Japan, records and experience of American engineers who have worked in foreign lands, refugees and foreign travelers, captured enemy equipment, and even the secret sources of the underground. There is a close and continuing interchange of information with the British Ministry of Economic Warfare.

Sticking to the economic side—the business and industrial aspects—the Board of Economic Warfare gathers this material as a great backlog from which to reach the answers for many vital war operations. Working very largely under the orders of the appropriate branches of the Army and Navy, the Board of Economic Warfare analysts prepare literally hundreds of detailed reports on all phases of the world economic picture. The information is of no value unless it is kept current and up to the minute.

At the request of the Army, our men keep a running balance sheet of enemy production. It is always necessary to know how well or how poorly the enemy is doing in order to measure our own production requirements. To some extent the enemy's economic picture reveals his hand so far as strategy is concerned. Will lack of oil compel the Nazis to launch another desperate offensive in the Caucasus? Will the shortage of locomotives force curtailment of tank production? Will Germany's need for rubber and Japan's need for critical machine tools lead to large scale blockade running? What are the limiting factors on submarine production? These and countless other answers must be known for successful prosecution of the war, and the Board of Economic Warfare fills in the picture on the industrial and economic side.

Blockade measures stem from basic economic warfare analysis. The job here is to stop the leaks through neutral countries adjacent to the Axis, but in order to stop the leaks we must have accurate information. When we know the enemy shortages, and the bottlenecks in his economy, we are forewarned on what he may try to do to get supplies. Examination of the cargo of a blockade runner, for example, is quite reveal-

ing. For what materials is Germany willing to run the risk of blockade running? Board of Economic Warfare has joint representation with the British on the Blockade Committee in London. Decisions are reached by mutual agreement.

An effective blacklist system is an essential part of blockade work. Information gained from many sources makes it possible for the Department of State to keep the blacklist current. When a drug house in Latin America orders a large shipment of steel I-beams, we make an immediate investigation. When we learn that Royal Air Force bombs have destroyed the plant of the only German manufacturer of a certain type of needle, we watch the licensing of needles to neutral countries. And so it goes through an almost endless list of checks.

Preclusive buying, that interesting and necessarily secret operation, which locks up materials in neutral countries to keep them from reaching the enemy, is also dependent on reliable information. We can't afford to waste time or money buying up supplies which are not really vital to the Axis, or which couldn't reach it anyway. Much of what we buy preclusively is of great value to our own war effort, of course.

It is quite obvious that even such military action as determining bombing objectives depends partly upon sound economic intelligence and analysis. Working with the British Ministry of Economic Warfare and our own military intelligence men, we are able to supply information which is of value to the military in making final decisions. The Board of Economic Warfare does not select the targets, and, of course, it does not make any of the military decisions, but it is able to point out vulnerable spots from an economic and industrial point of view. Where are the bottlenecks in enemy production? Is it the assembly plant, the machine shop, the railway terminal, the power plant, or the steel mill?

Much of this activity on the economic warfare analysis front is, of course, very secret. By agreement with the armed services we have the most stringent regulations to protect the security of information available to us. You might as well tip off the location of your fleet as to give hints about your economic strategy or knowledge of the enemy position. This economic warfare analysis job is vital, it is directed 100 percent toward helping to win the war, and it becomes more complicated and demanding as the war develops along positive offensive lines. When the full story can be told, it will be one of the most fascinating chapters of the war record.

Sketchily and briefly, this is the broad front on which the Board of Economic Warfare is trying to carry out its part in the winning of this war. It is not a static or frozen program. Constant adjustments and changes must be made to meet a constantly shifting war situation.

We have operated from the beginning on the theory that we should work with and through other agencies wherever that is the most efficient course to follow; several of them receive direct allocations from our appropriation for strictly wartime functions they are performing for us.

We are going ahead on the conviction that any economic program which will help to shorten this war by a month, a week, or even a day is worth any reasonable price. Measured in lives, and remembering the men who died that last morning before the armistice was signed in 1918, all of us would agree that it is worth any price to shorten this war by a single hour.

As you proceed with your consideration of our budget, I shall be very happy to try to answer any questions you might have—on the record whenever possible; off the record if I may, when military secrecy is involved.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. MURRAY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Montana will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

Upper Missouri project, Montana, Canyon Ferry Dam and power plant, \$500,000.

Mr. HAYDEN. Mr. President, I have no objection to the Senator making a statement with respect to his amendment, but I am compelled, as Senator in charge of the bill, to make the point of order against it, for two reasons: First, the appropriation is not authorized by law; second, it does not fit within the rule which we applied to all the other items in the bill with respect to reclamation projects. The proposal is to initiate a new project, which is primarily for power. I believe the total cost of the project would be more than \$11,000,000. What we had in mind in offering the proposals which we offered was projects which will produce food. That aspect has not been demonstrated with respect to this particular project.

I wish to suggest to the Senator that if there are food-producing possibilities in the project, and if it can be brought to the attention of Mr. Chester Davis, the head of the War Food Administration, it might be considered later; but I cannot consent to it going into this bill.

Mr. MURRAY. Mr. President, I appreciate what the Senator says.

