

persons named in this act for overtime service in the Norfolk (Va.) Navy Yard, Portsmouth, Va., between the years 1878 and 1882; to the Committee on Claims.

By Mr. MORRISON of Louisiana:

H. R. 2336. A bill authorizing the President of the United States to award posthumously in the name of Congress a Medal of Honor to William Mitchell; to the Committee on Military Affairs.

By Mr. O'TOOLE:

H. R. 2337. A bill for the relief of John Joseph Defeo; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

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

365. By Mr. CUNNINGHAM: Petition of 26 members of Eden Church of Marion County, Iowa, urging the enactment of Senate bill 860, and also the re-enactment of legislation similar to that of 1917 so as to give the young men in our armed forces the same protection had by their fathers in 1917; to the Committee on Military Affairs.

366. By Mr. ELSTON of Ohio: Petition of the Retail Store Employees Union, Local No. 1099, signed by 107 residents of Cincinnati, Ohio, and vicinity, urging the enactment of House bill 997 and Senate bill 216, which provide for a Pharmacy Corps in the armed forces of the United States; to the Committee on Military Affairs.

367. By Mr. FITZPATRICK: Petition of the Victory Consumer Information Center, Parkchester, Bronx, New York City, N. Y., favoring the appropriation of adequate funds for Office of Price Administration enforcement of price control regulations; subsidizing the production of basic commodities, whose costs are increased by the war, so that the price ceilings will remain stable; also favoring the restoration and extension of the food stamp plan for needy families, so that a well-nourished America may produce for victory at peak strength; to the Committee on Banking and Currency.

368. By Mr. FOGARTY: Memorial of the General Assembly of the State of Rhode Island, urging enactment of House bills 886 and 1180, relating to veterans, their wives, and/or widows and orphans; to the Committee on World War Veterans' Legislation.

369. By Mr. FORAND: Joint resolution from the General Assembly of the State of Rhode Island, requesting the Senators and Representatives from Rhode Island in the Congress of the United States to work for the passage of two important measures now pending in Congress, namely, House bills 886 and 1180, both relating to veterans, their wives, and/or widows and orphans; to the Committee on World War Veterans' Legislation.

370. By Mr. HOLMES of Washington: House Joint Memorial No. 11 of the Legislature of the State of Washington, urging legislation to create a Federal agency to study tax structures to the end that inequitable burdens be avoided and the financial stability of the various local governmental units assured; to the Committee on Ways and Means.

371. By Mr. LARCADE: Petition of the Presbyterian Women's Auxiliary of the Seventh Congressional District of the State of Louisiana, urging restoration of funds to the Children's Bureau of the Department of Labor; to the Committee on Appropriations.

372. By Mr. ROLPH: House Resolution No. 139 of the California State Assembly, adopted March 26, 1943, relative to ceiling prices for poultry in the State of California; to the Committee on Banking and Currency.

373. Also, Assembly Joint Resolution No. 28 of the State of California, adopted March

22, 1943, relative to destruction of crops by ducks; to the Committee on Agriculture.

374. Also, Assembly Joint Resolution No. 34 of the State of California, adopted March 22, 1943, relative to securing to all employees of the Post Office Department an increase in wages commensurate with the increased cost of living and other benefits; to the Committee on the Post Office and Post Roads.

375. Also, resolution of Tile Layers Union, Local No. 19, San Francisco, Calif., endorsing resolution adopted by San Francisco Building and Construction Trades Council March 4, 1943, relative to the rationing program of the Office of Price Administration; to the Committee on Banking and Currency.

376. Also, resolution of the Brotherhood of Painters, Decorators, and Paperhangers of America, Local 1158, San Francisco, adopted March 19, 1943, relative to amending the National Security Act so as to include all cemetery employees within the benefits and provisions of this act; to the Committee on Ways and Means.

## SENATE

TUESDAY, MARCH 30, 1943

(Legislative day of Tuesday, March 23, 1943)

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

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Thou God of our salvation, the darkness and the light are both alike to Thee. Lest we lose our footing and our way in all the terror and tragedy of these testing days, worn and weary we turn from the din of earth's shouting and tumult to the quiet pavilion of Thy presence and of Thy peace. Bowing our heads and our hearts at this noontide altar we would be still and know that Thou art God.

Through the tangled wilderness of human relations show us the clear path of Thy will for our troubled day. In the dense darkness, black as the pit from pole to pole, be to us as a pillar of cloud and of fire. In the confusion of tongues and counsels endue us with the wisdom to rightly discern the signs of the times. This day keep our tongues from evil and our lips from speaking guile, so that no careless word of ours may smite or shadow the spirit of another by our side. So may we do justly, love mercy, and walk humbly with Thee, our God: We ask it in the dear Redeemer's name. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, March 26, 1943, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

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

NOTICE OF NOMINATION OF DOZIER A. DEVANE TO BE JUDGE OF THE NORTHERN AND SOUTHERN DISTRICTS OF FLORIDA

Mr. VAN NUYS. Mr. President, in accordance with the rule of the Committee on the Judiciary, I desire to make an announcement.

The committee has received the nomination of Dozier A. DeVane, of Florida, to be United States district judge for the northern and southern districts of Florida, vice Curtis L. Waller, elevated.

As chairman of the subcommittee appointed to consider this nomination and as required by the rule of the committee, I announce that Wednesday, April 7, 1943, at 10:30 a. m., has been set for a hearing in the Senate Judiciary Committee room on this nomination. At that time and place all interested parties may make representations to the committee.

NOTICES OF HEARINGS ON NOMINATIONS OF RAY J. O'BRIEN, TO BE JUDGE OF THE THIRD CIRCUIT, AND PHILIP L. RICE, TO BE JUDGE OF THE FIFTH CIRCUIT, CIRCUIT COURTS, TERRITORY OF HAWAII

Mr. McCARRAN. Mr. President, in accordance with the rule of the Committee on the Judiciary, I desire to make an announcement.

The Committee on the Judiciary has received the nomination of Ray J. O'Brien, of Hawaii, to be judge of the third circuit, circuit courts, Territory of Hawaii.

As chairman of the subcommittee appointed to consider this nomination and as required by the rule of the committee, I announce that Wednesday, April 7, 1943, at 10:30 a. m., has been set for a hearing in the Senate Judiciary Committee room on this nomination. At that time and place all interested parties may make representations to the committee.

Mr. President, also in accordance with the rule of the committee, I desire to announce that the Committee on the Judiciary has received the nomination of Philip L. Rice, of Hawaii, to be judge of the fifth circuit, circuit courts, Territory of Hawaii.

As chairman of the subcommittee appointed to consider this nomination and as required by the rule of the committee, I announce that Wednesday, April 7, 1943, 10:30 a. m., has been set for a hearing in the Senate Judiciary Committee room on this nomination. At that time and place all interested parties may make representations to the committee.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 1366) to provide temporary additional compensation for employees in the Postal Service.

The message also announced that the House had passed a bill (H. R. 1896) to

amend sections 1 and 2 of the act approved June 11, 1940 (54 Stat. 262), relating to the establishment of the Cumberland Gap National Historical Park in Tennessee, Kentucky, and Virginia, and to grant the consent of Congress to such States to enter into a compact providing for the acquisition of property for such park, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 11) requesting the President to return to the Senate the enrolled bill (S. 17) to provide for a temporary increase in compensation for certain employees of the District of Columbia government and the White House Police force, and authorizing its reenrollment with certain corrections.

#### ENROLLED BILLS SIGNED

The message also announced that the Speaker pro tempore of the House had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H. R. 1780. An act to increase the debt limit of the United States, and for other purposes; and

H. R. 2068. An act making additional appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1943, and for other purposes.

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:  
Sundry postmasters.

By Mr. GEORGE, from the Committee on Finance:

Thomas A. Gallagher, of Cincinnati, Ohio, to be collector of internal revenue for the First District of Ohio, to fill an existing vacancy;

Surgeon Lucius F. Badger, to be senior surgeon in the United States Public Health Service, to rank as such from March 26, 1943; and

The following-named senior surgeons to be medical directors in the United States Public Health Service, to rank as such from the date set opposite their names:

Roy P. Sandidge, March 26, 1943;  
Ralph C. Williams, March 26, 1943;  
Paul D. Mossman, March 24, 1943;  
Richey L. Waugh, March 23, 1943; and  
Thomas Parran, March 26, 1943.

