

consul general of the United States of America.

The following-named persons for appointment as Foreign Service officers, unclassified, vice consuls of career, and secretaries in the Diplomatic Service of the United States of America:

V. Harwood Blocker, of Texas.
William H. Christensen, of South Dakota.
Jack G. Dwyre, of California.
Harold Sims, of Tennessee.

IN THE MARINE CORPS

The following-named naval aviators of the Marine Corps Reserve to be second lieutenants in the Regular Marine Corps, in accordance with the provisions of the Naval Aviation Personnel Act of 1940, as amended, to rank from the dates stated:

Gordon E. Gray, from the 14th day of March 1942.
Lowell D. Grow, from the 17th day of March 1942.
Harold F. Brown, from the 3d day of April 1942.
Floyd C. Kirkpatrick, from the 3d day of April 1942.
Henry P. Huff, from the 18th day of June 1942.
The below-named citizens to be second lieutenants in the Marine Corps from the 8th day of August 1944:
Dwayne E. Mears, a citizen of California.
William R. Bennett, a citizen of California.
James O. Hickman, a citizen of Colorado.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 8 (legislative day of February 8), 1945:

POSTMASTERS

ILLINOIS

George Bigler, Clarendon Hills.

KENTUCKY

Holland B. Hedgepeth, Canmer.

MASSACHUSETTS

Arthur I. Brown, South Lee.

MONTANA

Martha P. McCrory, Kevin.

VIRGINIA

Joseph F. Suttle, Dahlgren.

WASHINGTON

Wayne Ballard, Cle Elum.

WEST VIRGINIA

Alice B. Kidd, Burnwell.
Willie I. Shaver, Handley.
Bernice E. McDonald, Mount Clare.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 8, 1945

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou who art eternal goodness, the most permanent truth in this world is Thy Fatherhood; enable us to stand erect and free as becometh Thy children. We pray for a larger girding of that life which makes men and women strong and compelling in the confusion and uncertainty of these difficult times. So cleanse our powers that they may work in the simplicity of a chivalrous faith.

Let calmness of spirit prevail that progress may not be paralyzed or strength wasted by disorder. Make the

weak strong, and keep the strong from impetuous action that the whole body of citizens may be honored and have a just share in the prosperity of our country. Impress all that the rule of worthy citizenship is devotion to duty and to labor on in the bond of unity.

O Spirit Divine, our sky is again clouded; the night of affliction has thrown its shadow across the altar of a dear home; an honored member and brother is bereft and laden with grief. As a loving mother stills her child, as the faithful shepherd shields his fold, help sorrowing hearts to look beyond the disappointments of earth and give them peace. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 214. An act to provide reimbursement for personal property lost, damaged, or destroyed as the result of an explosion at the naval mine depot, Yorktown, Va., on November 16, 1943.

The message also announced that the Vice President has appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agencies:

1. Department of the Interior.
2. Department of the Navy.
3. Department of War.
4. Federal Works Agency.
5. Office of Defense Transportation.
6. Office of War Information.

PAN-AMERICAN DAY

Mr. JARMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution (H. Res. 173), which I send to the desk.

The Clerk read as follows:

Resolved, That the House of Representatives hereby designate Saturday, April 14, 1945, for the celebration of Pan-American Day, during which no other business except that appropriate to such an occasion may occur.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include therein a copy of a bill I am today introducing.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. GORDON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a resolution adopted by the United Polish Press

of America, Chicago, Ill., appealing to the Government of the United States, the Congress, and to the public opinion of the American Nation and the whole world that the unjust decisions of the Yalta Conference concerning Poland be revised in a spirit of equity and good conscience.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DISCONTINUANCE OF CERTAIN REPORTS NOW REQUIRED BY LAW

Mr. COCHRAN. Mr. Speaker, I have been directed by the Committee on Expenditures in the Executive Departments to report H. R. 2504, a bill repealing certain laws requiring reports to be made to Congress, many obsolete. There are 330 reports now required by congressional acts, and this bill would repeal 64. With the assurance that the report will fully explain the bill, all items therein, I ask unanimous consent, in order to save money, manpower, and paper, that the requirements of the Ramseyer rule be waived insofar as H. R. 2504 is concerned.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is the gentleman going to ask to have these reports discontinued at this time, or is he going to file that resolution later?

Mr. COCHRAN. This request simply asks permission for waiving the Ramseyer rule when the report on the bill is filed, because if the Ramseyer rule must be complied with we will have to print 64 statutes in the report.

Mr. MARTIN of Massachusetts. I do not object to that, but I think we ought to know more about what reports will be discontinued.

Mr. COCHRAN. That will be explained fully in the report on the bill.

Mr. MARTIN of Massachusetts. Let us know about that now.

Mr. COCHRAN. Well, the committee held hearings for 3 days, and we eliminated several items where there were objections. We circularized the chairmen of the committees of the House to let them know what was in the old bill, and only one chairman offered an objection, and that was to one report. That is not in the bill.

Mr. MARTIN of Massachusetts. A number of Members of the House do not know anything about it at all.

Mr. COCHRAN. That will be fully explained in the report and in debate. All I am asking now is to waive the Ramseyer rule.

Mr. RICH. Mr. Speaker, reserving the right to object, I do not quite understand the waiving of this Ramseyer rule.

Mr. COCHRAN. The Ramseyer rule would require us to show all changes in existing law, and we would have to print 64 statutes. I know the gentleman from Pennsylvania wants to save paper and money.

Mr. RICH. The only trouble with this bill is that it does not go far enough. In fact, if you will take all the Government

publications that are published, we ought to include a lot of them in this bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to extend his remarks in the Appendix of the RECORD and to include a short advertisement.

Mr. DONDERO asked and was given permission to extend his remarks in the Appendix of the RECORD and to include an editorial entitled "Is Communism a Threat?"

Mr. PLUMLEY asked and was given permission to extend his remarks in the RECORD and to include an editorial.

THE OHIO RIVER

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS. Mr. Speaker, the word "Ohio" means "beautiful river." I am sorry to report that the Ohio is not very beautiful today unless there is beauty and majesty in irresistible power. I am glad to report, however, that the floodwaters of the Ohio are not as devastating as at first we thought they might be; but it will be terrible. Further, I want to bring this good news to you from my home town of Ironton, Ohio. I have a telegram from City Manager Ralph Mittendorf of that city in which he wishes to convey to the Congress of the United States and those in authority the thanks of our city for having had the opportunity to be the first city in the United States to avail itself of the laws passed by this Congress providing for the construction of a flood wall around the city so that the Ohio River, in spite of its flood condition, flows on in majesty past that city but leaves no damage.

The SPEAKER. The time of the gentleman has expired.

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. RANKIN. Mr. Speaker, reserving the right to object, and I shall not object, I wish to say to the gentleman from Ohio [Mr. JENKINS] that if the Congress will pass the bill (H. R. 1824) which I have introduced, the regional authorities it would create will control these devastating floods, provide navigation, and develop the water power in every navigable stream in the United States.

It is the greatest program for post-war employment yet proposed. It would furnish profitable, useful, and constructive jobs for hundreds of thousands of our returned servicemen.

It would prevent untold millions of dollars in flood damages and save scores of human lives these floods are now destroying every year.

It would generate 230,000,000,000 kilowatt-hours of hydro-electric power that is now running to waste in those streams every year. That is more electricity than

the people of this country used last year, generated by coal, oil, gas, and water power all put together.

It would add more to the Nation's wealth than any other development ever proposed. It would double the amount of electricity now available for every home, every industry, and every commercial establishment, and enable us to electrify every farm home in America at rates the farmers can afford to pay.

It would take 115,000,000 tons of the finest bituminous coal every year to generate that amount of electricity by steam. Suppose coal would float and 115,000,000 tons of it were floating to waste down these streams each year, or 310,000 tons a day, there would be such a scramble to recover it that it would make the banks of these streams look like the Battle of the Rhine.

Think of 5,000,000 tons of the finest soft coal floating to waste every year down the Ohio, the Missouri, the Arkansas, or the St. Lawrence, to say nothing of the smaller streams, and you will have an idea what this waste of water power means.

At the rate we are going our coal, oil, and gas supply will probably be depleted in another hundred years.

So it behooves us to develop this water power now, save this vast wealth that is now going to waste, control these disastrous floods, provide navigation, and make this the richest, the brightest, and the finest country on earth in which to live.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MINORITY VIEWS ON H. R. 2013

Mr. CHIPERFIELD. Mr. Speaker, I ask unanimous consent to file my minority views on the bill H. R. 2013, which involves extension of land-lease, and also that certain other minority members of the Committee on Foreign Affairs may file their views in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

OHIO RIVER FLOOD

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. ELLIS. Mr. Speaker, the past 48 hours has brought the distressing news of another disastrous flood in the great Ohio Valley.

Cities and towns from Pittsburgh to Cairo are inundated and the rising water is bringing serious damage to life and property. Thousands are being driven from their homes and hundreds of war plants have ceased operation.

While this news is very distressing, I am pleased to inform my colleagues that my home town, Huntington, W. Va., is safe and dry under the protection of a sturdy flood wall, constructed through the industry and foresight of our people.

In this city of 85,000 people no home has been disturbed, life and property are

unimpaired, and not 1 man-hour has been lost to our war production because of the flood condition.

PERMISSION TO ADDRESS THE HOUSE

Mr. WILSON. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program and following any special orders heretofore entered, I may be permitted to address the House for 25 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that today, following the gentleman from Indiana, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

EXTENSION OF REMARKS

Mr. JUDD asked and was given permission to extend his remarks in the RECORD and include an address delivered March 7 by the former Governor of Minnesota, Commander Harold E. Stassen.

Mr. CARLSON. Mr. Speaker, I ask unanimous consent, first, to extend my remarks in the RECORD and include an editorial appearing in the Sunday Washington Star, and second, to include some tables in the statement I expect to make this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. BYRNES of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an editorial.

NURSE DRAFT BILL

Mr. JUDD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JUDD. Mr. Speaker, I wish to commend most heartily the President of the United States for his views on the matter of drafting nurses, as set forth in his letter of yesterday reported in today's press. His views are essentially those expressed in the Fenton amendment, which was defeated here yesterday by six votes, including an almost solid vote by the members of the President's party against the amendment, that is, against the President's expressed views. I only regret that he did not get the letter down to the Democratic leadership of the House earlier so that it could have gotten its signals straightened out, and the Democrats could have discovered the Commander in Chief's views in time to support him.

The amendment would have gotten the needed nurses in the most rapid way and effective way. It would have brought the draft into effect when, and only when, the volunteering of qualified nurses failed to meet the established quotas. I am unable to think of any good reason

why we should draft them a single day earlier than that.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Kentucky.

Mr. MAY. The gentleman knows that the bill contains a provision for maintaining volunteers.

Mr. JUDD. But it does not give the nurses assurance of a real chance to make good, with the knowledge that the draft will not come into effect unless or until they fail to make good. I hope the Senate will put in this or a similar amendment.

LIAISON AND PUBLICITY PAY ROLL

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, a survey by the Bureau of the Budget shows about 39,000 on the pay roll in liaison and publicity work in 1939. In my opinion, directly and indirectly, this costs the Government \$200,000,000, or \$5,000 apiece. At the present time I estimate, on the basis of what I can gather together, that there are 100,000 of those people on the pay roll at the present time, costing \$7,500 each, and that the cost of that operation is \$750,000,000 a year. I think it is about time that we began to pare down some of these things.

SERVICEMEN'S WIVES

Mr. FULTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. Mr. Speaker, I am here today to report very satisfactory progress in getting the wives of servicemen overseas. Mrs. MacArthur has now arrived in the Philippines. She arrived on a refrigerator ship, the first one to land since 1941. Her 6-year-old son is also with her.

My statement is this: If it is fine for a general to have his wife and his son in the combat area, let us see why we cannot have that same privilege extended to the lowest buck private and the lowest apprentice seaman. General MacArthur, let us hear from you. Why not?

I hope that the General is going to be courteous and generous and say to all his men that they can have that same opportunity. I hope that the Army and the Navy will say that all over the world that privilege will be extended to the families of the servicemen, and especially to those wives and sweethearts or relatives who can make themselves genuinely useful and contribute actively to the war effort in the particular theater.

EXTENSION OF REMARKS

Mr. EARTHMAN asked and was given permission to extend his remarks in the RECORD and include an editorial.

HON. FRED M. VINSON

Mr. MAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

[Mr. May addressed the House. His remarks appear in the Appendix.]

COL. EDGAR S. GORRELL

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, it is not often in this body that Members call attention to the death of an individual who is not a Member of the House or of some branch of our Government. I feel, however, that it is most appropriate that I take this moment to say to my colleagues, many of whom knew him well, that in the passing of Col. Edgar S. Gorrell, the Nation has lost a courageous citizen.

He was the president of the Air Transport Association of America, and in that capacity testified on many occasions on Capitol Hill before committees dealing with the subject of aviation.

Colonel Gorrell was slight of stature, but stanch of soul. He was credited with being the first American Army officer to volunteer for a parachute jump, the first United States pilot to fly a plane in radio experiments, and also the first Army officer to make a successful night flight. He was in charge of aerial strategy for the American Expeditionary Forces in World War No. 1.

This afternoon funeral services are to be held at the chapel at Fort Myer. No doubt a transport plane will wing its way across the sky above those who will gather from official and private life, to pay tribute to this worth-while man, who gave so fully of himself during a fruitful career.

With the poet let us say:

We pray Thee, Lord, Thou who art wise,
Be Thou our fliers' guide;
Keep steady, Lord, their ships that rise,
And pilot them across the skies;
With them, O Lord, abide.

Direct them as they wing their flight;
Protect them, Lord, we pray;
Let them not wander from Thy sight,
But through the darkness of the night,
Go with them all the way.

If storm and strife they must endure,
Surround them with Thy care;
Be near and make their safety sure,
Defend them, Lord, and keep secure
Our fliers in the air.

We pray Thee, Lord, Thou art on high,
Sustain our men who dare;
Give strength to them who for us fly,
And follow them with Thine own eye;
Hear, Lord, for them our prayer.

Colonel Gorrell was the spokesman for the air carriers of our country. He never forgot, however, to take the broad look worthy of a true airman. As he himself

said, in speaking of the air-transportation industry:

It means bringing the markets of the whole world next door to every American farm and village and city. But it means something more than all that. It means a fresh guaranty of national security in a world which requires such guaranties as long as the lust of conquest lurks in the hearts of men.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, on yesterday I voted in favor of the appropriation of \$50,000 for the newly constituted Committee on Un-American Activities. I had very grave doubts as to the advisability of the establishment of such a committee. Nevertheless, the Congress having decided by a decisive majority to establish such a committee, I felt it was proper to give it some funds. In addition, I have entire confidence in the true Americanism and the soundness, fairness, and discretion of the chairman of that committee the gentleman from New Jersey [Mr. HART]. I felt it was right to give him and his committee a chance. Also, I felt it was not fair to vote against funds for the newly constituted committee because of the alleged indiscretions and unfairness and the other charges that were made against the so-called Dies committee. I have not in the past, nor will I in the future, oppose bringing to light any group or activity which is subversive to American interests.

EXTENSION OF REMARKS

Mr. COCHRAN asked and was given permission to extend his remarks in two instances, in one to include a letter, and in the other an editorial.

Mr. JARMAN asked and was given permission to extend his remarks in the RECORD and include an editorial from yesterday's Washington Star.

Mr. MASON asked and was given permission to extend his own remarks in the RECORD and include therein an article by David Lawrence.

PERMISSION TO ADDRESS THE HOUSE

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that on next Tuesday after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

DEMOCRATIC PLATFORM PLANK OF 1932

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I want to call to the attention of the House one plank of the Democratic platform of 1932. It is as follows:

We favor the maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within the revenues raised by a system of taxation levied on the principle of ability to pay.

Mr. Speaker, since 1932, 12 years have gone by, and this administration has not carried out that plank in their platform. They have repudiated every item of it, and they are not trying in any sense to do anything that would in any way bring that to pass. By cutting down expenses of government, we are today going to consider the increase of the national debt from \$260,000,000 to \$300,000,000, it behooves every man in this House to remember what we are going to do today and to try and get some economy in the operation of this Government. Let the New Deal do what it promised the country it would do. Do you have any regard for your word? Your promises?

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. ENGEL of Michigan. Mr. Speaker, I ask unanimous consent that on Monday, March 19, after the disposition of business on the Speaker's desk and other legislative matters, I may be permitted to address the House for 40 minutes. This is to take the place of the special order I have granting me permission to address the House for 40 minutes on March 12.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LT. GEN. GEORGE S. PATTON SWIMS ICE COLD RIVER

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and revise and extend my remarks and include therein a short newspaper article which appeared in this morning's paper.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, this morning's paper contains the following headline: "Patton swims river twice to inspire his men."

That was Gen. George S. Patton whom Drew Pearson and Walter Winchell of the communistic radio smear bund, were trying to destroy a year ago.

When his army came to this river, there were 8 inches of snow on the ground. He undertook to get his men across it in boats, but they furnished such conspicuous targets that the Germans were destroying them. General Patton said if the men could swim across, their heads would furnish a much smaller target, and that more of them would escape; and in order to show that it could be done, and to inspire his men with a personal example, he plunged in and swam across and back. When he did that, his men followed him, and he soon had his army across.

General Patton has never sent a man where he was unwilling to go himself.

Under permission granted me to extend my remarks, I am inserting a news article concerning this incident. It reads as follows:

PATTON SWAM RIVER TWICE TO INSPIRE MEN

BALTIMORE, March 7.—The story of how Lt. Gen. George S. Patton twice swam the 150-foot Sure River in Germany in January under heavy machine-gun and artillery fire, inspiring thousands of troops to follow him, was told today by one of the men who did.

Staff Sgt. Thomas J. Defibaugh, of Cumberland, Md., said, "There was about a foot of snow on the ground when we got to the Sure River."

"We learned that we had to take the town of Bettendorf on the opposite side and did it quickly," said Defibaugh, a member of the Fourth Infantry Division.

STARTED IN THREE-MAN BOATS

"The Germans began firing machine guns and artillery at us as we came up to the river bank," continued Defibaugh, now touring war plants in the Baltimore area with other heroes of Bastogne.

"Just before dawn we started going across in three-man boats. The river was very swift and had pieces of ice floating in it.

"After a while though, General Patton called the boats back and ordered the men to swim across with rifles, bazookas, and everything they could carry because they were 'sitting pigeons' for the Germans in the boats."

HEADS ONLY TARGETS

"He figured the men would have a better chance swimming since they would then present only the tops of their heads as targets to the enemy gunners.

"To show us it could be done and to inspire the troops, General Patton jumped into the water and swam across to the opposite bank, then swam back. Thousands of troops followed him."

Inspired by Patton's daring, the soldiers fought like madmen for Bettendorf, Defibaugh related, and they took it after a bitter day-and-a-half battle.

The SPEAKER. The time of the gentleman from Mississippi has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that upon tomorrow after the disposition of business on the Speaker's desk and the conclusion of other special orders heretofore entered, I may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

OHIO RIVER FLOOD

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I was very glad to hear the gentleman from Ohio [Mr. JENKINS] and the gentleman from West Virginia making a favorable report on the Ohio River, as it concerns their cities.

It brought to my mind a thought that I have always entertained as a Member of this body, that whatever flood dangers exist throughout the country, in connection with rivers which flow through two

or more States, constitute a Federal challenge. I come from a district where there is no flood-control problem. The Members will remember that I introduced a bill which is now a law providing for 100 percent Federal contribution on flood control, for the construction of dams.

I hope that the Congress will watch the present situation closely and that as quickly as possible in future years Congress will make appropriations for flood control wherever dangers exist throughout the United States, to bring safety to our fellow American citizens, no matter in what section of the country they live. I come from a section with no flood-control problems, but I am in favor of protection in the West, the North, the South, the East, wherever that danger exists.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

FLOOD CONTROL

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, I am very happy that the majority leader takes the position he does take in supporting the gentlemen from Ohio and West Virginia. I am preparing a bill providing for an Ohio Valley Authority, but not along the pattern of the T. V. A. Ohio and our part of the country has paid most of the freight for some of these eleemosynary institutions in other parts of the country. I think the power feature should be eliminated from the consideration of this proposition and that we should consider it from the standpoint of flood control only.

The SPEAKER. The time of the gentleman from Ohio has expired.

DETENTION OF ITALIAN SAILORS AT ELLIS ISLAND

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I call attention of the House to a very tragic situation that has existed at Ellis Island. Over a hundred Italian seamen who have been sailing Italian ships to the United States are confined at Ellis Island for the following reasons: One ship was transported to the United States and converted into a hospital ship. I shall not give the name of it because of military reasons. The men were taken off that ship and told they would be permitted to find work. Later they were informed that could not be done, and they have been confined at Ellis Island for over a month. As these men are not American citizens they were not permitted to man the hospital ship. In the meantime they are forced to rot on Ellis Island. They could be used in aiding our war effort. Instead they are confined. Nothing is being done to transport them back home. I am sure those men are ready, willing, and most anxious

to serve the United States and the Allied cause in any manner in which we will permit them to serve.

The SPEAKER. The time of the gentleman from New York has expired.

EXTENSION OF REMARKS

Mr. REES of Kansas asked and was given permission to extend his remarks and include a statement by Senator CAPPER.

INCREASING THE DEBT LIMIT OF THE UNITED STATES

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2404) to increase the debt limit of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2404) to increase the debt limit of the United States, and for other purposes, with Mr. THOMAS of Texas in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from North Carolina [Mr. DOUGHTON] is recognized for 2 hours, and the gentleman from Minnesota [Mr. KNUTSON] 2 hours.

Mr. JENKINS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JENKINS. The distinguished gentleman from Minnesota [Mr. KNUTSON] is not here but is expected shortly. Until he comes I know of no reason why we should not proceed. Since I am the ranking minority member of the committee I will act for him.

The CHAIRMAN. In the absence of the gentleman from Minnesota, the Chair will recognize the gentleman from Ohio.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 20 minutes.

Mr. DOUGHTON of North Carolina. Mr. Chairman, the bill H. R. 2404 was unanimously reported by the Committee on Ways and Means and has for its purpose the increasing of the authorized debt of the United States from \$200,000,000,000 to \$300,000,000,000. This bill imposes no additional taxes, does not increase taxes. Its primary purpose is to extend the borrowing power whereby the Treasury may be enabled to take care of expenditures made necessary by acts of Congress.

The gross debt of the United States on March 1, 1945, was \$233,700,000,000-plus. This amount, however, must be increased for purposes of debt limitation by about \$9,000,000,000 in unearned discounts on savings bonds, making a total debt for the purpose of debt limitation of around \$242,700,000,000. This leaves us, there being \$260,000,000,000 now authorized as the debt limit, with a borrowing power of only \$17,500,000,000.

Each year since our entry into the war Congress has been called upon to increase the debt limit in order to enable

the Treasury to borrow amounts over and above collections to meet necessary expenses in the prosecution of the war. I hate war; there is nothing about war I do not deplore. I have, however, nothing but the highest praise for the courage, patriotism, and devotion of our men in the glorious victories they are achieving on land, sea, and in the air, as well as the magnificent achievements on the home front in outproducing the whole world and providing means whereby we and our allies can hasten the end of the war. It is indeed gratifying that we are now beginning to see the effects of this great effort which should result in our forever putting an end to tyranny and aggression.

The Treasury is now asking Congress again to increase the debt limit from \$260,000,000,000 to \$300,000,000,000 in order to meet the demands of the war up to and including the fiscal year 1946. At the present time we are paying about 46 percent of our total expenditures from current taxes, leaving approximately 54 percent to be provided by the issuance of bonds.

We were advised by the Treasury that plans are now being completed for the Seventh War Loan Drive, to be started sometime after April 1. At the present time, as I have stated, the Treasury has remaining approximately seventeen and one-half billion dollars of borrowing authority, which will be considerably less by the time the war-loan drive is completed; so it is necessary to increase the authorized limit at this time. Other war loans may be necessary in the near future, and your committee unanimously recommends the increase to \$300,000,000,000 in order to fully provide for our war needs during the fiscal year 1946.

In granting this increase, your committee deemed it advisable to bring within the limitation those obligations of Federal corporations in the hands of the public, amounting to approximately \$1,500,000,000, which are guaranteed by the Federal Government both as to principal and as to interest. Since 1941 it has been the policy of the Treasury to purchase these guaranteed obligations and approximately \$11,500,000,000 are now held by the Treasury and included in the present debt limitation. About \$1,500,000,000 additional will be brought in if this bill is enacted into law. The bill also contains several administrative provisions. In order to provide adequate and convenient facilities for the redemption of savings bonds, the Treasury recommended, and the committee approved, section 3 of the bill, which provides that in addition to incorporated banks and trust companies the Treasury may be allowed to utilize certain other financial institutions, such as savings and loan associations, building and loan associations, credit unions, and others. Adequate safeguards are contained in the bill so that only responsible institutions will be used and the public interest will be adequately protected.

Section 3 also provides that in the event there should be losses in the redemption of savings bonds through no fault or negligence of these financial institutions, such losses shall be replaced

out of the losses-in-shipment fund provided under the Government Losses in Shipment Act. Provision is made under existing law for such losses by the Government or by incorporated banks and trust companies and this extends the same to the additional financial institutions previously mentioned.

The Government Losses in Shipment Act has been in force during the past 8 years, during which time securities of a value of nearly a billion two hundred million dollars have been shipped, and the amount of claims which have been made under the act have amounted to \$1,413,000, of which only \$104,000 have actually been paid during these 8 years. I repeat, only \$104,000 have been paid during the 8 years. Had the Government paid premiums on all of these shipments at the same rate paid in 1937, before this act went into effect, the Treasury would have paid out \$11,400,000, whereas there was actually paid out only \$104,000 during that period.

The Treasury also recommended and the committee approved inclusion of section 4 of the bill. This would facilitate the payment, exchange, or issue of United States securities in the event of death of members of the armed forces. It would permit the Treasury to accept the finding of death made by the Secretary of War and the Secretary of the Navy where a person has been listed as missing in action for 1 year. This provision would relieve the Treasury and the Federal Reserve banks of financial responsibility in the event of the return of a person presumed to be dead.

Provision is also made in section 4 of the bill to permit the expeditious and orderly handling of certain gifts to the United States. The Under Secretary of the Treasury testified that the number of gifts and bequests to the United States is increasing. There are instances where certain local taxes are due on the gifts and bequests. In order to permit the Treasury to accept such gifts, authority is given so that the taxes may be paid out of the proceeds of the gifts and the remainder placed in the general fund of the Treasury. If this provision were not made, it would be necessary for the Secretary to ask the Congress for specific authority each time this situation arose.

The section makes it clear that this provision will not conflict with other statutes creating trust funds which have provided for such a situation.

Section 5 of the bill would enable the Secretary of the Treasury to take advantage of favorable market conditions for the disposition of bonds, notes, and other securities acquired under judicial process or otherwise, by removing the requirement of existing law which permits the disposal of such securities only after advertising for 3 months. It would authorize the Secretary of the Treasury to sell, at market, without advertisement for bids, subject to the limitation that the amount of the securities of any single issuer held by the Treasury Department at any one time shall not exceed \$1,000,000.

Many throughout the country feel that immediately after cessation of hostilities Federal expenditures will more nearly approach pre-war levels, and that sub-

stantial tax reduction can be made. This, I fear, will not be realized to the extent hoped for.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Pennsylvania.

Mr. RICH. I would just like to make a statement in that respect, and I take this from the President's acceptance speech in Chicago on July 2, 1932:

I know something of taxes. For 3 long years I have been going up and down the country preaching that government—Federal, and State, and local—costs too much. I shall not stop that preaching.

Does the gentleman not think that if he would start to preach reduction of tax for the good of the country, that we would be able to cut down on the spending that we are doing now?

Mr. DOUGHTON of North Carolina. There might be some saving effected in that way. The Treasury or the executive departments of the Government cannot expend any money except as authorized and appropriated by Congress.

I would say to my good friend that for the fiscal year 1944 only about 5 percent of the total expenditures were for nonwar purposes, leaving about 95 percent for war purposes.

Mr. RICH. The gentleman may get some satisfaction out of making that comparison, but it does not give me any satisfaction.

Mr. DOUGHTON of North Carolina. I do not know that it will give the gentleman any satisfaction, but it will give the House some information. I do not know whether it would be possible to give the gentleman information. I admire the gentleman's zeal for economy. He is very persistent, as far as I know.

Mr. RICH. When Mr. Roosevelt came into power the national debt was \$22,538,672,164. From that time up until the war you increased the national debt to \$48,961,443,536, and we did not have a war.

Mr. DOUGHTON of North Carolina. Yes; but we resurrected the country from the economic slough of despondency in which it was left when we inherited the responsibility of government.

Mr. RICH. I will say you resurrected the country, and the resurrection is not over yet.

Mr. DOUGHTON of North Carolina. The increase in the national income from 1932 to 1944 was many times the increase in the national debt during that period.

I do not want to talk politics, even if the gentleman does.

Mr. RICH. I am not talking politics.

Mr. DOUGHTON of North Carolina. You are right on it.

Mr. RICH. I want to talk sound business and finances. When we increase our income in business we naturally increase our debt, but we get away from our deficit, we get a profit; and that is what you should have done.

Mr. DOUGHTON of North Carolina. In this case "we" applies to a Democratic and not a Republican administration, I will remind the gentleman of that. We increased the national income.

Mr. RICH. No Republican administration has ever done what this administration has done.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. I cannot understand what the gentleman from Pennsylvania means. Does he mean to criticize the war effort when he talks about expenditures? Is that what he means when he says no Republican administration will do that?

Mr. RICH. I will answer that.

Mr. BULWINKLE. I do not have the floor.

Mr. KNUTSON. Is the gentleman making an observation or asking a question?

Mr. BULWINKLE. I am asking a question of the gentleman from North Carolina.