Since it has not been possible to obtain a budget estimate for the amendment I have proposed in connection with the Canyon Ferry project in Montana, it is not my intention to press for its adoption at this time. I should like, however, to make a few brief remarks about this project because of its importance in the expansion of food production.

The preliminary survey report on this project has been approved by the Commissioner of Reclamation and is now in the office of the Secretary of the Interior, where I am confident it will receive approval very shortly.

This project is important because in the Missouri Basin above Fort Benton, Mont., there are 729,700 acres of rich farm land with full or partial irrigation water supply. In addition there are 337,400 acres of new land that can be irrigated. The Bureau of Reclamation, after an exhaustive study, has recommended to the Secretary of the Interior that the Canyon Ferry Dam and Reservoir be constructed on the Missouri River at a point 17 miles east of Helena.

This project would store 2,000,000 acre-feet of water and solve a conflict with down-stream power-right claimants which has resulted in a court decision prohibiting further diversions of natural flow of the river for irrigation purposes. Storage of surplus water in Canyon Ferry reservoir and regulation of its release to replace water consumptively used would allow expansion of the irrigation devel-

opment in Montana. The estimated annual yield of water by reason of Canyon Ferry development is estimated to be 210,000 acre-feet. This yield would allow a full water supply to be used on 171,000 acres of land now inadequately served with water, and would also supply 133,200 acres of dry land.

A complete description of this project will be found in the Senate Hearings on the 1943 Interior appropriation bill, pages 568, 569, 570 of the printed record. The importance of this project in connection with food production must be apparent to everyone. When it is formally approved by the Secretary of the Interior, and a budget estimate is prepared, I will seek this appropriation in some future deficiency bill.

The PRESIDING OFFICER. The Chair is compelled to sustain the point of order made by the Senator from Arizona.

The bill is before the Senate and open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill H. R. 2719 was read the third time and passed.

Mr. HAYDEN. I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HAYDEN, Mr. McKELLAR, Mr. THOMAS of Oklahoma, Mr. BANKHEAD, Mr. O'MAHONEY, Mr. NYE, and Mr. HOLMAN conferees on the part of the Senate.

#### GASOLINE SHORTAGE IN THE EASTERN STATES

Mr. LODGE. Mr. President, some time ago I addressed an inquiry to the Petroleum Administrator for War, regarding the gasoline shortage in the Eastern States. At that time I inserted the inquiry in the RECORD. I have now received a reply, and I ask that it be printed 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:

PETROLEUM ADMINISTRATION FOR WAR,  
Washington, June 15, 1943.

Hon. H. C. LODGE, Jr.,  
United States Senate.

MY DEAR SENATOR LODGE: I am happy to acknowledge your letter of June 3 in which you inquire as to the intensity with which tank trucks are employed in our efforts to transport petroleum supplies to the east coast.

First, may I point out that contrary to the advice given you, there are only about 105,000 tank trucks in the United States: Of these, 92,000 are marketing tank wagons used solely in the retail delivery of petroleum products and range in size from 500 to 2,500 gallons. The great majority of these are approximately of 1,000-gallon capacity. The balance of petroleum trucks on the road, roughly 13,000 in number, are classified as "transport units." These range in

size from about 3,000 to 10,000 gallons, depending entirely upon the State laws in force in the States in which they operate.

Although it might be presumed that rationing has lessened the use of petroleum motortrucks throughout the country, such is not the case; nor would further rationing throughout the country in those areas not now as severely rationed as the east coast create idle transport truck capacity useful to the east coast. The most efficient sphere of operation of a transport type truck is in short-haul service in the replacement of tank cars. We have concentrated on substituting petroleum motor transports for tank cars throughout the whole country, and by so doing, we have gained from petroleum district No. 2, approximately 20,000 tank cars formerly used within that district and now employed in the long-haul service between the Southwest and the east coast. This campaign of substitution has employed fully every transport in the entire petroleum district No. 2, and we find that there are still many tank cars engaged in short-haul movements of essential industrial oils in that district for want of additional truck equipment.

Insofar as petroleum district No. 3 is concerned, there is an acute shortage of petroleum tank trucks of all types in the petroleum industry. This was brought about by our efforts to place rail short-haul movements upon trucks and the tremendous increase in military demand for both aviation and automotive gasolines in that district. Petroleum districts Nos. 4 and 5 are dependent upon motortrucks to a great extent, and there is no idle truck capacity in those districts. Within petroleum district No. 1, the east coast, there are at the present time some idle petroleum transports. This idleness is seasonal, however, and not brought about entirely by wartime conditions. In order that the personnel of the transport companies and the driver personnel of the oil companies can be maintained, we are making every effort to schedule certain movements within petroleum district No. 1 which normally move by rail, but which could move by motortruck.

I presume that you contemplate the employment of motortrucks to assist in bringing additional petroleum supplies into Petroleum District 1. Because of the scarcity of supplies it would be necessary to send such idle trucks as we could find unnaturally long distances to obtain the products desired. An operation of great distance is not feasible under present conditions for several reasons: First, because of State laws governing the size, weight, and licensing fees which vary widely; second, because of the labor problem involved requiring many times the number of drivers now employed; third, maintenance problems which, because of the age of trucks now on the road, is highly important; and fourth, the fact that such an operation would wear out many trucks so used in a comparatively short time. This would make necessary the manufacture of replacements involving the use of critical production facilities for very little net return in terms of barrels per day of petroleum moved. It must be remembered, too, that September will see the complete reemployment of any trucks now idle on the eastern seaboard in their normal activity of distributing fuel oil as well as other petroleum products.