By Mr. CLARK of Missouri, from the Committee on Finance:

James R. Wade, of Sullivan, Mo., to be collector of customs for customs collection district No. 45, with headquarters at St. Louis, Mo., to fill an existing vacancy.

By Mr. REYNOLDS, from the Committee on Military Affairs:

Denton O. Rushing, from the State of Arkansas, to be field supervisor, at \$4,600 per annum, in the Kansas City regional office of the War Manpower Commission;

Frederick Foote, from the State of Minnesota, to be program control technician at \$4,600 per annum in the Minneapolis regional office of the War Manpower Commission;

George A. Selke, from the State of Minnesota, to be field supervisor at \$5,600 per annum in the Minneapolis regional office of the War Manpower Commission;

Joseph Earl Smith, from the State of Ohio, to be area director at \$4,600 per annum, in the Youngstown area office of the War Manpower Commission (vice Marion A. Gregg, transferred);

John D. Kingsley, from the State of Ohio, to be program control technician, at \$5,600 per annum, in the Cleveland regional office of the War Manpower Commission;

Albert L. Nickerson, from the State of Massachusetts, to be director, Bureau of Placement, at \$8,000 per annum, in the Washington office of the War Manpower Commission; and

Sundry officers for temporary appointment in the Army of the United States, under the provisions of law.

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

Col. David L. S. Brewster to be a brigadier general in the Marine Corps for temporary service from the 16th day of September 1942;

Col. Clifton B. Cates to be a brigadier general in the Marine Corps for temporary service from the 16th day of September 1942;

Capt. Ingram C. Sowell to be a rear admiral in the Navy, for temporary service, to rank from the 13th day of September 1942; and

Sundry officers for promotion in the Navy.

#### CALL OF THE ROLL

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

The ACTING PRESIDENT pro tempore (Mr. LUCAS). The clerk will call the roll.

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

Aiken	Guffey	Radcliffe
Austin	Gurney	Reed
Bailey	Hatch	Evercomb
Ball	Hawkes	Reynolds
Bankhead	Hayden	Robertson
Barkley	Holman	Russell
Bone	Johnson, Calif.	Scrugham
Brewster	Johnson, Calif.	Shipstead
Bridges	Kilgore	Smith
Brooks	La Follette	Stewart
Buck	Langer	Taft
Burton	Lodge	Thomas, Idaho
Bushfield	Lucas	Thomas, Okla.
Butler	McCarran	Thomas, Utah
Byrd	McClellan	Tobey
Capper	McFarland	Truman
Caraway	McKellar	Tunnell
Chavez	McNary	Tydings
Clark, Mo.	Maloney	Vandenberg
Connally	Maybank	Van Nuys
Danaher	Mead	Wallgren
Davis	Millikin	Welsh
Downey	Moore	Wheeler
Ellender	Murdock	Wherry
Ferguson	Murray	White
George	Nye	Willis
Gerry	O'Mahoney	Willson
Gillette	Overton	
Green	Pepper	

Mr. BARKLEY. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Mississippi [Mr. BILBO], and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from Kentucky [Mr. CHANDLER] is detained on official business for the Committee on Military Affairs.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Alabama [Mr. HILL], the Senator from Idaho [Mr. CLARK], the Senator from Texas [Mr. O'DANIEL], and the Senator from New York [Mr. WAGNER] are absent on important public business.

Mr. McNARY. The Senator from New Jersey [Mr. BARBOUR] is absent because of illness.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The ACTING PRESIDENT pro tempore. Eighty-five Senators having answered to their names, a quorum is present.

#### NOMINATION OF REAR ADMIRAL EMORY S. LAND TO BE MEMBER OF MARITIME COMMISSION

The ACTING PRESIDENT pro tempore. Under the order of Friday last, the Senate, in executive session, will now proceed to consider the nomination of Rear Admiral Emory S. Land, United States Navy, retired, to be a member of the Maritime Commission. The question is, Will the Senate advise and consent to this nomination?

The Chair will further state that, under the order, the time for and against the confirmation of the nomination is to be equally divided and controlled, respectively, by the Senator from North Carolina [Mr. BAILEY] and the Senator from Vermont [Mr. AIKEN].

Mr. BAILEY and Mr. STEWART addressed the Chair.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from North Carolina.

Mr. BAILEY. Mr. President, yesterday the junior Senator from Tennessee [Mr. STEWART] made request of the junior Senator from Vermont [Mr. AIKEN] and myself, and I think of the leaders on either side of the Chamber, for leave to make some remarks today to the extent of about 20 minutes. That is agreeable to me, but I anticipate that if we begin the process of yielding a great deal of time may be consumed. I am willing to yield my half of the time, if it belongs to me, on condition that no further requests will be made. I see several Senators rising. If they are rising to have something put into the RECORD, taking only a moment or two, I shall not object to that, and I take it the Senator from Vermont will not object; but what we wish to do is to get at the business in hand, and finish it.

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

Mr. BAILEY. I yield.

Mr. BARKLEY. While we agreed, last Friday, that we would vote today at not later than 5:30 o'clock p. m.—and, of course, the agreement will be carried out—it is my hope that we may conclude the matter in hand long before 5:30 o'clock, in fact, in time to have a call of the calendar today. I hope the Senate may then recess over until Friday, and then over until Tuesday.

Mr. AIKEN. Mr. President, I do not know how long it will take to present the material relating to the question before the Senate from the side on which I happen to be. I realize the position in which the Senator from Tennessee finds himself, and I agreed that if his speech would not occupy more than 20 or 22 minutes, I would yield half the time. If it should require much longer, however, I should want to yield only 10 minutes of the time. I hope there will not be any further requests for time. Like the majority leader, I hope we may reach a conclusion of the pending question in time to attend to some other business, and I much prefer to have any requests for time put over until after we conclude the principal business of the afternoon.



The ACTING PRESIDENT pro tempore. Under the agreement, the Senator from North Carolina yields 11 minutes to the Senator from Tennessee, and the Senator from Vermont yields 11 minutes to the Senator from Tennessee.

Mr. OVERTON. Mr. President, will the Senator from North Carolina yield?

Mr. BAILEY. I have yielded to the Senator from Tennessee.

Mr. OVERTON. I merely wish to make a brief observation, if there is no objection. I wanted to say, Mr. President, that I should like to make some observations on the same subject matter on which I understand the junior Senator from Tennessee is about to address the Senate. Of course—

The ACTING PRESIDENT pro tempore. The Chair advises the Senator from Tennessee that this is coming out of his time.

Mr. STEWART. I understand.

Mr. BAILEY. Mr. President, I think we can settle this matter. The Senate is supposed to vote at 5:30 o'clock p. m. I cannot conceive of those who are advocating confirmation taking all the time allotted to them. The entire time will amount to about 5 hours. I do not intend to take 2½ hours. I think I can conclude in perhaps an hour. A number of Senators are interested, and most of them have said that they would speak rather briefly. I believe that if the Senate will permit us to proceed, there will be time for Senators to make their presentations on various subjects, and certainly if there should be some time left over on the affirmative side, I should be very glad to give it up to Senators who wish to make remarks on other subjects. I do not wish to be discourteous, or unkind, or ungenerous in any way, but the nomination before the Senate has been hanging fire for some time, and I should like to go ahead with it. When the Senator from Tennessee made his request I felt that this sort of situation would be opened up, and it has been, but I am good for my agreement. Therefore I yield to the Senator, and will let him proceed, and then we will take up the other matter.

#### DISCRIMINATORY FREIGHT RATES

Mr. STEWART. Mr. President, transportation has always been a problem to people—as individuals and as a Nation. It would be difficult to exaggerate its importance throughout history. Communities are born, grow and prosper through the introduction of a railroad and for the want of one often decline and die.

As an historical observation, we are all aware of the vital nature of transportation in any economy; but I wonder how many of us are conscious of the undernourishment of four-fifths of the people of the country today from transportation inequality. I wonder also if we have considered the effect of this inequality upon our wartime economy, and, in particular, the deadly shackle it constitutes for small business enterprises throughout that great portion of the land where, in normal times, the major portion of all business is small business.

I speak of discriminatory freight rates.

It is an old subject of discussion. It has been and, in some quarters, is still a hazy sort of issue. But it is also a damning reality which has warped the economy of the whole Nation.

Of late we have heard much criticism of imperial economies; and much talk of lowering trade barriers throughout the world. I tell the Senate the destruction of imperialism and the lowering of trade barriers should begin at home.