Mr. DOUGHTON of North Carolina. The nonwar expenditures were not so staggering from 1941 to 1945. The total nonwar expenditures during this period were approximately \$21,000,000,000, while the total expenditures for war and nonwar purposes were \$237,000,000,000.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I think it would be very interesting if the gentleman would insert in his remarks at this point what the expenditures of the Government were between 1933 and 1940. I think the House would like to have those figures.

Mr. DOUGHTON of North Carolina. The gentleman has as much time as I, and can insert those figures if he wishes to do so.

Mr. KNUTSON. I thought the gentleman was trying to make an informative speech, and I was trying to make suggestions.

Mr. BULWINKLE. If the gentleman is going to insert any of that, I suggest that he insert also the reason why there was the necessity for making these expenditures, after 4 years of the Hoover administration.

Mr. DOUGHTON of North Carolina. I have tried since the war began in 1941 to avoid partisan discussion. Sometimes I may be provoked into making a partisan statement but, during the war, where all our efforts are united, I desire to not engage in partisan discussion. The less partisan politics and the more patriotism we have, the sooner we will win this war.

Mr. RICH. Mr. Chairman, will the gentleman yield further?

Mr. DOUGHTON of North Carolina. I yield.

Mr. RICH. I appreciate the gentleman's statement, because there is nobody for whom I have higher regard than the gentleman from North Carolina [Mr. DOUGHTON]; but when we think of what is happening in the creation of this great national debt, it does not make any difference what party is in power—I would not care if the Republicans were in power, I would fight them just as hard

as I am trying to fight now for economy in government. I would use the last ounce of energy I had to fight for economy—does not the gentleman believe that in the operation of our Government now we ought to economize in every item of expense of the Government that does not pertain to the furtherance of the war effort?

Mr. DOUGHTON of North Carolina. I do not think there is any question about that.

Mr. RICH. There is no political question involved there.

Mr. DOUGHTON of North Carolina. I have great respect for the gentleman from Pennsylvania. He is very consistent. His voice is the voice crying in the wilderness. I agree that we should attempt to effect more rigid economy. We have tried to do so. I will have something to say on that score before I complete my statement.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON of North Carolina. I am informed that there have recently been more than 1,000 bills referred to the Veterans' Administration proposing to increase the expenses of the Veterans' Administration over that now provided by present law. I am also informed that recently a Member of the other distinguished Body has introduced a bill which would increase the expenditures of the Veterans' Administration some \$7,000,000,000 in 1 year over and above that provided in the present law. As to what Congress will do in the future which will affect expenditures, no one can tell. But I am perfectly in accord with the sentiment of the distinguished gentleman from Pennsylvania so far as it is reasonably possible. With reference to all this heavy debt and interest charge, let me put that in the RECORD so that we may know something about what the nonwar expenditures may be and which we will be compelled to have. The interest on the public debt and expenses of the Veterans' Administration are nonwar expenditures. As the expenditures and the national debt increase, the interest on the national debt increases, and makes for an increase in the nonwar expenditures. The same thing is true of the Veterans' Administration.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to my friend, the gentleman from Pennsylvania.

Mr. RICH. I would say that the gentleman is absolutely right. That is the reason why Congress should give every consideration to not increase the debt more than necessary because as we increase the debt we increase our interest rate, and we will eventually come to the point, if we keep on without some economy in government, where we will not be able to stand the expenses of government.

Mr. DOUGHTON of North Carolina. I will say to my friend the debt is only increased by expenditures and not by the amount of the debt limitation.

Mr. RICH. The only thing I would say in that respect is that when a man

finds he cannot borrow any more money he will start saving his dollars. That same principle ought to apply to the Congress. Whenever we know that we are approaching our debt limit, we ought to try to grip our hands tightly and try to save.

Mr. DOUGHTON of North Carolina. I agree with the gentleman. It is often said, "Agree with thy adversary quickly"; therefore, I agree with the gentleman.

The interest on the public debt for the fiscal year 1945 is \$3,750,000,000. The interest on the public debt for 1946 is estimated at \$4,500,000,000, and by 1947 it will be \$6,000,000,000.

If the public debt is \$300,000,000,000 by 1947, at 2 percent the interest charge on that \$300,000,000,000 public obligation will be \$6,000,000,000.

Now, getting down to the Veterans' Administration: For the fiscal year 1945 the expense of the Veterans' Administration was \$1,518,000,000, plus. In 1946, \$2,707,000,000. The estimated amount for 1947 is \$4,189,000,000. That is under existing law. As to how much that may be increased by future legislative enactments lies with the Congress. No one can tell what the increase will be. But for the fiscal year 1946, beginning the 1st of next July, the expenditures for the Veterans' Administration and the interest on the public debt alone will be \$7,207,119,000, which is much more than the total expenses of the Government before the outbreak of the war.

For 1947, it is estimated that these expenditures for the Veterans' Administration and interest on the public debt will be \$10,189,000,000.

Those are some of the nonwar expenditures that we must necessarily meet.

Even for the period following the first year of demobilization, the prospects will be for a large budget; a large budget at least if compared with the pre-war budgets. Of course, the more distant the period for which we try to estimate expenditures, the more uncertain the figures must be. Various experts have estimated post-war Federal expenditures within a range all the way from a minimum of \$15,000,000,000 to a maximum of \$36,000,000,000. The size of the post-war Budget will depend largely on our domestic economy, international policy, and many other unforeseen factors impossible at this time to determine.

During the first post-war years we probably shall still have large forces of occupation overseas. War expenditures may amount to something like \$10,000,000,000 to \$15,000,000,000; interest on the national debt, \$6,000,000,000 to \$7,000,000,000; veterans—under existing legislation—\$3,000,000,000 to \$4,000,000,000; aids to agriculture—under the present mandatory price support and other programs—\$1,500,000,000 to \$2,000,000,000; social security—present programs—\$500,000,000; public works, \$1,000,000,000 to \$1,500,000,000; government, general, \$1,500,000,000. Total expenditures during this immediate post-war period may therefore amount to from \$30,000,000,000 to \$35,000,000,000 or more.

When we can withdraw most of our forces of occupation, war expenditures, I hope, can further decline to, let us say,

somewhere between \$5,000,000,000 and \$10,000,000,000. By that time I think that a Budget total of perhaps \$25,000,000,000 can be expected.

In contrast with the fiscal condition of the Federal Government, the States have been able, in many cases, to reduce their debts and accumulate a surplus.

I will ask the gentleman from Pennsylvania [Mr. RICH] to take particular notice of this.

Every reasonable effort should be made to keep the credit of our country secure, and the payment of its obligations certain. Therefore, we must make every reasonable effort to curtail unnecessary expenditures by the Federal Government. A real contribution can be made in this connection by our States and local communities providing for expenditures which are of State and local character and not connected with the prosecution of the war, or primarily the responsibility of the Federal Government.

The States and local governments are coming to Washington asking for too much money, and for large expenditures which are primarily the responsibility of the States and the local authorities. Does not the gentleman agree with that?

Mr. RICH. From the very start, since I have been in Congress I remember people back home, State governments, city and municipal governments, and various service clubs and various groups coming here to Washington, all trying to get what they could out of our Government. I was not a party to it. That is where you made your great mistake, because instead of trying to curb those fellows and let them go back home and work hard, they came here for the reason that they thought they could get anything they wanted, and you just encouraged them to do that. It is going to be hard to break away from that. However, there are many States today which are operating, as well as municipalities. When they know they cannot get it from the Federal Government they buckle down and tighten their belts and they try to get a balanced Budget. If we would only take an example from some of those States and some of those municipalities, right here in Congress, we would do a wonderful job. I hope the Members of Congress will tighten up their belts and say "We have got to do something to cut down these expenditures or we are going to sink the ship."

Mr. DOUGHTON of North Carolina. Special groups should refrain from urging the expenditure of large sums by the Federal Government for pet projects of a nonessential character. Expenditures of this nature are burdens which the Federal Government can ill afford and should not be expected to carry in view of its unbalanced Budget, its huge debts, and its high and oppressive taxes. Unless we are able to bring our receipts in line with our expenditures when the war is over we will not be able to reduce either Federal taxes nor the Federal debt; we can do neither unless we bring our expenditures in line with our revenue receipts.

Promiscuous spending by the Federal Government must stop if we are to maintain the security of our credit. Only by reducing the cost of Government can we

ultimately reduce the taxes levied by the Government. It is only because of our immediate necessity caused by the war expenditures that I feel obligated or justified to ask for further extension of the public debt at this time.

I will now make just a brief summary of what the bill contains.

SUMMARY ON H. R. 2404

Section I: The enacting clause.

Section II: Amends section 21 of the Second Liberty Bond Act limiting the face amount of obligations issued under this act and the face amount of obligations guaranteed by the United States to \$300,000,000,000.

Section III: Amends subsection (h) and (i) of section 22 of the Second Liberty Bond Act, as amended, adding to subsection (h) certain financial institutions to the list of those that may be authorized or permitted to redeem savings bonds, providing these institutions meet certain qualifications. Section (i) provides that any losses resulting from payment made in connection with the redemption of savings bonds shall be replaced out of the funds established by the Government Losses in Shipment Act, providing the paying agent is free from fault or negligence.

Section IV: Amends the Second Liberty Bond Act, as amended, by adding sections 23 and 24. Section 23 provides that the finding of death authorized to be made by law or by the Secretary of the Army and Secretary of the Navy is to be accepted as sufficient proof of death by any accountable officer of the Treasury Department and any Federal Reserve bank without risk of financial responsibility in connection with the payment, exchange, and so forth of United States securities. Section 24 authorizes the Treasurer of the United States to redeem certain direct obligations of the United States which may become the property of the United States by gift or bequest, and out of the proceeds thereof, to pay gift or inheritance taxes as may be due.

Section V (a): Authorizes the Secretary of the Treasury to dispose of certain bonds and securities, not in excess of a million dollars of any single issuer, acquired by him under judicial process or otherwise on behalf of the United States, without notice as provided by section 3749 of the Revised Statutes. (b) Authority to dispose of bonds, and so forth, granted by other laws is not impaired or superseded by section 5 (a).

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 10 additional minutes.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. While this bill limits the national debt to \$300,000,000,000 I see in the report where it is anticipated that the national debt will likely be \$304,000,000,000 by June 30, 1946.

Mr. DOUGHTON of North Carolina. It may be a little more than the \$300,000,000,000 provided for by the pending

bill by June 30, 1946, and if next June this appears to be the case further extension will be necessary. The actuaries of the Treasury Department feel that this increase of the borrowing authority of the Government up to \$300,000,000,000 will take care of the obligations and expenditures up to the end of the fiscal year 1946, based upon the present Budget.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. STEFAN. Can the gentleman from North Carolina tell us what proportion of this \$300,000,000,000 public debt is related directly to the war?

Mr. DOUGHTON of North Carolina. Yes; I can tell the gentleman. It is estimated that 84 percent of all expenditures for 1946 will be for war purposes.

For the fiscal year 1944, 94 percent of all expenditures were for war purposes. For 1945 the figure was 89.3 percent; and the estimate for 1946 is 84.2 percent, leaving approximately 16 percent of the total estimated expenditures for that fiscal year for nonwar purposes.

Mr. STEFAN. I believe the gentleman misunderstood me. I wish to ascertain the percentage of the total of \$300,000,000,000 that will represent war expenditures.

Mr. DOUGHTON of North Carolina. As I say, it is estimated that for 1946 the expenditures for war purposes will amount to \$70,000,000,000. For the fiscal year 1945 it will be \$39,000,000,000.

Mr. STEFAN. The gentleman is talking about fiscal years; I am inquiring about the bulk, the total, \$300,000,000,000. Of this what percentage will be for war purposes?

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COOPER. The gentleman will bear in mind you are not creating an authorization here by the public debt limit of \$300,000,000,000 to provide \$300,000,000,000. The public debt is already \$232,000,000,000 and by next year it will be \$292,000,000,000.

Mr. STEFAN. I realize that, but what percentage of the \$232,000,000,000 would represent war expenditures?

Mr. COOPER. About 95 percent.

Mr. DOUGHTON of North Carolina. The borrowing is to take up the difference between the expenditures and receipts that we will receive. That is what we are borrowing for. Our debt since Pearl Harbor has risen from a gross debt of fifty-five billion to a gross debt of two hundred and thirty-three billion plus. This total increase can be attributed to the war. On the basis of a three hundred billion debt the increase will amount to two hundred and forty-five billion. All of this increase can be attributed to the war, so approximately 82 percent of the total debt of three hundred billion would be caused by the war.

Mr. COOPER. You must also bear in mind that in the nonwar budget is included such items as interest on the public debt, part of which is due to the war.

Mr. STEFAN. The 95 percent of the \$232,000,000,000 would be for war purposes, including interest?

Mr. COOPER. Yes.

Mr. DOUGHTON of North Carolina. The interest on the public debt, I may say to the gentleman, has increased. The interest on the public debt for the fiscal year 1945 was \$3,750,000,000, whereas for 1946 it is estimated at \$6,000,000,000.

Mr. STEFAN. We started out with a public debt of \$50,000,000,000 before the war.

Mr. DOUGHTON of North Carolina. How much?

Mr. STEFAN. Fifty billion dollars. Now, I am interested in that 16 percent involved in nonwar expenditures because of my membership on the Appropriations Committee. I am tremendously interested in what the distinguished gentleman had to say about the 16-percent nonwar expenditures. Would the gentleman suggest to the members of the Appropriations Committee where we can cut further in nonessentials?

Mr. DOUGHTON of North Carolina. I would not feel qualified to do that. However, I believe our gross debt was fifty-five billion at the time of Pearl Harbor.

Mr. COOPER. I may say that three of the largest items in the nonwar budget is, first, interest on your public debt; second, refunds of taxes; and third, cost of the Veterans' Administration. They are the three big items.

Mr. STEFAN. Part of the interest could be referred to the war effort?

Mr. COOPER. Why, certainly. The cost of the Veterans' Administration is certainly the result of the war.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman made the statement that the national debt is now \$232,000,000,000, but I call his attention to the fact that on March 3, 1945, the national debt was \$234,936,241,834.64.

Mr. COOPER. The \$232,000,000,000 was as of January 31, 1945.

Mr. RICH. I am calling attention to the fact this is as of March 3, 1945.

Mr. DOUGHTON of North Carolina. In my statement I said that the national debt as of March 1 was \$242,700,000,000.

Mr. RICH. I was referring to the statement made by the gentleman from Tennessee [Mr. COOPER], but he corrected it, giving the date. Now, we are going to increase this debt limit from \$260,000,000,000 to \$300,000,000,000. The gentleman from North Carolina [Mr. DOUGHTON] made the statement a while ago that we are within \$17,500,000,000 of the \$260,000,000,000. I am going to propose an amendment at the proper time to change this \$300,000,000,000 to \$290,000,000,000, which will give you the \$17,500,000,000 that you now have and \$20,000,000,000 additional, or a total of \$37,500,000,000. Does not the gentleman think if we put the limit now at \$280,000,000,000, and if they have \$37,500,000,000 that might be an incentive for the Members of Congress when they are voting for appro-

priations to hold down a little bit and cut these expenditures? I think it would.

Mr. DOUGHTON of North Carolina. Those remarks would be more appropriate if addressed to the Appropriations Committee. I would not feel qualified to advise the great Committee on Appropriations. I know that committee has to struggle with these appropriations.

Mr. RICH. I wish the chairman of the Ways and Means Committee were chairman of the Appropriations Committee because I think we would get some results so far as cutting these expenses down. That is my observation and opinion because the Appropriations Committee does not know when to stop spending. That is what I want to drive at right here and now; that is, get the Committee on Appropriations to stop its ruthless expenditure of Government funds.

Mr. DOUGHTON of North Carolina. The gentleman realizes that the Committee on Appropriations can only recommend appropriations, and Congress is not bound to approve the recommendations of the Appropriations Committee. But I do not have time to scrutinize these various appropriations; consequently I would not feel qualified to advise the Committee on Appropriations. When I hear these different bills discussed, when I hear the gentleman from Missouri [Mr. CANNON] on one side and the ranking Republican Member, the gentleman from New York [Mr. TABER] on the other side, debate the question, then I have some idea about how I should vote. But up to that time I have not had the opportunity to secure the information that would qualify me to advise, instruct, or criticize the great Committee on Appropriations.

Mr. KERR. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from North Carolina.

Mr. KERR. May I just make this statement to the distinguished gentleman, which he well knows, and I think every Member of this House knows, that the normal expenditures of this Government have been cut down in recent years, and that this expenditure which is so large and shocks us so much is due entirely to the war activity?

Mr. DOUGHTON of North Carolina. The gentleman from North Carolina is a distinguished member of the Committee on Appropriations, and he is qualified to express an opinion and tell us about that committee.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Pennsylvania, a member of the Committee on Ways and Means.

Mr. EBERHARTER. I just want to make this observation for the benefit of the gentleman from Pennsylvania [Mr. RICH]. My conception of the duties and functions of the Committee on Ways and Means is to find ways and means of raising the money by revenue; raising money that is recommended by the Committee on Appropriations. It is not our function to try to compel the Committee on

Appropriations to cut down their appropriations. We would be invading their jurisdiction. So the gentleman from Pennsylvania should not try to put the onus of these appropriations on the Committee on Ways and Means.

Mr. RICH. But I am doing that. May I ask the gentleman this question?

Mr. EBERHARTER. The gentleman from North Carolina has the floor.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina, I yield.

Mr. RICH. I appreciate that. But are you finding it easy to get money enough to furnish the money for the Committee on Appropriations?

Mr. EBERHARTER. Mr. Chairman, if the gentleman will yield, in answer to that, I will say that we are not finding it easy. We are finding it tremendously hard, and that is why I do not want the gentleman to blame the Committee on Ways and Means for Government spending.

Mr. RICH. I want the gentleman to join me to get after this Committee on Appropriations. That is what I want. I want him to help me compel the Committee on Appropriations to cut down these appropriations. I served on that committee, and I know they are not doing what they ought to do.

Mr. KNUTSON. Mr. Chairman, I hope this colloquy is not being taken out of the gentleman's time.

Mr. EBERHARTER. I just want to say that we have plenty of trouble raising enough money, and that is the reason I do not want the gentleman from Pennsylvania to suggest that we take on more troubles, troubles that really belong to the Committee on Appropriations, of which he was a valued member for many years.

Mr. DOUGHTON of North Carolina. Responding to the distinguished gentleman from Pennsylvania, who advises that he has an amendment to offer that will decrease the limit from three hundred billion, as provided in the bill, to two hundred and eighty billion, I do not think anything could be accomplished by that. Under the present estimates, the debt will be around three hundred and four billion by June 30, 1946. If we are able to hold the \$300,000,000,000 limit, we will have accomplished a great deal. If such an amendment is adopted and we are required within a few months to bring in another bill, the Committee on Ways and Means will again have to hold hearings, lasting for 3 or 4 days, and then go into executive session for maybe a week, all of which requires stenographers and clerks, and there will be more expenditures. That is my honest opinion.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from New Jersey.

Mr. KEAN. There is one thought in reference to the statement of the gentleman from Pennsylvania [Mr. RICH], which I believe merits consideration, and that is that this Budget of the Government was made on the theory that the

war would continue for the entire year 1945-46, I believe.

Mr. DOUGHTON of North Carolina. I think the Budget estimate was based on the war in Europe ending by the end of this fiscal year and the war with Japan ending by the end of the next fiscal year. However, here is what the President said in his Budget message:

I have not made in the past, and I shall not now make, any prediction concerning the length of the war. My only prediction is that our enemies will be totally defeated before we lay down our arms. Depending upon various assumptions which may reasonably be made with respect to the course of the war, estimates of war expenditures for the fiscal year 1946 range from less than sixty to more than eighty billion dollars. I propose to use \$70,000,000,000 as a tentative estimate of war expenditures for the fiscal year 1946. I repeat, however, the rate of actual spending must depend on developments on the battle fronts.

Mr. KEAN. I do not think so.

Mr. DOUGHTON of North Carolina. That is my understanding.

Mr. COOPER. If the gentleman will yield, the gentleman from North Carolina, the chairman of the committee, is exactly right about that.

Mr. DOUGHTON of North Carolina. If the war in Europe ends earlier than was anticipated in making up the Budget figures, a further extension of the debt limit would not be necessary.

Mr. KEAN. I doubt the statement of the gentleman from Tennessee. That is not the way I understood it.

Mr. KNUTSON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, we have just listened to a very interesting and informative explanation of the measure before us. I consider the gentleman from North Carolina [Mr. DOUGHTON] one of the most valuable men in the House, who is respected by friend and foe alike for his intellectual honesty, ability, and sterling Americanism. It was my pleasure to read an editorial that recently appeared in the *Charlottesville Observer* paying him a tribute such as I have never before read concerning a living man, and it is my purpose to place it in the *Record* at an early date.

The bill we now have before us is the seventh of its kind, that is, raising the debt limit, since the New Deal came into power. Notwithstanding the fact that we have had seven increases in the national debt limit since 1933, we have also had 13 general revenue bills, each of which made the tax burden of the American people heavier and heavier.

I presume in all the history of parliamentary and other forms of government there has never been such an orgy of spending of the people's money as we have witnessed in the last 12 years. The motto has been, "Spend and spend, tax and tax, elect and elect."

No one has criticized expenditures that have been made for the prosecution of the war, although it is my recollection that a responsible New Deal official not long ago stated that the war was costing the American people anywhere from 25 to 40 percent more than it should. I do not think there is any question about that, but I am not criticizing it, because

if I did, I would lay myself open to the criticism of impeding the war effort. It is unfortunate, however, that we do not get 100 percent value for every dollar we spend.

May I say at this point that the war is costing the American people more than the combined expenditures of Great Britain, Russia, Germany, Japan, and Italy, when Italy was in the war. These figures are indisputable. Today the national debt of the American people is approaching the \$250,000,000,000 mark. That is a lot of money. It represents more than the total wealth of our farms, and all the homes, apartments, factories, shops, and stores in all the cities. As a matter of fact, the national debt today is perilously near the assessed valuation of the United States. Now we are asked to increase the national debt for the seventh time, raising the limit to \$300,000,000,000, which represents an amount equal to \$300 for every minute since the dawn of the Christian era. No other country in all the world could stand the drain that we are called upon to bear. It is to the everlasting credit of the American people that they have bought bonds time after time without question and without complaint.

It speaks volumes for their patriotism and their determination to win this iniquitous war. When the limit of \$300,000,000,000 is reached, it will mean a mortgage of \$10,000 on every family of four in the United States. Yea, more than that, it will mean the future babes born in this country will come into the world with a \$2,500 debt tag hanging around their necks. The unfortunate and the discouraging part of it is that notwithstanding the enormous drains which are being made upon us, there is not the least effort on the part of the President and his followers to practice even reasonable economy in the conduct of the Government. Since Pearl Harbor, the number of Federal employees has increased from a trifle less than 1,000,000, to over 3,000,000—all in the name of the war effort.

The gentleman from Pennsylvania [Mr. RICH] has informed the House that he is going to offer an amendment to reduce the proposed limit of \$300,000,000,000, as proposed in this bill, to \$280,000,000,000. Unfortunately, I was in Minnesota when this measure was before the Committee on Ways and Means, hence was not present when that able group had their deliberations.

It is my information that we have \$17,000,000,000 yet to go on under the present limit, which is \$260,000,000,000. That, together with the \$20,000,000,000 which we propose to increase under the suggestion of the able gentleman from Pennsylvania [Mr. RICH], would give us \$37,000,000,000. When I came to Congress 29 years ago, \$37,000,000,000 would have run this Government 37 years. Now we are told that we must have \$40,000,000,000 increase, plus the \$17,000,000,000 unspent of the present allowance, all of which will probably be spent by the beginning of the next fiscal year, July 1, 1946.

Of course, we have to go along with this. You know it on that side of the

aisle, as well as we know it on the other side of the aisle, that much of it will be wasted; but we cannot help it. Under a succession of grants the Congress has divested itself and has invested in the hands of the President, powers so great that no court and certainly not the highest court, as it is now constituted, can tell just how much power the President has; but we do know that he has powers that approach those of Hitler, Mussolini, and Hirohito. There is nothing for us to do. We are all in the same boat. We are in the midst of a turbulent stream, headed for the rapids that may destroy us. We do not know. All we can do is to hope for the best. We have to win the war. There are no two ways about that. If it takes every dollar that we have or hope to have, we must win this war. But I call upon the party in power to begin practicing economy, to release from the Government service those hundreds of thousands of clerks and satraps that are not necessary to the war effort. We have a right to ask of the party in power that it practice rigid economy, and pare nonwar expenses down to the bone. It must be done if the solvency of the country is to be maintained.

Before I conclude I would like to serve notice on the States that they must stop coming to Washington asking for grants for this, that, and the other thing. The time has come when the Federal Government is no longer able to grant hundreds of millions and millions of dollars to the States to spend. There is not a State in the Union whose treasury is not in better shape than that of the Federal Treasury at the present time. We are just one step ahead of the sheriff, and unless we take cognizance of the situation as it exists now, and unless we determine that henceforth every dollar spent will be spent wisely, economically, and judiciously, we are sunk. Why this administration does not cut out the 10-percent-plus system of awarding contracts, which is an incentive to waste and squandering, is beyond the comprehension of any sane man who holds his country above his party.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. ROBSION of Kentucky. While the gentleman is discussing the question of cost-plus contracts, I have understood that it has been stated in the press and over the radio that Mr. Lindsay Warren, former able Member of this House and now Comptroller General of the United States, stated that there are at least \$50,000,000,000 of fraud and unnecessary expenditures in those contracts. That is a tidy item in itself.

Mr. KNUTSON. No one, of course, knows. The cost-plus system has cost the American people more than it should, and all are agreed that under the cost-plus system of letting contracts we have created a new and a large crop of war millionaires.

Mr. ROBSION of Kentucky. Mr. Warren does condemn in unmeasured terms the cost-plus system, and those of us who know his ability, his courage, and his honesty appreciate statements coming from a man like that.

Mr. KNUTSON. Let me say to my good friend from Kentucky that we on this side of the House have no corner on patriotism or on the desire to see this Government and its war effort conducted in the most practicable economical manner. We are all animated and inspired by the same hopes, the same ideals. Those who are on the majority side, of course, in view of the fact that their party is in power, cannot speak out as plainly as we for obvious reasons that I need not remind you of, but at least the minority can speak out, because there are no postmasterships or judgeships involved.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I am delighted to yield to my distinguished chairman.

Mr. DOUGHTON of North Carolina. I had determined that I would keep away from partisan discussion, but if the statement is made that there are unnecessary expenditures in the conduct of the war we must admit the truth of it, for you can no more conduct a war without waste than you can put out a great conflagration that threatens to wipe out a city without some waste of water. We know that things have to be done hurriedly, and we cannot always get the most capable and efficient men.

We do know, however, that the President of the United States made every effort to divorce the prosecution of war from politics by naming a distinguished outstanding Republican, Mr. Stimson, as Secretary of War and the previous Secretary of the Navy, Mr. Knox, was a Republican.

If there is waste and extravagance in the prosecution of the war under the War and Navy Departments, it is as much the responsibility of the distinguished Secretaries who were Republicans as it is of the Democrats. Mr. Roosevelt could not follow up all those things.

Mr. KNUTSON. My good friend from North Carolina is not exactly fair when he states that the President took the war out of politics when he made one Republican the Secretary of War and another Republican the Secretary of the Navy.

Mr. DOUGHTON of North Carolina. I said he made the effort.

Mr. KNUTSON. If the President had been sincerely desirous of putting the whole thing on a nonpartisan basis I believe he would have chosen a younger Republican to head such an important effort as that conducted by the War Department. I believe the gentleman will agree with that.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. How much time have I used, Mr. Chairman?

The CHAIRMAN. The gentleman has consumed 16 minutes.

Mr. KNUTSON. I yield to the gentleman from Nebraska.

Mr. STEFAN. I wish to ask the gentleman from Minnesota or the chairman of the committee whether the Ways and Means Committee is planning a new tax bill for this year.

Mr. KNUTSON. The gentleman will have to direct his question to the chair-

man, and I yield to the gentleman for that purpose.

Mr. DOUGHTON of North Carolina. We are making a study of the subject of post-war taxes; but certainly I believe I can say to the gentleman that there will be no new tax bill that will apply to this year's business; I am sure that if we have a new tax bill it will not apply to this year's business.

Mr. STEFAN. Not a tax bill that will apply to this year's business.

Mr. DOUGHTON of North Carolina. That is, general tax bill, I am sure.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Michigan.

Mr. DONDERO. It has been rumored around that this Nation has been committed or will be committed to lend some \$22,000,000,000 to various foreign countries in the post-war era. Did the gentleman's committee take that fact into consideration in asking an increase of the debt limitation of this Nation to \$300,000,000,000?

Mr. KNUTSON. Again I will have to refer to the chairman of the Committee on Ways and Means. The gentleman wants to know whether we took into consideration in the discussions on this bill while it was in committee rumors that the administration has entered into commitments with foreign countries whereby we will have to advance them twenty-odd-billion dollars after the war is over?

Mr. DOUGHTON of North Carolina. We did not hear any rumor of that kind that was brought to the attention of our committee.

Mr. KNUTSON. I did not think the gentleman had.

Mr. DOUGHTON of North Carolina. We cannot legislate on rumors.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Tennessee.

Mr. COOPER. I feel sure that the gentleman from Minnesota as well as every other member of the Ways and Means Committee will bear me out in the statement that the Ways and Means Committee never legislates on rumor. We make an effort to get the facts.

Mr. DONDERO. Let us hope that the rumors are unfounded.