All of the above has reference to the type of truck which we call transports. The tank wagon, retail delivery units, have not been considered because of the nature of their construction. They are small in the main, old, and sorely needed for local distribution, particularly in agricultural areas. A 1,000-gallon tank wagon operated between Texas

and, let us say, New York could not be expected to deliver more than 4,000 gallons a month, a little over 3 barrels per day, if it were in continuous operation. Because of manpower and maintenance problems it would probably produce much less.

In conclusion, may I say that we are making every effort to employ motor units fully, but we are concentrating upon substituting them for inefficient rail transportation movements and are using the rail tank cars gained by this substitution to serve the east coast. Wherever we see any possibility of augmenting eastern supplies by the use of motor transports, we are very quick to employ them, but we feel that we must weigh the gains of such a movement against the inefficiency and waste of transportation equipment which might result from improper use of this form of transport. Our greatest concern is that these vehicles shall be maintained and operated in the service in which they are most useful as further construction of this equipment is necessarily limited.

Thank you for the opportunity that you have afforded us to comment upon this phase of our petroleum transportation activities. If there is any further information which you would care to have in this connection, please let me know.

Sincerely yours,

HAROLD L. ICKES,  
Petroleum Administrator for War.

#### PRODUCTION OF SYNTHETIC FUELS

Mr. O'MAHONEY. Mr. President, earlier in the day I introduced a bill to authorize the Department of the Interior, through the Bureau of Mines, to establish and operate plants for the production of synthetic fuels.

This bill is the outgrowth of studies which have been made by the Committee on Public Lands and Surveys, by the Department of the Interior, and by the Bureau of Mines. A year ago, when the Secretary of the Interior appeared before the Appropriations Committee, he discussed the hydrogenation of coal with members of the committee. At that time an appropriation was made to allow certain tests to be carried on by the Bureau of Mines in one of its establishments. Those tests, together with the experience of Great Britain, Germany, and Japan, indicate that it is of the utmost importance that this country undertake immediately to develop its resources for the manufacture of synthetic fuels.

We stand in danger of being faced by—one might almost say—a scandal comparable to that surrounding the failure to produce synthetic rubber. Everyone knew that the country was dependent upon outside sources for its supply of rubber. There was knowledge in high places that newly patented devices and new scientific discoveries made possible the manufacture of synthetic rubber. Nothing was done, though the great need was apparent everywhere. The need now for petroleum and its products, including gasoline, and all the other types of liquid fuel, is apparent to everyone. We need it not only for civilian industry, but we need it also for the successful prosecution of the war. The purpose of this bill is to authorize the country to meet this need before it becomes so acute that disaster may follow.

I ask unanimous consent to have printed in the RECORD at this point as

a part of my remarks my letter to the Secretary of the Interior with respect to this measure and his response.

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

JUNE 8, 1943.

HON. HAROLD L. ICKES,  
Secretary of the Interior,  
Washington, D. C.

DEAR MR. SECRETARY: It is daily becoming more and more clear that the full utilization of the country's supply of coal, oil shale, and other substances from which synthetic liquid fuel can be manufactured is essential if the Nation's needs, both in war and in peace, are to be met. As the hearings before the Western Minerals Resources Subcommittee of the Senate Committee on Public Lands have demonstrated our petroleum reserves are declining. Although the passage of the act of December 24, 1942, has greatly stimulated the search for oil on the public domain, the demand for fuel is so great that we cannot safely depend upon petroleum alone.

These same hearings have shown the existence in the United States of vast and practically unlimited deposits of coal as well as huge resources of undeveloped oil shale. Except for the work which the Department of the Interior has undertaken through the Bureau of Mines under appropriations heretofore made by the Congress for the study of the hydrogenation of coal, little has been done in this country to make certain that we shall be fully ready for the manufacture of large quantities of synthetic fuels to meet future needs. That these needs will be very great, the development of aviation already accomplished as a result of the war proves beyond any question. Already the nations of the world are looking forward to the problems of international air commerce after the war. Without a full and certain supply of liquid fuel, the United States may find itself unable to realize its full possibilities in air commerce.

The testimony of your experts before the Public Lands Committee indicates that Germany, England, and Japan have all used coal extensively for the manufacture of liquid fuel. Indeed, it is unlikely that Germany could have maintained its war machine without the motor fuel it has manufactured from coal. The results which have been accomplished in England seem to give assurance that that country will be fully supplied with synthetic fuels after the war.

The sad experience which we have had with rubber should be sufficient to warn us against a repetition in the case of motor fuel. We had made little or no advance preparation for the development of synthetic rubber and when the natural supplies were cut off, we found ourselves in a desperate situation. This can be avoided with respect to synthetic fuel if we act now.