Mr. President, my words are not for rhetorical effect. I have never spoken more gravely measured truth. Because the restraints have been economic, not political and have dealt with individuals, not bodies politic, their social consequences have been little realized. But I tell the Senate that discriminatory freight rates have made an imperial capital of the so-called eastern or official territory, and have made of the remaining 30 States, a colonial area, as truly tributary as any Roman or British colony ever was.

To ship by freight manufactured goods out of the South into this imperial realm above the Ohio River and east of the Mississippi, where 51 percent of our population lives, the people of the South must pay approximately a 35-percent privilege tariff, and in those rate-making territories west of the Mississippi a part of the tribute to transportation imperialism is even greater. I repeat, southern shippers must pay about 35 percent higher rates on the average to freight their finished products into the North and East than is there charged.

Transportation shackles first bound the South's limbs as she was attempting to rise from the devastation of civil war and the conquest of so-called reconstruction. It has remained a chain of her bondage throughout—a bondage which our President described a few years ago as "the long and ironic history of the despoiling of this truly American section of the country's population."

Mr. President, I am not trying to speak for the West, of course; it is ably represented here; but the West has suffered and is suffering. Duluth, Minn., businessmen know that it costs them 32 cents more a hundred pounds to ship products by first-class rate to Dayton, Ohio, in the "official territory," a distance of 700 miles, than, for example, it costs Dayton, Ohio, shippers to send the same freight to Kingston, N. Y., a like distance. Topeka, Kans., shippers know that freight of this class will cost them 51 cents more a hundred pounds to ship, for example, to Elkhart, Ind., a distance of 518 miles, than it will cost Chicago, Ill., shippers to move their goods to Johnstown, Pa., a like distance. And to give this difference a proportional meaning, 51 cents a hundred pounds represents almost 50 percent of the shipping costs.

Cheyenne, Wyo., shippers shipping to Chicago, Ill., are penalized 95 percent on 100 pounds first-class freight as compared with Chicago shippers moving goods in "official territory" a like distance—for example, I will say, to Providence, R. I. Shipment of freight to Chicago from Iowa, from Wisconsin, from the Dakotas, from Nebraska, from Ne-

vada, and other Western States also costs more. These random illustrations, I believe clearly show that the West is in the same boat as the South, a part of the same unfortunate area in the same colonial status.

Probably more than any other, freight rate discrimination has been and is a circumstance binding the South to a single-crop tenancy system of agriculture, for it has restrained the development of manufacturing, has virtually prohibited our making finished goods, and so has made a balanced economy in the South impossible. If prohibitory barriers continue to deny manufacturing to the South and our raw materials go on draining off into official territory, we will eventually have an exhaustion of our natural resources, without leaving to the population which will have devoted itself to exploiting such resources anything tangible for the wealth they shipped away. The same statement applies to the West.

Moreover, the evil effect of these trade barriers has not been confined to the colonial area alone; they have resulted in unbalanced industrial concentrations in the North and East which are socially unwholesome. They have given that region its own peculiar single-crop tenancy, industrial tenancy. Northern leadership may not have seen to the root of our trouble, but even those leaders are now concerned over its ugly symptoms.

Mr. President, as I said at the outset, freight rates discrimination is not a new subject of discussion. The Congress first began legislating to prevent or remove unjust discrimination in 1887. Many years ago it created the Interstate Commerce Commission to protect the public interest and deal with inequalities.

The problem of interterritorial discrimination is as old as the Commission, or older, and the Congress has attempted to deal with it legislatively a number of times. But the railroads, for many years as powerful in politics as they were in transportation, successfully thwarted the efforts with their claims of its impracticability. Industrialists of the North and the East and some of the State governments in official territory have joined in this opposition. Over the years the rate makers for the railroads, the experts, have held it their exclusive prerogative to speak on the subject of transportation cost. Despite their partisan status they were the accepted authority, even by the Commission. No method or formula existed for measuring costs, for bringing a reckoned order out of the chaotic maze of interterritorial transportation cost factors. Even the railroad experts depended on mystical inspiration, and on their instincts of self-interest. And behind their inviolable freight-costs buttress, whose fabulous proportions they expanded at will to suit their need, they have repelled all assaults upon the territorial freight barriers.

They have repelled all assaults and until the advent of the present Democratic administration there had been no material accomplishment toward removing

the discrimination. This administration's first move was sponsored by the Tennessee Valley Authority with the President's blessing. It consisted of an independent and comprehensive factual study of the interterritorial freight rate problem of the United States. This study was made by the present Chairman of the Interstate Commerce Commission, J. Haden Alldredge, aided by a technical staff. It irrefutably established the existence and proportions of the freight rate barriers.

It contributed even more vitally toward making the case of the freight-rate "colonies" against imperial "officialdom." It offered for the first time factual proof to show that the territorial rate discriminations were not based on transportation costs. This monumental document was ordered printed by the Committee of the Whole House on the state of the Union on June 7, 1937.

It was followed in 1939 by a second, or supplemental, study of the problem by the same source. On this occasion Mr. Alldredge and his associates conclusively demonstrated, to the everlasting shame of this country, that the Dominion of Canada pays far less toll to ship into the rich and populous markets of the United States "officialdom" than do the tributary colonial South and West, who claim fraternity in the same political union.

Is that economic democracy? Is that the constitutionally guaranteed equal opportunity for Americans of which we are wont to boast?

The President took official cognizance of the freight rate barrier which has so long retarded the South, in his message to the Conference on the South's Economic Conditions in 1938, when he said:

Southern industry has been handicapped by discriminations in interterritorial freight rate, and in tariffs; and has therefore lagged far behind the rest of the Nation.

And in 1939, when it appeared that directive legislation would pass the Congress, the Interstate Commerce Commission launched a Nation-wide comprehensive investigation to determine whether the difference in regional freight rate structures constituted unjust discrimination, with a view to removing it.

Several southern Members of Congress, including my colleague the senior Senator from Tennessee [Mr. McKellar] had pooled their antidiscrimination legislation in 1939, and their efforts bore fruit in the Transportation Act of 1940. This measure for the first time specifically prohibited unfair discrimination between districts, sections, and regions, and specifically directed the Interstate Commerce Commission to investigate such discrimination to see if it was unjust.

In ex parte proceedings, the Commission has launched upon this investigation, and the Governors of all of the Southern States, acting jointly, have become parties to a suit to remove the barrier between us and free domestic trade.

Mr. President, I wish to remind the Senate today of the first important result of the Interstate Commerce Commission's investigation. It is so important a piece of work that I believe it will clear the air of freight rates discussion for

many years to come, and introduce a new day into rate and classification controversies before the Commission. I believe it is the foundation stone upon which the southern Governors can build their case, foolproof and irrefutable.

The contribution to which I refer is the important cost-finding formulas which experts of the Commission have developed, which result from the Transportation Act of 1940. For the first time, I am told, the Commission now has the benefit of adequate independent cost-finding formulas upon which to base, soundly and fairly, classification and rate decisions.

Since this investigation was made at the instance of the Congress and through its appropriation, and because it is of such value and widespread interest, the Senate last week ordered this report printed as a Senate document.

Very soon the Southern Governors Conference class-rate case is to come up before the Commission for another hearing. It is moving toward a conclusion. But all of this is provisional and for the future—an uncertain future.

Mr. President, as I indicated at the outset of my remarks, we of the South and West suffer now from the freight-rate inequalities. Our suffering is ever present and acute under the wartime economy; and nowhere is it so extreme as with the small business enterprises.

There are ominous rumblings in the South, and I assure the Senate it is far more than the mere "letting off of steam." Two of our Governors have already publicly talked of urging the South to desert this administration and the Democratic Party.

One of them, the Governor of Louisiana, has recently aired his views in a national magazine. To reflect the sense of injustice of that section of the country I think I might well quote from his article:

Until a committee of 7 chief executives, representing the 11 members of the Southern Governors Conference, waited on the President and frankly pointed out possible chinks in the solid South, we had been doled out only 7 percent of the Nation's war industries.

This was not only rank discrimination; it flew in the face of all informed strategy for the dispersal of plants and the wisest use of nearby raw materials.

Since then we have fared a little better, but whenever it is possible to cancel a southern contract or divert another factory into the closely packed aerial-target area of the East and North, alert dollar-a-year men are always on hand to do the job.