Mr. KNUTSON. May I say to the gentleman from Tennessee and to the gentleman from North Carolina that they are undoubtedly aware of the fact that Britain has told us that she is going to need six and one-half billion dollars for rehabilitation after the war is over. That is a matter of official record.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I wish to nail this down as best we can. We know that at the present time the fund we shall have to put up through the Treasury in connection with the Bretton Woods agreement and the stabilization of currencies and the creation of the International Credit Bank capital structure is not rumor. That bill is now before the

Banking and Currency Committee of this House and certainly within due course, 60, 90, or 120 days, it will have passed on through the legislative machinery. To be very plain, there is nothing in this estimate of \$304,000,000,000 which has anything to do with commitments we may make under the Dumbarton Oaks proposals, under the Export-Import Bank proposition and under the stabilization plan for currencies or the International Credit Bank. That is true, is it not?

Mr. KNUTSON. How much are the commitments that you folks are considering, the possible commitments under the Dumbarton Oaks and Bretton Woods plans?

Mr. CRAWFORD. On the part of the United States, anywhere from five or six billion dollars up to \$20,000,000,000 or more. I have not mentioned the things that are being discussed under lend-lease with respect to long-term loans under which category you can bring the proposition—we will call them rumors if you please—I do not think they are rumors—\$6,000,000,000 to China or \$10,000,000,000 to Russia or eight or ten billion dollars to Great Britain. My question is this: The \$304,000,000,000 estimate does not include any of those items, does it?

Mr. KNUTSON. No. From what the gentleman says there are more than rumors to the figure \$20,000,000,000 mentioned by the gentleman from Michigan.

Mr. CRAWFORD. The Congress will unquestionably go along with the Bretton Woods proposal and use \$1,800,000,000 of gold profits plus whatever other money is necessary to put up.

Mr. KNUTSON. Woods suggest trees, mostly oaks, the fruit of which is nuts.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. I know the gentleman wishes to be fair. I have the proposal of Bretton Woods here and the subscription of the United States to the bank is \$3,175,000,000 and to the stabilization fund \$2,750,000,000. I do not believe the rumor of \$20,000,000,000 is right.

Mr. CRAWFORD. If the gentleman had been listening to me, he would know what I said. I have the text and I said from five and one-half up to twenty billion dollars. Where am I in error?

Mr. MONRONEY. There is no place in the testimony that our committee has heard any suggestion of \$20,000,000,000.

Mr. KNUTSON. The gentleman said anywhere from five to twenty billion dollars. He did not specify any definite amount.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. KUTSON. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Of course, it ought to be perfectly clear that in the figures just quoted there is not included the proposal for the expenditure of money that may ultimately be translated into public debt transactions under lend-lease. When you include the proposed expenditures that are involved in the capitalization of the international bank, together with the proposed expenditures under commit-

ments that may last for 20 years under lend-lease, you can easily have \$20,000,000,000 involved.

But what I wanted to say, if the gentleman will yield further to me is this: This bill involves a question of public debt. When you consider the proposals that are now pending before the Committee on Banking and Currency to reduce the gold content of the dollar down to 25 cents, and further to increase the price of gold to some \$56, as it has been alleged, I understand, thereby creating an artificial profit on the books of the Treasury that they can spend for these purposes, it may be that neither the Bretton Woods proposal nor lend-lease may ultimately be translated into actual public-debt transactions. So I think the question that is involved here involves a question as to what are the prospective actual expenditures that will be translated into actual public-debt transactions.

Mr. KNUTSON. Of course, we will continue to give and give until we take Santa Claus into the barber shop and give him a shave.

Mr. MONRONEY. Just to keep the record straight, there is no bill that is being heard or considered seriously by the Committee on Banking and Currency that is going to devalue the gold or set up any artificial profit on the gold.

Mr. KNUTSON. That has not been discussed here.

Mr. MONRONEY. The gentleman was just charging us with doing that.

Mr. KEEFE. I do not know whether there is a bill up or not, but when the distinguished gentleman from Oklahoma says it has not been discussed, he is not keeping up with the times and he has not read the statement of Mr. Eccles and others, to which statements I can refer the gentleman if he wants to know. The matter is under discussion. It is under discussion today, very definitely.

Mr. MONRONEY. If the gentleman has read the hearings, he would know we are not discussing the gold content of the dollar. We are talking about the reserve of gold behind the currency.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Kentucky.

Mr. SPENCE. There has been a bill introduced, I believe, to increase the value of gold to \$56 an ounce, but it has not been considered. Somebody has introduced it. No member of the committee has introduced it.

Mr. KEEFE. It is before the gentleman's committee though, is it not?

Mr. SPENCE. It is before the committee.

Mr. KEEFE. Yes.

Mr. SPENCE. It is before the committee as all the other bills are before our committee. Under the Bretton Woods agreement the ultimate liability of the United States is a little over \$5,000,000,000, and only 20 percent of that is callable, which is less than \$2,000,000,000. I cannot see how the gentleman can say that there is a potential liability of \$20,000,000,000, because there is no foundation for such a statement.

Mr. KNUTSON. The gentleman from Kentucky must remember that in these days the sky is the limit.

Mr. DWORSHAK. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Idaho.

Mr. DWORSHAK. Is the gentleman aware of the fact that statistics available in our Treasury Department show that our national debt during the last 6 months of the calendar year 1944 increased by approximately \$30,000,000,000, while during the same period of 6 months the national debt of the United Kingdom increased only about six and one-half billion dollars?

Mr. KNUTSON. Of course, we like to do things in a big way. When we go to spending, we like to spend more than anybody else.

I have often thought that we ought to set Coal Oil Johnny up as the national emblem, rather than Uncle Sam.

Mr. Chairman, I am taking more time than I had intended, and I thank the House for the very courteous treatment it has given me.

Mr. Chairman, I now yield 15 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, my colleague the distinguished gentleman from Minnesota has made what I think is a very convincing and plausible speech. He has emphasized what everybody in the United States knows well—that we are staggering under the most colossal debt any nation ever staggered under in the history of the world, and that that debt is fast increasing.

The present administration has prided itself on the fact that it has broken many precedents in the 12 years of its incumbency. With reference to the increase in the national debt it has more than maintained its record for breaking precedents. I cannot see how it can take pride in the fact that it has loaded the United States Government with the most colossal debt under which any nation ever struggled in the history of the world.

I have watched the gradual and astronomical growth of the national debt with much trepidation. When Woodrow Wilson left the Presidency 24 years ago he left what then was considered a terrific public debt amounting to twenty-seven and a half billion dollars. During the first 10 years of Republican administration following Woodrow Wilson this national debt was reduced at the rate of \$1,000,000,000 per year. This was the greatest debt reduction ever recorded in the history of the world. This was accomplished by a program which now would appear to be absolutely impossible. The Republican administration during those 10 years reduced taxes three or four times, and every time a tax reduction was voted it was followed by a larger tax collection.

After the Republican Party had been in power 10 years a Democratic House was elected, and for the last 2 years of the Republican administration the debt increased from seventeen and a half billion to twenty billion dollars. When the present administration came into power the debt was slightly above \$20,000,000,000.

In his first campaign for election, President Roosevelt made a great play on what he considered at that time the terrific national debt and the terrific waste in Government expenditures. He promised that he would reduce the number on the public pay rolls by many thousands and that he would reduce public expenditures by at least 25 percent. It was then that the President said: "Many nations have been wrecked on the rocks of loose financial policy."

Immediately upon the election of President Roosevelt, the national debt began to climb. In a year or two it had passed the limit reached under the Wilson administration. In 1935 the debt limit was increased to \$25,000,000,000 for bonds and twenty-billion for certificates and short-term obligations. At that time I promised myself that I would never again vote for an increase in the National debt. I thought it was preposterous and would surely ruin the country. It is too early yet to determine whether I was right in my position.

In 1935 the debt limit was again raised to forty-five billions under the Liberty Loan Act. In 1941 the limit was increased to sixty-five billion. In 1942 it was increased to one hundred and twenty-five billion. In 1943 it was increased to two hundred and ten billions. In 1944 it was increased to two hundred and sixty billions and in 1945 it will no doubt be increased to three hundred billions. How much further it will be necessary to go apparently no one dare prophesy.

There are some New Dealers who would have us believe that there is no danger in this colossal debt. I am afraid that they are those who subscribe to the policy of "spend, spend, spend; elect, elect, elect." Elections accomplished at such a terrific expense may prove to have been very disastrous before this debt has been liquidated.

There are three ways by which this great debt will most likely be paid. One of them is by straight-out repudiation. Another is by wild inflation and another is by patient taxation.

Repudiation would mean the end of our republican form of government. The sinister progress of totalitarianism in the country is dangerous, but surely it cannot succeed. Repudiation of all debts might be the vehicle on which it might ride into power.

Wild inflation might pay all debts, but it would bring terrific devastation which might also carry down our system of government. Surely our financiers will be smart enough to avoid this pitfall.

Sensible taxation, therefore, is the only American method. We can pay this colossal debt if we abandon this program of spend, spend, spend, elect, elect, elect. We can pay this debt over a long period of years if we recognize the fact that taxes must come from those who are able to pay. When the Government starts out to punish business and to oppress labor and initiative we cannot pay out. On the other hand, if the American people are again freed from punitive government and spiteful programs, we will enter into an era of faith and hope from which we can pay our just obligations.

When Mr. Bell, the Under Secretary of the Treasury, came before the Ways and Means Committee a few days ago as a proponent of this measure asking that the national debt limitation be increased to \$300,000,000,000, he made the statement that the national debt at the present time is \$232,000,000,000. The hearings will disclose the fact that immediately after he had made this statement I expressed the opinion that the real national debt was far in excess of \$232,000,000,000. A most interesting colloquy followed in which I expressed the belief that the national debt was now in excess of \$300,000,000,000. I maintained that the obligations of Government corporations guaranteed by the Federal Government were probably \$20,000,000,000 in excess of the amount given by the Under Secretary and that contingent obligations of the Federal Government were at least \$60,000,000,000. Mr. Bell admitted that there were outstanding obligations of \$1,529,933,661, which might well be considered as a part of the national debt. He inserted into the record a table which will appear on page 6 of the record whereby he admits that there are other public debts which the Government owes in the amount of \$1,083,473,992. These two sums taken together amount to \$2,613,407,653.

By reason of the showing concerning these two items, Mr. Bell was willing to have the original bill amended by the addition of the language shown in section 2 of the bill now before us. The language to which I refer is as follows:

And the face amount of obligations guaranteed as to principal and interest (except such guaranteed obligations as may be held by the Secretary of the Treasury).

In addition to the amounts that I have heretofore mentioned I maintain that the following are just obligations of the Federal Government and should be considered as a part of the national debt:

On credit of the United States:	
United States Postal Savings (Oct. 31, 1944), including \$59,480,481.85 interest...	\$2,316,420,843.85
Canal Zone Postal Savings System (Nov. 30, 1944), including \$216,581.61 interest...	9,246,021.61
Tennessee Valley Authority bonds.....	6,300,000.00
Total on credit of the United States.....	2,331,966,865.46
Other obligations:	
Federal Reserve notes...	21,136,913,126.25
Total contingent liabilities.....	23,468,879,992.71

Mr. Bell took the position that in the past the words "the national debt" did not include all the debt of the Nation. As I understood it, he gave the impression that the national debt had a somewhat restricted meaning and was restricted to the written obligations of the Government. Of course, these would be principally Government bonds and long and short term notes. If we are to follow this theory then we must consider that the Government owes two kinds of debts. One is the fixed debt shown by written obligations and the other in the contingent debts. Many of the debts that

would be thrown into this contingent class should in reality be considered as part of the national debt because there can be no question about their permanence. Many of these are obligations of Government corporations, which obligations the Government has guaranteed. In this list would be contained the obligations of the Government with reference to the payment of Federal Reserve notes which amount to \$21,136,913,126.

I recognize the fact that it would hardly be proper to consider every minute and detailed account which the Government owes as a part of the fixed national debt. In fact, however, every obligation which the Government owes is a debt of some kind. It is in fact a national debt. And is in fact a part of the national debt. Assuming, however, that we classify debts into two classes: Those subject to the limit and those not subject to the limit. There is no question but that the debt not subject to the limit is a tremendous debt and that it can easily be estimated without going into great detail. For instance on page 1298 of the hearings on the independent offices appropriations bill by the Committee on Appropriations of the House of Representatives held in this present session of Congress, the national debt has been summarized. In group 3 we find the following:

Unliquidated obligations incurred against appropriations and contract authorizations.....	\$67,057,064,000
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In the hearings before the Ways and Means Committee on this bill Mr. Bell testified that the unliquidated obligations on contracts on December 31, 1944, totaled, \$62,983,000,000.

I appreciate these are not definite figures and I do not claim that they are definite figures, but I do claim they show that the national debt of the Government is at least \$60,000,000,000 more than that included in the statement which says that the national debt is \$232,000,000,000.

I maintain, therefore, that it is not fair to the American people for us to put out the statement that the national debt is only \$232,000,000,000 when we know from the figures that I have already given that the national debt is at least a hundred billion dollars more than the figures given out by the Treasury.

While it is true that some of these obligations represent real value to the Government, it must be remembered that most of them will represent no value when the war is over. Tanks and munitions of war that are located across the seas, and railroad tracks and railroad engines, and buildings erected by the Government on foreign soil will be of little value when the war is over.

It also must be remembered that much of our national debt has been incurred through wasteful experiments which will probably be of little value. The Good Neighbor program has been a most expensive one and our country will be compelled to lose many millions of dollars that are not now contemplated.

Likewise we must not forget the fact that we have dozens and dozens of Government agencies set up and in operation

all over. I shall not bother you to read you all this list, but I have here a list of 41 different Government agencies, many of which have authority to borrow money and to assume obligations for which our country will be bound. If all these agencies were compelled to make public statements as to their financial obligations, I am sure millions of dollars could be saved by the Government every month. If our country was ever in danger of being broken up on the rocks of loose financial policy, it surely is now.

The list to which I refer is as follows:

GOVERNMENT CORPORATIONS

(Source: Text of Senate bill 469 (79th Cong.), CONGRESSIONAL RECORD, Feb. 5, 1945, p. 796)

SEC. 101. As used in this act the term "wholly owned" Government Corporation means—

1. Commodity Credit Corporation.
2. Federal Intermediate Credit Banks.
3. Production Credit Corporations.
4. Regional Agricultural Credit Corporations.
5. Farmers Home Corporation.
6. Federal Crop Insurance Corporation.
7. Federal Farm Mortgage Corporation.
8. Reconstruction Finance Corporation.
9. Defense Plant Corporation.
10. Defense Supplies Corporation.
11. Metals Reserve Company.
12. Rubber Reserve Company.
13. War Damage Corporation.
14. Federal National Mortgage Association.
15. The R. F. C. Mortgage Company.
16. Disaster Loan Corporation.
17. Inland Waterways Corporation.
18. Warrior River Terminal Company.
19. The Virgin Islands Company.
20. Federal Prison Industries, Inc.
21. United States Spruce Production Corporation.
22. Institute of Inter-American Affairs.
23. Institute of Inter-American Transportation.
24. Inter-American Educational Foundation, Inc.
25. Inter-American Navigation Corporation.
26. Prencinradio, Inc.
27. Cargoes, Inc.
28. Export-Import Bank of Washington.
29. Petroleum Reserve Corporation.
30. Rubber Development Corporation.
31. United States Commercial Company.
32. Smaller War Plants Corporation.
33. Federal Public Housing Authority (or United States Housing Authority) and including public housing projects financed from appropriated funds and operations thereof.
34. Defense Homes Corporation.
35. Federal Savings and Loan Insurance Corporation.
36. Home Owners' Loan Corporation.
37. United States Housing Corporation.
38. Federal Deposit Insurance Corporation.
39. Panama Railroad Company.
40. Tennessee Valley Authority.
41. Tennessee Valley Associated Cooperatives, Inc.

I wish to comment on three or four of these to show how easy it is to spend Government money.

The Reconstruction Finance Corporation is a gigantic organization. It was set up under Republican administration. It has a borrowing power and can issue notes to the extent of \$17,000,000,000. These notes are guaranteed by the United States of America and are approved by the Secretary of the Treasury. This is a great sum of money and no one knows just when its issues will reach the maximum amount.

The Export-Import Bank of Washington has a borrowing power of \$700,000,000. It, too, can issue notes or preferred stock subject to the approval of the Secretary of the Treasury.

The Federal land banks had borrowing power by virtue of which they could issue bonds and notes up to 20 times paid-in capital and surplus. National farm loan associations could subscribe to the capital stock. On June 30, 1943, this amounted to nearly \$95,000,000. The Government at the same time owned capital stock amounting to nearly \$122,000,000. The Government had an additional investment in the sum of nearly \$142,000,000.

The Federal Farm Mortgage Corporation had a borrowing power of \$2,000,000,000, for which it could issue its bonds and which would be guaranteed by the United States.

The National Housing Agency also had a borrowing power. It is controlled by the officers of the Reconstruction Finance Corporation at the direction of the Federal Loan Administrator.

I give these illustrations to show that it is little wonder that our national debt has reached such a colossal figure.

Mr. Chairman, I wish to sum up what I have tried to say by again emphasizing the fact that when the Ways and Means Committee began the consideration of this bill the national debt as presented by the Under Secretary would have appeared as \$232,000,000,000. By reason of the action of myself and other Republican members on the committee, we convinced the Under Secretary that at least \$2,613,407,653 was a legitimate portion of the national debt and should be added. When we talk in billions, this is not a large sum, but when we talk in millions it means two thousand six hundred thirteen millions. As I have heretofore stated the bill was changed so as to cover this extra amount. I hope I have also proved that we should not accept the statement that \$232,000,000,000 is the present national debt for I think I have proved conclusively that the item of \$23,468,879,992.71 is a legitimate portion of the national debt because it represents credit obligations especially entered into by the Government. Likewise, the \$67,057,064,000 item which I have shown to be genuine obligations of the Government should also be considered as a part of the national debt. In addition, there are billions owing on open accounts which I have not included.

When the hearings were being conducted before the Ways and Means Committee, I offered the following amendment:

SEC. 5. Within 30 days after the final passage of this act the Secretary of the Treasury shall report to Congress the exact public debt of the United States, including obligations covered under section 2 of this act, and including all obligations owing by the United States by reason of contracts entered into by the United States and all obligations of Government corporations and Government agencies guaranteed by the United States and all other financial obligations of the United States.

I want to compliment Mr. Bell on the very splendid manner in which he re-

acted to this amendment. Mr. Bell agreed—and I quote his testimony:

Mr. BELL. That is right.

It does not include unliquidated obligations to which Mr. Jenkins called attention. We have attempted to keep current on them, although you recognize when you have the Army and the Navy all over the world it takes weeks for them to get reports in of their obligations. The President did issue an Executive order about 4 years ago in which he made it the Treasury's duty to undertake to compile financial statements, and we have been in the process of developing that, and I think we can give you something. It is quite an undertaking. But I would object to including in the term "public debt" all of those other obligations, because since the foundation of our Government "public debt" has meant formal securities issued by the Treasury. I would hate to see that changed.

However, if you want this information, you do not need to attach an amendment to this bill. If this committee would like to have it, I assure you I will get you something in 30 days—the best I can get.

I shall await with interest for this report from the Treasury. Not until then can we know the exact national debt.

Mr. Chairman, I appreciate the very close and respectful attention that the House has given me in my discussion of this very important matter. The finances of the Nation are its very lifeblood. The financial system to the Nation is what the blood circulatory system is to the human body. When the financial system breaks down, the health of the Republic becomes precarious. I plead for honesty and sincerity in Government and for economy in expenditures.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. The pending bill H. R. 2404 has for its purpose the increase of the debt limit of the United States from the present \$260,000,000,000 to \$300,000,000,000, and is a most important war measure. It is recognized that the enactment of this bill is necessary to finance the war and provide the required implements of war for our fighting forces and to insure victory over our enemies.

The public debt of the United States as of January 1, 1945, was about \$232,000,000,000. That left \$18,980,000,000 balance of borrowing power.

It is estimated that the public debt on June 30, 1946, will be about \$292,000,000,000.

The cost of the war for the fiscal year 1945 was \$89,000,000,000. It is estimated that the cost of the war for the fiscal year 1946 will be about \$70,000,000,000. The cost of the war from Pearl Harbor to January 31, 1945, amounted to about \$237,982,000,000.

Other Government expenditures during the period of time from Pearl Harbor to January 1 of this year amounted to about \$21,673,000,000, or a total from Pearl Harbor to January 1 of this year of about \$259,655,000,000.

Our tax receipts during the period of time from Pearl Harbor to January 1 of this year amounted to about \$99,933,000,000.

The amount of money borrowed from Pearl Harbor to January 1, 1945, amounted to about \$177,188,000,000.

About 95 cents out of every dollar spent by the Federal Government is for the cost of this war.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. RICH. I think the gentleman is making a very important presentation, and that the Members of the House ought to know what he is saying. Does not the gentleman believe it would be a good thing if we had a quorum call to bring the Members to the Chamber to hear it?

Mr. COOPER. I appreciate the gentleman's kindness, but I would not do that.

Mr. RICH. I would be glad to do it. I think the Members ought to know the facts the gentleman is giving us.

Mr. COOPER. I appreciate the gentleman's kindness very much.

The deficit for 1945 was about \$53,183,000,000. The deficit estimated for 1946 is about \$41,276,000,000.

Our revenues for 1945 were about \$45,730,000,000. The estimate for 1946 is about \$41,255,000,000.

The interest of the members of the committee may be challenged, as mine was in the Ways and Means Committee, by the fact that these figures show an estimated drop of about \$4,000,000,000 in revenue in 1946 as compared to 1945, with the same revenue laws on the statute books for both years. The answer is that the national income is affected by war spending, and we are expecting to spend less on war activities and the war effort in 1946 than we spent in 1945; in other words, the cost of the war for 1945 was \$89,000,000,000, and the estimated cost for 1946 is \$70,000,000,000. The amount of Government spending is naturally going to be reflected in the income of the people which is reflected in our revenues.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Pennsylvania.

Mr. RICH. I will tell the gentleman how to get back that almost \$5,000,000,000 if he wants to know, and for fear he does not want to know, I am going to tell him anyway. That is, stop these subsidies and cut-backs and you will get in \$10,000,000,000.

Mr. COOPER. The gentleman's observation is interesting. It brings me to an expression of this thought: I have frequently heard the interesting observations made by the distinguished gentleman from Pennsylvania and others. But I do not know of any way that you can get a dollar into the Federal Treasury without an act of Congress, and I do not know any way you can get a dollar out of the Federal Treasury without an act of Congress. The Congress has the power to pass legislation, to levy taxes to provide revenue, and the Congress has to pass on the appropriation of money to be paid out of the Federal Treasury.

Mr. RICH. I may answer that by a sign I saw in a restaurant one day, and I will put it this way: "Why the New Deal was soon old and so long dumb."

Mr. COOPER. Of course, I do not think it is entirely a Democratic question. When it comes to voting for appropriation bills the distinguished Members on the gentleman's side of the House have been about as liberal and about as generous as most Members on this side of the House. All of these war appropriation bills which make the enactment of this pending legislation necessary have been passed by a practically unanimous vote of the House of Representatives. So the Congress is the body appropriating the money and it is made necessary by this terrible war in which we are now engaged. I am unable to see how any man who sat here, as most of us did, on December 8, 1941, and voted for the war resolution, could ever entertain the idea that the most terrible war in human history is not going to cost a tremendous amount of money. That is what this money is for. It is for the prosecution of this war.

Reference has been made to the fact that we are probably spending more money than some other countries in this war. Yes, and we are saving more human lives in this war proportionately than any other country engaged in it. We have been willing to pay more and provide more equipment in order to save human lives and have a smaller casualty list.

Mr. RICH. Then how does the gentleman explain the action of the administration from 1932 when we had a debt of twenty-two and one-half billion dollars to the time of Pearl Harbor when it was increased to forty-eight and one-half billion dollars? What has the gentleman got to say about that?

Mr. COOPER. Of course, 1945 is quite a number of years removed from 1932. The gentleman was here in 1932 as I was. The gentleman knows the condition of this country in 1932. The gentleman knows the situation that existed at that time. The gentleman doubtless voted as a majority of the House had to vote for the expenditure of large funds or sums of money for relief in this country. Why, as I recall, the W. P. A. relief appropriations amounted to about \$13,000,000,000. The bill was enacted by the Congress, the money was appropriated, and it was necessary to save the economy of this country.

Mr. RICH. I may say to the gentleman that there was a lot of unnecessary spending then just the same as we have a lot of unnecessary spending in the Government right now. The gentleman knows that and every Member of Congress knows it. We ought to stop that and that is the thing I am trying to drive home now. I hope I can impress on the membership of the House the necessity for cutting down on these unnecessary expenditures. Let us win the war, let us spend the money for war purposes, but let us stop the unnecessary expenses in the operation of the Government, especially for the things that have been referred to the House by Lindsay Warren, his being the best suggestion the other day that has ever been made. Let us carry out that suggestion.

Mr. COOPER. The gentleman speaks of unnecessary expenses. Of course, all

of us subscribe to that. The gentleman's idea of unnecessary expenses may not be the idea of the majority of the Members of this House. After all, we have a democratic form of government, and we are fighting all over the world to preserve that form. Although the distinguished gentleman from Pennsylvania entertains some splendid ideas and fine views, yet they are frequently not in accord with the majority of the Members of the House. As I recall in connection with one of the last appropriation bills considered here the gentleman offered an amendment to reduce an item, and as I remember he received about four votes in support of his amendment.

After all this is a democratic body, and the fact that a majority of the Members here do not entirely agree with the gentleman from Pennsylvania certainly would indicate that he may not be entirely in step with the majority of the Members of the House of Representatives.

Mr. RICH. I agree with the gentleman that I am not in step with what this administration does, and you will find out that there are going to be heaps of fire upon the heads of the American people when they pay taxes after taxes for years and years to come and, further, we might bankrupt this Nation, and then I will be mighty glad that I kept on fighting, and I am going to keep on fighting as long as I am in this body, and I want you to know that.

Mr. COOPER. I do not think the administration was responsible for the gentleman only getting three other votes besides his own.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. May I ask the gentleman to give us the benefit of his observations on this question? With the war expenditures estimated to be reduced from about \$89,000,000,000 to about \$70,000,000,000, with a consequent reduction in Federal revenues of about, say, three and one-half to four billion dollars, if we could adjust our movement back into peacetime or civilian production and spending sufficiently fast, we might maintain the national income and thus still recover the three and one-half to four billion dollars drop in revenue.

Mr. COOPER. Of course, if we can do that, we will naturally accomplish that result. These estimates were based upon the usually accepted estimate of national income that we have been considering in the Committee on Ways and Means and the gentleman has been considering in his great Committee on Banking and Currency.

Mr. CRAWFORD. Will the gentleman yield for one more question, Mr. Chairman?

Mr. COOPER. Gladly.

Mr. CRAWFORD. When the chairman of the Committee on Ways and Means, the gentleman from North Carolina [Mr. DOUGHTON] was on the floor, he made an observation, and I did not get it exactly clear in my mind. As I understand, it was something to the effect that there was something like

\$9,000,000,000, we will say, accrued value on the savings bonds, A and E, that were sold on a discount basis. What figure is reflected in the public debt, the momentary cash surrender value of those savings bonds or the maturity value?

Mr. MILLS. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman has reference to what the Treasury calls the gross public debt on the one hand and the maturity or face value of the public debt on the other. The maturity or face value of the public debt is approximately \$241,000,000,000. The gross public debt is approximately \$232,000,000,000. The limitation in the bill is upon the face or maturity value of the securities issued.

Mr. CRAWFORD. In other words, on a \$100 bond sold for seventy-five, the limitation would be on the \$100?

Mr. MILLS. On the \$100.

Mr. CRAWFORD. What is reflected in the public debt, the \$75 plus a little accrued interest, or the \$100?

Mr. MILLS. The public debt, referred to by the Treasury always as the obligations of the Treasury, is the gross amount of the securities.

Mr. CRAWFORD. Or the face value.

Mr. MILLS. When the Treasury starts to issue new securities in relation to the limitation placed upon the amount of securities that can be outstanding, it issues them in relation to the face value or maturity value of the public debt.

Mr. CRAWFORD. That explains it for me.

Mr. COOPER. Mr. Chairman, may I point out one thing that I think is important for us to bear in mind, and that is the tremendous cost of this war, greater perhaps than has ever been conceived of by the mind of man. The expense of this war is tremendous. The total appropriations and contract authorizations for defense and war purposes from June 30, 1940, to January 31, 1945, amounted to about \$400,000,000,000, about \$372,782,000,000 of appropriations and contract authorizations and about \$26,500,000,000 of Reconstruction Finance Corporation commitments; defense plants and various activities; so that the total appropriations and contract authorizations by Congress from June 30, 1940, to January 1 of this year amount to about \$400,000,000,000. Of that amount about \$252,000,000,000 has been spent on the war effort.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 5 additional minutes to the gentleman from Tennessee.

Mr. COOPER. Let us bear in mind that one of the main items we now have to consider is the interest on the public debt. The interest on the public debt for 1945 is about \$3,750,000,000. For 1946 it will be about \$4,500,000,000. For 1947 it is estimated to be about \$6,000,000,000, more perhaps than all of the ordinary running expenses of the Government.

In addition there is a very important item in the nonwar budget that will have to be paid, and that is the tax refunds provided under our revenue laws. The

tax refunds for the fiscal year 1945 amount to \$2,500,000,000. The tax refunds for the fiscal year 1946 are estimated to amount to \$3,000,000,000.

Then, of course, a very important item and an ever-increasing item in our nonwar budget is the cost of the Veterans' Administration. The cost of the Veterans' Administration for the fiscal year 1945 is \$1,280,000,000. The cost of the Veterans' Administration for 1946 is estimated to be \$2,705,000,000. That is an item that will increase and continue to grow larger.

Therefore, these three large items in the nonwar budget account for a considerable part of that budget, namely, the interest on the public debt, tax refunds provided under our revenue laws, and the cost of the Veterans' Administration.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. McCORMACK. With reference to the expenses of the Veterans' Administration, it has been called to my attention that the amount estimated for the year 1947 is \$4,189,812,900.

Mr. COOPER. I believe it is correct to state further, as the distinguished chairman of the Committee on Ways and Means pointed out, those estimates are based upon the veterans' legislation as it now exists.