I know from your own testimony before the Senate Appropriations Committee and from my conversations with you and members of your staff that you are fully aware of the gravity of the problem. Both as Secretary of the Interior and as head of the Petroleum Administration for War, you are in a position to carry out a most effective and beneficial program for the development of synthetic fuel. It will be necessary, as you know, to provide legislative authorization if the Bureau of Mines is to be enabled to take the necessary steps to construct and operate demonstration plants to make fuel from coal, shale, and other suitable materials. The Western Mineral Resources subcommittee will be very glad to cooperate with you in the preparation of legislation to this effect and in outlining a public hearing through which the country will be advised not only of the need of an immediate program of this character, but of the existence in this coun-

try of the natural resources which are sufficient to keep the United States in its present position of leadership in all phases of industry, transportation and commerce which depend upon liquid fuel.

If you will suggest the terms of legislation which, in your opinion, are necessary to provide authorization for this work, I shall be very glad indeed to introduce a bill and to arrange for a hearing by the Western Minerals subcommittee.

Sincerely yours,

JOSEPH C. O'MAHONEY.

THE SECRETARY OF THE INTERIOR,  
Washington, June 16, 1943.

HON. JOSEPH C. O'MAHONEY,  
United States Senate.

MY DEAR SENATOR O'MAHONEY: Your letter of June 8 expressing briefly your views on the advisability of a synthetic liquid fuel program strikes directly home on a matter of paramount importance. I hasten to comply with your wish that I suggest legislation to meet the situation. My Department will endeavor to make an adequate presentation of this matter before a Senate committee as you request.

You are absolutely correct, according to my way of thinking, that this country can no longer delay in embarking upon a synthetic fuel program. Those in my Department who are authorities on petroleum are in agreement with this idea. Our continuing study of reserves and the rate of depletion indicates clearly that unless we take action the end of the gasoline age is in sight. This development—and I fix no date for it—will inevitably bring major repercussions throughout our entire economy in peace as well as in war.

Fortunately, certain bureaus of the Department of the Interior are and have been aware of these trends and steps may still be taken to prevent the Nation from feeling the full force of future natural petroleum deficiencies. In particular, the Bureau of Mines has developed processes that actually have produced petroleum products and liquid fuels from coals, oil shale, gases, and other substances. We have also studied similar developments in other countries.

The time has come when we must get out of the test-tube stage into actual production. Past experiments have given us the scientific know-how but the way must be blazed for American industry to enter this synthetic fuel field, which inevitably will be one of the major industrial developments of the near future.

It is, in my opinion, the responsibility of an alert government to met such a situation forthrightly. Therefore, I propose that the Government harness its facilities to the business of blazing this path so that industry and private initiative may take up the work. Under present conditions we cannot rely upon industry to make the initial, unremunerative expenditure necessary to solve the technical and economic problems of synthetic fuel production. Therefore, I propose that the Government fulfill its duty on a demonstration basis, making its findings and experience available to industry so that it can take up the task of providing synthetic fuels on the scale necessary to safeguard this Nation's future.

Whether or not special legislation is technically necessary for this purpose, the problem is of such importance that it should be adequately presented to Congress and I, therefore, enclose suggested authorization legislation and await a hearing by Congress, which I hope will be available at an early date. The hour is already late and action cannot be delayed unless this country is prepared at some future date to undergo sacrifices and turmoil that would make our difficulties in

establishing a synthetic-rubber program seem insignificant by comparison.

I have instructed Michael W. Straus, First Assistant Secretary of the Department of the Interior; Dr. R. R. Sayers, Director of the Bureau of Mines; Dr. A. C. Fieldner, Chief, Fuels and Explosive Service of the Bureau of Mines, and all agencies of the Department to take whatever steps may be necessary so that there may be a suitable presentation to the Congress of the problem and the solution.

Sincerely yours,

HAROLD L. ICKES,  
Secretary of the Interior.

AUTHORIZATION FOR COMMITTEE  
REPORTS, ETC.

MR. MCKELLAR. Mr. President, I understand that at the conclusion of today's session the Senate will adjourn until Tuesday next. In the meantime the Committee on Appropriations may possibly be in position to report at least two bills. I ask unanimous consent that during the adjournment or recess of the Senate following today's session, authority be given to the Committee on Appropriations to submit reports, including notices of motions to suspend the rule, and such amendments as may be offered.

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

BURTON S. RADFORD

MR. ELLENDER. Mr. President, when the calendar was called on June 15, 1943, Senate bill 1087 was passed without objection. There came from the House today House bill 2556, which is an identical bill with the one to which I have just referred. I ask that the Chair lay before the Senate H. R. 2556.

The PRESIDING OFFICER laid before the Senate the bill (H. R. 2556) for the relief of Burton S. Radford, which was read twice by its title.

MR. ELLENDER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 2556.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 2556) was considered, ordered to a third reading, read the third time, and passed.

RELIEF OF ARMY DISBURSING OFFICERS

MR. REYNOLDS. Mr. President, I wonder if the Senate would be good enough to grant unanimous consent for me to bring to its attention three bills which are on the calendar. Two of the bills have been on the calendar for several months, and the remaining one has been on the calendar for 30 or 40 days.