The freight-rate discrimination against the South is so gross as to verge on the scandalous. We have complained about it until we are hoarse. We have gone to Washington and remonstrated. We get polite smiles, double talk, and skillful brush-off.

Again, the Louisiana Governor says:

I say the new dealers, sitting in office by the grace of the southern ballot, have been blind and deaf when the South pleaded with them to begin correction of the No. 1 cause of the Nation's No. 1 economic problem.

The Governor of Louisiana may not be altogether correct in fixing responsibility for the South's plight in the present emergency, but he is aware of both the principal cause and the effect.

On March 24 last the Southern Governors' Conference, in session at Talla-

hassee, Fla., listened to an address made by Ellis Arnall, the new Governor of Georgia, in which he said, among other things:

We want to win this war as soon as possible, but regional barriers on freight movement cannot aid in the war effort. I think the time has come for us to stand together politically as well as standing shoulder to shoulder to wage a court fight about freight rates.

Soon we will be choosing our national leadership \* \* \*. The influence of the South might be the deciding factor in national politics.

\* \* \* \* \*

Each section must be treated fairly, and we have not received our deserved recognition.

Those expressions by the Governors of Louisiana and Georgia and similar expressions by Governors of other Southern States honestly reflect the feeling of the people of the South. We have long suffered and struggled and shed both sweat and blood, and have known poverty and the things that go with it, largely because of regional freight rate discriminations which are utterly unjust and fundamentally dishonest. High freight rates are shackles that have manacled the feet of the South so as to prevent normal strides toward a deserved and needed progress. These freight rate discriminations have no place in modern civilization. They are relics of a punitive system. For more than a quarter of a century the South has begged for a correction of this condition and a fair chance to enjoy a deserved and normal and needed growth, but our pleas have fallen on ears that are deaf. We ask for bread, and are given a stone; we beg for water, and vinegar is our portion. Such a condition cannot be permitted to continue. An honest people in a great nation should not permit the continuance of such unjust punishment. The young manhood of the South and West have for many generations been forced to go to the industrial East to seek employment in industry because there has been no industry in the South and West, for the reason that the South and West could not manufacture goods and sell them in the markets of the Nation in competition with manufacturers located in the favored freight rate zone.

The South and West have in every respect done their part toward the building up of this country. Today each and every State in the Union is furnishing its share of soldiers to fight in this war to save and preserve Democracy and our way of life, to save our country from an invasion by the German armies and the Japanese armies, and to preserve our country free from the influences of nazism, fascism, and communism, with the hope that after this war we may be able to return to our democratic and peaceful way of living. But shall we return to a way of life in which government permits one section of the country to thrive and prosper at the expense of other sections?

In the South and the West agriculture has been the chief industry. Manufacture has been held to a minimum because, as I have stated, of the unfair freight rates. Being principally agricultural, therefore the chief source of



income to the people in the South and West has been the farm. In 1939 the Department of Agriculture compiled figures showing the farm population of each State in the Union and the per capita cash farm income by States for that year. In the group of figures the Southern States showed up to particularly bad advantage. The annual per capita cash income of the Tennessee farmer was \$95, and the figures for farmers in other States in the South were, with few exceptions, almost as low. I placed those figures in the CONGRESSIONAL RECORD for April 1, 1941, and they appear therein on page 2891.

I have stated that there must be a correction of this condition before the South and the West can be placed on a basis of equality with their sister States in the eastern or official zone or territory. Freight rates should be set up, in my judgment, somewhat in the manner that parcel-post charges are established for the shipment of merchandise through the mails. The parcel-post rates are set up by an agency of Government which recognizes distance as the chief criterion. Freight-rate schedules should be set up without regional variation in level, and tariff schedules should be written in terms of the utmost simplicity.

The report of the Tennessee Valley Authority which was recently submitted to the Congress by the President, declares that the States in the South and West have been primarily feeders of manpower and materials to far-away industry, and have been kept poorer than the imperial region. The report also states that the South and West must build up their earning power by means of opening up new industries within their borders; otherwise, they must resign themselves to the continued loss of ambitious youth and to remaining poor, as heretofore.

The Board of Investigation and Research—Transportation, which was provided for by the Transportation Act of 1940, has been making a study of the cost of freight transportation, which necessarily includes freight rates. I understand that that body has prepared a report which is to be filed today. I shall be interested in reading the report, which I am sure will recommend a change and correction of the existing freight-rate differential—a change in such a way as to give the South and West not only "fair and just" consideration, but absolutely equal consideration. Certainly, the Board can come to no other just conclusion.

The Board consists of three members who are very capable and high-class gentlemen who have been working consistently on this problem for about 2 years.

The members of the Board are the Honorable Nelson Lee Smith, of Vermont, Chairman; the Honorable Robert E. Webb, of Kentucky; and the Honorable C. E. Childs, of Nebraska.

The scandalous inequity in the distribution of war contracts in the South and elsewhere beyond the borders of favored official territory bears a direct relationship to freight-rate discrimination. It is not merely that the long-existing trade

barriers have prevented the upbuilding of industrial facilities for the manufacture of war materials. They now—at this moment—make unprofitable the conversion of existing plants for war production. They now—at this moment—make it virtually impossible for the manufacturers of the South and West to compete with those of officialdom in securing war contracts. As I have pointed out, they are the handicap, the shackle that binds especially the smaller enterprises. For example, the giant Aluminum Corporation of America, which has a plant in my State of Tennessee, has been strong and influential enough to make its demands upon the railroads heard, and to secure for its commodities special rates that exempt it from the common inequitable tariff.

It is the small, independent manufacturer, representing our traditional democracy, who is denied the opportunity of securing war contracts by the unequal terms of competition maintained by the freight rates. It is American free enterprise that, excluded from participation in the war program, is in danger of extinction.

To me there is no graver concern. True, I put our success at arms first. Along with many others here, I am personally and directly concerned in the fortunes of our armed forces. But I want no empty victory. I would feel that I had broken faith with every man who has taken up arms in defense of this country if I did not do everything within my power in the halls of this Congress to preserve free enterprise and the American way of life, because that is one thing they fight for.

I have prepared and introduced a resolution which I hope and believe will in a large measure remove the freight-rate handicap for small business enterprises during this emergency. It supports and furthers the policy toward small business adopted by the Seventy-seventh Congress in Public Law 603 in which this body formally enunciated the policy of mobilizing aggressively the productive capacity of all small business concerns, and determined the means by which such concerns can be most efficiently and effectively utilized to augment war production. It will be remembered that in that act the Congress also said that it—

Recognizes the fact that business concerns operating small plants are frequently unable to produce certain articles at as low a per-unit cost as business concerns operating large plants and that, as a consequence of such fact, in order to mobilize the Nation's full productive capacity, including both large and small plants, it may be necessary for the Government to pay a higher per-unit price for such articles to business concerns operating small plants than it pays to business concerns operating large plants.

My resolution would place into effect a table of flat freight-rate arbitraries for evaluating all bids by small business enterprises for supplying materials, supplies, and equipment required by the Government in the prosecution of the war. Under the resolution the Government would bear the actual freight charges on all shipments.

For the purpose of evaluating bids, the resolution's force and effect would be common throughout the land, without

regard for ancient, outworn, and discriminatory rate-making territories. It would be uniform for every small business enterprise in this country, and would in great measure equalize the transportation advantages the corporate giants now enjoy.

In the table of arbitraries, a general, per-ton rate is set up for each of five commodity groups recognized by the Interstate Commerce Commission. These are:

First. Products of agriculture.

Second. Animals and products.

Third. Products of mines.

Fourth. Products of forests.

Fifth. Manufacturers and miscellaneous. There is provision also for less than carload loads.

Because of the continental expanse of this country, I have recognized the factor of distance, too, fixing separate rates for five distance blocks of 400 miles each—that is, rates for distances, as follows: From origin to 400 miles; 400 to 800 miles; 800 to 1,200 miles, and so forth.

I am a layman, and, of course, I make no claim to qualification as a freight-rate expert. Nevertheless, the rate table incorporated in the resolution is not a project of imaginative art, nor is it guesswork. In its preparation I have had the aid of rate experts of experience and reputation.

To begin with, the rate scales are based on the figures for the actual revenue per hundredweight and the average haul for each commodity group, as obtained from freight commodity statistics in use by the Interstate Commerce Commission and generally accepted by common carriers.