Mr. DOUGHTON of North Carolina. That is correct.

Mr. COOPER. That does not take into account the hundreds of bills which are now pending providing for additional benefits.

Now, Mr. Chairman, the question comes back to the Congress, to the House of Representatives. When we vote these appropriations, when we pass legislation authorizing expenditures of funds, those debts have to be paid. There are only two orthodox ways by which your Government and mine can secure money to pay those debts. One is by imposing taxes to provide revenue and the other is to borrow the money. Of course, we cannot levy taxes enough to pay the enormous cost of this war as it goes along. Not being able to do that, the only other thing we can do is to borrow money. The purpose of the pending bill, therefore, is to provide for the borrowing of the money necessary to finance the war.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. EBERHARTER. Will the gentleman call the attention of the Committee to the statement made unofficially by General Hines as to the potential amount the Veterans' Administration may be called upon to loan to the veterans under the G. I. bill of rights as it now exists? I think it was up in the billions of dollars. If I remember correctly, he said they may be obligated to loan to the veterans something totaling \$20,000,000,000.

Mr. COOPER. The sum is a very large amount. I heard the speech of General Hines to which the gentleman refers.

May I point out something else that General Hines stated on that occasion; that is, there are already more men on the compensation rolls for World War

No. 2 than for World War No. 1. That gives you some idea of how this cost is mounting and how it will continue to mount throughout the years to come.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman.

Mr. KEEFE. I think most Members of Congress will readily concede the truth of the principal thesis of the gentleman's speech. We must pay these bills. The incurring of obligations does not reflect itself in the public debt until the bills are paid. Some people question whether or not it is necessary at this time to raise the debt limit to \$300,000,000,000. They say we can get along with a \$280,000,000,000 debt limit. The Congress has a complete check on the situation at all times, whether the debt limit is \$280,000,000,000 or \$300,000,000,000, because no money can pass out of the Treasury without appropriations made by this Congress. Therefore, if we want to save money, we ought to do it in the matter of authorizations and appropriations rather than a restriction of the public debt.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 3 additional minutes to the gentleman from Tennessee.

Mr. KNUTSON. Mr. Chairman, I yield 2 more minutes to the gentleman from Tennessee.

Mr. COOPER. I thank the gentleman very much.

Mr. Chairman, I want to agree very heartily with the distinguished gentleman from Wisconsin. That is absolutely true. The cutting down of the amount provided in this bill will not save a dollar for the Federal Government. This bill is not where you spend money. The appropriation bills that are passed is where the money is spent, and the authorizations passed by the Congress providing for the appropriation of funds is where the money is spent. It is not spent in a bill such as this.

Mr. KEEFE. Mr. Chairman, will the gentleman yield further?

Mr. COOPER. I yield.

Mr. KEEFE. There are some people who adhere to the philosophy that if you fix the debt limit at \$300,000,000,000 you are thereby opening the door to gross, excessive and lavish expenditures of money.

If you fix it at \$280,000,000,000 rather than the \$300,000,000,000 requested, it will operate as a brake upon spending. I personally do not subscribe to that philosophy.

Mr. COOPER. The gentleman is absolutely correct.

Mr. KEEFE. As a member of the Committee on Appropriations and as a Member of this House I know that the check we have as Members of Congress is when appropriation measures come before the committee and before the Congress. You cannot get out of the necessary obligations to carry on this war and pay the expenses of the Government regardless of what the debt limit may be set at.

Mr. COOPER. The gentleman is correct.

Mr. McCORMACK. Will the gentleman yield?

Mr. COOPER. I yield.

Mr. McCORMACK. As the gentleman from Tennessee has so ably and effectively conveyed to us by evidence that we cannot escape and that is indisputable 95 percent of the money appropriated and spent since Pearl Harbor has been to win the war and save our country and to retain liberty for all of us, without regard to our race, to our color, our creed, or our political party, but as Americans, all of us.

Mr. COOPER. Of course, there is no doubt these vast sums of money have been spent to save this country of ours. Saving this country of ours and preserving freedom and liberty for the American people cannot be measured in dollars and cents.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, I assure you it is a pleasure to follow the gentleman from Tennessee [Mr. COOPER], who has so ably discussed the proposed bill.

Our national debt is reaching astronomical figures. Three hundred billion dollars is a sum so large that the human mind cannot grasp it. We have not only grown callous to the term "billions" by repeating it again and again, but we have mesmerized ourselves into the thought that we can actually comprehend its magnitude. Efforts have been made to dramatize the enormity of this amount of money by various comparisons. We have reached the place where the comparisons are beyond comprehension.

For instance, a national debt of \$300,000,000,000 would be twice the assessed valuation of all the property in the United States. It is a debt burden of \$6,000 for each of the 50,000,000 people who now pay income taxes. Assuming there are 30,000,000 families in the United States, it would be a debt burden of \$10,000 against each family in the Nation, rich and poor, high and low, black and white. It would bring our per capita debt to \$2,172.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I will be glad to yield to the gentleman from Minnesota.

Mr. KNUTSON. I think perhaps if the gentleman wants to convey the thought to the House, we will just show the House some comparisons. The gentleman says he wants a comparison. [Mr. KNUTSON displaying chart.] In World War No. 1 President Wilson spent this much. Roosevelt has spent that much. Those are figures that cannot be disputed.

Mr. EBERHARTER. Will the gentleman yield?

Mr. CARLSON. I yield.

Mr. EBERHARTER. I just wanted to make the observation to the gentleman

from Minnesota [Mr. KNUTSON] if it were necessary to spend twice that much to win the war every Member of Congress would vote for it.

Mr. KNUTSON. Absolutely, but we are not condoning the waste and the squandering.

Mr. McCORMACK. Will the gentleman yield?

Mr. CARLSON. I yield to the distinguished majority leader and then I want to continue.

Mr. McCORMACK. I want to ask the gentleman from Minnesota one question. Has the gentleman voted for all appropriations for war purposes?

Mr. KNUTSON. Yes; but I have not had anything to do with the spending of them.

Mr. McCORMACK. Has the gentleman voted for them?

Mr. KNUTSON. Why, certainly, but unlike the gentleman from Massachusetts, I am not very proud of my vote.

Mr. McCORMACK. Well, I am proud of my vote, because I voted for appropriations to save America.

Mr. CARLSON. Mr. Chairman, I decline to yield further.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I cannot refuse to yield to the gentleman from California.

Mr. GEARHART. I just wanted to make the record a little easier to read. I suggest that the gentleman from Minnesota place in the record the comparative length of the lines he used to represent the different expenditures.

Mr. KNUTSON. I may say to the gentleman from California that not having studied astronomy I cannot very well do it.

Mr. GEARHART. I suggest that the gentleman at least put the contrasting length of the lines in the record. The comparison would be illuminating.

Mr. CARLSON. I was about to say that we had reached the place where these comparisons are beyond comprehension. I did not know that the gentleman from Minnesota had this particular article, which was certainly an interesting comparison of the difference between expenditures during the past 100 years.

Last Friday evening I listened to a radio program on a Nation-wide hook-up entitled "Double or Nothing." Here is the question that was submitted to all the contestants. If you stacked 1,000,000,000 \$1 bills together how far would they reach? Various answers were received ranging from a few feet to over 500 miles. To my amazement the correct answer was 60 miles. This seemed almost unbelievable to me and therefore I verified it. Thus, a \$300,000,000,000 debt would be a stack of \$1 bills reaching 18,000 miles or two-thirds the circumference of the earth. It means that each year our people would be required to pay as interest on the national debt a stack of \$1 bills totaling a distance of 360 miles.

Our national debt and our post-war expenditures may assume proportions so large that they will be an unbearable burden on our people. This high cost of

government is greater and greater inflation. It means a lowered scale of living. Of course there are some people who contend that the amount of our national debt should have no effect on our economic life, as we owe it to ourselves. Unfortunately, I did not attend a school that taught this type of economics on finance. I believe our national debt has reached proportions that threaten our domestic economy and is a real threat to our form of government. The germ of totalitarian government is ever present and grows rapidly in a highly inflated economy.

In my opinion it is time that Congress takes steps for the proper financing and retirement of our debt. All of us realize that it is essential that we vote every dollar needed for a victorious conclusion of this war. Our military forces are progressing so satisfactorily that certainly the end must be in sight.

It was with this thought in mind that I presented an amendment providing for an automatic reduction in our national debt limit as we reduce our bonded debt at the conclusion of the war. If some such amendment is not adopted the debt limit would remain at \$300,000,000,000 until Congress reduced it, regardless of the actual debt.

The amendment I offered reads as follows:

Provided further, That whenever the President, by proclamation, or the Congress, by concurrent resolution, declares the cessation of hostilities or the termination of the present war, whichever is the earlier, that reductions of bonded indebtedness by the Federal Government be accompanied automatically by a reduction in the national debt limit of like amount.

I realize that the language of this amendment would have to be revised in order to provide sufficient leeway for the successful operations of funding and refunding of government obligations. The amendment was considered by the Treasury and the legal counsel of our committee and after a general discussion it was agreed that we request the Treasury to make further studies of this proposal and submit a report to the committee at a later date.

I want to call your attention to a statement on this matter from page 9 of the committee report, which reads as follows:

The committee gave careful consideration to a proposal for a flexible procedure from a continuous readjustment of the debt limit, after the termination of the present war, to reflect the reduction in the public debt which it is hoped will be possible at that time. After discussing this proposal with the Under Secretary of the Treasury, the committee decided that it would not be desirable to attempt to formulate such a provision for inclusion in this bill. Instead it requested the Treasury Department to study the proposal and be prepared to submit at a later time its views with respect to a program of debt reduction and an automatic reduction in the limitation provided by the Congress.

It seems to me that it is essential that we make some provision for an automatic debt retirement as we are able to reduce our national indebtedness. I have

no illusions about a rapid reduction in our national debt but I am concerned that we reduce our debt limit as we are able to take care of our indebtedness. If we should decide to retire the debt in annual installments over a period of 100 years it would involve a charge of \$3,000,000,000 per year. This, together with the \$6,000,000,000 interest charges would be a load of \$9,000,000,000 the first few years. When the war ends we will no doubt have large unexpended balances in several of our Federal funds.

On December 31, 1944, we had an unexpended balance in the agencies that are strictly war activities of \$120,421,000. Included in this total was an unexpended balance of \$70,660,000 in the War Department. The Navy had an unexpended balance of \$31,941,000. It is necessary to carry large unexpended balances in these war agencies so that the Army and Navy can proceed with a program of planning for full prosecution of the war. However, when the war ends many contracts would be immediately canceled. These contracts would total billions of dollars.

If we use ordinary business sense we will retrieve these funds from these agencies and reduce our Federal debt by that amount. Following are tables submitted by the Treasury to our committee giving complete information on these items as of December 31, 1944, for the fiscal year 1945.

Summary of obligations, expenditures, and balances, fiscal year 1945, as of Dec. 31, 1944

I. OBLIGATION BASIS—APPROPRIATIONS AND CONTRACT AUTHORIZATIONS
[In millions of dollars]

	Available during fiscal year			Obligations incurred, July 1-Dec. 31, 1944	Unexpended balances of appropriations and contract authorizations, Dec. 31, 1944
	Unobligated balances from prior year	Appropriations, appropriation transfers, and new contract authorizations (net) for current year ¹	Total		
War activities:					
War Department.....	33,533	15,346	48,879	12,755	36,124
Navy Department.....	13,545	18,085	31,630	10,034	21,596
Other agencies.....	4,849	11,241	16,090	2,932	13,158
Total war activities.....	51,927	44,672	96,599	25,721	70,878
Other activities.....	2,476	8,718	11,194	4,560	6,634
Total, budgetary items.....	54,403	53,390	107,793	30,281	77,512

¹ Reduced by amounts carried to surplus fund. Includes permanent-indefinite appropriations in revised amounts carried in 1946 Budget.
² Includes \$3,512,000,000, representing appropriation balances that have expired for purposes of obligation but have not yet been carried to the surplus fund.

Summary of obligations, expenditures, and balances, fiscal year 1945, as of Dec. 31, 1944—Continued

II. EXPENDITURE BASIS—APPROPRIATIONS
[In millions of dollars]

	Available for expenditure during fiscal year			Expenditures, July 1-Dec. 31, 1944 ²	Unexpended balances of appropriations, Dec. 31, 1944 ¹
	Unexpended balances of appropriations from prior year	Appropriations and appropriation transfers (net) for current year ¹	Total		
War activities:					
War Department.....	79,112	15,346	94,458	23,798	70,660
Navy Department.....	20,655	26,945	47,600	15,059	31,941
Other agencies.....	10,693	11,917	22,610	4,790	17,820
Total war activities.....	110,460	54,208	164,668	44,247	120,421
Other activities.....	3,052	8,641	11,693	4,270	7,423
Total, budgetary items.....	113,512	62,849	176,361	48,517	127,844

III. UNEXPENDED BALANCES—APPROPRIATIONS AND CONTRACT AUTHORIZATIONS
[In millions of dollars]

	Unexpended balances, Dec. 31, 1944			Represented by—	
	Unexpended balances of appropriations (as above)	Unappropriated contract authorizations	Total	Unliquidated obligations	Unobligated balances
War activities:					
War Department.....	70,660	-----	70,660	34,536	36,124
Navy Department.....	31,941	10,490	42,431	20,834	21,597
Other agencies.....	17,820	1,918	19,738	6,581	13,157
Total war activities.....	120,421	12,408	132,829	61,951	70,878
Other activities.....	7,423	243	7,666	1,032	6,634
Total, budgetary items.....	127,844	12,651	140,495	62,983	77,512

¹ Expenditures are net of reimbursements, and are stated generally on the basis of approved vouchers entered in the accounts of the various agencies as final charges against appropriations. The figures do not agree with those published in daily Treasury statements, which are on the basis of checks paid.

² As this total relates to unexpended balances of appropriations, excluding contract authorizations, it is not susceptible of break-down between unliquidated obligations and unobligated balances. The departments and establishments are required to report the amounts of obligations incurred each month to the Treasury, but without distinction as to whether such obligations are chargeable to appropriations or to unappropriated contract authorizations. In this connection see "III. Unexpended Balances—Appropriations and Contract Authorizations."

³ Not available for expenditure until Congress provides appropriations to liquidate contract authority.
⁴ The greater part of this total represents contracts under which work has not been completed and deliveries have not been made.

NOTE.—This table is based upon reports submitted by the various agencies of the Government to the Treasury Department and the Bureau of the Budget, under the provisions of Executive Order No. 8512, as amended.

Congress has created the Surplus Property Disposal Agency and during the debate it was brought out that we may

have \$100,000,000,000 worth of surplus war material at the conclusion of the war. Should it be possible to realize five or ten billion dollars on this vast amount of property it should be applied to the reduction of our national debt. For the past several years we have been accumulating a sinking fund for debt. While this fund is strictly a paper item I understand it reaches a total of about five and one-half billion dollars. When it is available for use, it, of course, should be applied to a debt reduction. The reduction of our national debt is going to be burdensome at best. We should begin now planning for its orderly retirement and the carrying charges on it. We have had 15 years of deficit financing in this Nation. Deficit financing for our Government did not begin with World War No. 2. It began in the year 1930. Little effort, if any, has been made to balance the National Budget. In the 10-year period from 1930 to 1940 the Government debt was increased approximately \$27,000,000,000, or an average deficit of \$2,700,000,000 a year. A continued unbalanced Budget with deficit spending will eventually destroy the confidence of our citizens in their own Government.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Ohio.

Mr. JENKINS. I want the Members of the House to know that the gentleman from Kansas, who is now speaking, deserves a lot of credit for proposing this amendment or change, because if his wishes and his ideas are followed out it may result in a tremendous saving to this country financially. The gentleman should be given a great deal of credit by the Nation for his activity in this respect.

Mr. CARLSON. I thank the gentleman.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman certainly does not believe we are going to realize \$100,000,000,000 out of the surplus war material, does he? If we get 25 cents on the dollar we will be doing mighty well.

Mr. CARLSON. I said if we realized five to ten billion dollars out of \$100,000,000,000, or whatever we get, it is money we voted for the war effort and it should be used to apply on the debt adjustment.

During a war it is comparatively easy to stir up patriotic emotion and float large issues of bonds. It is easy to place burdensome taxes on our people. After the war it will be practically impossible to conduct bond drives for deficit financing, and more than that, our people are not going to carry the present high burden of taxes for the purpose of boondoggling in every other nation on the face of the earth.

I am not a prophet nor the son of a prophet but I am predicting now that

there is going to be a general revolt in the post-war period against the present high tax burdens. Imagine if you can a man drawing \$3 a day for a 7-day week, or \$21 for the week, and paying \$4 in taxes on that amount—or what about a widow living on an income of \$100 a month who is now paying \$138 in taxes annually. Corporate taxes are so high that a tax revision is necessary in order that we may furnish employment for our returning veterans and others now employed.

An urgent problem facing our Nation today is a revision of our entire tax structure. It is urgent because the action taken by Congress on that important matter will largely determine the economic condition of our Nation and the type of Government under which we may expect to live.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Ohio.

Mr. JENKINS. The very fact that the Treasury agreed to accede to the gentleman's request indicates that they realize the merits of the gentleman's contention. May I say in that same connection with reference to the fight that I and others have made, that the Treasury also indicated a fair attitude. The Treasury indicated it would be glad within 30 days to come forward with a complete statement of the obligations incurred; so I think, taking it altogether, we can expect the Treasury to fall in line, and if it does not, why, of course, that is another day.

Mr. CARLSON. I may say also that Mr. Bell, the Under Secretary, who appeared before our committee, and who is a very able man, studied this matter very thoroughly, and I feel certain he will submit a report to the committee on my proposed amendment and a program for refunding the debt. I know that our committee will give it consideration when he does.

Previous to the hearings on the bill, I went through my mail and found that our people are becoming concerned about the debt burden. They are beginning to realize the annual cost of carrying it and the difficulty of its amortization. They understand that there is a relation between the debt burden and the probable scale of living. Veterans and their dependents who draw compensation fear that the payments they now receive will have a low purchasing power in an inflated economy. Millions of our citizens who are building social-security accounts are also concerned. Anxiety is becoming prevalent among our people about a program of lend-lease billions of their dollars for economic uplift of every people in every clime.

The following questions were taken from my mail and submitted to Mr. Daniel Bell, Under Secretary of the Treasury, during the hearings on H. R. 2138. I refer you to page 63 of the hearings:

1. What is the relation between the amount of the debt of the United States Govern-

ment and the probable scale of living of the people of the United States henceforth?

2. What is the effect upon the value or purchasing power of the money of the United States of the amount of the debt of the United States Government?

3. What is the effect on the general price level of the country, present and prospective, of the present and prospective debt of the United States Government?

4. When the Federal debt is \$300,000,000,000 will not the proportionate share of each of 30,000,000 families be \$10,000?

5. I see that Mr. Eccles says that further devaluation of the dollar in terms of gold is necessary and I also note that the bill introduced last week to implement the Bretton Woods scheme contains a provision which will permit further devaluation of the dollar. What is the effect of devaluation of the dollar on the debt and credit of the Federal Government, and the general price level of the country?

6. How do you explain the effect of devaluation of the dollar on the purchasing power and the savings of the people?

7. If the scale of living of the American people has been going down for more than a decade what relation has the upward trend in the Federal debt to that fact?

It had been my hope that we might have the Treasury viewpoint on these questions for the printed hearings. However, in a later discussion with Mr. Bell it was agreed that the Treasury would submit to me personally answers to the questions. There will be general interest in their answers and I expect to give the House a report on it.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. May I just make this observation? There has been a great deal of horror expressed by many members of the committee over this great debt that we are piling up, and the great expenditure of money. It is my contention that if we had not spent this money as profusely as we did, if we had not supplied our Army and Navy with everything that they needed, and even with more than they needed, we would not be making the progress that we have made across Germany today.

Just a few minutes ago I received word of a dispatch that came in this afternoon, which has not as yet been published in the newspapers. Here it is:

PARIS, March 8.—American First Army crossed Rhine to east bank last night, launching from west climatic battle for Germany.

"First Army infantrymen spanned quarter-mile river against rather light opposition before startled Germans could grasp what had happened," Associated Press' Wes Gallagher said.

Mr. Chairman, if we had been niggardly in the appropriations, if we had been afraid of this great debt, we would never have received a dispatch like that. I say that Congress is to be congratulated for giving the Army and the Navy everything that they wanted, everything that they needed, and that is one reason we have been making this progress as shown by this Associated Press dispatch.

Mr. CARLSON. May I also state that I, together with every Member of Con-

gress, am proud of the progress made by our armed forces. We glory in their achievements and are praying and hoping for an early victory. Yet I do not think that excuses the Army or the Navy or any branch of the military for wasting public funds. I think there has been plenty of proof that money has been wasted, and wasted when they should have known better. I am going to cite one instance because I am somewhat familiar with it.

A year ago there was a general discussion of the construction of an oil project in Canada. Our Committee on Military Affairs held a hearing on it. We had spent \$30,000,000 at that time. I thought for a while the War Department would certainly discontinue spending further funds on that project, but what happened? They continued on through until 2 weeks ago, but now they are discontinuing it and have decided its construction served no useful purpose. It cost us \$134,000,000. We should have saved at least \$100,000,000.

I think we have a right as Members of Congress when we vote this money to expect at least reasonable judgment to be used in making these expenditures. That does not go for supplies on the battlefield. They can waste all of them there they want to.

Mr. ENGEL of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Michigan.

Mr. ENGEL of Michigan. The fact was developed in my subcommittee that it cost \$100,000 a mile to build the road into Alaska. When I asked the general in command why it cost \$100,000 a mile, he said, "Material." I said, "Didn't you build the road out of gravel?" He said, "Yes." "Where did you get the gravel?" "Close by." They spent \$100,000 a mile for a gravel road, and it is costing us this year \$8,000 a mile to maintain it. It is my prediction that it will not operate 2 years after the war is over. Waste will never win the war but waste can lose the war.

A year ago the War Department kicked back into the Treasury \$32,000,000,000 which they had more than they could spend. That sort of appropriations—and I am on that committee—is not conducive to economy. They got \$90,000 a piece for medium tanks that cost \$60,000. They got \$800 for 81-millimeter trench mortars that cost about \$560. They got \$500 for 60-millimeter trench mortars that cost \$280. There is now before the War Department a project for over \$1,000,000,000, and nobody can find out what in the world they are going to do with the money. I am not going along with it any longer, as far as I am concerned.

Mr. CARLSON. The gentleman from Michigan is entitled to much credit for the fine work he has been doing along this line.

As to the construction of the highway to Alaska, a very personal friend of mine was an engineer on that road and I am somewhat familiar with the expenditures we made there.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from California.

Mr. GEARHART. Since we are cataloging these wild expenditures that have occurred in the last few years, we must add to the list, in addition to the Canol project and the Alcan Highway, the Shipshaw Dam and generating plant in Canada, built in the wilderness behind Quebec at an expense of hundreds of millions of dollars of American taxpayers' money; also mention should be made of the building of the largest aluminum plant in Canada at a further expense of hundreds of millions of dollars to the same American taxpayers, all this to create post-war competition for United States industries, at our expense but for Canadian profit. If these are not wasteful expenditures I do not know the meaning of the word.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from California.

Mr. VOORHIS of California. The announcement of the gentleman from Pennsylvania should have impressed itself upon the Members of the House, and I have no reference to waste of expenditures or anything else; but if it is true that American forces have crossed the Rhine River, it seems to me we have cause for profound and deep gratitude, which I think the House should realize fully, because that event will mean not only the end of the destruction of American lives in Europe, perhaps, but it might mean the greatest saving in every respect that we could hope for. I am sure the gentleman agrees with that.

Mr. CARLSON. I agree with the gentleman, and I share his sentiments. I am glad he expressed them here on the floor. I think we all share those sentiments, and that we are all praying and hoping for an early conclusion of this war.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Michigan.

Mr. DONDERO. We all heartily agree with the effort put forth to save money, and the accomplishment to which the gentleman from California has just alluded would never have been accomplished through the waste of public funds.

A moment ago the gentleman from Pennsylvania [Mr. RICH] said something about the payment of subsidies. To my desk this week has come a communication from the Milk Producers' Association of Michigan protesting a subsidy payment of \$568,000,000 to be made to the milk producers because the O. P. A. has cut back the price of milk and will not permit them to go into the open market and obtain a fair and reasonable price for milk. Is that saving public funds?

Mr. CARLSON. There are, no doubt, many ways in which public funds can be saved. I thank the gentleman for his contribution.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

While the gentleman from Minnesota [Mr. KNUTSON] had the floor someone on the majority side sought to use Secretary Stimson and Secretary Knox as alibis for the great wastes. I ask the gentleman if that is not just like blaming the bank messenger when the bank goes broke because the cashier has run away with all the funds?

Mr. CARLSON. I do not care to get into a controversy on that. I deplore waste in any branch of the Government. I fully understand we will have waste in these large operations. There is no question about it. But I still contend those responsible for those operations, and who have had confidence and trust placed in them by Congress and the country, must be held accountable.

Mr. ENGEL of Michigan. Mr. Chairman, will the gentleman yield?

Of course, we are all pleased to hear the news that American Armies are crossing the Rhine, particularly those of us who crossed the Rhine in 1918. However, these very men crossing the Rhine today, these young men, are going to have to come back here and pay the taxes for the rest of their lives to pay back the money which is being spent and to pay for this waste. Let me give the gentleman just one more illustration. I was visiting a powder plant in Indiana, and I saw a beautiful picture on the wall of a beautiful city with streets, highways, trees, and everything. I said, "What is that? Why, that is a housing project." To make a long story short, there were 2,900 houses built there, 2,900 of them, with streets, utilities, and everything, and not more than 300, I was told, had ever been occupied. The rest are being torn down and taken away. Therefore, waste is not confined to the War Department alone.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, my purpose in discussing the pending war bill, which provides authorization for the increase of debt limitation, is centered upon one premise, and that is the elimination of reckless and unwarranted expenditure of the taxpayers' money, whether for war or ordinary running expense of this Government.

Ever since we entered the war and ascended to the firmament of wartime finance, it seems quite logical that all our calculations and expenditures should be measured by an astronomical yardstick. We are expected to follow the recommendations of the War and Navy Departments without question and told that their figures must be accepted as we do our religion, on faith. While I have seen some of the finest examples of economic spending among our military commanders in peacetime and could cite specific examples of which we can all be proud, yet I am convinced that a great deal of waste could be eliminated if unwarranted recklessness, inexperience, and inefficiency could be weeded out of the Army and Navy. Nothing I say here and now should be interpreted as an

aspersion upon our combat commanders or the many officers serving in executive capacities here in Washington and elsewhere, behind the lines. For on the whole they are doing a good job. What I have in mind is the application of prudent economy, and by that I mean the wise expenditure of money to the extent only that it is necessary to save the lives of our fighting men and shortening the war while restricting all frivolous and unnecessary spending. To do this Congress must hold back the finance bulldozers that are constantly pyramiding the mountain of authorized and unexpended moneys projected too far in advance and because there is no policy of reappraisal of needs or periodic recalculations, this heap of gold, entirely outside of the authority of Congress, is a constant source of temptation to recklessness. Once before when the Committee on Ways and Means came before you, I believe it was disclosed that the war cache contained an amount equal to about 30 months of maximum calculated expenditure. Only a small part was obligated and a lesser part allocated out of a sum which reached the astounding figure of something like \$210,000,000,000. Was it any wonder that the agencies charged with the expenditure of this huge amount raced with the Congress in spending the golden horde before another and greater appropriation was made? Recklessness is not confined directly to the Departments handling war expenditures. Much of the blame, maybe most of it, can be charged to cost-plus inflated manufacturing costs, and this in turn to loafing, lagging, and job stretching.

I was shocked when I read sometime ago that because of the urgent need for shells and guns that the War Department and War Production Board decided upon a program of immediate plant expansion. The amount recommended by Mr. Krug for the purpose, if I recollect correctly, was to be \$750,000,000—it may have been a billion seven hundred and fifty million dollars. The policy is loose enough to allow the greatest amount even at this late date. Now, my objection to this contemplated expenditure is not based upon the size of the amount nor the lateness of the plan but because I consider it absolutely wrong to do so since we have not used available idle plants. On two different occasions I raised the question of use of existing plant before new outlays were to be approved by the war agencies, and I was assured, and a year or so later reassured, by authorized spokesmen that no new plants would be constructed as long as suitable plants are idle and available. This assurance never has been carried out in specific instances too well known and of record. I furnished a list of such plants which are ideal for the manufacture of shells and guns, but despite assurances some still remain idle and unused while we are told plans are being made to spend an additional \$750,000,000 for new plants which will not, in all probability, be finished before the war is over. We need the shells and guns so we can blast the tottering Hun into hell now. Why build new plants when suitable

buildings are ready and waiting? There are many such opportunities for reasonable economy where the war effort will be aided, not retarded, by the sensible expenditure of taxpayers' money. I hope this is the last time we are forced to come before you with a recommendation for lifting the debt limit; however, we must be ready to spend every dollar needed to win the war at the least expenditure in the lives of our boys. To arrest or at least to retard this spending orgy—the Committee on Appropriations should henceforth scrutinize new requests for expenditures, more diligently than ever. The Congress should peer into and reappraise the plan and policy hidden deep in the greatest unexpended gold pile ever dreamed of. There is too much temptation to spend all that is available, the greater the amount available the greater the desire to spend. I hope I have been able to contribute just one constructive thought in this debate that of application of prudent economy in all expenditures.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back 5 minutes.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, it seems to be the unanimous opinion that this bill must be passed as presented. I offer you a toast by Artemus Ward, "Let us live happy and within our means even if we borrow the money."

I think that applies at this moment. I have heard a billion dollars measured so many times this afternoon, and I have also read that a billion dollars is a dollar a minute since the birth of the Christ. So I can hardly visualize \$300,000,000,000, but do acknowledge the necessity of voting for that amount at this time. However, the amendment proposed by the gentleman from Kansas [Mr. CARLSON] ought to be considered.