MR. McNARY. I earlier objected to one of the bills, not because of the substance of it, but because of the absence from the Senate of certain Senators on official business. I have conferred with some of the members of the committee, and have ascertained that they have no objection. I have no objection. If the Senator from North Carolina will make appropriate statements with regard to the bills I shall appreciate it.

MR. REYNOLDS. I shall be glad to do so. Mr. President, I first ask unanimous

consent that the Senate proceed to the consideration of Senate bill 218, to authorize relief of disbursing officers of the Army on account of loss or deficiency of Government funds, vouchers, records, or papers in their charge.

The Navy has already been given the same consideration which is provided for in the bill. It was granted several years ago.

**The PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection the bill (S. 218) to authorize relief of disbursing officers of the Army on account of loss or deficiency of Government funds, vouchers, records, or papers in their charge was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted etc.,* That the General Accounting Office shall relieve any disbursing officer of the Army charged with responsibility on account of loss or deficiency while in the line of duty, of Government funds, vouchers, records, or papers, in his charge, where such loss or deficiency occurred without fault or negligence on the part of said officer: *Provided*, That the Secretary of War shall have determined that the officer was in the line of his duty, and the loss or deficiency occurred without fault or negligence on his part: *Provided further*, That the determination by the Secretary of War of the aforesaid questions shall be conclusive upon the General Accounting Office: *Provided further*, That all cases of relief granted under this authority during any fiscal year shall be reported in detail to the Congress by the Secretary of War: *And provided further*, That this Act shall be applicable only to the actual physical loss of Government funds, vouchers, records, or papers, and shall not include deficiencies in the accounts of disbursing officers of the Army resulting from illegal or erroneous payments.

#### TRAVEL COSTS OF DEPENDENTS OF MILITARY AND CIVILIAN PERSONNEL

**Mr. REYNOLDS.** Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of Senate bill 220, to provide for payment of certain travel costs of dependents of military and civilian personnel of the Army and the War Department on a mileage basis in order to promote efficiency and economy in such payments.

The bill would provide for the payment of certain travel costs of dependents of military and civilian personnel. At the present time it is necessary to have rate experts calculate the cost of transportation from one place to another of the families of Army and civilian personnel, and the Army desires the opportunity to decentralize the payments to field offices, and pay straight fare to the nearest point at 4 cents a mile for adults, and 2 cents a mile for children. It is said that the bill would save the Government considerable money, and the Bureau of the Budget has no objection to it whatever.

**Mr. McNARY.** Would the bill result in additional expense?

**Mr. REYNOLDS.** Not at all. It would lessen the present expense.

**The PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 220) to provide for payment of certain travel costs of dependents of military and civilian personnel of the Army and the War Department on a mileage basis in order to promote efficiency and economy in such payments, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause, and insert:

That (a) in any case where, in lieu of transportation in kind, reimbursement for actual travel costs, or travel at Government expense, of dependents of military and naval, and civilian personnel of the Army, Navy, Marine Corps, and Coast Guard, and War and Navy Departments is now or may hereafter be authorized by law, payment for authorized travel of such dependents shall be made after the completion of such travel (and subject to the provisions of subsections (b), (c), and (d) of this section) on a mileage basis at the following rates:

(1) Four cents a mile for each dependent 12 years of age or more;

(2) Two cents a mile for each dependent less than 12 years of age but not less than 5 years of age;

(3) Nothing for any dependent less than 5 years of age.

(b) The provisions of this act shall apply irrespective of the mode of travel, but shall apply only with respect to such part of authorized travel as takes place within the continental United States (not including Alaska),

(c) Payments shall be made under the provisions of this act for authorized travel heretofore performed by the dependents described in subsection (a) of this section for which reimbursement has not been made at the time of the enactment of this act.

(d) Reimbursement for such travel shall be computed on the basis of distances shown in the official mileage tables of the War Department in effect at the time the travel is performed and if the distances cannot be obtained from the official mileage tables they shall be computed over the shortest usually traveled route.

Sec. 2. That during the present war and for 6 months after the termination thereof, or until such earlier time as Congress by concurrent resolution, or the President by proclamation, may designate, and under such regulations as the Secretary of War may prescribe, claims heretofore or hereafter presented for reimbursement for travel of dependents and shipment of household effects (including packing, crating, and unpacking thereof) of military personnel, as now or hereafter authorized by law or regulations, performed or had at their own expense, may be submitted by and payments made to the military personnel concerned or such dependents as they may designate, or in absence of designation of a dependent by said military personnel, to such dependent as may be designated by the Secretary of War or the Secretary of the Navy, or such person as he may authorize to act for him.

Sec. 3. The Secretary of War and the Secretary of the Navy may prescribe any regulations necessary to carry out the provisions of this act.

The amendment was agreed to.

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

#### CLAIMS FOR DAMAGES ARISING OUT OF ACTIVITIES OF WAR DEPARTMENT

**Mr. REYNOLDS.** Mr. President, I ask unanimous consent that the Senate pro-

ceed to the consideration of Senate bill 1026, to provide for settlement of claims for damage to or loss or destruction of property or personal injury or death caused by military personnel or civilian employees.

The Army is merely asking for authority to make settlement of claims for damage on the part of employees of the Army up to the amount of \$1,000.