The scales for carload traffic were computed by first obtaining from freight commodity statistics the figures for the actual revenue per hundredweight and the average haul for each commodity group. Next we obtained the ratio between the revenue per hundredweight and the official territory sixth-class rate, which is the lowest official class, being 27.5 percent of first class. We got this percentage relationship by dividing the revenue per hundredweight by the sixth-class rate for the average haul.

Then, the sixth-class rate applicable to each mileage block was multiplied by this percentage to obtain the rates for the various mileage blocks beyond the first.

The scale for the less-carload traffic was computed in the same manner, except that the official territory fourth-class rate was used in lieu of the sixth class.

We used for the purpose of the scale the official territory sixth-class rate for carload traffic, and the fourth-class rate, which is 50 percent of the first-class rate, for less-than-carload lots, because we believed them to be the best graded scales according to distance. The scales, expressed in dollars and cents per ton of 2,000 pounds, are to be considered as approximate.

Because we were considering only Government transportation charges, we deemed it equitable to recognize the land grant and other rate reductions which the Government enjoys. We found no available data on the amount of traffic

moving under land-grant rate reductions. However, the Board of Investigation and Research recently made a study of the effect of land-grant rate reductions. Their study shows that the Government is now receiving an approximately 20-percent reduction in transportation charges by reason of land-grant rate reductions. The majority of the land-grant rate reductions are applicable in the western district, the South having some land-grant railways, and the East having but a negligible number. However, competition makes the reduction effective generally; hence, we discounted our original figures by 20 percent so to make them reflect that factor.

The rate scheme for evaluating small-business war-contract bids is, of course, uniformly applicable to transportation by railroad, highway, and water.

The definition of small business set forth in the resolution may be termed arbitrary, but I know of no definition of it that may not be. I read from the resolution:

The term "small business enterprise," as herein used, shall be construed to include all businesses, individual, partnership, or corporate, employing, without respect to locality, not more than 500 persons.

The definition may not be a perfect one, but it has the advantage of already being in use by the armed services in the placing of war contracts.

So the provisions of the resolution, including its scale of transportation arbitrarians, are supported by realistic substance. However, the factor with which I am most concerned is the resolution's effect in placing all small businesses on an equal footing—not merely to compete with each other, but insofar as transportation cost is concerned to compete with the most powerful of the giant corporations.

Under the present tariff schedules which deal with different zones and territories and subzones throughout the country, so much confusion exists in connection with the submission of bids by contractors that the smaller businessmen are discouraged, and often give up in despair. The commercial freight rates are intricate and confusing, while the schedule of freight rate or transportation arbitrarians set out in the measure I have introduced today makes certain and simple the basis on which to calculate rates and under which to operate.

Mr. TUNNELL. Mr. President, I should like to ask the Senator a question, if he will yield to me.

Mr. STEWART. I do not know whether I have time to yield to the Senator.

The ACTING PRESIDENT pro tempore. The Senator has a few minutes remaining.

Mr. STEWART. Then I am glad to yield to the Senator.

Mr. TUNNELL. I simply wanted to inquire about the Senator's reference to the railroads' making rates that seem to be discriminatory. Does the Senator mean that the railroads have been violating the rules of the Interstate Commerce Commission?

Mr. STEWART. As I recall, the railroads are required to prepare the tar-

iffs and submit them to the Interstate Commerce Commission, and they are adjusted on the basis of equality.

To answer the Senator's question directly: No; I do not think the railroads are violating the law at all.

Mr. TUNNELL. But the Senator thinks the railroads are offering different rates to different sections; is that correct?

Mr. STEWART. I do; yes.

Mr. BAILEY. Mr. President, the Senator from Louisiana [Mr. OVERTON] wishes to make some remarks, and he assures me that he will not take more than 5 minutes. I will give him 5 minutes of my time. In doing so I feel that I should say that I cannot yield further time, but I cannot resist the request of the Senator from Louisiana.

Mr. OVERTON. Mr. President, I thank the Senator from North Carolina for his courtesy.

I had intended, following the address delivered by the junior Senator from Tennessee [Mr. STEWART] to make some observations with reference to discriminations in interterritorial freight rates. I believe that the speech of the junior Senator from Tennessee is a very able and timely one.

I wish to express the hope that before long Congress will take some action toward prescribing a policy for rate structures in continental United States. The Interstate Commerce Commission is proceeding with an investigation along those lines with respect to a part of the territory of the United States, but not with respect to all of it. Hearings began back in 1939, and, according to my information, they are still continuing. I have not the slightest idea when they will terminate. Neither have I the slightest idea when, if ever, a decision will be rendered by the Interstate Commerce Commission upon this subject, which is so vital to all the territory of the United States outside the eastern or official region.

Mr. President, the Senator from Tennessee has referred to an investigation which has been made by the Board of Investigation and Research. As a member of the Appropriations Committee, I have undertaken to have an increased appropriation made in order that the Board might extend its labors and be able to submit a report to the Congress.

I am now advised that such a report will be submitted by tomorrow. I am further advised that an advance release has been made by the Board of Investigation and Research for this afternoon's newspapers. I have a copy of the newspaper release before me. I have not had the opportunity to read it. However, I notice on one of the pages of the release that the Board of Investigation and Research makes this recommendation:

Uniformity in the levels of class rate scales could be advanced in three ways: (a) By adoption of a uniform scale for application throughout the country;

(b) By recognition of rate territories and prescribing for each such territory class rate scales differing only to the extent that differences in transportation costs and carrier revenue needs might require;

(c) By adoption of a uniform basic scale of class rates for application generally throughout the United States, with excep-

tions in particular areas where unfavorable transportation conditions and the revenue needs of the carriers may require.

I invite the attention of the Senate to this report, which I have not had the opportunity to read, and which I understand will be submitted tomorrow to the Senate and the other House, and also to the report made by the T. V. A. Authority. I wish I could invite the attention of the Senate to some report made by the Interstate Commerce Commission, but, unfortunately, I cannot, and I do not know when I can look forward to the day when we shall have a full report on this important subject from the Interstate Commerce Commission.

I thank the Senator from North Carolina.

#### MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 660. An act to prevent certain deductions in determining parity or comparable prices of agricultural commodities, and for other purposes; and

H. R. 1366. An act to provide temporary additional compensation for employees in the Postal Service.

#### NOMINATION OF REAR ADMIRAL EMORY S. LAND TO BE A MEMBER OF THE MARITIME COMMISSION

The Senate resumed the consideration of the nomination of Rear Admiral Emory S. Land to be a member of the Maritime Commission.

Mr. BAILEY. Mr. President, I believe this is the first time in my life that I have been the possessor of time. I begin to realize how precious it is. I find running through my mind what the biographers say were the last words of Queen Elizabeth as she stood in the middle of her bedroom, refusing to die. Finally, when the collapse came, she exclaimed, "I would give all my jewels for one moment of time." So I am rich today in that I have 2 hours, and a good deal of it to give away. I am sure that if Queen Elizabeth were here in the condition in which she was when she made that statement, or if any Senator were in such condition, I should again yield; but I hope I shall not be called upon to do so.

This matter comes before us, so far as I can see, generally upon the record of Admiral Land, with which most of us are familiar. I do not intend at this time to go into his record. He has spent 40 years in the service of his country, and in all the 40 years there has never been a blot of even the faintest character upon his escutcheon. There is none now; and when we shall have finished with this discussion there will be none.

In the past 6 years, since 1937, he has rendered distinguished service in a most important position, a position which I think is at the heart of things in our war effort. I do not intend to go into that record either. I shall content myself with saying that his record is generally familiar to us. I believe I will add my own personal opinion, from a long contact with him and considerable



knowledge of the burdens which he has carried and the unsparing industry and fine intelligence which he has brought to them, that the failure to confirm this nomination would, in my judgment, be a public calamity of the first magnitude.

It is said that no man is indispensable. That is based upon John Wesley's famous statement, "The worker dies, but the work goes on." That is true, and in that sense no man is indispensable. However, if there is a man in our Government under the Commander in Chief whose services are indispensable at this time, and will be for several years to come, in my humble judgment that man is Admiral Land.

I shall pass by those considerations with only these sentences, and undertake to meet certain accusations which have been brought against him. I think that is due him. When I ask the Senate to confirm the nomination, I do so not by any appeal to sentiment, or by any special pleading whatsoever, but on the merits. Admiral Land would not have me do otherwise. He would not have me cover up anything. He would not have me substitute bouquets for facts and arguments. I do not think the man desires our praise. I think he has earned our confidence; I think that justly he has a right to ask it of those who know him.