The Treasury has advanced most of the money to purchase the securities of the R. F. C. and other Government agencies. These agencies have some \$53,000,000,000 supposedly invested in properties and goods on which they should get a return of at least 50 percent. I am looking forward, as the gentleman from California [Mr. VOORHIS] is looking forward, to contemplated methods of disposing of this debt. In the carrying on of war there is enormous waste. We realize it. We have seen it. But after the war criticisms will be disposed of in similar manner as Charles Dawes disposed of them before an investigating committee. He simply stated: "Hell and Maria! We were fighting a war." It was of little use to hold hearings after that. However, it is wise to be looking forward as the gentleman from California is doing to find ways to control or to dispose of this enormous debt. I am wondering at the promise of 60,000,000 jobs and just how they are figuring to finance such a proposal. Is it only a rumor that this administration will still further lower the gold content to 25 percent? It is more than a rumor; it is being talked of so

much that the Treasury itself has declared that they have not as yet considered making such a proposal.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Do not take too much of my time; I have only 15 minutes, but I have such admiration for the gentleman that I will at once answer his question: "Where are you going to get the money?" I simply say: "By printing it." Keep that in mind; that is the intention.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KNUTSON. Where are we going to get the money to buy the printing presses?

Mr. GIFFORD. We have a great many printing presses on hand. We have already printed so much money. We even printed a special brand of money for the soldiers, called invasion money—about which we can get but little information. Is it to be redeemed in United States currency? Is it reckoned as money in circulation?

I might wish I had an hour to talk about devious and peculiar methods of financing, such as those being considered by the New Dealers to guarantee those 60,000,000 jobs. With that \$33,000,000,000 empire under the R. F. C. perhaps they intend to see to it that the revolving funds as they come back into the hands of the R. F. C. will be lent to business if the banks require more interest than United States securities.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Minnesota.

Mr. KNUTSON. They call that invasion money, because it invades the solvency of the invaded countries.

Mr. GIFFORD. I am glad the gentleman can define it. I have been unable to find anyone who could. I have been in touch with some of the experts on these matters. I want to remind the gentleman from California and others who have often referred to Abraham Lincoln's issue of fiat money, that that went to 30 cents on the dollar.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from California.

Mr. VOORHIS of California. Only part of it went down to 30 cents on the dollar, only that portion which was not made full legal tender and as to which there was an exception that it was not to be acceptable for interest on the public debt or for the payment of import duties. All the rest of that issue, which did not bear that limitation, circulated at par all the time.

Mr. GIFFORD. I will place in the RECORD my authority for the statement made about this matter. I want the House to understand about that printed money during Abraham Lincoln's administration, as it has been so constantly referred to in this body. If he did it, why cannot we? Let us not risk doing it, profiting by that experience. I quote from a letter which I received recently:

VOORHIS said: "Mr. Speaker, may I conclude by pointing out that in view of the

fact that there was \$450,000,000 of United States money issued to help finance the Civil War, there has been a saving even at a simple-interest computation at 4 percent, let alone compound interest, to the people of this Nation since that time of \$1,476,000,000."

Although it is not clear why he would calculate a saving of interest "to the people of this Nation since that time," it is pertinent to point out that, instead of the issuance of the greenbacks saving the people interest, it cost them a pretty penny. Perhaps the most reliable study on our experiences with the Civil War greenbacks is Wesley C. Mitchell's *A History of the Greenbacks* (University of Chicago Press, Chicago, 1903). If Mr. VOORHIS would consult that work, for example, chapter X, especially page 419, he would find that the issuance of approximately \$449,000,000 of greenbacks increased the financial burden of the Federal Government alone, from 1862 to 1865, by hundreds of millions of dollars, one of the most widely accepted estimates being \$589,000,000. There are no reliable estimates as to the increased costs to State and local governments and to people in general, but this additional burden in these respects must have been many hundreds of millions of dollars, beyond that experienced by the Federal Government, since the greenback depreciated to 35 cents on the dollar in terms of gold by 1864 and sharply in terms of various other goods and services.

As to the gentleman from California, may I say that I really love him, and appreciate him so much that I read every thing I can that he advocates. I sometimes wonder if he will ever be able to convince me. He is a man of vision, but no man is a real man of vision unless, of course, he agrees with me. He has ideas as to the retiring of one-third, and perhaps the whole, of this \$300,000,000,000 debt. I listened to and have read and reread his recent address on this floor. I have it marked up here, but I have not the time to comment much. He would get rid of part of the debt of \$300,000,000,000, namely, \$100,000,000,000 of it by printing money to pay matured bonds and having the money circulating without interest. But money is a promise to pay. Does it really reduce the debt? Certainly it avoids payments of interest.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Pennsylvania.

Mr. RICH. Has any Member of Congress given the gentleman any good reason or any good idea as to how this country is going to survive and pay this great national debt that we have?

Mr. GIFFORD. I dislike to answer the question because I am a little pessimistic. There is a road to ruin. I do not say that we have taken it. I would not like to say that, although I might fear it. The road to ruin is always kept well paved. They are paving that road constantly so that we can travel it safely, at least temporarily. There are dozens of paving jobs, such as further gold clipping and manipulation of the Federal Reserve notes. I recently read the conversation between the gentleman from Wisconsin [Mr. KEEFE] and Chairman Eccles of the Federal Reserve, in which the latter had to agree that the Federal Reserve note was really fiat money. If we could only understand this money business, but we do not. I have argued here on this floor a good deal about it during the last few years, but I confess I have difficulty

in finding people who seem to be able to explain this subject of money to me. My curiosity at times has been aroused. I do not like to be misled with my eyes open. But "Mother knows best." We have heard much of that.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Idaho.

Mr. WHITE. Does the gentleman think a man who does not understand money and refuses to study the money question has any business representing the American people in this Congress?

Mr. GIFFORD. The gentleman's question may be all right, but the answer would be very indiscreet.

Mr. WHITE. I would like to have that in the RECORD.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. MICHENER. Might there not be a difference between the man who understands money and the one who thinks he understands money?

Mr. WHITE. May I say to the gentleman the statement should be blazoned across every newspaper in the United States that the man who does not understand money and who refuses to study the money question has no business representing the American people in this Congress.

Mr. GIFFORD. I used to think I understood a certain subject. Finally someone remarked, "Oh, he is only a crank," and when you get to the cranky stage then people begin to lose faith in your advocacy of that particular matter. I advise the gentleman to go slow on this money question.

Mr. WHITE. May I say to the gentleman, since the question of silver has been brought up, we would not be putting a \$300,000,000,000 debt limit on the United States today if it would have been used sensibly.

Mr. GIFFORD. You can use the same legerdemain with silver as with gold and other devices. But I would like to see something tangible received for printed money—gold or silver, or other commodities of real value.

The gentleman from California wants to stop private banks from creating money. If I give my note, I create money.

Mr. VOORHIS of California. My point is that the Government itself ought not to have to pay interest upon its own credit when that credit is created by a private institution. When the bank loans the gentleman money on his note the bank is monetizing the gentleman's note the same as the bank monetizes the bond of the Government, but it is the credit of the Government that stands behind it.

Mr. GIFFORD. If my Government goes into forms of private business, it should have no advantage. If I have to pay interest, the Government should pay interest also.

Mr. VOORHIS of California. I would be perfectly willing to settle the matter on an even basis if the sovereign American Nation exercises only the same right

that the banking system exercises. I do not ask any special favors.

Mr. GIFFORD. May I ask you to read the speech of the gentleman from California on February 21? It will start you thinking. Of course, it set me to thinking, but like many matters presented here lately, it set me to thinking with a challenging attitude. The advocacy of 100-percent reserves back of demand deposits interests me. Where are we to get money to keep business going? The savings departments of the banks would not suffice. We should then get it from the Government, of course. I have said before, and I say it now, get the Government out from underwriting everything. Think of the vast sums of this borrowed money that we spent to relieve unemployment. If there had been one year of confidence in government, the public would have taken care of that unemployment. Again I call attention to the speech made by the gentleman from California. It was really a thought-provoking speech, and perhaps gives us a hint of future methods of finance. Taxes may finally pay the debt and I tell my people it all depends on our courage to tax them to pay it. But we cannot tax them beyond ability to pay.

Every nation that has printed much money on the promise to pay and on the credit of that nation has gone on the rocks. A man who owns a dollar bill wants to be able to say, "I want something of definite value." Jesse Jones has gone. We all had confidence that he would account for the money that he loaned. But there seems to be a constant attempt on the part of this administration to see that people get in control who have so-called liberal views and who feel that debt is fully justified if it is used to make 60,000,000 jobs.

Mr. ANGELL. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Oregon.

Mr. ANGELL. With reference to using printing-press money to pay the debt, I hold here a piece of paper that was printed by the Japanese Government, apparently for use in the South Pacific. All that is on it is "the Japanese Government, one shilling." It is undated. It bears no signatures. What would be the difference between that form of printing-press money and the kind the gentleman has discussed for paying our national debt?

I am attempting to get information relating to the so-called invasion money.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS.]

Mr. VOORHIS of California. Mr. Chairman, first of all I want to pay my sincere respect and express my genuine affection for the gentleman from Massachusetts who has just preceded me. I want to thank him for making reference to my speech, and to say that whatever differences of opinion may exist between him and me do not becloud my sincere admiration for his character. When I attain his age, if I can look back on a life as full of integrity and character as our colleague the gentleman from Mas-

sachusetts [Mr. GIFFORD] I will be well content.

Now, first with reference to what the gentleman from Oregon referred to, the value of that Japanese currency depends entirely on what that Japanese currency will buy which I expect is just about nothing today. The gentleman from Massachusetts made reference to the change in the gold content of the dollar. I call his attention and that of the House to the fact that when the gold content of the dollar was cut, as it was, it made almost no difference whatsoever in the price level of the United States. The thing that people were interested in was not how many grains of gold were in the dollar but rather the amount of food, clothing, and shelter each of those dollars would buy, and that in turn depends upon how many dollars were in active circulation relative to the supply of goods and services to be purchased. That Japanese currency will be worthless unless it will perform its function in the purchase of goods. An American dollar issued against the credit of the United States will be of value to the extent that there is a sound, solid, and stable relationship from month to month and year to year between the number of those dollars that are in circulation and the volume of actual physical production of goods and services that takes place in the United States.

May I say that as far as my position on this matter is concerned, I have never asked or advocated anything except that we should have the right as a Nation to keep in circulation continuously a volume of money which would correspond on a stable basis to the increase in our productive capacity. All I have said is that it ought not to be necessary, when actual physical production is increasing or could readily be increased, for the sovereign nation to permit any private institution whatsoever to usurp its basic constitutional right to be the only source of new money in this country, and then to have to turn around and contract an interest-bearing debt to those private institutions, namely, the banks, when it borrows back from them its own credit.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield to me there?

Mr. VOORHIS of California. I yield.

Mr. GIFFORD. I am so anxious to have this cleared up. The gentleman will remember in his speech he said that would take care of one-third of the national debt.

Mr. VOORHIS of California. I would like to explain what I said it would take care of, and I will do that right now, sir. I, furthermore, have been advocating for many years a 100-percent reserve behind demand deposits in the banking system. I have believed it a poor bargain for the American Nation to fail to pay the banks honestly and squarely for services which they perform in handling our checking accounts, which are nothing more or less than our cash money, and then to permit the banks to try to make a profit by increasing and destroying all the medium of exchange of the Nation in the form of demand deposits. I have considered that a poor bargain. I have believed, and I do today, that a sound

banking system would be one where the demand deposit part of banking would be handled purely as a warehousing of money proposition; and where every time a depositor deposited \$1 in that bank, that dollar would remain there for that depositor until he called for it, and where there would not be an expansion and contraction of the volume of demand deposits by action of the banks; and where the savings department or the loan and investment department of the bank would be separated from the demand deposit department. Today, as the gentleman knows, the Government requires reserves amounting to an average, I should judge, of about 20 percent of demand deposits. On that basis the banks have today about \$12,000,000,000 of reserves with the Federal Reserve and something over \$50,000,000,000 of demand deposits. I believe those demand deposits should be covered 100 percent by cash reserves.

The one-third of the national debt to which I made reference had to do with that portion of the national debt which has been held by banks and which has been purchased by banks with new money. It has been purchased by banks with money created in the form of book-keeping entries in the war loan deposit accounts of the banks. That is where I got to the one-third of the national debt part of it. It is actually more than one-third of the debt.

As a matter of fact, my proposal for 100-percent reserves might or might not take care of one-third of the outstanding debt. It would take care of a considerable portion of the debt in this way: If Congress permitted the banks to count as eligible reserves Government bonds which they now hold until the time that those bonds mature and if we required 100-percent reserves, then when the time came for those particular bonds to mature, they ought obviously to be replaced with an equivalent amount of currency, and that currency would become a portion of the required reserves behind the demand deposits in the banks. That currency, I think, ought to be created by a Government agency without debt or interest charge in order to replace the interest-bearing bonds as a portion of the reserves of the banks. If that were done that part of the national debt, whatever it might be, would be paid off without either taxation or refinancing being necessary.

Mr. GIFFORD. Would it amount to one-third?

Mr. VOORHIS of California. I do not believe it would, I will say to the gentleman. I expect that proportion would be high.

Mr. GIFFORD. The gentleman said that it would.

Mr. VOORHIS of California. I think I may have been a bit optimistic. No one could tell how much it would amount to without knowing what the volume of demand deposits will be at the end of the war; and I do not know how much that will be. It is true that well over one-third of our present outstanding debt is held either by commercial banks or Federal Reserve banks. In fact it was more than 40 percent as of last June.

As of June 1944, out of a total debt of \$201,000,000,000, \$83,000,000,000 was so held. Most of that \$83,000,000,000 became debt against the American people because those banks created money without cost to themselves upon their own books in order to buy the bonds.

Mr. GIFFORD. When those bonds mature, and they mature quickly, you would have to furnish the money to pay for them.

Mr. VOORHIS of California. That is right, you would.

Mr. GIFFORD. You would have to print that money.

Mr. VOORHIS of California. In the same manner as it has heretofore been printed on the bank's books; yes, except that in this case it would be the Congress not the private banks that would be creating the money. That money could not possibly be inflationary money because if it is required as a portion of the reserves in the banks it would merely replace bonds which in the meantime we had permitted the banks to count as reserves. It would not increase by one single dollar the money available as a circulating medium.

Mr. GIFFORD. I agree with that. I agree with that; it ought not to, anyway.

Mr. VOORHIS of California. And it would not. Furthermore, that would merely be replacing by Government creation of a similar amount of money, bonds which had been purchased through the inflationary creation of money by banks.

Now, I have a chart here, and this is what I want to say in the remainder of my time. Member after Member has risen upon this floor and has expressed concern over the huge national debt, and properly so, though every Member knows we could not do otherwise. Everyone of us feels the same way about it. I do not agree that the national debt is of no concern. I do not believe we "owe it to ourselves," in any real sense. As a matter of fact, I had already told the House that about 40 percent of it is owed to the Federal Reserve banks and commercial banks. Less than 25 percent of it is owed to individuals. The American people all owe the debt, but they owe the bulk of it to a few large institutions. I think the debt is a very great problem. And what is worse, under the present monetary system, and until we cut the knot that at present ties the supply of money to the debt, public or private, of the American people, we cannot have a full-production economy; we cannot have a prosperous condition in the Nation unless the debt of the people is being increased. This chart proves it.

The red line on this chart is industrial production. The blue line is public and private debt, the total debt of the Federal Government and the local governments and corporations and private individuals of the United States. There must be a freeing of the Nation to create money when it is needed by the business life of this country, without acquiring debt. Otherwise the line of production will continue to be subject to the increase in the debt of the Nation, and we will be unable to pay down this colossal war debt unless, indeed, we contract an

increasing amount of new debt in the process.

Here we have the inflation of the First World War. Prices increased to twice what they were before. This shows the rise in debt. We have a fairly steady line here on production, which means the increasing debt of the period, taking inflation into account, was just sustaining the level of production. As soon as that debt leveled off in 1920, through the action of the Federal Reserve Board in deliberately bringing on deflation, we have a slump in production. As soon as the debt commences to increase again we have a period up to 1929, when we have an increase in production. In 1929 the bubble of debt collapsed. So did production.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. VOORHIS of California. Everybody knows what happened in 1929. The thing that frightened the people was not the policies introduced after 1933, but the thing that happened to them in 1929, in the very heyday of the Andrew Mellon system of government. As a matter of fact in 1929 the debt bubble burst. It was partly a debt bubble that had resulted from the sale of foreign bonds in the United States. It was partly a debt bubble from the creation of billions of dollars of demand bank deposits to enable people to speculate on Wall Street. Production declined until 1933, when there was only about \$56,000,000,000 of national income.

Mr. KNUTSON. Will the gentleman yield?

Mr. VOORHIS of California. I yield. Mr. KNUTSON. What effect did the First World War, which we were promised we would be kept out of, have upon the creation of that bulge?

Mr. VOORHIS of California. I will say that I was not in a very authoritative position at that time, personally. What was the gentleman's question?

Mr. KNUTSON. I say, what effect did the First World War, which we were promised we would be kept out of, have upon the creation of that bulge?

Mr. VOORHIS of California. On the debt?

Mr. KNUTSON. Yes.

Mr. VOORHIS of California. When we entered the First World War we had a debt of about \$1,500,000,000. We came out with a national debt of \$25,000,000,000. I shall not go into any detailed explanation of the slump that took place between 1929 and 1932. In 1932 the debt began to increase again, and it has continued to increase. Since the outbreak of war it has soared, and so has production. Why? Because of unlimited demand backed by the money to pay for the things produced. That is the way full production is made possible. It is the key to our post-war problem. But it must not have to be based on continually increasing debt. That is my plea. Note how from 1933 to date production continues to increase, with one exception, and that is in 1937. In 1937, just because the debt did not continue

to increase, it did not even go down, but because it failed to continue to increase we had what was called a recession. As a matter of fact that recession saw a decrease in production equal to about three times the decrease in total debt.

Why do I tell all this? Am I arguing that we must always have more debt in order to get more production? No. I do not argue that at all, unless we are so lacking in understanding as to perpetuate this debt-money system. But the problem has a great deal more to it, and is something much more fundamental than simply a saving of twenty-five or thirty thousand dollars on an appropriation for Japanese beetle control, for example. It is the question whether we will listen to the men who wrote the Constitution of the United States, people like Thomas Jefferson and Abraham Lincoln. What are we going to do when it becomes necessary in the interest of maintaining a volume of buying power which will correspond to our capacity to produce when all are employed? Will we require this great Nation to continue to go into debt to private creators of money? Or will this Congress authorize some agency of the Congress set up by the Congress for that specific purpose, and operating under a mandate to prevent both inflation and deflation to create the money needed to maintain stability without debt, interest free.

The national money of America must never be created in unlimited amounts, not to pay the national debt, but to maintain a parity between the available supply of money to purchase goods on the one hand, and the supply of those goods in physical volume on the other.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. CARLSON. Mr. Bell testified before our committee that 59 percent of the deposits of the banks of this Nation were in Government bonds. I wish the gentleman would discuss what effect that may have on the future.

Mr. VOORHIS of California. I think it means that the banks who have those bonds have become manufactories of money for the United States rather than true banking institutions accepting deposits which people put into those banks for investment purposes and making loans with that amount of money. I think it means that the welfare of the banking system is all tied up with the Government. I do not think it ought to be that way. I think those demand deposits ought to be monetized by action of this Congress. I think they ought to be turned into 100 percent actual deposits of physical money. I believe that in the future when money is to be created and it is necessary to be created that it should be the Government that does it; and I believe correspondingly that if we do that and maintain a balance between the supply of purchasing power on the one hand and the volume of physical and potential production on the other, we could keep the Government out of the banking business, that is the business of lending money, and leave that real banking business to the banking system where it belongs. There are exceptions, of

course, such as cases of farmers who cannot possibly obtain credit on fair terms any other way except by means of some Government lending agency. But as a matter of actual fact the Federal Government today gets its money by selling its securities to banks, and they create the money to buy the securities; and in many instances the R. F. C., for example, turns around in the bank's local community and makes a loan that the bank should have made itself. But such a change necessarily waits upon the time when we take the banks out of the essentially public business of creating the Nation's money.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, during the speech of the able chairman of the Committee on Ways and Means there was a discussion with reference to an amendment proposed by the gentleman from Pennsylvania, and during that discussion I made the statement that the Budget was based on the assumption that both wars would continue during the next fiscal year. The gentleman from Tennessee [Mr. COOPER] denied my statement. I have since talked to the Budget Bureau and found that the gentleman from Tennessee was entirely incorrect. Mr. Martin of the Budget Bureau told me, and told me I could quote him, that the Budget for 1946 did not contemplate that the war in Europe would be over at any specific date. That, of course, is good sound Treasury budgeting; it is the proper way to do—estimate what is the worst possible thing that may happen.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I gladly yield to the distinguished gentleman from Wisconsin.

Mr. KEEFE. In further corroboration of what the distinguished gentleman says, may I say that in every budget estimate that has come before the subcommittee of the Committee on Appropriations on which I am privileged to serve, there has not been a single Budget estimate but what contemplates that the war will continue all through 1946. It may or it may not, we hope it does not; but in planning the Budget for the year 1946, the Budget Bureau as the gentleman has so well said has not reduced the amount of the Budget in contemplation that the war with Germany or Japan might end in the year 1946.

Mr. KEAN. Continuing the discussion of the amendment proposed by the gentleman from Pennsylvania, I started to say when I was interrupted by the gentleman from Tennessee that I thought there was some merit to the suggestion, for the reason that it does look possible that the European war may be over in the middle of the fiscal year and that therefore we may not have to spend the money we think we may.

Mr. DOUGHTON of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from North Carolina.

Mr. DOUGHTON of North Carolina. Did the gentleman get any information as to what the necessary Budget would be for 1946 in the event the war with Germany terminated by the end of this fiscal year?

Mr. KEAN. The President in his Budget message mentioned that under certain circumstances over there we might require only \$60,000,000,000 for war expenditures as against the \$70,000,000,000 that he estimated.

Mr. DOUGHTON of North Carolina. That would only be the possibility of a difference of \$10,000,000,000?

Mr. KEAN. That is right. In further consideration of the amendment to be offered by the gentleman from Pennsylvania I want to read what the President said in his Budget message as follows:

If the war develops favorably, unobligated balances of war appropriations no longer required for authorized purposes will be placed in reserves and reported to the Congress for repeal or other action under the provision of present law.

It is a particular pleasure for me to have guaranteed bonds made subject to the debt limit as provided by this bill, for I have harped on this subject for years. Way back in 1939 I introduced a bill to prevent the further issuance of bonds guaranteed by the United States by Government corporations. And in 1941 I called attention to my hearty approval of the fact that the Treasury had finally come over to my viewpoint and had announced that their future policy was to sell no more of these bonds to the public and to retire them as they matured by issuing Treasury obligations.

But so long as it is possible to sell these bonds, 12 billions of which are held by the Treasury to the public outside the debt limit, there will always be a temptation to do so, and a mere policy of the present Treasury Department is not sufficient. Policies can be changed over night.

The selling of guaranteed bonds to the public is an easy way to fool the people as to what is our actual debt, therefore, this provision of the bill not only is sound, but very welcome.

It is with real reluctance that I support this rise in the debt limitation. But there is nothing that members of the Ways and Means Committee can do except to approve the rise, for the money has been appropriated by Congress.

Perhaps we should have levied more taxes. In time of war, taxes should be as high as the national economy will stand. We should place as little burden as possible on our returning veterans—our future taxpayers; for we should not ask them to fight this war and pay for it too.

And in this respect I was pleased to note in Secretary Bell's testimony, as appears in the hearings before the committee, that for the first time since the war started, it is estimated that in the fiscal year 1945-46 more than half of our expenses will be met through current taxation.

The real necessity for this bill stems from the action of the Appropriations Committee and the House in the spending that they have authorized. Non-

war expenditures of the Government remain at a very high level.

I doubt if these expenditures have been cut to the bone as they should have been.

Let us get down to earth and realize that Uncle Sam is no longer the rich uncle able to spread largesse everywhere, but that he is in reality in serious financial trouble.

By this time next year interest on the public debt alone will reach approximately \$6,000,000,000. Continued spending will inevitably lower the standard of living of our people. Do we want this to occur?

Let us here have the courage to resist pressure groups; to resist the temptation to ask for special favors for the people in our districts; and let us hope that next year at this time the Committee on Ways and Means will not be forced to come back and ask you to raise the debt limit to \$350,000,000,000.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Idaho.

Mr. WHITE. Speaking of the per capita indebtedness and the present-day trend, is it a fact that the wage trends on one hand coming up from below and the tax burden coming down from above are gradually wiping out the small business of this country and will, in the end, reduce employment?

Mr. KEAN. The New Deal policies have favored big business and it is very hard for small business to get along under the policies of this administration. There is no question about that.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, I think we are dealing with one of the most important issues and a plan of the greatest import to the American people today in raising this debt limit to \$300,000,000,000 that has ever come before this Congress, except probably the declaration of war. When this country finally sinks into hopeless insolvency the Congress of the United States will be responsible. Under the system of government that has been given us by the founding fathers, by the people who established this Government and adopted the Constitution, the responsibility was placed on the people of managing and operating their Government, by their Representatives elected to Congress; now, under that plan, the Senators and Representatives chosen by people to formulate the policies of the Government have the responsibility of levying taxes and appropriating all the money raised by the Government, and when this country goes into hopeless insolvency the Congress cannot put aside its responsibility for the Government's financial condition.

We have fought a number of wars in this country, and I took the occasion today to obtain some figures as to the expenses of past wars. We find that in 1865, after the close of the Civil War, the total indebtedness of this country was \$2,677,929,012. The per capita debt burden of the American people was \$77.07. In 1866, at the peak of the national indebtedness of that period, it

amounted to \$2,755,763,929 or a per capita indebtedness of \$77.69. Remember that of that \$2,000,000,000 of national indebtedness there were \$500,000,000 of Treasury notes, the so-called greenbacks, which were circulated without interest. President Lincoln and his Cabinet were more considerate of posterity when they put this country into debt in fighting a war by issuing Treasury notes, noninterest bearing, than the present-day administration that puts the country in debt by obtaining interest bearing bank credit and by issuing bank-note money secured by Government bonds on which is piling up an unpayable and unbearable interest load.

Today we are dealing with a program to put \$300,000,000,000 of indebtedness on 138,941,000 people, this country's population today as stated by the Treasury which will bring about an indebtedness of \$2,159.12 for every man, woman, and child in this country. That goes to every kind of inhabitant of the United States. Each of them will have an indebtedness of \$2,159.12 if this debt limit is reached. Do you think there is any business plan or taxation scheme that can be evolved that will reduce that indebtedness or pay it off? Will this generation or any other generation ever see it paid?

Our monetary and fiscal program has been mismanaged from way back yonder, and we are still mismanaging it. We must work out some plan whereby the national business can be protected and the national debt reduced.

I said on the floor a while ago and I repeat, "The man that does not understand money and refuses to study the money questions has no business representing the people in Congress."

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Ohio.

Mr. JENKINS. Apropos of the colloquy that took place here this afternoon with reference to legislation pending before the Committee on Banking and Currency, I call the attention of the Members to the fact that the Second Liberty Loan Act, upon which all this debt limitation is built up, is now being considered for amendment by this bill pending before the Committee on Banking and Currency. I think it is a very serious situation for that committee to take jurisdiction over amending the Second Liberty Loan Act, which is the foundation of all this legislation, and thereby take it away from the Committee on Ways and Means. I call this to the attention of the chairman of the Committee on Ways and Means, because this is surely going to be an invasion of the jurisdiction of that great committee.

Mr. CURTIS. The gentleman refers, I take it, to the so-called Bretton Woods bill?

Mr. JENKINS. Yes. I refer to the so-called Bretton Woods bill.

Mr. CURTIS. I have not studied that measure, but a hurried reading of it indicates that it does that very thing. Certainly the public should take notice that

the Bretton Woods measure does increase the debt limit of the United States, and that the financing of that proposal has a direct bearing on the obligations of the United States. It is a concrete illustration that there are many forces working to increase the debt of the United States, some of which we do not know about.

I wish to call attention to a sentence in the minority report on this bill:

The credit risk of a nation is like that of an individual—it depends not only on the amount he owes, and his receipts, but also on his attitude toward payment of debt.

No doubt you will all agree that there are people of your acquaintance who are poor credit risks for a very few dollars. Their attitude is such that they do not care when or how it is paid, or, if it comes to a showdown on paying it, they look for a slicker scheme to get it settled without actual payment. Some men are a poor credit risk for \$20, others with no more assets are good risks for thousands of dollars. Their attitude toward payment makes a difference.

We have had certain apostles of destruction going up and down this country preaching the doctrine that the size of the national debt does not matter because we owe it to ourselves. Certainly those people are not doing the credit of the United States any good. We have had others who have written at length about the great wealth of the Nation; they say it runs into trillions and trillions of dollars, and that we do not need to worry. They, too, are like the man who owes a few dollars and tries to figure out a "skin game" to wipe out his debts. They are hurting the credit of the United States.

A certain Cabinet member, a few years ago, went out to the Great Northwest and talked to a group of farmers. He told them in substance, "Now, you men do not need to get alarmed about these expenditures. We are not going to tax you. We are going to tax powerful interests back east and bring the money here and spend it with you." He was deceiving those men. Now all the farmers have to make an income-tax return and pay income taxes. That individual was tampering with the facts and he was and is hurting the credit of the United States. It is not the necessities of war alone that are imperiling the financial structure of this Republic. False doctrines are dangerous.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield briefly?

Mr. CURTIS. I yield.

Mr. KNUTSON. When Governor Kerr, of Oklahoma, spoke in my home city this fall, a delegation of high-school students interviewed him and expressed apprehension about the national debt. He said, "You young men do not need to worry about it as long as you do not have anything."