**Mr. McNARY.** What is the calendar number?

**Mr. REYNOLDS.** It is Senate bill 1026, Calendar No. 245. The bill was reported unanimously by the full committee.

**The PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

**Mr. McNARY.** I understood the Senator to say that the bill had the unanimous approval of the committee.

**Mr. REYNOLDS.** It had the unanimous approval of the committee, according to my recollection.

**Mr. HILL.** It not only had the unanimous approval of the committee, but the bill was given careful study by the esteemed distinguished Senator from Vermont (Mr. AUSTIN). He went over it very carefully. He is one of the ablest lawyers in the Senate, and perhaps the ablest lawyer of the committee. He studied the bill carefully, and, as I recall, some suggestions were made with regard to amendments which were agreed to, and then the bill was unanimously approved.

**Mr. REYNOLDS.** Four or five Army officers appeared before the committee and were examined with regard to the bill.

**Mr. TAFT.** What happens if a man who has a claim against the Army does not get as much as he thinks he is entitled to? The tendency of the War Department is not to pay anyone anything.

**Mr. REYNOLDS.** The claimant would be entitled to file another claim, or he could have a private claim bill introduced in the Congress.

**Mr. HILL.** I may say to the Senator from Ohio that that question was pretty thoroughly thrashed out in the committee. The bill takes no rights away from a claimant at all. He has every right he would have had. The object of the bill is to expedite and, if possible, get rid of claims without a great number of bills being piled up in Congress. It would not take away any right from a claimant.

**The PRESIDING OFFICER.** Is there objection to the request of the Senator from North Carolina?

There being no objection, the Senate proceeded to consider the bill (S. 1026) to provide for the settlement of claims for damage to or loss or destruction of property or personal injury or death caused by military personnel or civilian employees, or otherwise incident to activities of the War Department or of the Army, which had been reported from the Committee on Military Affairs with amendments, in section 1, page 1, line 8, before the numerals "\$1,000", to insert "\$500, or in time of war not in excess of"; on page 2, line 9, after the word

"including", to insert "claims for damage to or loss or destruction, by criminal acts, of registered or insured mail while in the possession of the military authorities"; on page 2, line 13, after the words "Government and", to strike out "in time of war"; on page 3, line 22, after the word "exceed", to strike out "\$1,000" and to insert in lieu thereof "\$500, or in time of war \$1,000"; in section 6, page 5, line 21, after the word "Army", to insert a comma and "including such personnel and employees engaged on civil works", so as to make the bill read:

*Be it enacted, etc.*, That the Secretary of War, and, subject to appeal to the Secretary of War, such other officer or officers as he may designate for such purposes and under such regulations as he may prescribe, are hereby authorized to consider, ascertain, adjust, determine, settle and pay in an amount not in excess of \$500, or in time of war not in excess of \$1,000, where accepted by the claimant in full satisfaction and final settlement, any claim against the United States arising on or after May 27, 1941, when such claim is substantiated in such manner as the Secretary of War may by regulation prescribe, for damage to or loss or destruction of property, real or personal, or for personal injury or death, caused by military personnel or civilian employees of the War Department or of the Army while acting within the scope of their employment, or otherwise incident to noncombat activities of the War Department or of the Army, including claims for damage to or loss or destruction, by criminal acts, of registered or insured mail while in the possession of the military authorities, claims for damage to or loss or destruction of personal property bailed to the Government and claims for damages to real property incident to the use and occupancy thereof, whether under a lease, express or implied, or otherwise: *Provided*, That the damage to or loss or destruction of property, or the personal injury or death, shall not have been caused in whole or in part by any negligence or wrongful act on the part of the claimant, his agent, or employee. No claim shall be settled under this act unless presented in writing within 1 year after the accident or incident out of which such claim arises shall have occurred: *Provided*, That if such accident or incident occurs in time of war, or if war intervenes within 1 year after its occurrence, any claim may on good cause shown be presented within 1 year after peace is established. The amount allowed on account of personal injury or death shall be limited to reasonable medical, hospital, and burial expenses actually incurred, except that no payment shall be made to any claimant in reimbursement for medical or hospital services furnished at the expense of the United States nor, in the case of burial, of such portion of the expense thereof as may be otherwise paid by the United States. Any such settlement made by the Secretary of War, or his designee, under the authority of this act and such regulations as he may prescribe hereunder, shall be final and conclusive for all purposes, notwithstanding any other provision of law to the contrary. The provisions of this act shall not be applicable to claims arising in foreign countries or possessions thereof which are cognizable under the provisions of the act of January 2, 1942 (55 Stat. 880; 31 U. S. C. 224d), as amended, or to claims for damage to or loss or destruction of property of military personnel or civilian employees of the War Department or of the Army, or for personal injury or death of such persons, if such damage, loss, destruction, injury, or death occurs incident to their service. The Secretary of War may report such claims as ex-

ceed \$500, or in time of war \$1,000, to Congress for its consideration.

SEC. 2. Such appropriations as may be required for the settlement of claims under the provisions of this act are hereby authorized. Appropriations available to the War Department for the settlement of claims under the provisions of other laws shall be available for the settlement of claims of the same character under the provisions of this act.