Let us take up the matters which have been brought forward by the junior Senator from Vermont [Mr. AIKEN] in the CONGRESSIONAL RECORD of March 19, 1943.

Mr. OVERTON. Mr. President, will the Senator yield before he proceeds further?

Mr. BAILEY. I yield.

Mr. OVERTON. The able Senator from North Carolina is chairman of the Committee on Commerce. I happen to be a member of the committee. Very frequently we have occasion to call Admiral Land before the committee to discuss pending bills and to give us his advice and his counsel. I should like to ask the able chairman of the Commerce Committee if he has ever known of any occasion in which Admiral Land was not perfectly frank in his statements of fact to the committee? Has he ever at any time undertaken to conceal anything which might be considered unfavorable to what he was advocating or favorable to what he was opposing?

Mr. BAILEY. My answer, of course, is that I never have heard of Admiral Land doing anything such as that, and I will add the statement that the whole committee has learned to rely on Admiral Land, and, I should say, to be guided by his judgment. Our Government is one of coordinate powers, and we must rely on someone who has special information.

I was about to take up the accusations which have been made against Admiral Land. As reported in the CONGRESSIONAL RECORD of March 19, 1943, the junior Senator from Vermont said:

I do not say the man is guilty of everything with which he has been charged by the Comptroller General's office, but I will say that his desperate attempts to avoid an investigation are not reassuring.

I think the distinguished Senator is utterly mistaken in that statement. It happens that I can be a witness in that

respect. All the reports of the Comptroller General came first to the Senate, and by the Vice President were referred to the Committee on Commerce, of which I am chairman. Immediately upon receiving those reports I sent copies to Admiral Land and asked him to explain them and give me the facts in detail. He did so without hesitation. He did not come down to see me and beg me to gloss anything over. He said, "Here are the facts," and he sent them to me by messenger. He did not send anyone to see me, nor did he say, "Now, BAILEY, I am in trouble; I want you to help me out." He merely said, "Here are the facts." I placed the facts in the RECORD, where they embrace 22 pages. I think no Senator will contradict the truth of the facts stated, and I believe that when they are read in the light of the objectives of the Maritime Commission law, and of the Federal policy, it will be agreed that they absolutely exonerate the Maritime Commission and its Chairman of anything which would tend in the slightest degree to suggest any element whatever other than of the best of faith. We may differ with regard to the interpretation of the law, and there may be differences as to the significance of facts, but there cannot be any difference on the subject of the candor and promptness with which Admiral Land has responded to every inquiry. I bear that testimony, as it is my duty to do.

There has been no investigation made by the Commerce Committee, and if anyone is to be held guilty of anything on that account, I am the guilty one. I could have held an investigation. I could have come to the Senate and asked for an appropriation. But I read the statements. I read very carefully what the Comptroller General said. I then read the explanations and the full details of facts. I was convinced that no investigation was necessary. But I have in evidence, not only by personal contact and conversation with the Comptroller General, but in writing, the statement of the Comptroller General that Admiral Land has been cooperating with him to the fullest degree, and has disclosed everything pertaining to the situation. Admiral Land's office has been open, of course, at all times to the auditor. So I do not think this accusation will stand.

Think of the statement that Admiral Land "has made desperate attempts to avoid an investigation." Where did he make the desperate attempts? He did not make them here so far as the Senate is concerned; he did not make them with me. An investigation is taking place in the other House; I take it he made no such attempts there; indeed, I know he made none there because I have talked with the chairman of the House committee, Mr. BLAND. He made none with the Comptroller General, and the Comptroller General has said so. I do not know what justification there can be for the accusation unless my own default be imputed to him. I made the investigation wholly by way of inquiry. If I had time I would go into the matter of investigation, but I shall take the responsibility here of saying that, after reading the record on both sides of the question,

I was convinced beyond peradventure that there was no necessity whatever for an investigation.

I turn again to the statement of my distinguished friend from Vermont that he has no personal accusation to make against Admiral Land. The statement will be found in the CONGRESSIONAL RECORD on March 19, 1943. The Senator from Vermont said:

I want it further made clear, Mr. President, that in asking, as I have, for an investigation of these charges and of the entire situation—

If he had come to me as chairman of the committee, and asked for one, he could complain. He did not ask for that. If he had I would have given him everything I had. But he said:

In asking, as I have, for an investigation of these charges and of the entire situation, I am asking for investigation of existing system—

Not a man, but a system—

more particularly than of any one man.

Mr. President, the system may be wrong; I do not think it is; but if it is wrong, it has been created by the Congress. If there is a remedy to be had, it is to be had by corrective legislation, not by striking down the character of a man who has served his country for 40 years. This is the first time that ever a breath was uttered touching Admiral Land's efficiency, his character, or his worthiness. So it is not against the man.

In his statement before the Senate on March 19, 1943, the junior Senator from Vermont [Mr. AIKEN] continued:

I have taken especial pains not to refer to the Chairman of the Maritime Commission by name, but only as the Maritime Commission Chairman. I hold him responsible for conditions because, as Chairman of the Maritime Commission, he is one who should be held responsible.

So he moves from systems to conditions. I shall discuss the conditions. There are specifications.

In all the reports which have come to me concerning the activities of the Maritime Commission—

The Senator does not say where he got his reports, but merely reports which have come to him.

I wish to say that there never has been one implying that the Chairman of the Commission has made any financial profit out of any alleged waste or mispending of Government funds. If there has been any corruption, it is the corruption of a system, and it ought to be investigated and corrected.

So, at any rate, there is a personal exoneration, and so the accusation now comes down to the system with which the Senators who have been here for 6 years or more, or even less, know is a great system. Admiral Land has done great work under it. There is nothing inherent in the system that would imply anything wrong, so far as I know.

Then it comes down to the idea of conditions, and the conditions, I take it, are based upon allegations derived from transactions concerning 3 or 4 ships or shipping companies out of 4,000 with which the admiral has had to deal.

I am rather amazed that, although this man in the last 18 months has had

to take over by purchase, requisition, or charter, 4,000 ships; although he has had to regulate 60 shipyards, and control the whole shipping of the United States under the Shipping Warrants Act, fixing their rates, determining their priorities and their rights and facilities, we come down to but 3 or 4 specifications. I am going to answer those, and answer them from the record. Let us take the case of the steamship *Roosevelt*. He says that, as a result of examination by the General Accounting Office, certain facts are reported as follows:

(1) The steamship *President Roosevelt* was built for the Government in 1922 at a cost of \$5,924,000.

I do not know whether it was too little or too much, but certainly Admiral Land did not have anything to do with that in 1922.

(2) The Government operated the vessel for approximately 7 years, and on March 21, 1929—

That brings us to 1929—

sold same to the United States Lines, Inc. (predecessor of the United States Lines Co.), for \$1,000,000, resulting in depreciation in value (absorbed by the Government) of \$4,924,000 during the period of Government operation of 7 years.

It may be that was scandalous; I do not know; but it was in 1929, and Admiral Land did not become Commissioner until 1937. He cannot be charged with things that happened 8 years before he ever had the slightest responsibility. I take it that matter was investigated by the committee which investigated the whole shipping business several years ago. All I am saying is, what has that got to do with the present situation?

(3) The United States Lines, Inc., made payments aggregating \$300,000 and thereafter defaulted on the unpaid balance of \$700,000 due on the vessel.

(4) Under contract dated October 30, 1931, the United States Shipping Board, in effect, reacquired the vessel and sold same to the United States Lines Co. (successor to the United States Lines, Inc.), for \$262,500, resulting in the Government absorbing further depreciation in value of \$437,500, and at the same time the United States Lines Co., by write-up of \$437,500 for its account, increased the value of the vessel on its own books to \$750,000.

Very well. That was in 1931. What has that got to do with what we are talking about here? Why should those facts be brought forward? How do they affect Admiral Land? The Shipping Board at that time was responsible.

(5) The United States Lines Co. operated the vessel for 9 years, and depreciated the value of the vessel at the rate of \$75,000 per annum, with corresponding charges to operating expenses.

(6) The Commission, under date of October 31, 1940—

This is where Admiral Land comes in—

purchased the vessel for the account of the War Department and paid therefor \$600,000—

Well, he got a \$6,000,000 ship for \$600,000, or for 10 percent. The complaint is that—

whereas the value based on Commission's General Order No. 24 was only \$178,531.01, resulting in an overpayment of \$421,468.99.