Mr. CURTIS. Yes; and we all know that his statement was not correct. The national debt is a greater handicap to the youth than to any other group. The heavy tax burden caused by the New Deal makes it impossible for a poor boy to amass a fortune or become a captain of industry. A big portion of his earnings throughout his lifetime will be taken

from him to pay the debts incurred in the Roosevelt administrations. The reactionary New Deal has been a great force in destroying opportunity.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. CURTIS. I wish to extend my remarks by including the minority report on this bill:

SUPPLEMENTAL MINORITY VIEWS

This will be the seventh time since 1934 that the Congress has been asked to raise the limit on our national debt. These increases were made necessary despite the enactment of 13 major revenue bills during that period, each one increasing the tax burden carried by our people.

When the New Deal regime took over back in 1933, the national debt was twenty and nine-tenths billions. Today it is \$233,000,000,000. By a succession of increases the debt limit was raised from forty-five billion in 1935 to sixty-five billion before our entrance into the war in December 1941. During the same period annual Government spending increased from three and eight-tenths billions to about thirteen billion. These enormous increases in expenditures were brought about by profligate and wasteful spending which Republican Members of Congress denounced and protested against time and again, to no avail.

Today the national debt limit is \$260,000,000,000 which we now are asked to increase to \$300,000,000,000. The Federal debt alone, at three hundred billion as contemplated in this bill, will be a charge of close to \$10,000 on each of the estimated 30,000,000 families in the United States. It means that every newborn American babe starts life tagged with a debt to the Federal Government of nearly \$2,500.

Through the insistence of the minority members of the committee, the Treasury Department has been instructed by the committee to bring in a report on ways and means of reducing our Federal debt.

In addition to extending the Treasury's borrowing authority this bill also contains certain important restrictions to the Second Liberty Loan Act, of an administrative character which were sponsored by the Republican Members. Not the least of these improvements is the provision requiring inclusion of certain guaranteed and contingent liabilities of the United States within the debt limitation of \$300,000,000,000. Again, through the efforts of the minority a necessary and vital restriction was placed on the power of the Treasury to sell odd lots of securities without publishing notices of sale.

The Republican members of the Ways and Means Committee, and of the Congress as a whole, realize full well that the credit risk of a nation is like that of an individual—it depends not only on the amount he owes, and his receipts, but also on his attitude toward payment of debt. The exigencies of war, as well as the necessity for protecting the national credit which vitally concerns those who are patriotically investing in War Savings bonds, compel us to acquiesce. We vote to increase the debt reluctantly because we are unable to prevent the continued shameful waste by the administration in public spending of all kinds.

HAROLD KNUTSON, DANIEL A. REED, ROY O. WOODRUFF, THOMAS A. JENKINS, BERTRAND W. GEARHART, FRANK CARLSON, RICHARD M. SIMPSON, ROBERT W. KEAN, CHARLES L. GIFFORD, CARL T. CURTIS.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman and Members of the House, a great deal of discussion has taken place here this after-

noon in reference to the bill (H. R. 2404), to raise the debt limit from \$260,000,000,000 to \$300,000,000,000. It is contended that there is nothing in this bill which in any way pertains to increasing our national debt. In a sense and in a measure, I quite agree, because we do not have a bill here by which we are authorizing the expenditure of any funds. On the other hand, I quite disagree with the proponents of this measure because of the fact that when there is a limit on the spending of individuals they will probably try to keep within that limit. When the limit is placed so high that there really is no chance of approaching it within a short time, they might think there is no use in trying to conserve funds. I remember many times when I went to my father and I said, "Dad, give me \$5," my father would think it over and he would say to me, "You want to be careful, Robert, with your money." Then, after I talked with him a good while, he would go into his pocket and give me a dollar. He did not want me to squander \$5 if he thought a dollar would do. I know of many mothers and fathers throughout the Nation who have tried to be conservative in years past with their children and who have tried to teach their children the value of a dollar. They taught them the value of a dollar. I realize today it takes 10 pennies to make a dime and 10 dimes to make a dollar. I know eventually when our boys come back home after they have won this war, they are going to be very much upset and very much surprised when they see how much of a debt they will have to pay. A debt created by the Congress, by the New Deal. They will realize what the responsibility of the Congress is to those boys for trying to keep this country in a good financial position. In my judgment financially we are in the worst position our Nation has ever been.

At this time, Mr. Chairman, I cannot help but read to the Committee a couple of quotations, from the President of the United States, Franklin D. Roosevelt. Unkept promises, promises repudiated, wrecked promises.

This is from the President of the United States, in a speech made at Sioux City, Iowa, on September 29, 1932, before he was elected the first time.

This is a quotation from the President: I quote:

We are not getting adequate returns for the money we are spending in Washington, or to put it another way, we are spending altogether too much money for Government services that are neither practical nor necessary. And then in addition to that we are attempting too many functions. We need to simplify what the Federal Government is giving to the people. I accuse the present administration of being the greatest spending administration in peacetime, in all our history. It is an administration that has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs and reduced earning power of the people. Bureaus and bureaucrats, commissions and commissioners have been retained at the expense of the taxpayers.

The Chief Executive made that statement during the Hoover administration. I wonder when he goes to bed at night

and closes his eyes and begins to think, what he can think of his own administration in the past 12 years. When I show you that the indebtedness of the Government at the time he came into power was twenty-two and one-half billion and up until Pearl Harbor it was forty-nine and one-half billion, the greatest debt this Nation ever had up until that time in peacetime, and he has had a deficit every year ranging from one and one-half billion to \$15,000,000,000, I wonder what he thinks. I wonder what the Congress thinks. I wonder what the American people think. I know what I think and I would not like to have it printed here, or you would think I did not like Mr. Roosevelt. That would not do.

Let me give you another quotation from the same gentleman on March 10, 1933, after he was President of the United States:

And on my part I ask you very simply to assign to me the task of reducing the annual operating expenses of your National Government. We must move with a direct and resolute purpose now. The Members of Congress and I are pledged to immediate economy.

Oh, Members of Congress today we say to that, "What a joke"—oh; how he fooled the American people.

Mr. DINGELL. Will the gentleman yield?

Mr. RICH. I do not yield.

Mr. DINGELL. I would like to know the date of that.

Mr. RICH. March 10, 1933. After he assumed office. He repudiated it—every word—I will quote further. I quote the President:

The Members of Congress and I are pledged to immediate economy. When a great danger threatens our basic security it is my duty to advise the Congress of the way to preserve it. In so doing I must be fair, not only to the few but to the many. It is in this spirit that I appeal to you. If Congress chooses to vest me with this responsibility it will be exercised in a spirit of justice and of sympathy to those who are in need and of maintaining inviolate the basic welfare of the United States.

I say to you, Mr. Chairman of the Ways and Means Committee, I consider you a fine gentleman, but I say that when I came to Congress we had a debt limit of \$45,000,000,000.

On January 30, 1934, you increased that \$10,000,000,000 by permitting the increasing of notes. In 1940, you increased and the President increased the national debt limit to \$40,000,000,000. In 1942, you and the Congress and the President of the United States increased the debt limit up to \$65,000,000,000. In 1942, Mr. Chairman, you and the Congress and the President increased the debt limit to \$125,000,000,000. Mr. Chairman, you and the Congress and the President in 1943 increased the debt limit to \$210,000,000,000 and on June 9, 1944, you and the Congress increased the debt limit of this great country to \$260,000,000,000. Now you hike it again to \$300,000,000,000. Where, oh, where is the limit? Such extravagance, such recklessness with the other fellow's money.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. RICH] has expired.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. VORYS].

POST-WAR LEND-LEASE

Mr. VORYS of Ohio. Mr. Chairman, while we are discussing the increase in the debt limit, we should remember we will have before us next week the extension of lend-lease until June 30, 1949. That means 4 years more of lend-lease—into the next Presidential administration—if the bill reported by the majority is adopted. Under the Lend-Lease Act we have already concluded a French post-war agreement which may add two and one-half billion dollars to the top of our public debt. We will carry this in our national debt unless and until the French make their payments over a 30-year period. If the committee bill is adopted in the form in which it is brought to the floor, we may have further post-war agreements under lend-lease which would add very largely to our national debt. The minority who oppose the use of lend-lease as a post-war mechanism are not opposed to the continuation of the lend-lease policy of mutual military aid among our allies for the duration of the war, but we are opposed to using the lend-lease mechanism for the post-war period for relief, rehabilitation, or reconstruction. The minority have filed a report today, which will be found in the Appendix of the RECORD, under leave given to my colleague the gentleman from Illinois [Mr. CHIPERFIELD], who inserted it in the RECORD. I urge you to read this analysis of the possibility of post-war lend-lease at a time when we already have U. N. R. R. A. for post-war relief, when we have the Bretton Woods reconstruction bank before Congress, at a time when we are increasing the national debt, and at a time when we are looking forward to entering post-war security organizations. I urge that you study this minority report with an open mind as we approach consideration of this bill.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. MICHENER. Assuming that this bill becomes law fixing the maximum national debt at \$300,000,000,000 and that next week we pass the bill to which the gentleman has referred, which would carry two and one-half billions; would not that mean that the later legislation passed would be added to the debt authorization passed today?

Mr. VORYS of Ohio. I think the debt limitation under consideration today has not been reached at the present time. If, however, we go into a vast program of post-war lend-lease, we may be faced with a proposition of increasing the debt limitation again, for that reason alone.

Mr. MICHENER. That is not my question. My question is: If the Congress fixes the debt limitation, which it has a right to fix today, but next week passes legislation which would necessarily increase that limitation, would not the later act of Congress control over the action today?

Mr. MILLS. Mr. Chairman, will the gentleman yield to me to answer the question?

Mr. VORYS of Ohio. I will yield if the gentleman will arrange a little more time for me.

Mr. MILLS. I do not have it, but will not the gentleman yield anyway?

Mr. VORYS of Ohio. I think the answer to the question of the gentleman from Michigan would be yes; that the later legislation, if it meant modifying earlier legislation, would have that result.

I think the enactment of extension of lend-lease would not necessarily affect our debt limit, as this would be an authorization only. I have studied this legislation and I cannot tell you where the lend-lease commitments come into our debt limit at all. For instance, there is a revolving fund of \$489,000,000 under the lend-lease act that can be repented without appropriation by Congress and I do not know where that would come in. You may be sure, however, that all of our lend-lease expenditures must be paid for by our Government, through money raised either by taxes or borrowing, whether other governments pay us or not, and the difference between what we pay and what we receive from other governments and our own taxpayers is going to be added to the public debt.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

DANGER OF INFLATION

Mr. PATMAN. Mr. Chairman, this is a bill to increase the debt limit to \$300,000,000,000. That is a large amount, yes, yet I am not afraid that the debt will not be paid if it is increased to \$300,000,000,000 and we actually use it. I regret exceedingly it is necessary to have a national debt that large or one-half that much or one-tenth that much; yet we are in a war, and it is necessary to spend more money in time of war than in time of peace and we are not economical when it comes to spending money for war because we know that it is our duty to send a machine where a machine can go and do the work that a human can do regardless of the cost of that machine. We are spending a lot of money for machines to save the lives of American boys. On the other hand, we are spending a lot of money for lend-lease because we know every time we send food to China and a Chinese uses that food to go out and kill a Japanese, there is one less Jap to kill an American soldier; every time we spend our money for food and send it to Russia and a Russian goes out and kills a German, there is one less German to kill an American soldier. So when we spend money for lend-lease we are helping to save the lives of American boys and we are not going to be stingy or even economical in the expenditure of public funds for the prosecution of this war to a successful conclusion.

On the question of the domestic front, it is true that we should be just as economical as possible and spend just as little money as possible for any purpose

outside the purposes of war. I believe that is the policy of this Government, for the very good reason that, out of every dollar we are now appropriating, 96 cents of that dollar goes for purposes of war, only 4 cents of that dollar going for all other purposes. I think those facts alone are pretty good evidence that we are reasonably economical in the expenditure of public funds.

The thing I fear more than anything else in a huge debt is inflation. It is true that our debt today is sufficiently large that we would probably have ruinous inflation were it not for our stabilization and price control program. So as to whether or not we protect our country will depend upon the success of those programs, stabilization and price control.

I just returned from Texas a couple of days ago and while I was down there a friend of mine had just returned from Nuevo Laredo, a little town in Mexico just across the Rio Grande from Texas, and he told me about the price of different things. One thing he referred to was the price of an automobile tire just across the line into Mexico, within a stone's throw of the Texas border. He said he could get an automobile tire, and he found one down there, the same kind of a tire he could have gotten on the Texas side for \$16.95 on priority if he had one, but he would have had to pay \$200 in American money for that tire on the Mexican side. There were many other things in proportion.

I have a number of figures I want to invite your attention to for the reason that what we have got to watch more than anything else is the effect of these inflationary pressures upon our stabilization and price control program.

If that price program dam does not hold, we are all ruined. If it does hold we can pay this national debt just a little bit easier than we could have paid a debt one tenth this size in 1932. In 1932 our national debt was just one tenth as big as it is today. Our interest rate, you would think, would be ten times as high too, since our debt is ten times higher, but it is not. Our interest rate is only three times as high, because we have been reducing interest rates along as we increased the size of our national debt, so we can pay off this public debt—we are not afraid of that—if we can prevent runaway inflation.

There is a lot of talk today about Manila. Meat there costs \$100 a pound; eggs, \$18 a dozen; bananas, \$1 each; fish, \$50 a pound; automobile tires, \$10,000.

Take China. Ice cream cones, costing a nickel here, cost \$3; ham sandwich, \$96; lemonade, \$2; used refrigerator, \$32,500.

Down in Greece just an ordinary cotton work shirt costs \$80,000; a loaf of bread, \$260.

In Paris, France, eggs cost 36 cents each; butter, \$12 per pound; in Normandy shoes cost \$50 a pair.

In Mexico 24 pounds of flour cost \$24.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. McDONOUGH. Can the gentleman inform us who is buying this stuff at these prices?

Mr. PATMAN. That is the trouble about it. Very few people can buy it, only people of great wealth, and they cannot do so well by it, so that is the reason it is necessary for us to keep price control here that will be effective against enormous inflationary pressures caused by a high public debt.

Mr. McDONOUGH. But the gentleman has no figures to show who is buying. The gentleman has no figures to show how many articles are being sold or what the wealth of the individual is who is buying these things.

Mr. PATMAN. Obviously, there could not be too many sold, because when commodities are scarce and limited, necessarily a small amount is sold and the number of customers are probably in proportion very limited.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. MICHENER. Does the gentleman make reference to American dollars?

Mr. PATMAN. Oh, yes; American dollars like you use here every day, is what I make reference to.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. Will the gentleman put in the scale of wages paid measured in American dollars?

Mr. PATMAN. I do not have all that information.

I have information here from Bulgaria, for instance, showing that sugar costs \$3 a pound; butter, \$6 a pound; men's suits, \$144.

In France a man's suit that cost \$50 before the war, now costs \$250. Shoes cost from \$75 to \$150. They cost \$12.50 before the war.

In Italy sugar costs from \$4.50 to \$8.75 a pound; soap, \$7.50 to \$10 a cake.

I will not give you all the figures, but I will give you enough to show that it can happen in any country on earth, and it can happen here, and as we increase our inflationary pressures by increasing our national debt it is our duty to pay more attention to and support more vigorously this stabilization and price-control program in our country.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. RICH. I think we want to centralize on price control, but I might suggest to the gentleman that if he can get \$7.50 for a cake of soap, and we have lots of soap here, why not send a shipload over and get enough money to pay off our national debt.

Mr. PATMAN. There is nothing to stop the gentleman. However, there are other more important things for us to discuss.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman's figures are very interesting. Does the gentleman have information relating to the ability of the individuals in these countries to pay these increased prices?

Mr. PATMAN. No; that is where inflation works the hardest. It wipes out the middle class of people. They do not have the ability to pay. That is the reason we owe a great debt to the wives and children of our fighting men in holding down prices, so that the amount of money that we have made possible for them to receive, while their fighting husbands and fathers are on the 55 battle fronts of the world, will afford them a decent standard of living. The only way to do it is to support the price control and stabilization program. We owe a duty to the loved ones of the men who have already fallen in battle. They are gone. We are giving their dependents a small amount each month, comparatively. It is our duty to make that amount purchase just as much as possible in order to give them a decent standard of living. It is necessary that we keep prices under control in order to keep the millions of people who are on wages that have not been increased, which are frozen, people whose incomes are fixed, from suffering from inflation, and they would be the first to be wiped out in the event of the least kind of inflation.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. McDONOUGH. The gentleman is not arguing that because of price control we should increase the debt of the Nation?

Mr. PATMAN. No. I am sorry. The gentleman did not get my point at all, I am afraid.

Mr. McDONOUGH. The gentleman used that as an argument to justify it.

Mr. PATMAN. The gentleman is entirely mistaken. I said that as we increase our national debt that increases the inflationary pressures. That means that there will be many more dollars to buy things than there will be things to buy; therefore, there will be greater competition among the people to buy the limited and scarce supplies of goods; therefore, it is necessary that we give more attention and consideration to price control because the inflationary pressures become that much greater.

DESPITE GREAT WARTIME INCREASE IN NATIONAL DEBT, AMERICAN TAXPAYER BETTER ABLE TO CARRY HIS SHARE OF DEBT RETIREMENT LOAD TODAY THAN IN FORMER YEARS—INCREASED NATIONAL INCOME AND PRUDENT MANAGEMENT OF GOVERNMENT'S FINANCIAL PROGRAMS COMBINE TO MAKE THIS POSSIBLE

The prophets of gloom and the critics of this administration would have us believe that the great size of our present national debt creates a tax load under which the American taxpayer must eventually stagger and fall into personal and national bankruptcy. A careful analysis of the true facts in the case shows the utter falsity of this assumption. We must keep the debt down as much as possible, but we should continue to use money and machines to save men.

We should not, in this war, send a man to do a hazardous job against the enemy when a machine could be sent, regardless of the cost of the machine.

It is true that the Federal debt in 1944 is nearly 10 times its amount in 1920, nearly 13 times its 1928 total, about 7 times its 1936 total, and more than 5 times its 1940 pre-war amount. Without further examination of other pertinent data one might readily jump to the conclusion that the individual taxpayer and wage earner was being subjected to a personal tax load which he could not possibly support. Again I point out that this does not coincide with the true facts.

In 1920, for example, the United States Government was obliged to pay an annual average interest rate of more than 4.3 percent on its bonds and other borrowings. Through the administrations of Presidents Harding, Coolidge, and Hoover, the annual average interest rate paid by the Government declined only slightly from this figure and, in 1928, the year of alleged great prosperity, we were still obliged to pay more than 3.9 percent for our Federal obligation interest rate.

FIFTY PERCENT REDUCTION IN INTEREST

During the administration of the present incumbent in the White House, under the able management of Mr. Henry Morgenthau, this interest rate has been steadily reduced until today we can look back and see that we only paid an average annual interest rate of 1.919 percent on all Federal borrowings outstanding during 1944. This reduction of more than 50 percent in the Government's cost of money hire is one of the great offsetting factors to the fears of the prophets of gloom and is a tribute to the prudence and foresight of a great Secretary of the Treasury, Henry Morgenthau. It is an obvious fact that the amount of the interest charge is the greatest single factor in determining the total amount of the annual over-all debt service charge. With low interest rates at the Government's command, more of the principal can be retired each year and the burden upon the individual taxpayer is proportionately lessened thereby. Full production and full employment will keep our national income up which will make our large national debt easier to pay.

In 1920 the Government paid out \$1,032,000,000 in interest charges on the public debt. In 1944, with the debt nearly 10 times greater, but with greatly reduced interest rates, the Government paid out only \$3,002,000,000 for interest.

BURDEN LIGHTER ON TAXPAYERS IN 1944 THAN IN 1932

In 1920, the national income per capita was \$656. In 1932, under the Hoover administration, the per capita national income was only \$320. In 1944, this figure rose to a per capita income of \$1,132. How much easier it is for the average wage earner and taxpayer to carry his pro rata share of the national debt burden under these circumstances is obvious to all. It is easier for a wage earner who receives \$1,132 a year to pay 1.91 percent of it, or \$21.62, as his part of the annual interest on the national debt than it was for a \$320-a-year wage

earner in 1932 to pay 1.59 percent, or \$5.08, as his share of the interest on the national debt for that year.

This increase in the Federal debt has been matched by the increase in savings of consumers, business, State, and local governments and the debt is a safe place in which consumers have invested their savings. These savings will obviously increase the demand for goods after the war, thus increasing the production of civilian and other goods and concurrently helping us to maintain the present high level of national per capita income so essential to the easy liquidation of the public debt and for other purposes. I am not advocating a huge debt, I am showing it is not as bad as some believe. Personally I favor paying more of the debt than we are paying during this war.

As Mr. James H. McGraw, Jr., president of the McGraw-Hill Publishing Co., and a noted writer on business subjects from the viewpoint of the businessman, writes, "A huge debt may so draw out the hidden powers of a people that it makes the nation wealthier rather than poorer, stronger rather than weaker."

Of course, as the President points out in his Budget message, the manner in which the public debt is retired is the essence of this matter. As he so clearly states it, I quote as follows:

The management of the public debt is bound to have a profound influence on the economy for a long time to come. Retaining high taxes on the masses of the consumers for general reduction of debt held by financial institutions may destroy purchasing power and create unemployment. But the use of progressive taxes for the redemption of bonds held by millions of individual savers may have a stabilizing influence on incomes and employment. I favor a policy of orderly but steady debt reduction, consistent with the objectives of long-run economic policy. The mistakes in debt management and tax policy after the last war should not be repeated.

In his long-range view the President is supported by a well-known business expert on taxation and debt retirement, Mr. Beardsley Ruml. A few months ago Mr. Ruml, who is generally credited with reflecting the taxation views of large business interests, had the following confirmatory statement to make:

The retirement of the debt and its liquidation should in every case be consistent with the maintenance of a high level of employment and production. If we keep that as our cardinal feature, we will have no problem with respect to the management of the debt, except technical problems I am sure can be overcome.

Thus I say, as has been better said before me, "The only thing we have to fear is fear itself," and I trust that taxpayers, one and all, will examine all of the facts before accepting at face the doctrine of the prophets of gloom who would have us believe that the great wartime debt of today is a crushing load and cannot be borne by the American taxpayer.

In conclusion, I submit pertinent statistics in support of my personal optimistic view of this situation. These statistics are computed from information contained in the various publications of the Treasury Department and the Bu-

reau of Foreign and Domestic Commerce and may be easily checked by those who desire to verify them. The figures are as follows:

Population, national debt, national income, and interest on the debt for selected dates, 1920-44

Year	Population	National debt at end of the year		Interest paid		Average interest rates at end of year	National income		Interest on national debt as percent of national income
		Millions of dollars	Per capita	Millions of dollars	Per capita		Millions of dollars	Per capita	
1944.....	138,710,000	230,630	\$1,662.68	3,002	\$21.64	1.919	157,000	\$1,132	1.910
1940.....	131,970,224	45,030	341.21	1,078	8.17	2.566	77,574	588	1.390
1936.....	128,053,180	34,407	268.69	795	6.20	2.570	64,924	507	1.224
1932.....	124,840,471	20,806	166.66	638	5.11	3.407	39,964	320	1.596
1928.....	120,501,115	17,310	143.65	708	5.87	3.903	88,200	666	.882
1924.....	114,113,463	20,979	183.84	917	8.04	4.134	70,100	614	1.309
1920.....	106,466,420	23,982	227.39	1,032	9.69	4.311	69,800	656	1.478

Mr. KNUTSON. Mr. Chairman, I yield 11 minutes to the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Chairman, I fear that I cannot add much to this discussion. Sometimes we reach our goal more securely and more rapidly if we get down to cases and simplify the problems that are before us. I came down here a couple of years ago having two sons, our only children, in the war, hoping that I might be able to render a service, and when that service was rendered and the war was over, probably retire to my business. I think a number of people feel the same way about it. But it rather appears to me that the day of settlement is rapidly approaching this Congress, a time when they are going to have to give an account of their stewardship. Frankly at times I am discouraged with our lack of progress in holding down expenses.

The speeches on the floor of the House, talking about the dangers that may follow within the next short period, the dangers of inflation, the tremendous load of taxation that is on the people now and increasingly will be, show that we are beginning to wonder what is going to happen not very many months or years ahead. The time to think and act, in my judgment, is every day we as Members sit here on the floor of the House.

Without being personal, may I say that I have tried to vote for and have loaned my support to economy in government. I thought, even though our expenditures are so great and so necessary, that that within itself made it necessary for us to practice what economy we could in order to prevent the national debt from getting too high.

It has been said on the floor of the House today that we do things here in this country in a big way. I am fearful that we shall have an inflation in a big way, maybe in the biggest way the world has ever seen, after this war is over, an inflation that may wipe out the hopes and ambitions and opportunities of the men who are permitted to come back, who have won this war for us on the battle fronts of the world.

It is our duty as Congressmen to forget that we are Republicans or Democrats and try to help guide the ship of state so that we can maintain representative constitutional government in this country. There have been remarks about de-

mocracy in action on the floor of the House. I would like to see a time when democracy could really function on the floor of Congress year in and year out, without the dictation and without the great power influence and force of the administration in power in the executive department of the Government. We have not had democracy in action on the floor of this House for the past 12 years. We have had too much executive interference. We have had democracy to a certain extent for the past 2 years, when the parties on both sides of the aisle were nearer even than they were for the past 10 years prior thereto. The very able gentleman from Tennessee gave us the information that there had been expended something like \$267,000,000,000 in the war effort since Pearl Harbor. What an enormous sum of money. How wisely has that money been expended? We are talking today about increasing the national debt from \$260,000,000,000 to \$300,000,000,000. I wonder if that great amount of money had been economically and wisely expended, whether we would be called upon today to increase the national debt. Is there anyone in Congress who believes that less than 15 percent of that money has been wasted in the most reckless expenditure that has ever been known in the history of the world? Fifteen percent saved on the \$260,000,000,000 would amount to over \$40,000,000,000, which is the amount it is proposed to increase the national debt at the present time—\$40,000,000,000 wasted of the taxpayers' money.

The executive department has failed to initiate the proper control of the expending of this vast sum of money. Many freely estimate that 25 percent of this sum has been wasted in cost-plus contracts and in wild ventures like the Canol project in Canada where we expended and wasted \$130,000,000 in an attempt to get oil on Canadian soil. Twenty-five percent of a saving on the \$260,000,000,000 would amount to \$65,000,000,000. Then you can add to this the findings of Senator BYRD's committee, which cannot be accused of being political, that the Administration has continued to keep on the pay rolls of this country in these war times, 300,000 people more than are necessary.

It is discouraging to Members of Congress who want to see the strictest economy applied to Government and who

vote to reduce appropriations to find that the power of the Executive so often intervenes and beats down the minority groups in Congress which try to effect these savings. It is a time when each individual Member of Congress should do a little soul-searching and attempt, even at this late date, to try to prevent the financial wrecking of this country that will wipe out representative government and the liberty that goes with it and install after it is too late, the very totalitarian system of government with all of its controls that this Nation has dedicated itself to help banish from the earth.

Let me give you a recent illustration. In the recent debate on the manpower bill, the War Manpower Commission under its signature, stated that if labor was fully utilized and labor hoarding was stopped it would be equivalent to adding 800,000 people to production without putting any more people on the pay roll. This Commission has a right to know whereof it speaks, yet, the administration, in a desperate effort prevented the passage of the Barrett substitute by only 10 votes which sought to carry out the wishes of the Manpower Commission to find work for and to utilize the labor of 800,000 men and women who are already drawing high wartime wages.

Multiply 800,000 by \$10 a day and you will have a saving of \$8,000,000 a day. Multiply that by 365 days and you will have a saving of \$2,920,000,000 annually in the war effort.

Carrying this conclusion a little further, with this bill defeated and with preparations for taking out of civilian production 800,000 more men and adding them to the war plants you run up an additional loss of \$2,520,000,000 a year. Totalling these two savings this bill would have brought about reaches the enormous amount of \$5,000,000,000 a year. This saving could have been made if the Members of Congress would have thrown off administration influence and voted for the Barrett substitute, provided it was enacted later in the Senate, which, had it passed this House by a big majority would doubtless have been passed by the Senate promptly.

There are numerous illustrations where the Members of Congress have failed to practice economy in voting on appropriation bills. Congress can stop, to a great extent, the waste and expenditure that is piling up the debts of this country to such a dangerous height if it will resolve to do so. There will be no excuse when the evil day comes to this country for the Members of Congress to plead that it was their duty to appropriate the money but they were not responsible for expending it. The evil day will come to this country and it may now be too late to prevent it. It will be impossible to prevent it unless the individual Members of Congress realize their full duties and courageously discharge such duties.

Reluctantly, I shall vote for this bill. I shall so vote because I think it better to set a definite goal than to refuse such legislation and have no limit set for expenditures.

I shall vote for it because the mere voting for it does not expend any money as such expenses must be appropriated through the Appropriations Committee. I hope the Appropriations Committee will reduce every request for money to the lowest possible amount so that we shall not again be called upon to increase the debt limit above the figure we set today.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield the remainder of the time to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, I desire to address my remarks primarily to an amendment which I understand may be offered to the bill to reduce the authority of the Treasury to issue obligations from the amount carried in the bill at \$300,000,000,000 to \$280,000,000,000. During the course of the discussion on the matter in the committee the thought occurred to me that we might properly reduce the amount carried in the bill to \$280,000,000,000. If the Members will read the record of the hearings, they will notice on pages 43 and 44 of the hearings that I asked Mr. Bell, of the Treasury, certain questions which clearly indicate that I might have had in mind the offering of such an amendment. I asked Mr. Bell whether or not it would interfere with the war effort for the total amount of the lending authority of the Treasury to be reduced to \$280,000,000,000. In fairness, as Mr. Bell always answers questions, he said that such an amendment would not handicap the war effort. I thought I had won a big point in my favor. But I began to analyze the results that would follow the adoption of such an amendment. I asked myself whether such action would reduce the possibility of any Federal funds being wasted on the home front.