SEC. 3. That portion of section 1 of the act of August 24, 1912 (37 Stat. 586), reading as follows: "*Provided*, That hereafter the Secretary of War is authorized to consider, ascertain, adjust, and determine the amounts due on all claims for damages to and loss of private property when the amount of the claim does not exceed the sum of \$1,000, occasioned by heavy gun fire and target practice of troops, and for damages to vessels, wharves, and other private property, found to be due to maneuvers or other military operations for which the Government is responsible, and report the amounts so ascertained and determined to be due the claimants to Congress at each session thereof through the Treasury Department for payment as legal claims out of appropriations that may be made by Congress therefor.", is hereby repealed.

SEC. 4. The act of December 28, 1922 (42 Stat. 1066; 31 U. S. C. 215-217), shall hereafter be inapplicable to the War Department.

SEC. 5. Section 4 of the River and Harbor Act, approved June 25, 1910 (36 Stat. 676), as amended by the act of June 5, 1920 (41 Stat. 1015; 33 U. S. C. 564), is hereby repealed.

SEC. 6. The act of March 3, 1885 (23 Stat. 350), as amended by the act of July 9, 1918 (40 Stat. 880), and by the act of March 4, 1921 (41 Stat. 1436), is hereby amended by adding, after section 5, the following sections:

"SEC. 5a. Any authorization or direction in this act to the Secretary of War, and any reference herein to a decision, declaration, or other action by the Secretary of War, shall include authorization or direction to, and action by, as the case may be, such other officer or officers as he may designate for such purposes, acting under such regulations as he may prescribe. Any settlement made by the Secretary of War, or his designee, under the authority of this act, under such regulations as he may prescribe, shall be final and conclusive for all purposes, notwithstanding any other provisions of law to the contrary.

"SEC. 5b. The provisions of this act shall be applicable also to civilian personnel and civilian employees of the War Department or of the Army, including such personnel and employees engaged on civil works."

SEC. 7. The act of February 13, 1936 (49 Stat. 1138; 31 U. S. C. 224a), shall hereafter be inapplicable to acts of officers, enlisted men, and employees of the Army and officers, employees, or agents of the War Department.

The amendments were agreed to.

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

The title was amended so as to read: "A bill to provide for the settlement of claims for damage to or loss or destruction of property or personal injury or death caused by military personnel or civilian employees, or otherwise incident to activities, of the War Department or of the Army."

#### SUSPENSION OF ENFORCEMENT OF OBLIGATIONS AGAINST CERTAIN MINE OPERATORS

Mr. McCARRAN. Mr. President, when Senate bill 27, Calendar No. 277, was reached at the time of the last call of the calendar, the Senator from Ohio [Mr. TART] objected, and later stated

that he would read the bill, and, if he saw fit, would withdraw his objection. Today the Senator has stated to me that his objections are withdrawn, and I respectfully ask unanimous consent that the bill be taken up at this time and considered.

Mr. McNARY. What is the bill?

Mr. McCARRAN. It is Senate bill 27, relating to the suspension of the enforcement of certain obligations against mine operators. I spoke to the able Senator from Oregon about the bill today.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate resumed the consideration of the bill (S. 27) to provide for suspending the enforcement of certain obligations against the operators of gold and silver mines who are forced to cease operations because of the war.

The PRESIDING OFFICER. The amendments reported by the Committee on the Judiciary were agreed to when the bill was before the Senate at the last call of the calendar, and the question now is on the engrossment and third reading of the bill.

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

*Be it enacted, etc.*, That any person who is or has been engaged in mining any mining property which he holds as a mortgagor or under a contract (1) providing for his purchase of such property, or giving him an option to purchase such property, and (2) requiring the performance of certain work on such property, or periodic or installment payments with respect thereto, or both, and who is unable to mine such property because of the operation of any statute, rule, regulation, order, or requirement of the United States, or any agency thereof, may institute a proceeding in the appropriate district court of the United States of competent jurisdiction to be protected from forfeiture, penalty, and damages under the contract or mortgage under which he holds such property, in the following manner.

SEC. 2. The court may, in its discretion, if it finds that such person has been prevented by any of such causes from performing the work or making the payments required under such contract or mortgage—

(a) make an order suspending, in whole or in part, the requirement that such work be performed or such payments be made during the operation of such statute, rule, regulation, order, or requirement of the United States, or any agency thereof;

(b) stay any action based on breach of performance or payment for any such cause;

(c) make such other orders and disposition of the case as may be equitable to conserve the interests of all parties: *Provided, however*, That in no case shall such suspension or stay under (a) or (b) extend for more than one year after the termination of the present war.

SEC. 3. Whenever a proceeding is instituted in accordance with section 1 of this act the court may, upon cause shown, make a temporary order suspending the requirements for performing work and making payments under the contract or mortgage pending final disposition of such proceeding, or staying such action, and may make from time to time such additional and supplementary orders as may be necessary for proper disposition of the case.

SEC. 4. No person shall be held liable in any proceeding in any court for any damages, penalty, or forfeiture on account of any

act done or omitted to be done in good faith in accordance with or in conformity with any order or judgment of a court made pursuant to any provision of this act.

Sec. 5. For the purposes of this act, the term "person" includes any individual, partnership, firm, corporation, association, or other organization, or the legal representative of any of the foregoing.