What is "General Order No. 24"? That is the general order fixing the capital necessarily invested in a ship on a voyage. It was not intended to fix the value of the ship. The question here should be, was that \$6,000,000 ship, 22 years old, or perhaps more than 22 years old, worth \$600,000? In the same year two sister ships, the *President Coolidge* and the *President Harding*, were sold for \$675,000. Who made that bargain? The War Department of the United States. They asked Admiral Land to purchase the S. S. *Roosevelt*, saying they could get it for \$600,000.

So we find that the effect on the mind of that narration of events, whatever may have been the purpose, is to create something in the nature of suspicion. When we get to the point, though, we find the whole sum and substance of the accusation against Admiral Land is that he bought a \$6,000,000 ship for \$600,000 in the midst of the war. It is from that sort of thing that we are asked to find that Admiral Land avoided an investigation, and that his system is corrupt—not Admiral Land, not his suggested system, but the system which we created. I think that clears that.

Now let us take another item; there are not many of them.

Here is the Tampa Shipbuilding Co. matter:

Report of irregularities (1) in the construction by the United States Maritime Commission of certain vessels under contracts with the Tampa Shipbuilding & Engineering Co. and (2) in the sale thereof to the Navy Department.

What are the facts about that? The Tampa Shipbuilding Co. was a wreck; it was a very feeble company; it was hopelessly in debt to the R. F. C. back yonder in 1935 and 1936. That was under Mr. Kennedy. When Mr. Kennedy was Chairman of the Commission in 1937 the Government was embarked upon a program of shipbuilding. It is very interesting to me that in the entire 15 years preceding 1937 we had built only two cargo ships in the United States. We started this program of building; Mr. Kennedy, the Chairman, advertised for bids, and all the bids were so high that Mr. Kennedy was shocked. He said we could never build a merchant marine with prices aggregating from three to three and a half million dollars a ship.

The little Tampa company made a very low bid, an improvidently low bid. The consequence was that all the bids were thrown out, except the Tampa company's. All the shipbuilding concerns in America had been notified that here was a competitor who had bid very much lower, and when the bids were opened again, the new bids were much lower, and they got an award. The effect of that was to bring all the shipbuilding companies in the United States down to an entirely different level, and they were in an entirely different attitude from that with which they had started. The Tampa company built ships, but went broke; they had bid too low, but through bidding too low the Tampa company saved from forty to fifty million dollars to the Government of the United States, in connection with the encouragement of the Maritime Commis-

sion. We have built our ships for that much less. Then we wished to rescue the company, not for its sake but it had three of our ships on its ways, and we are in this new building period.

The company owed \$900,000, and the \$900,000, or a large part of it, represented liens on ships on which we had advanced money. We wished to have the Tampa yard remain in existence, because we were then just building up our great construction program.

The Maritime Commission had this option: It could have moved those unfinished ships out, at great expense, and wrecked the company. We would have been short one shipyard in that section of the country, and there would have been removed from the field the one competitor who could be trusted to underbid the others. Or it had the option of saving the ships and saving the plan by an expenditure of \$400,000.

The very worst light that can be put upon that was that \$400,000 were lost by rescuing the company which had made improvident bids, the effect of which was to save the Government from forty to fifty million dollars.

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

Mr. BAILEY. Let me utter one more sentence, and I will yield.

It happened that all that matter was submitted to the Committee on Commerce. Mr. Kennedy, who was then chairman, came before us. The senior Senator from Missouri [Mr. CLARK] was present, the senior Senator from Michigan [Mr. VANDENBERG] was present. Mr. Kennedy, with his fellow member, Admiral Land, told us of the situation. We advised them to encourage the Tampa company, which was the low bidder, and which was depressing the bids of other companies. I do not wish to say anything unmannerly about them, but Mr. Kennedy thought that there was evidence of collusion, and he wanted the Tampa company to drive a wedge into that situation. That is what it came to.

Where is the evidence of fraud? Where is the evidence of wrongdoing? Where is there any evidence, except evidence of a fine, constructive piece of work? Who here will say that while we were developing our ship program, we should have stricken down the Tampa company, wiped it off the map, and let it go into the hands of the bankruptcy court? We would have lost \$400,000 just the same, I think, and we would have lost much more. But by the simple expenditure of that amount of money, we have a very strong, fine company, building ships, and it has built them at low prices.

There is another allegation, which is almost an absurdity. It is said that in the reorganization of the company, taking it out of the hands of the men under whom it had failed, the president of the company, Mr. Howell, was made rich, that he got a million dollars. There is not a word of truth in that statement. What he got was 10,000 shares of stock of no par value. I take it every Senator knows about that. I question whether the stock would be worth \$25,000 right now; but this allegation is made merely because it was 10,000 shares of stock. It



might have been 100,000 shares, it might have been a million shares. It does not make any difference how many shares of stock one has if they have no value. I question whether the stock is worth anything, but I challenge the common sense of anyone who would jump to the conclusion that, because there were 10,000 shares of stock, they were worth a million dollars. It is a non sequitur of the first order.

Now I yield to the Senator from Washington.

Mr. BONE. I was interested in the Senator's statement about the salvaging of this company saving the Government forty or fifty million dollars. Was that due to lower bids?

Mr. BAILEY. All other companies reduced their bids.

Mr. BONE. Did any of the other companies go broke by virtue of bidding on a comparative basis or was the Tampa company the only casualty?

Mr. BAILEY. I think two or three companies got in difficulties. The Senators from Maine could tell us about the rescue of the Portland Co.

I would not say that all the other companies came down to the original low price bid by the Tampa company; I am saying that the low bid brought about a reduction, but it did not bring the others down to the level of the Tampa company.

What I am getting at is that with this great showing, on the basis of which there is an attempt to make it appear that there is some wrongdoing, the facts indicate perfect good faith and that a constructive policy was followed all the way through.

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

Mr. BAILEY. I yield.

Mr. McKELLAR. Let me say to the Senator and to the Senate that I am not intimately acquainted with Admiral Land. I have never seen much of him, except as he has come before the Committee on Appropriations. For about 20 years the admiral has been appearing before the Committee on Appropriations in one capacity or another.

For many years I was a trial lawyer, and was used to examining witnesses, and I think I know something about whether, when a witness appears before a committee or before a court, he is telling the truth. I wish to say that I do not know of any officer of the Government who has impressed me, and I believe has impressed the members of the Committee on Appropriations generally, without regard to political affiliations, as being more upright and honest, more straightforward and manly than Admiral Land. I think he is as honest a man as I ever heard testify.

He is as independent as a wood sawyer. His testimony will show that he speaks out with the utmost candor concerning all matters that come before him. That his integrity should in any way be questioned is one of the most astounding things I have ever heard.

Admiral Land used to come before us when he was a naval officer, before he went with the Maritime Commission. Of course, we have seen him oftener since he has been with the Maritime Commis-

sion than we did previously. On every occasion, however, he has impressed us as being one of the most straightforward and honest and courageous of men.

My friend the Senator from Maine [Mr. WHITE] suggests that those are outstanding qualities possessed by Admiral Land, and I think they are. He comes before the Committee on Appropriations in the natural course of his business several times every year, and if there ever was a man in whom there is no trickery, no double dealing, no fraudulent conduct, in my judgment it is Admiral Land. Unless it can be shown that there is something wrong of which I never heard, I do not see how it would be possible for the Senate, in the exercise of its power of confirmation, to reject his nomination. I think such action would constitute a great mistake upon our part. Admiral Land is one of the outstandingly honest, straightforward, and able officials of the Government. I will say to the Senator from North Carolina [Mr. BAILEY] that I know of no official of the Government in whom I have greater confidence than I have in Admiral Land. I have confidence in him because of his integrity, his sincerity, and because of his hard work and ability to do a great job.

I thank the Senator from North Carolina for allowing me to say what I consider to be the truth about Admiral Land.

Mr. BAILEY. I am very grateful to the Senator from Tennessee.

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

Mr. BAILEY. I wanted to conclude within an hour. I will yield to the Senator, however, for a question.

Mr. REVERCOMB. The Senator has made the statement that some 10,000 shares of no par value stock were paid to the president of the steamship company.

Mr. BAILEY. No; they were not paid him. That, however, was no part of the Commission's business. They were issued by the company.