I looked at the record and saw that if we did not appropriate this year for the coming fiscal year 1 cent for the domestic affairs of our Government, and confined our appropriations entirely to those appropriations that all agree are related to the war effort, it would take more than a debt-limit of \$280,000,000,000 to finance the expenditures of the Government for the next fiscal year. In other words, if we did not appropriate 1 penny for the domestic affairs of Government we could not get by the next fiscal year with a debt limitation of \$280,000,000,000 instead of \$300,000,000,000 as carried in H. R. 2404. So I realized then that by offering such an amendment, with the necessities of the Treasury as stated, we could only accomplish one result, and that would be to bring Mr. Bell and the members of his staff back to the committee, and back to the Congress sometime around Christmas of this year and have them ask us to increase the debt limit in order to permit them to issue securities sufficient to take care of the obligations that the Congress itself this spring, between now and June 30 this year, will authorize the departments of Government to spend.

Mr. COOPER. Will the gentleman yield?

Mr. MILLS. I yield.

Mr. COOPER. And in all probability when that request was made, instead of requesting us to go to \$300,000,000,000 we would then be requested to go to \$325,000,000,000.

Mr. MILLS. At least to include whatever deficit there is in the next budget.

Mr. KNUTSON. Will the gentleman yield?

Mr. MILLS. I yield.

Mr. KNUTSON. Are we to understand from the gentleman from Tennessee that those in charge of this Government are paying so little attention to the taxpayers of the country that you would come back and ask for more than could possibly be used by the wildest stretch of imagination?

Mr. MILLS. Let me ask the gentleman, does he want this administration, this Government of ours, if men are on the battlefronts of the world and the war is not over, to say to them when we reach the debt limit of \$300,000,000,000, "We have finally arrived at a point where we will not raise the debt limit any further even if it is necessary in order to supply you with the munitions of war?" Now, certainly, if this war is not over by the time the debt of the United States reaches \$300,000,000,000, the gentleman, himself, as will I, will vote to increase the debt limit to whatever figure is necessary to successfully win the war.

Mr. KNUTSON. Of course, I realize the Congress is in no position to supervise the spending and to prevent waste. That is up to the executive branch.

Mr. MILLS. Certainly. But when we make appropriations this year for the coming fiscal year, that will bring the debt of the United States, after payment of taxes, to \$292,000,000,000, at gross value, and at face or maturity value, \$304,000,000,000, are we then going to say, "Although we have appropriated a given amount of money, we are only going to authorize the Treasury of the United States to pay the appropriations to the extent of a \$280,000,000,000 debt limit?" Or shall we go on and keep faith with the commitments that we make through the appropriation of funds, and let the American people know that for the fiscal year within which we are appropriating money we are also making it possible for the Treasury of the United States to pay those appropriations?

After I analyzed the facts, I decided I would not offer an amendment to reduce the amount which the Treasury of the United States can have outstanding at any one time in securities below the amount that all estimate the Treasury will have to have to pay the obligations created by us when we appropriate funds. As a result of that decision on my part, I hope the gentleman from Pennsylvania [Mr. RICH] will likewise yield, as I did, and not insist upon offering an amendment to the bill under the 5-minute rule.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. RICH. I wish to advise the gentleman that I expect to offer that amendment because I am going to do what I can to try to get the Members of Congress, and especially the ones who are not here—but we are going to bring them back before this day is over—try to get

them to realize what it means to keep this country solvent, if it is possible at all.

Mr. MILLS. H. R. 2404 serves to inform all of us of the necessity of rigid economy, where possible, in Government. It takes us to financial heights from which we can escape only by the use of the greatest care in post-war expenditure of Government funds.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Public Debt Act of 1945."

Sec. 2. Section 21 of the Second Liberty Bond Act, as amended, is further amended to read as follows:

"Sec. 21. The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate \$300,000,000,000 outstanding at any one time."

Mr. RICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 1, line 11, strike out "\$300,000,000,000" and insert "\$280,000,000,000."

Mr. RICH. Mr. Chairman, the gentleman from Tennessee this afternoon made mention of the fact that I offered amendments for economy in Government but could get very few votes. I agree, you don't want economy. I have no idea that I am going to succeed in having this amendment adopted, but I offer it notwithstanding that belief, because I feel with all my heart, with all my soul, with all my mind, with all my body, and with everything I possess that we ought to make this \$280,000,000,000 rather than \$300,000,000,000. It is good sense and wise. That will give you \$20,000,000,000,000 over and above the national debt limit as is now on the books. The chairman, the gentleman from North Carolina [Mr. DOUGHTON], stated that we have seventeen and one-half billions to go on according to the books. This will give you thirty-seven and one-half billions before you will have to consider this question again of increasing the debt limit again. Think of such a great amount of money.

It is not a life or death matter to have 20 or 30 men spend an afternoon on a bill like this, then finally raise the number to 40 or 50 present in the Chamber; we should have 300 Members present. It is not going to hurt any of us, but it is going to hurt the taxpayers of this country in years to come when they have to foot the bill for the things we do here, pay taxes until their backs bend and ache trying to raise the money this Congress is spending.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. COOPER. I am sure the gentleman upon reflection must realize that this bill does not spend a dollar.

Mr. RICH. I know that it does not spend a penny. A blind man can see

that it does not spend a dollar. If the gentleman thinks I am that ignorant then I do not know what to say. I know that it does not spend money. I said a while ago on the floor that it did not spend money. But to have a limit on the national debt does put a damper on those Members of this Congress who want to spend. I criticize the Republicans or anybody who spend recklessly the money of the taxpayers. We should be careful of spending the other fellows money just as if it was our own.

I want to get a little common sense into the Members of Congress, the Members right here in our own body now and also in the body at the other end of the Capitol, and in the President of the United States. There is the trouble. The taxpayers back home are beginning to feel this and you are making them feel it. Four times a year they have to pay, and weekly a fixed amount is taken from their pay checks by industry. Who do they blame for that? And is that all caused by the war? Certainly not; certainly not. I want to win this war, and I want to save the country financially and in every way. You—I speak of the New Deal by you or should I say new dealers—who are squandering the taxpayers' money and now taxing them to death. Taxing them till they holler "ouch." Taxing them till they cry aloud, "Stop it, stop it, tax me no more. Relieve my tax burden." It is time to put the screws on the Congress, it is time to put the brakes on here if we are not going to run into difficulties; into

bankruptcy. I will venture the opinion that you are going to run into the greatest trouble in the next 3 or 4 years you have ever seen in this great country of ours. You spenders will be to blame. Those boys who are lying over across the seas in fox holes and doing everything they can to win the war will come back some day. We are furnishing the money for them and we are not criticizing for spending that money. It is money well spent. I am saying here that we need to cut out the waste back here at home. You are not doing it and I see very little incentive on the part of the Members of Congress to do it. You have opportunity after opportunity after opportunity, yet you let your opportunities to save go by like water over the mill dam. When the opportunities are gone they are gone forever. What do you do? You are creating this national debt I am so much concerned about. I am worried about it. It worries me, else I would not stand up here and stay here all afternoon trying to fight this thing and trying to hold it down. It is like the boy who goes and asks his father for money and he wants four or five times more than the father wishes to give him. If the father says he will only give him so much, the boy will be conservative with the use of that amount of money. But if you raise the debt limit by forty or fifty billion dollars at a time you are only borrowing more trouble. I herewith give you a statement of the spending of our Presidents and you judge the record of F. D. R. after his promises to balance the Budget:

Fiscal record of all the Presidents

President	Number of fiscal years served	Receipts	Expenditures	*Surplus - Deficit	Cumulative public debt at end of administration
George Washington	8	\$32,665,765	\$34,088,506	-\$1,422,741	\$63,762,172
John Adams	4	34,984,839	34,262,668	*722,171	82,976,294
Thomas Jefferson	8	113,400,835	72,424,289	*40,976,546	65,196,318
James Madison (War of 1812)	8	130,311,080	176,473,974	-46,162,894	127,334,934
James Monroe	8	171,895,953	147,237,899	*24,658,054	90,875,877
John Quincy Adams	4	94,831,286	65,427,037	*29,404,249	67,475,041
Andrew Jackson	8	252,061,371	152,969,098	*99,092,273	336,958
Martin Van Buren	4	102,219,579	122,325,262	-20,105,683	5,250,876
Harrison and Tyler ¹	4½	104,430,540	108,904,688	-4,474,148	15,925,303
James K. Polk (Mexican War)	4	123,139,658	175,477,220	-52,337,562	63,061,859
Zachary Taylor	1	43,603,439	39,543,492	*4,059,947	63,452,774
Millard Fillmore	3	163,993,174	140,088,047	*23,905,127	59,804,661
Franklin Pierce	4	282,172,928	255,154,264	*27,018,664	28,701,375
James Buchanan	4	197,716,370	272,933,490	-75,217,120	90,582,417
Abraham Lincoln (Civil War)	4	763,026,123	3,352,380,410	-2,589,354,287	2,677,929,012
Andrew Johnson	4	1,825,248,460	1,578,557,655	*246,690,805	2,545,110,590
Ulysses S. Grant	8	2,670,905,586	2,253,386,783	*417,518,803	2,107,759,903
Rutherford B. Hayes	4	1,225,899,968	1,032,268,057	*193,631,911	2,019,285,728
Garfield and Arthur	4	1,474,023,408	1,027,742,757	*446,280,651	1,578,551,169
Grover Cleveland (first administration)	4	1,474,189,137	1,077,629,099	*396,530,038	1,249,470,511
Benjamin Harrison	4	1,536,450,844	1,412,315,899	*124,134,945	961,431,766
Grover Cleveland (second administration)	4	1,316,948,887	1,441,674,184	-124,725,297	1,226,793,713
William McKinley (Spanish-American War)	4	2,076,208,146	2,093,918,534	-17,710,388	1,221,572,245
Theodore Roosevelt	8	4,676,747,962	4,655,450,515	*21,297,447	1,148,315,372
William Howard Taft	4	2,794,065,060	2,799,211,874	-5,146,814	1,193,047,745
Woodrow Wilson (World War No. 1)	8	24,375,781,688	46,938,260,143	-22,562,478,455	23,976,250,608
Warren G. Harding	2	8,116,239,632	6,667,235,429	*1,449,004,203	22,349,677,758
Calvin Coolidge	6	23,959,941,899	18,685,549,136	*5,274,392,763	16,931,197,748
Herbert Hoover	4	11,453,002,513	15,490,476,656	-4,037,474,143	22,538,672,164
Total, Presidents before F. D. Roosevelt	144½	91,586,076,130	112,203,367,065	-20,617,290,935	22,538,672,164
Franklin D. Roosevelt	12	160,073,270,777	369,791,966,466	-209,718,695,689	258,000,000,000
Grand total, all Presidents	156½	251,659,346,907	481,995,333,531	-230,335,986,624	258,000,000,000

¹ Until 1843 the fiscal year coincided with the calendar year. In the administration of President Tyler, however, it was changed to run from July 1 to the following June 30, thus making President Tyler accountable for 4½ fiscal years instead of 4.

F. D. Roosevelt's fiscal record

Fiscal year	Receipts	Expenditures	Deficit	Public debt
1934	\$8,115,554,050	\$6,011,083,254	\$2,895,529,204	\$27,053,141,414
1935	3,800,467,202	7,009,875,312	3,209,408,110	28,700,892,625
1936	4,115,956,615	8,665,645,422	4,549,688,807	33,778,543,494
1937	5,028,840,237	8,177,408,756	3,148,568,519	36,424,613,732
1938	5,854,661,227	7,238,822,158	1,384,160,931	37,164,740,315
1939	5,164,823,626	8,707,091,581	3,542,267,955	40,439,532,411
1940	5,387,124,670	8,998,189,706	3,611,065,036	42,967,531,038
1941	7,607,211,852	12,710,629,824	5,103,417,972	48,961,443,536
Total peace	40,074,639,479	67,518,746,013	27,444,106,534	48,961,443,536
1942	12,799,061,621	32,396,585,098	19,597,523,477	72,422,445,116
1943	22,281,642,709	78,178,885,241	55,897,242,532	136,696,090,330
1944	44,148,929,968	93,743,513,214	49,594,583,246	201,003,387,221
1945 (official Budget estimate)	40,769,000,000	97,954,236,900	57,185,236,900	258,000,000,000
Total war	119,998,631,298	302,273,220,453	182,274,589,155	258,000,000,000
Grand total, F. D. R.	160,073,270,777	369,791,966,466	209,718,695,689	258,000,000,000

The CHAIRMAN. The time of the gentleman has expired.

Mr. KEEFE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Pennsylvania.

Mr. Chairman, I can agree with much that my very distinguished friend from Pennsylvania has just said, but it seems to me we should confine our statements today to this specific bill. If my good friend will remain on the floor of the House from now on, as I know he will, and as these appropriation bills come before the Congress, if he will make the same fight and the same plea, then it may have some effect in reducing the expenditures of our Government; but the effort to reduce the expenditures of the Government by reducing this debt authorization from \$300,000,000,000 to \$280,000,000,000 will not be effective.

Let us see what we are doing. What does this bill propose to do? It is an amendment to the Second Liberty Bond Act. That act, as amended by act of this Congress, presently provides a statutory debt limit of \$260,000,000,000. All that this particular legislation and the section now under consideration does is to raise this statutory limit to \$300,000,000,000.

I ask anyone who gives to this subject consideration, if you reduce the statutory debt limit to \$280,000,000,000, how in common sense and justice will that in any way reduce a single expenditure of Government? Why, it will not stop the necessity for paying interest on the public debt, it will not stop the necessity for paying veterans' claims under authorization and laws passed by this Congress, it will not reduce the pay rolls of Government that must be met under bills passed by this Congress, and it will not provide for the reduction of any of the expenditures of Government of which my very dear friend complains.

I recall not long ago standing in the well of this House and pleading as hard as I knew how to try to stop the expenditure of \$15,000,000 and postpone the taking of an agricultural census.

You people took the responsibility to spend that money in time of war and to add 15 million to the public debt. There is the place, if you please, where effectively you could make a contribution in reducing public expenditures. But the vote on this amendment, it seems to me, is perfectly puerile and idle to reduce this debt limitation when we all know that

if the public debt was computed and cut off today and the war was to stop it would perhaps level off at a figure under present commitments in excess of \$300,000,000,000. That is all there is to the situation as I see it. I see no partisanship or no party politics involved. We must pay the expenses of this Government as determined by the Congress. We, the Congress, make those appropriations. If they are too great we, the Congress, are responsible, and the greater responsibility rests upon the majority that has the votes. We will protest as we can against reckless and improvident expenditures of public money, but when the die is cast and the votes are counted the majority in a republican form of government determines whether the expenditure is good or bad.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Therefore it seems to me perfectly obvious that whatever the expenditures of government are they can only be as great as the Congress of the United States itself permits them to be. Nothing becomes a public debt until the money is spent and is translated into a public debt transaction.

May I call your attention to this? We must be very careful in the consideration of the great bills that are shortly to come before this Congress to see to it that the expenditures of billions of dollars that are to be used in this international monetary fund and bank and other proposals are kept within the public debt of the United States, and are not permitted to be considered as transactions outside of the public debt transactions. We must see to it that the public is kept informed, and I am glad to note that the Committee on Ways and Means has now taken action in this legislation so that all of the public debt transactions, Government corporations and otherwise, are now included within the debt limitations provided under this bill.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Pennsylvania.

Mr. RICH. If my amendment would do nothing else but have the gentleman make a speech on trying to get the Members of Congress to cut down the appropriations, it has done a wonderful lot of good, if it accomplishes anything, and I hope that it does.

Mr. KEEFE. I hope for that purpose it will have some effect.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Tennessee.

Mr. COOPER. May I state to the gentleman that the Committee on Ways and Means went into this matter carefully and unanimously reported the bill feeling that the amount provided here was necessary; and may I further point out that next month there will be another War bond drive in the country, and the Treasury Department needs this authorization now.

Mr. KEEFE. I thank the gentleman.

I just want to say this, that when this Commodity Credit Corporation bill comes before this House, I am going to give the Members on this side and the Members on that side an opportunity to determine whether or not they mean exactly what they say.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

Mr. DINGELL. I object, Mr. Chairman.

Mr. KEEFE. Very well, thank you very much. I am very glad. I will remember that.

Mr. DINGELL. I withdraw the objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. What I have said is apparently of little interest to the distinguished gentleman from Michigan, but let me say to you that the subject matter under consideration—

Mr. DINGELL. I withdrew my objection, so you ought to stick to your hole.

Mr. KEEFE. I will stick to my hole and I will stick to my guns, too, make no mistake about that.

You are going to have an opportunity soon—

Mr. DINGELL. So will you.

Mr. KEEFE. Mr. Chairman, am I going to be given the protection of the plain, simple, ordinary rules of this House?

The CHAIRMAN. The gentleman will proceed, and the Committee will be in order.

Mr. KEEFE. The Committee on Ways and Means has now bought by the provisions of this bill all of the notes and obligations growing out of the issuance of securities by Government corporations. They are issued as public debt transactions, and they are now added to the total limitation under this bill.

I want to say to you who are complaining about bureaucracy in Government that the time has come for you to give consideration to taking back into the hands of the Congress the power to determine the payment of subsidies, the

payment of all these things that are being carried on by these giant corporations which by your previous acts you have practically placed without the scope of control of the Congress of the United States.

What good does it do for you as Members of Congress to sit here and talk about retrenchment of public spending, when the Commodity Credit Corporation through the activities of one man can spend a billion and a half dollars in subsidy without a vote of the Congress, either as to the amount or the character of the subsidy? Why do you not bring that power back to the Congress and let the Congress determine whether there shall be subsidies paid? Let the Congress determine the amount, and let the Congress determine the time of the payment. You can do it if you only will.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 26, noes 71.

So the amendment was rejected.

The Clerk read as follows:

Sec. 3. Subsections (h) and (i) of section 22 of the Second Liberty Bond Act, as amended, as added by the Public Debt Act of 1943, are hereby amended to read as follows:

"(h) The Secretary of the Treasury, under such regulations as he may prescribe, may authorize or permit payments in connection with the redemption of savings bonds to be made by commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, and similar financial institutions. No bank or other financial institution shall act as a paying agent until duly qualified as such under the regulations prescribed by the Secretary, nor unless (1) it is incorporated under Federal law or under the laws of a State, Territory, possession, the District of Columbia, or the Commonwealth of the Philippine Islands; (2) in the usual course of business it accepts, subject to withdrawal, funds for deposit or the purchase of shares; (3) it is under the supervision of the banking department or equivalent authority of the jurisdiction in which it is incorporated; and (4) it maintains a regular office for the transaction of its business.

"(i) Any losses resulting from payments made in connection with the redemption of savings bonds shall be replaced out of the fund established by the Government Losses in Shipment Act, as amended, under such regulations as may be prescribed by the Secretary of the Treasury. The Treasurer of the United States, any Federal Reserve bank, or any qualified paying agent authorized or permitted to make payments in connection with the redemption of such bonds, shall be relieved from liability to the United States for such losses, upon a determination by the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Treasurer, the Federal Reserve bank or the qualified paying agent. The Post Office Department or the Postal Service shall be relieved from such liability upon a joint determination by the Postmaster General and the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Post Office Department or the Postal Service. The provisions of section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of

the Treasury shall apply to the determinations made pursuant to this subsection. All recoveries and repayments on account of such losses, as to which replacement shall have been made out of the fund, shall be credited to it and shall be available for the purposes thereof. The Secretary of the Treasury shall include in his annual report to the Congress a statement of all payments made from the fund pursuant to this subsection."

Sec. 4. The Second Liberty Bond Act, as amended, is further amended by adding at the end thereof the following sections:

"Sec. 23. A finding of death made by any official or agency of the United States authorized by section 5 of the act of March 7, 1942, as amended (U. S. C., Supp. III, title 50, Appendix, sec. 1005), or by any other law to make such a finding, or by the Secretary of War or the Secretary of the Navy, shall be a sufficient proof of death to support the allowance of credit in the accounts of any Federal Reserve bank or accountable officer of the Treasury Department in any case involving the transfer, exchange, reissue, redemption, or payment of bonds and other obligations of the United States, including those obligations guaranteed by the United States for which the Treasury Department acts as transfer agent.

Sec. 24. Whenever any direct obligation of the United States, bearing interest or sold on a discount basis, is donated to the United States, is bequeathed by will to the United States under the terms of a trust, or is by its terms payable upon the death of the owner to the United States or any officer thereof in his official capacity, the Treasurer of the United States upon receipt of such obligation shall effect redemption thereof. If under applicable law such gift, bequest, or other transfer to the United States is subject to a gift or inheritance tax, the Treasurer shall pay such tax out of the proceeds of redemption and shall deposit the balance in the Treasury as miscellaneous receipts or as otherwise authorized by law. If no tax is payable the entire proceeds shall be so deposited."

Sec. 5. (a) Notwithstanding the provisions of section 3749 of the Revised Statutes, as amended, the Secretary of the Treasury is authorized to sell, exchange, or otherwise dispose of any bonds, notes, or other securities, acquired by him on behalf of the United States under judicial process or otherwise, or delivered to him by an executive department or agency of the United States for disposal, or to enter into arrangements for the extension of the maturity thereof, in such manner, in such amounts, at such prices, for cash, securities, or other property, or any combination thereof, and upon such terms and conditions as he may deem advisable and in the public interest. No such bonds, notes, or other securities of any single issuer having at the date of disposal an aggregate face or par value, or in the case of no-par stock an aggregate stated or book value, in excess of \$1,000,000, which may be held by the Secretary of the Treasury at any one time, shall be sold or otherwise disposed of under the authority of this section.

(b) Nothing contained in this section shall be construed to supersede or impair any authority otherwise granted to any officer or executive department or agency of the United States to sell, exchange, or otherwise dispose of any bonds, notes, or other securities, acquired by the United States under judicial process or otherwise.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair,

Mr. THOMAS of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 2404) to increase the debt limit of the United States and for other purposes, directed him to report the same back to the House with the recommendation that the bill do pass.

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 356, nays 4, not voting 72, as follows:

[Roll Call 32]

YEAS—356

Abernethy	Cox	Green
Allen, Ill.	Cravens	Gregory
Andersen,	Crawford	Griffiths
H. Carl	Crosser	Gwinn, N. Y.
Anderson, Calif.	Cunningham	Gwynne, Iowa
Anderson,	Curley	Hale
N. Mex.	Curtis	Hall
Andresen,	D'Alesandro	Edwin Arthur
August H.	Daughton, Va.	Hall
Andrews, Ala.	Davis	Leonard W.
Andrews, N. Y.	Delaney,	Hancock
Angell	James J.	Here
Arends	Delaney,	Harless, Ariz.
Arnold	John J.	Harness, Ind.
Auchincloss	Dickstein	Harris
Bailey	Dingell	Hartley
Baldwin, Md.	Dolliver	Havenner
Baldwin, N. Y.	Dondero	Hays
Barrett, Pa.	Doughton, N. C.	Healy
Barrett, Wyo.	Douglas, Calif.	Hébert
Barry	Douglas, Ill.	Hedrick
Bates, Ky.	Doyle	Heffernan
Bates, Mass.	Drewry	Hendricks
Beall	Durham	Henry
Beckworth	Dworshak	Hertel
Bell	Earthman	Heslton
Bender	Eberharter	Hess
Bennet, N. Y.	Elliott	Hill
Bennett, Mo.	Ellis	Hinshaw
Biemiller	Ellsworth	Hoch
Bishop	Elston	Hoeven
Blackney	Engel, Mich.	Holifield
Bland	Engle, Calif.	Holmes, Wash.
Bloom	Ervin	Hook
Bolton	Fallon	Hope
Bonner	Feighan	Horan
Boykin	Fellows	Howell
Bradley, Pa.	Fenton	Huber
Brehm	Fernandez	Hull
Brooks	Fisher	Izac
Brown, Ga.	Fiannagan	Jackson
Brown, Ohio	Flood	Jarman
Bryson	Fogarty	Jenkins
Buck	Folger	Jennings
Buckley	Forand	Jensen
Bulwinkle	Fuller	Johnson, Calif.
Bunker	Fulton	Johnson, Ill.
Butler	Gardner	Johnson, Ind.
Byrne, N. Y.	Gathings	Johnson,
Byrnes, Wis.	Gavin	Lyndon B.
Campbell	Gearhart	Johnsor Okla.
Canfield	Geelan	Jones
Cannon, Fla.	Gerlach	Jonkman
Cannon, Mo.	Gibson	Judd
Carlson	Gifford	Kean
Case, S. Dak.	Gillespie	Kearney
Chapman	Gillette	Kee
Chenoweth	Gillie	Keefe
Church	Goodwin	Kelley, Pa.
Clements	Gordon	Keogh
Cochran	Gore	Kerr
Coffee	Gorski	Kilburn
Cole, Mo.	Gossett	Kilday
Cole, N. Y.	Graham	King
Colmer	Granahan	Kinzer
Cooley	Granger	Kirwan
Cooper	Grant, Ala.	Knutson
Courtney	Grant, Ind.	Kopplemann

Kunkel	Patrick	Smith, Ohio
LaFollette	Peterson, Fla.	Smith, Va.
Landis	Peterson, Ga.	Smith, Wis.
Lane	Pfeifer	Snyder
Lanham	Phillbin	Somers, N. Y.
Larcade	Phillips	Sparkman
Latham	Pickett	Spence
Lea	Pittenger	Springer
LeFevre	Floesser	Stefan
Lesinski	Plumley	Stevenson
Lewis	Poage	Stigler
Link	Powers	Stockman
Ludlow	Price, Fla.	Sullivan
Lyle	Price, Ill.	Summer, Ill.
Lynch	Priest	Summers, Tex.
McConnell	Quinn, N. Y.	Sundstrom
McCormack	Rabaut	Taber
McCowan	Rabin	Talbot
McDonough	Ramey	Talle
McGehee	Remspeck	Tarver
McGlinchey	Randolph	Taylor
McGregor	Rankin	Thom
McMillan, S. C.	Rayfiel	Thomas, Tex.
McMillen, Ill.	Reece, Tenn.	Thomason
Madden	Reed, Ill.	Tibbott
Mahon	Reed, N. Y.	Tolan
Maloney	Rees, Kans.	Torrens
Manasco	Resa	Towe
Mansfield,	Richards	Traynor
Mont.	Riley	Trimble
Marcantonio	Rizley	Voorhis, Calif.
Martin, Iowa	Robertson, Va.	Vorvs, Ohio
Martin, Mass.	Robson, Ky.	Walters
Mason	Rockwell	Vursell
May	Rodgers, Pa.	Waserlewski
Merrow	Roe, Md.	Weaver
Michener	Roe, N. Y.	Weichel
Miller, Calif.	Rogers, Fla.	Welch
Miller, Nebr.	Rooney	White
Mills	Rowan	Whitten
Morgan	Russell	Whittington
Mott	Ryter	Wickersham
Mundt	Sabath	Wigglesworth
Murdock	Sadowski	Wilson
Murray, Tenn.	Sasser	Winstead
Murray, Wis.	Savage	Wolfcott
Neely	Schwabe, Mo.	Wolfenden, Pa.
Norrell	Schwabe, Okla.	Wolverton, N. J.
O'Brien, Ill.	Scrivner	Wood
O'Hara	Shafer	Woodhouse
O'Neal	Sharp	Woodruff, Mich.
Outland	Sheppard	Worley
Pace	Short	Zimmerman
Patman	Smith, Maine	

NAYS—4

O'Konski	Thomas, N. J.	Winter
Rich		

NOT VOTING—72

Adams	Eaton	Norton
Allen, La.	Elsaesser	O'Brien, Mich.
Barden	Gallagher	O'Toole
Boren	Gamble	Patterson
Bradley, Mich.	Gross	Powell
Brumbaugh	Hagen	Rains
Buffett	Halleck	Rivers
Burch	Hand	Robertson,
Burgin	Hart	N. Dak.
Camp	Heldinger	Robinson, Utah
Carnahan	Hobbs	Rogers, Mass.
Case, N. J.	Hoffman	Rogers, N. Y.
Celler	Holmes, Mass.	Sheridan
Chief	Johnson,	Sikes
Chipfield	Luther A.	Simpson, Ill.
Clark	Kefauver	Simpson, Pa.
Clason	Kelly, Ill.	Slaughter
Clevenger	LeCompte	Stewart
Cole, Kans.	Lemke	Starkey
Combs	Luce	Vinson
Corbett	McKenzie	Wadsworth
Dawson	Mansfield, Tex.	Weiss
DeLacy	Monroney	West
Dirksen	Morrison	Woodrum, Va.
Domengeaux	Murphy	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Luther A. Johnson with Mrs. Rogers of Massachusetts.
 Mr. Carnahan with Mr. Hoffman.
 Mr. Sheridan with Mr. Simpson of Illinois.
 Mr. Powell with Mr. Case of New Jersey.
 Mr. Weiss with Mr. LeCompte.
 Mr. Mansfield of Texas with Mr. Clason.
 Mr. O'Toole with Mr. Buffett.
 Mr. Domengeaux with Mr. Holmes of Massachusetts.
 Mr. Rogers of New York with Mr. Halleck.
 Mr. Slaughter with Mr. Eaton.
 Mr. Celler with Mr. Brumbaugh.