Sec. 6. If any provision of this act or the application thereof to any person or circumstance shall be held invalid, the remainder of this act and the application of such provision to other persons or circumstances shall not be affected thereby.

The title was amended so as to read: "A bill to provide for suspending the enforcement of certain obligations against the operators of mines who are forced to cease operations because of the war."

#### ORDER AUTHORIZING THE SIGNING OF BILLS AND RESOLUTIONS

Mr. HILL. Mr. President, I ask unanimous consent that during the forthcoming recess of the Senate the Presiding Officer of the Senate may have authority to sign bills or resolutions ready for signature.

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

#### EXECUTIVE SESSION

Mr. HILL. I move that the Senate proceed to consider executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HATCH in the chair) 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 COMMITTEE ON MILITARY AFFAIRS

The following reports of a committee were submitted:

By Mr. KILGORE, from the Committee on Military Affairs:

Sundry nominations under the War Manpower Commission; and

Sundry officers for appointment, by transfer and/or promotion, in the Regular Army under the provisions of law.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

#### COLLECTORS OF INTERNAL REVENUE

The legislative clerk read the nomination of Harry C. Westover to be collector of internal revenue for the sixth district of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. The legislative clerk read the nomination of Norman Collison to be collector of internal revenue for the district of Delaware.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. HILL. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc. That completes the Executive Calendar.

Mr. HILL. I ask unanimous consent that the President may be notified forthwith of all confirmations of today.

The PRESIDING OFFICER. Without objection, the President will be immediately notified of all confirmations of today.

#### RECESS TO TUESDAY

Mr. HILL. As in legislative session, I move that the Senate take a recess until 12 o'clock noon on Tuesday next.

The motion was agreed to; and (at 5 o'clock and 4 minutes p. m.) the Senate took a recess until Tuesday, June 22, 1943, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate June 18 (legislative day of May 24), 1943:

##### ASSISTANT COMMISSIONERS OF INTERNAL REVENUE

Norman D. Cann, of Atlanta, Ga., to be Assistant Commissioner of Internal Revenue, to fill a newly created position.

Harold N. Graves, of Jacksonville, Ill., to be Assistant Commissioner of Internal Revenue, to fill a newly created position.

##### REGISTER OF LAND OFFICE

Mrs. Jessie M. Gardner, of Colorado, to be register of the Land Office at Denver, Colo. (reappointment).

##### WAR MANPOWER COMMISSION

Francis L. McNamee, from the State of Pennsylvania, to be regional manpower director, at \$8,000 per annum, in the Philadelphia regional office.

Percy D. Fahnestock, from the State of Ohio, to be regional information specialist, at \$5,600 per annum, in the Cleveland regional office.

Guy A. Whitcomb, from the State of Ohio, to be senior manpower utilization consultant, at \$4,600 per annum, in the Cleveland regional office.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate June 18 (legislative day of May 24), 1943:

##### COLLECTORS OF INTERNAL REVENUE

Harry C. Westover to be collector of internal revenue for the sixth district of California.

Norman Collison to be collector of internal revenue for the district of Delaware.

##### POSTMASTERS

###### IOWA

Lewis M. Adams, Buffalo.  
Bess B. Gorham, Pisgah.

###### NEW JERSEY

Ethel H. McDonald, Englishtown.  
Henry N. McKay, Haddon Heights.  
C. Melvin Johnson, Jr., Highlands.  
Thomas Whittington, Sea Isle City.

Thomas H. Hall, Vineland.  
Clara Katz, Woodbine.

###### NORTH DAKOTA

Nicholas J. Krebsbach, Velva.

###### SOUTH DAKOTA

George E. Hagen, Armour.

George B. Brown, Clark.

Nicholas W. Tobin, Wentworth.

###### TEXAS

Hilmar H. Wagner, Rowena.

## HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 18, 1943

The House met at 11 o'clock a. m. The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

All glory be unto Thee, O Lord, Most High, Thy boundless love and mercy resist all definition. We thank Thee that Thou dost stoop to our needs and failures and fold us in the embrace of a Father's care. We walk Thy earth and are cheered by the presence of Thy power and beauty. Accept our praise for the ministry of Thy service and for the wonderful providence with which Thou dost surround us. Stay our footfall that we may ever listen to wise public opinion, to the maxims and the restraints which form the unwritten code of public welfare. We pray for prudence where we cannot see our path, to avoid danger, to heed the warning of wisdom, and may we realize and enjoy the treasures of the soul which enrich human life.

Our country, may we never fail her; stored with education, wealth, and opportunity, do Thou fortify us with the spirit of self-abandonment, with fortitude of soul that it shall never be proclaimed of us that we are false to our great trust or untrue to our obligations. Blessed Lord God, let it never be said that the purpose of today will be the folly and the error of tomorrow. In our dear Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 10, 1943:

H. R. 1670. An act to amend section 2 of the Civilian Pilot Training Act of 1939, as amended.

On June 14, 1943:

H. R. 2753. An act making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes; and

H. J. Res. 133. Joint resolution to permit additional sales of wheat for feed.

On June 15, 1943:

H. R. 1258. An act to name certain locks in the St. Marys River at the falls, Michigan;