Mr. Allen of Louisiana with Mrs. Luce.
 Mr. Rivers with Mr. Clevenger.
 Mr. Morrison with Mr. Gamble.
 Mr. Hobbs with Mr. Hagen.
 Mr. Kelly of Illinois with Mr. Lemke.
 Mrs. Norton with Mr. Corbett.
 Mr. Woodrum of Virginia with Mr. Gross.
 Mr. Vinson with Mr. Wadsworth.
 Mr. West with Mr. Dirksen.
 Mr. Hart with Mr. Bradley of Michigan.
 Mr. Burch with Mr. Elsaesser.
 Mr. Patterson with Mr. Robertson of North Dakota.
 Mr. Murphy with Mr. Simpson of Pennsylvania.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ZIMMERMAN. Mr. Speaker, I wish to announce that the gentleman from Missouri [Mr. CARNAHAN] was unavoidably detained and could not be present at the roll call just concluded.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 62) which was referred to the House Calendar and ordered to be printed:

Resolved, That the Committee on Public Buildings and Grounds, as a whole or by subcommittee, is authorized to conduct an investigation of the progress of the defense-housing program, with a view to determining whether such program is being carried forward efficiently, expeditiously, and economically, and with a view to determining whether the authorization of additional appropriations for defense-housing purposes is necessary.

For the purposes of this resolution, the said committee or any subcommittee thereof is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books or papers or documents or vouchers by subpoena or otherwise, and to take such testimony and records as it deems necessary. Subpenas may be issued over the signature of the chairman of the committee or subcommittee, or by any person designated by him, and shall be served by such person or persons as the chairman of the committee or subcommittee may designate. The chairman of the committee or subcommittee, or any member thereof, may administer oaths to witnesses.

That the said committee shall report to the House of Representatives during the present Congress the results of their studies, inquiries, and investigations with such recommendations for legislation, or otherwise, as the committee deems desirable.

MAKING OF TREATIES

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 174), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the joint resolution (H. J. Res. 60) proposing an amendment to the Constitution of the United States relative to the making of treaties. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 2 days to be equally divided and controlled by the chair-

man and the ranking minority member of the Committee on the Judiciary, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF LEND-LEASE ACT

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 175), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2013) to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed 4 hours to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the resolution for amendment, the committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERMISSION TO ADDRESS THE HOUSE

Mr. NEELY. Mr. Speaker, I ask unanimous consent that on Monday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 45 minutes.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

EXTENSION OF REMARKS

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in three instances, and include in one a letter sent to me by Mr. Frank E. Lawrence, in another a very interesting article on Major General Littlejohn, and in the third an article on Henry H. Crompton.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SPENCE asked and was given permission to extend his remarks in the RECORD and include an editorial that appeared in the Washington Post of March 8.

Mr. FOGARTY asked and was given permission to extend his remarks in the RECORD and include an article that appeared in the Washington Post of March 7.

Mr. ROBSON of Kentucky asked and was given permission to extend his remarks in the RECORD on the national debt bill and include some brief excerpts.

Mr. VURSELL asked and was given permission to extend his remarks in the RECORD and include a letter written to him by a former Member of the House, Mr. Calvin D. Johnson, together with a letter written by Mr. Johnson to Hon. James S. Byrnes, Director of the Office of War Mobilization.

Mr. WOODRUFF of Michigan asked and was given permission to extend his remarks in the RECORD and include therein an editorial; and, further, to extend his remarks and include a newspaper article.

PROGRAM FOR TOMORROW

Mr. MARTIN of Massachusetts. Mr. Speaker, may I inquire what the legislative program is for tomorrow?

The SPEAKER. The rule and general debate on the Commodity Credit Corporation bill.

Mr. MARTIN of Massachusetts. The bill will not be read until Monday?

The SPEAKER. Only the first section of the bill will be read tomorrow.

PERMISSION TO ADDRESS THE HOUSE

Mr. WILSON. Mr. Speaker, I ask unanimous consent that on Thursday next, after the completion of business on the Speaker's desk and the conclusion of other special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. Under previous order of the House, the gentleman from Rhode Island [Mr. FOGARTY] is recognized for 15 minutes.

THE WALSH-KAISER SHIPYARD, PROVIDENCE, R. I.

Mr. FOGARTY. Mr. Speaker, recently a Senator caused to be placed in the RECORD the contents of a letter which the Senator had received from one whom the Senator termed "an honest man." I have no reason to doubt the Senator's sincerity in so characterizing his friend—but I do question the gentleman's knowledge of the facts and I doubt sincerely that the gentleman expected or intended to do anything except vent some personal spite when he addressed the letter in question to the Senator.

Every man here has engaged in political campaigns. Every Member here is familiar with the type of mud slinging to which some unscrupulous men will sink in order to satisfy a personal ambition. We are all familiar with crackpots—and it is to the credit of this House that rarely do the utterances of crackpots find their way into the official record of this legislative body. I have always found among my colleagues here a determination to first learn the facts, before giving publicity to unwarranted and unfounded accusations, such as are contained in the letter to which I have referred.

This letter, written by an unidentified person, is couched intentionally in such language as to give the impression that the Walsh-Kaiser shipyard in Providence is presently the hang-out of racketeers, bookmakers, and ne'er-do-wells;

the yard is vastly overmanned, and that production there is at a standstill. This is the impression this undisclosed person would give of a shipyard working 24 hours a day—a shipyard that the coveted emblem of efficiency and production, the Maritime M, awarded by the United States Maritime Commission. This letter, then, is not intended as an honest criticism of management at the yard—but is an attack on the Government which recognized the worth of the management and the laborers alike—it is an attack on the planners and the producers, almost all of whom are fathers and mothers, brothers and sisters, of men who fight and die all over the world for the preservation of their country.

Directly contrary to the impression which this letter seeks to convey are the facts relating to this shipyard. Its accomplishments border on the astounding. It is a result of the country's frantic need for ships—of the country's determination to produce ships on a scale never before dreamed of. It is the result of the determination of men and women, who but a few years ago worked in clothing stores and markets, to learn to build ships, ships, ships. And the result of their labors is a credit to them and a credit to the State of Rhode Island. They need apologize to no man.

This shipyard was built out of a river and a hill. The river was pumped dry, and the hill was leveled. The shipyard started from scratch and fought to overcome obstacles which would long since have discouraged men with less tenacity.

The yard was started under the management of the Rheem Manufacturing Co. They built the ways, the fabrications shops, the storage facilities, spur tracks, and the usual appurtenances of such an enterprise.

The yard was taken over in 1942 by the Walsh-Kaiser Co., Inc., and from that day to this the story of the yard has been one steady program of increased production at lowered costs.

At the time the Walsh-Kaiser Co., Inc., assumed operation of the Providence shipyard, in addition to coping with all the complex problems associated with the taking over and reorganizing of a shipyard in operation, the company had additional difficulties of constructing its facilities while building ships.

When the Walsh-Kaiser Co. first took over, the company acquired 5 Liberty ships in various stages of completion. This limited number of ships did not permit the yard to acquire efficiency comparable to that of yards building 50 to 100 or more similar ships. However, although handicapped, the Providence shipyard did make excellent progress both in production efficiency and reduction of costs. During the year 1944 the yard delivered 30 vessels, of which 15 were frigates, 5 were Libertys, and 10 were combat cargoes. Obviously this was a diversified program. Conversion from one type of vessel to another in a shipyard, required because of the urgencies of war, necessitates the conversion of facilities to the specific requirements of the type of vessel. It requires reorganization of procedures and the special training of labor.

In addition to the diversified program, it happened that the frigates and combat cargo vessels were of a new design. It was sometime after the shipyard had been awarded its contract before the design agent had been able to furnish sufficient plans, and even then the plans, because of research and experimentation, had to be revised from time to time. As can be expected when manufacturers were already loaded with a backlog of orders for ships of previously approved design, there were delays in the delivery of material. These factors contribute very materially to the additional man-hours and costs. Results of repetitive operation are most important, and the results are clearly indicated on progress charts of yards having long programs of one type vessel.

Walsh-Kaiser, in spite of the short programs, in spite of the difficulties experienced in research work, conversion, and establishment of new procedures, and in spite of delays in materials, cut the man-hours of building the frigate vessel from 2,267,680 for the first frigate to 812,442 for the twelfth frigate. At the same time the yard cut the cost of the twelfth vessel, as compared with the first, by 50 percent. This is an indication of what the yard might accomplish had it been favored with an extended program of similar ships.

Pending the award of an additional contract, which proved to be a contract for the building of 32 combat cargo vessels, Walsh-Kaiser was awarded a contract for the building of 5 additional Liberty ships. Once more the yard was required to reconvert its facilities so as to function properly for the construction of the Liberty-type ship. Naturally, not much could be done in the way of establishing efficiency of procedure and operations with a 5-ship program which would permit comparison with records set by yards having constructed more than 50 similar type vessels. However, the cost and man-hour record is comparable to that of other yards for the construction of the first 5 Liberty vessels. The purpose of awarding the yard 5 Liberty ships was to keep the shipyard force intact until the design of the new combat cargo vessel had advanced to the point where all the productive capacity could be concentrated on the new ship.

The combat cargo vessel is far more intricate in every respect than the frigate or Liberty. There is 75 percent more welding than on a Liberty and 240 percent more than on a frigate; six times the length of electric cable of a Liberty and three times that of a frigate; seven times the complement of a Liberty and four times that of a frigate. The Providence Shipyard has maintained the delivery, with a six-way yard, of three combat cargo vessels per month all during an unusually severe winter. Inasmuch as the combat cargo is approximately twice as difficult to build as a Liberty ship, the progress can safely be compared to a Liberty per way per month, which I believe is a record comparable to that of the best yards. The first combat cargo vessel delivered took 280 days from keel laying to delivery; the sixteenth vessel

took 100 days from keel laying to delivery. No other yard in the country has beaten the performance of delivering a similar type vessel within 100 days.

Not satisfied with improvements which normally come from repetitive operations, management has gone further and adopted a job assignment system for welders. Shipyard engineers, in conjunction with a consulting engineering firm, have been developing a system for nearly 6 months. An ambitious and far-reaching plan, the assignment system prearranges each welder's daily task both as to instruction as to its accomplishment and the equipment and material with which to do it. Welding production soared as a result of the system and will reach even greater heights as the forces become adjusted to new duties brought about by the change in method.

Compare the welding output of 2 years ago, when Walsh-Kaiser took over the management of the shipyard, to that of today. Figures for the months prior to the change in management are not adequate and, therefore, cannot be considered a comparison. Within 6 months after Walsh-Kaiser took charge, welding production had increased 71 percent and continued its rise until it was more than twice its figure before the end of the year. Conversion from one type of ship to another slowed the output temporarily, but as production kinks were ironed out, welding output in 1944 climbed to a figure 35 percent greater than any achieved in 1943. Even the severe winter of 1944-45 failed to hamper the determined effort to produce at high level. In February 1945 welding increased to another 20 percent over 1944's best record.

This, in February 1945, while the people of Providence were going through one of the most bitter winter months in history. Does that reflect a devil-may-care attitude? Does that indicate the shipyard in Providence is the hang-out for racketeers and ne'er-do-wells. Most vicious and ignorant of all this so-called honest man's mouthings is his reference to the yard as a haven for draft dodgers. Such an accusation brands the character of this miserable criticism. Here is a shipyard producing vessels that have carried men and materials through the storm-tossed waters of the oceans that border our shores—vessels that were vital to victory—vessels without which our great plans would have been worthless, and while these valiant and hardworking people struggled against difficulties to get the ships down to the sea on time, they struggled to meet draft quotas, and they paused occasionally in their labors for a momentary hail and farewell, as one more of their buddies trudged through that gate for what might well be the last time. In the service flag that hangs over the main gate at the shipyard there are 3,038 blue stars, and hanging there, too, is a flag with 31 gold stars. There are 31 mothers in Rhode Island who resent this so-called honest man's charge that their sons worked in the shipyard to escape the draft.

There are others there who resent it also; there are soldiers and sailors there.

Yes, soldiers and sailors, who took their chances with all the rest, 1,005 of them who have come back, some maimed for life; they took up their old tasks as well as they might, and today they, too, fight time in order to get one more ship down to the sea for their buddies who await for the guns and the munitions and the food and the clothing these ships of Walsh-Kaiser will bring them.

Gentlemen, we sound splendid talking about cooperation and brotherly love. We expound lofty phrases when we discuss what we plan to do for all the world. It is noble—it is right that we should think of these things—but how much better if we practiced a little of this brotherly love—if we show a little of this inclination for justice here at home. I think the Senator would not have given such publicity to the letter I have mentioned had he known the facts. It is difficult to understand why he did not seek to know the facts beforehand.

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. WILSON] is recognized for 25 minutes.

VETERANS' ADMINISTRATION

Mr. WILSON. Mr. Speaker, the subject which I am interested in this afternoon is House Resolution 172, introduced by the distinguished gentleman from Massachusetts [Mr. PHILBIN], pertaining to the investigation of the Veterans' Administration. Several times during the past year I have called to the attention of the membership of the House some of the deplorable conditions existing in some of our veterans' hospitals. I read from the Washington Times-Herald of today an article referring to, and I quote:

Alleged intolerable conditions and other irregularities in treatment of veterans in veterans' hospitals.

My own experience with some of these veterans' hospitals, and with some of my constituents who have been there, has proven this quotation to be very true. Again I quote:

Harsh discipline, poor food, unreasonable restrictive regulations, inadequate treatment and inconsiderable attitudes on the part of superiors.

I recently made public a letter received by the wife of a veteran constituent of mine confined to a veterans' hospital, stating in effect that this veteran had a poor chance to live, and that it was necessary for them to make arrangements for the burial of the veteran. You can imagine how the wife of this World War No. 1 veteran felt when she received that letter. I happen to have been sent to her apartment the afternoon she received the letter. She had, just a couple of days before, taken him to the veterans' hospital, and remained with him for a time. While the doctors were coming down the line looking over the patients for treatment, he overheard one of the doctors say, "There is no use to waste medicine on that guy. He is going to die anyway." A few weeks later he did die. But I am very much opposed to that way of handling our World War No. 1 veterans, and I hope we will be able to arrive at a much better method of caring for the veterans of World War No. 2.

One of the patients in a hospital in Arizona read in a paper the remarks I had made on this matter. His mother had been notified that he was in a very critical condition, and making arrangements for his burial were discussed. His mother wrote him to that effect, and upon reading my statement in the paper he left the hospital without the consent of the officials and hitch-hiked his way to Washington. He came into my office and told me that the veterans' hospital where he had been had been trying to make arrangement for his burial, and he felt that about the only thing they were interested in was to get rid of him, get him buried and out of the way.

Naturally, this did not make the family very happy.

Our veterans' hospitals at their very best are doing an awfully poor job. Our hospitals treating the boys of World War No. 2 are doing much better. But these hospitals are not open to the veterans of World War No. 1, although I have noticed, Mr. Speaker, that one of the very best of those hospitals for treating World War No. 2 soldiers, Walter Reed Hospital, has recently been opened for the treatment of dogs. Mind you, closed to veterans of World War No. 1, open to dogs and soldiers of World War No. 2.

I have before me an article appearing in one of our magazines, the Cosmopolitan, which I will not have time to read, but I will later quote a few brief extracts.

In the first place, I hope that this resolution offered by the gentleman from Massachusetts [Mr. PHILBIN] for investigating the Veterans' Administration will be adopted, and I hope that it is sufficiently broad in scope to cover a complete investigation on up to General Hines himself, the Director of the Veterans' Administration.

I notice here an article which may cause some suspicion:

Falls Church sailor gets first G. I. business loan.

I notice that he obtained his loan from a bank here in Washington of which Mr. Hines is a member of the board of directors.

Now I want to read you some remarks which are the result of much research work and which were prepared by Joseph Leib, third vice commander of the Costello Post, American Legion, Washington, D. C.:

GENERAL HINES, VETERANS' ADMINISTRATOR, DRAWING PAY FROM PRIVATE CORPORATIONS, INSURANCE COMPANY, AND NATIONAL BANK

(By Joseph Leib)

A major scandal exists within the Veterans' Administration.

On a number of occasions I have had inserted in the CONGRESSIONAL RECORD sharp criticisms aimed at the Veterans' Administrator.

Now I shall prove why my criticism of Gen. Frank T. Hines, Administrator of Veterans' Affairs, is justified. I trust in the intelligence of the American people. I ask the indulgence of every father, mother, wife, sister, and relative who have had or now have dear ones in the armed services.

In the hands of General Hines rests or will rest to a great extent the future welfare of every person who has worn the uniform of Uncle Sam. I respectfully request the deliberation and judgment of everyone concerned regarding the foregoing:

1. General Hines is drawing pay as a board director of five Sperry Gyroscope Corporation subsidiaries. (Source: Standard & Poor's Corporation Record, p. 5922.)

This corporation is engaged in war production. The amazing thing about this, however, is the fact that Nazi and Jap fighting planes are equipped and perfected by Sperry cartel products. Is it not ironic that when our heroes shoot down an enemy plane they find Sperry trade-marks and patents written all over the ship? The effectiveness of Sperry instruments played havoc with our installations at Pearl Harbor and now on the battlefields throughout the world.

In the name of decency, how can General Hines conscientiously accept board of directors pay from this corporation? The Sperry Corporation was indicted by the United States Government for having cartel agreements with German and Jap firms. Later the Sperry Corporation pleaded guilty to the charges through the medium of a consent decree. (Source: United States District Court for the Southern District of New York. Complaint filed September 1, 1942, consent decree entered September 1, 1942.)

Furthermore, the president of the Sperry Corporation is Thomas A. Morgan. Mr. Morgan in 1934 was president of both the Sperry Corporation and the Curtiss-Wright Corporation. Mr. Morgan knows his way around the Navy Department. Through his contacts in that Department his company was able to divulge to our enemies vital military secrets.

Under his direction, the then vice president of the Curtiss-Wright Corporation, Mr. J. S. Allard, wrote this sensational letter to a Curtiss-Wright sales representative in Europe, who during this very time was helping to arm Hitler for this war.

Here is the letter, in part:

"We have been nosing around the (Navy) bureau in Washington and find that they hold as most strictly confidential their dive-bombing tactics and procedure, and they frown upon our even mentioning dive bombing in connection with the Hawks or any other airplanes to any foreign powers.

"It is also unwise and unethical at this time, and probably for some time to come, for us to indicate that we know anything about the technique and tactics of dive bombing. It may be all right to put on a dive-bombing show to show the strength of airplanes, but to refer in contracts to dive bombing or endeavor to teach dive bombing is what I am cautioning against doing." (Source: Senate Munitions hearings, pt. 4, pp. 852-3. Exhibit 449, p. 1005, September 1934.)

Here was Thomas A. Morgan and his corporation willing to sell America short for private gain, and now Mr. Morgan and General Hines, Administrator of Veterans' Affairs on his pay roll as director of the Sperry Corporations.

Thomas A. Morgan is still closely connected with the Curtiss-Wright Corporation. Here is what the Truman report on Aircraft had to say about the Curtiss-Wright Corporation on July 10, 1943; page 18:

"The committee found that the company was producing and causing the Government to accept defective and substandard material. This was accomplished in the following ways:

- "1. By the falsification of tests.
- "2. By destruction of records.
- "3. By improperly recording results of tests.
- "4. By forging inspection reports.
- "5. By failing to segregate substandard and defective material.
- "6. By failing to promptly destroy or mutilate such defective and substandard material.
- "7. By orally changing tolerances allowed on parts.
- "8. By circumventing outside tolerances.
- "9. By allowing production to override the inspection force, thereby destroying morale of both company and Army inspectors.

"10. By skipping inspection operations." Yet, this corporation still enjoys spectacular and unprecedented success in obtaining war contracts. According to the (Truman) committee this organization with the single exception of General Motors, received more war contracts than any other manufacturer in the Nation.

Another amazing feature about the Sperry Corporation is the fact that Robert Hinckley, who resigned as Chairman of the Civil Aeronautics Board, and as Assistant Secretary of Commerce to become associated with Thomas Morgan, is now Director of the Office of Contract Settlement, and a member of the War Production Board.

In this capacity Mr. Hinckley will have charge of all contract settlements including those of the Sperry Corporation and the Curtiss-Wright Corporation.

This is not all.

2. General Hines has allowed no grass to grow under his active feet. He is also a director of both the Aacila Mutual Life Insurance Co. and the Hamilton National Bank of Washington, D. C. (Source: Moodys, vol. Bank and Insurance, 1944; p. 1057.)

Here are some more facts:

It must be pointed out that the Veterans' Administration handles insurance policies covering 16,650,000 beneficiaries with a face value of over \$127,000,000. Therefore, is it proper that General Hines should in any way be connected with a private insurance company as a board director?

I think that the American people have a right to know why the Administrator of Veterans' Affairs is on the pay roll of this private company. It would be illuminating to know just what services he has rendered to this insurance company.

Then there is another amazing factor.

Through the tremendous power granted General Hines by legislation known as the G. I. bill of rights, the Administrator of Veterans Affairs is engaged in approving financial loans through banking institutions or lending agencies.

3. General Hines, it will be recalled, is a director of the Hamilton National Bank of Washington, D. C. (Source: Moody's volume, Bank and Insurance, 1944, p. 830.)

On February 14, 1945, the Washington Daily News, page 2, carried a story announcing that the first G. I. business loan to be guaranteed by the United States Government was negotiated through none other than the Hamilton National Bank. The recipient of this Government-guaranteed loan was a discharged sailor who lives in Falls Church, Va.

Bear in mind also that under the G. I. bill of rights a veteran can borrow up to \$2,000 from private banking institutions.

Under these circumstances, is it proper for General Hines to be in any way officially connected with corporations or banking institutions that are or may be seeking Government contracts or business transactions?

In fact, the duties of the Veterans' Administrator are in themselves a monumental task requiring every minute of his time. In addition, General Hines was recently appointed Administrator of Rehabilitation and Reemployment.

Needless to say, I will continue to criticize the Veterans' Administrator as long as he attempts to serve two masters and devotes his time to private business functions and for private financial gain. I leave it to the intelligence of the American people to decide whether this criticism is justified or not in face of the evidence I have presented herewith.

The question remains, Should General Hines be allowed to continue to represent private institutions who are doing business with the Government either directly or indirectly?

I hope that the Congress of the United States and the American people will demand that General Hines either resign from the

private corporations or from his position as Administrator of Veterans Affairs.

I desire also to call to the attention of the Congress the following statute, which may or may not apply to this particular situation. If it doesn't apply, a law should be passed immediately forbidding any permanent Government official from holding any type of office in private business. I quote the statute (sec. 66, title 5, U. S. C.):

"RECEIVING SALARY FROM SOURCE OTHER THAN UNITED STATES

"No Government official or employee shall receive any salary in connection with his services as such an official or employee from any source other than the Government of the United States, except as may be contributed out of the treasury of any State, county, or municipality, and no person, association, or corporation shall make any contribution to, or in any way supplement the salary of, any Government official or employee for the services performed by him for the Government of the United States.

"Any person violating any of the terms of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than \$1,000 or imprisonment for not less than 6 months, or by both such fine and imprisonment, as the court may determine." (March 3, 1917, ch. 163, sec. 1, 39 Stat. 1106.)

LEAVE OF ABSENCE

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

To Mr. HAND (at the request of Mr. THOMAS of New Jersey), for 3 days, on account of official business.

To Mr. CASE of New Jersey (at the request of Mr. KEAN), for 2 days, on account of official business.

SENATE ENROLLED BILL SIGNED

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

S. 214. An act to provide reimbursement for personal property lost, damaged, or destroyed as the result of an explosion at the naval mine depot, Yorktown, Va., on November 16, 1943.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 5 o'clock and 41 minutes p. m.) the House adjourned until tomorrow, Friday, March 9, 1945, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a. m., Friday, March 9, 1945, to resume hearings on H. R. 1362, railroad retirement bill.

COMMITTEE ON THE POST OFFICE AND POST ROADS

There will be a meeting of the Committee on the Post Office and Post Roads on Friday, March 9, 1945, at 10 a. m., to continue hearings on parcel-post rates.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization will hold a hearing on Tuesday, March 13, 1945, at 10 o'clock a. m., on H. R. 173.

The Committee on Immigration and Naturalization will hold a hearing on

Wednesday, March 14, 1945, at 10 o'clock a. m., on H. R. 1624 and H. R. 1746.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

279. A letter from the Acting Secretary of the Interior, notifying Congress that no leases which expired during the calendar year of 1944 were extended beyond their initial terms under the provisions of section 17 of the Mineral Leasing Act of 1920; to the Committee on the Public Lands.

280. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to provide for reimbursement of certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of a fire at the outlying degaussing branch of the Norfolk Navy Yard, Portsmouth, Va., on December 4, 1942; to the Committee on Claims.

281. A letter from the Associate Director, United States Department of the Interior, National Park Service, transmitting a copy of quarterly estimate of personnel requirements for the quarter ending June 30, 1945, covering the appropriation "Maintenance, Executive Mansion and Grounds, 1945"; to the Committee on the Civil Service.

282. A letter from the administrative assistant to the Secretary, Department of Commerce, transmitting revision 1 of the estimate of personnel requirements for the quarter ending March 31, 1945, for "Working funds, Federal airways"; to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

Mr. SABATH: Committee on Rules. House Resolution 62. Resolution authorizing the Committee on Public Buildings and Grounds to investigate the progress of the defense housing program; without amendment (Rept. No. 290). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 174. Resolution for the consideration of House Joint Resolution 60, proposing an amendment to the Constitution of the United States relative to the making of treaties; without amendment (Rept. 291). Referred to the House Calendar.

Mr. BATES of Kentucky: Committee on Rules. House Resolution 175. Resolution for the consideration of H. R. 2013, to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended; without amendment (Rept. No. 292). Referred to the House Calendar.

Mr. CHIPERFIELD: Committee on Foreign Affairs. H. R. 2013. A bill to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended; without amendment (Rept. No. 259, pt. II). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

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

Mr. KEARNEY: Committee on Immigration and Naturalization. H. R. 1356. A bill

for the relief of Elias Baumgarten; without amendment (Rept. No. 289). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. BULWINKLE:

H. R. 2536. A bill to amend the Interstate Commerce Act with respect to certain agreements between carriers; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH:

H. R. 2537. A bill to confer jurisdiction upon the Court of Claims and the district courts of the United States of claims for damages resulting from the operation of aircraft by or for the United States; to the Committee on the Judiciary.

By Mr. SPRINGER:

H. R. 2538. A bill to incorporate the Mothers of World War No. 2, to set forth and establish the purposes and aims of the organization, fixing its corporate powers and establishing the rights of membership, and for other purposes; to the Committee on the Judiciary.

By Mr. HARLESS of Arizona:

H. R. 2539. A bill to permit the continuation of certain subsidy payments and certain purchase and sale operations by corporations created pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. BENDER:

H. R. 2540. A bill to establish an Ohio Valley Authority to provide for unified water control and resource development on the Ohio River and surrounding region in the interest of the control and prevention of floods, the promotion of navigation and reclamation of the public lands, the promotion of family-type farming, the development of the recreational possibilities and the promotion of the general welfare of the area, the strengthening of the national defense, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. MAY:

H. R. 2541. A bill to provide a method for the wartime reduction of temporary grades held by general officers of the Army of the United States; to the Committee on Military Affairs.

By Mr. BLAND:

H. R. 2542. A bill to amend an act to authorize the Secretary of War and the Secretary of the Navy to make certain disposition of condemned ordnance, guns, projectiles, and other condemned material in their respective Departments; to the Committee on Military Affairs.

By Mr. MURRAY of Tennessee:

H. R. 2543. A bill to require weekly newspapers enjoying mailing privileges to make sworn statements with respect to their circulation; to the Committee on the Post Office and Post Roads.

MEMORIALS

Under clause 3 of rule XXII, a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Nevada, memorializing the President and the Congress of the United States to amend the Social Security Act to permit old-age pensioners to earn wages without penalty; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. HENDRICKS:

H. R. 2544. A bill for the relief of Willie Hines; to the Committee on Claims.

H. R. 2545. A bill for the relief of Florida Rhone Burch; to the Committee on Claims.

By Mr. POWELL:

H. R. 2546. A bill for the relief of Salvador Lorenz Fernandez; to the Committee on Immigration and Naturalization.

By Mr. WASIELEWSKI:

H. R. 2547. A bill for the relief of John J. Doherty; to the Committee on Indian Affairs.

PETITIONS, ETC.

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

154. By Mr. GAMBLE (by request): Two petitions signed by 53 residents in the Twenty-eighth Congressional District of New York, opposing the enactment of H. R. 2082; to the Committee on the Judiciary.

155. By Mr. LANE: Petition of the resolution committee of the lastmakers' union, Local 28, Lynn, Mass., urging modification of the Little Steel formula; to the Committee on Labor.

156. Also, petition of the delegates of eastern region of Massachusetts, members of the Polish-American Congress, at a meeting February 18, 1945, in Boston, Mass., urging assistance to the people of Poland and voicing disapproval of the results of the Crimean Conference; to the Committee on Foreign Affairs.

157. By Mr. MOTT: Memorial of the Legislature of the State of Oregon memorializing the Congress of the United States to terminate the activities of the Office of Price Administration and all other agencies established for the war emergency as soon as is reasonably possible; to the Committee on Banking and Currency.

158. By Mr. MURDOCK: Memorial of State of Arizona, House Memorial No. 4, requesting the establishment of a Government general hospital at Fort Huachuca; to the Committee on World War Veterans' Legislation.

159. By Mr. SMITH of Wisconsin: Petition of sundry citizens of Racine, Wis.; to the Committee on Military Affairs.

HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 9, 1945

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal Christ, we pray for the spirit of service to possess us, for the gift of thoughtfulness and for the power of sympathetic fellowship that will cast out sorrow and fear. Too often ambition clouds the outlook; clear our vision and teach us that no one comes to true greatness who has not felt in some degree that his life belongs to others. The more we help and bless those in need, the more nearly we approach the likeness of Him who is chiefest among ten thousand and the One altogether lovely.

Inspire us with Thy truth and wisdom from on high; may we repent of whatever is evil, turn away from it, and put our trust in a good God. Thou dost succor the ill-deserving, causing Thy sun to rise upon the good and the bad; Thou dost send the rain upon the just and the unjust, filling the earth with Thy bounty. Blessed Lord, may Thy name be magnified in human hearts and homes that it