Mr. REVERCOMB. Can the Senator advise us what the value of that stock was at the time?

Mr. BAILEY. Yes. I said I did not think it was worth \$25,000. I think its main value lies in this, that it is controlling stock, and probably enables the holder to obtain a salary. It is somewhat like stock in the Seaboard Air Line Railway which was listed on the market at 75 cents a share. I thought oftentimes I would go on the market and buy the stock and vote myself into the presidency, but I am not quite willing to undertake it.

Mr. REVERCOMB. Does the value of 75 cents a share represent the value of the stock at the time of issuance or at this time?

Mr. BAILEY. I do not know. I do not know what it is worth. What I say is that the fact of there being 10,000 shares of no par value stock indicates nothing.

Mr. TOBEY. Mr. President—  
The PRESIDING OFFICER (Mr. WALLGREN in the chair). Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. BAILEY. I yield.

Mr. TOBEY. I should like to give the Senator from North Carolina a bit of helpful advice. He spoke of the stock of the Seaboard Air Line Railway, and that he had played with the thought of buying some of it and making a killing by obtaining control. Let me advise the Senator, as a friend and as a colleague, that in view of the recent decisions of the Supreme Court of the United States those equities are not worth a tinker's dam.

Mr. BAILEY. I believe I might agree, leaving out the last word he used.

Mr. President, in connection with what the Senator from Tennessee [Mr. McKELLAR] has said, it occurred to me to be appropriate to read from page 530 of the hearings on House bill 1876, of March 3, 1943, indicating the confidence of the chairman of the House Naval Affairs Committee in Admiral Land. The chairman said:

Admiral, before you leave I want to take this opportunity of publicly thanking you for the great service and outstanding work you have done as Chief of the Bureau of Construction and Repair because it was your vision and you led the fight in building up the American Navy which has given such great account of itself today.

The Navy happened to be doing so that day.

You were the Chief of the Bureau and started the shipbuilding program back in 1933 and started to lay down a group of destroyers and other types of ships which are now rendering great service. And no man in the Government is more responsible for the fine shape that the Navy is in than you are. It is always a pleasure to have you.

That, Mr. President, was the statement made in the committee on the House side by the chairman of the Committee on Naval Affairs, the gentleman from Georgia [Mr. VINSON].

I come to the third count. That is the Waterman case. If Senators will refer to the exhibit which I have placed in the RECORD they will find that Admiral Land has given us the entire history of the Waterman case. It occupies six columns, two pages, in the RECORD. I think I can with a reasonable amount of accuracy state the facts. The accusation comes to this: The Maritime Commission, under the authority of a special act of the Congress, was disposing of what it has called its old laid-up fleet. Congress had passed an act forbidding that fleet to be sold or to be used. Under the pressure of the emergency, however, we decided to make use of every ship we could. The cost of repairing the five ships which the Waterman Co. bought would be about \$800,000. The Maritime Commission and its Chairman decided that they would sell those ships "as is." That is a current expression which, I take it, everyone understands. The purchaser takes the ships as they are. I think the price was about \$600,000. The Waterman Co. spent \$780,000 or \$790,000 putting the ships in good shape. They found business for them.

About 18 months later the Maritime Commission bought five ships from the Waterman Co. of about the same size and about the same age as these, and paid a great deal more for the ships it bought than it received for those it sold.

That on its face looks bad. It is argued that by that time the Maritime Commission had the right to requisition the ships. It is argued that in the contract of the sale of the first five ships it was provided that in event the Government should acquire the ships by purchase or requisition, the price should be as provided under section 802, which is cost less depreciation, and, of course, plus the cost of improvements. But the whole fallacy lies in the comparison of the price obtained when selling the "as is" ships with the price paid, I think about a year later, for going ships.

Let us look into that situation. I will agree that on the face of it one can make an argument based upon those facts. I think one can make a stump speech based upon them, and make quite an impression. I do not think though in a court or in the Senate one could get anywhere with such an argument.

When the first five were sold, why were they sold at such a low price? It was a sale made upon condition. It was a sale "as is" and upon a chance. Here was a sale made upon a condition. What was the condition? In the first place, it was provided that if the Waterman Co. should ever sell those ships at a profit the Maritime Commission should receive 80 percent of the profit. If one buys a horse on such conditions what will he pay for it? In buying it he will have lost the element of ownership. He is really a trustee. If one buys a piece of land on the condition that he will pay the seller 80 percent of what he receives over and above the purchase price, he is not going to pay much for the land. The price is almost in the nature of rental.

But, Mr. President, that was not all. It was stipulated that the Waterman Co. would have to replace the ships and buy new ships to the extent of \$3,000,000. The Waterman Co. was required to put up a million and one-half dollars to guarantee that.

The difference between selling the ships under those conditions and buying the ships in the open market will account for the whole transaction, particularly when it is remembered that the ships bought were going concern ships and were in operation.

Mr. President, someone may ask, "Why did the Commission not requisition the ships?" Certainly, the Commission had a right to requisition them after July 14, 1941. It is contended that it may have had the right prior to that time. I shall come to that matter.

Why did not the Commission requisition the ships and take them under contract according to the provisions of section 802? In the first place, requisitioning was not favored as a general policy. That statement requires me to go into a matter as to which I think the Senate should be fully informed. The Commission has the right to requisition for title or to requisition for charter. There is a vast difference. The policy of Congress—the policy under the act—is to preserve the principle of private ownership. If we requisition all the ships at once for ownership we have gone to very great expense—hundreds of millions of dollars—and we have practically extin-

guished private enterprise in the shipping business throughout the country.

If I had been in charge of the Maritime Commission I should have avoided that consequence as I would have avoided pestilence. I am not a Government-ownership man. The policy of the Maritime Commission was to avoid the expense of requisitioning for title, and to develop requisitioning for charter—which is the general policy—and thus preserve private enterprise and avoid paying for all the ships at once.

So, under a policy of requisitioning for title there would be no end of cost and there would be the destruction of private enterprise so far as shipping was concerned.

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

Mr. BAILEY. I yield.

Mr. WHITE. The Senator has spoken of the policy. That policy was determined not by the Maritime Commission but by every shipping act enacted by Congress from 1916 on. Is not that correct?

Mr. BAILEY. Yes; it was laid down by the acts of Congress. That is the second objective. The first objective is to establish the merchant marine. The second is to establish private enterprise. The third is to provide facilities for use in time of war by the Army and the Navy. Those are the objectives to be pursued. In order to make the requisitioning just it would have to be done all the way through. I have said that such a procedure would be very expensive and cumbersome, and would destroy private enterprise, and I have tried to paint the picture of the condition in which we would be at the end of the war.

Many persons talk about the post-war world. I have some concern about that, and I have, too, a great deal of concern about our post-war economy. If general requisitioning had proceeded and had been adopted as a general policy, and if title had been taken to all the ships, at the end of the war we should have to start all over again.

There is another reason for doing what was done. Admiral Land did not wish to embark at that time upon requisitioning as a general policy, notwithstanding that under section 802 the ships could have been taken under general contract; because at that time the price of ships was very high. I want the Members of the Senate to get this point if they do not get any other. Admiral Land was dealing with a situation in which the world time charter rate for shipping was \$10 a dead-weight ton a month. The Ship Warrant Act had not been enacted by the Congress. It came into effect, I think, on the 7th of June.

The effect of the Ship Warrant Act was to reduce the rate from the world rate of \$10 to the present rate of \$4. That brought down the requisitioning values. It also brought down the charter values. That was a very wise thing to do. It shows the constructive character and genius of the man. Suppose he had plunged in and said, "I have the power to requisition, and I will requisition. I will take 4,000 ships. I can get ships from the Waterman Co. under the contract at a very low rate, because we sold them at

a very low price." He would have had to pay for the ships he took at arm's length the market price, whatever it might have been, not allowing anything for enhancement due to causes necessitating the taking, but allowing for all the economic enhancement, if the two could ever be separated.

So, in avoiding requisitioning for title and in avoiding any requisitioning at that time, Admiral Land was calmly awaiting the passage of the Ship Warrant Act, under which he reduced the world charter hire rate from \$10 to the American rate of \$4, and the requisitioning values accordingly. So when we look into that situation all we find is a discrepancy between the values of ships which were resold under special conditions, with limited profits, and the purchase of going-concern ships, on their way and doing their work.

There was another consideration: The special need for ships at that particular time was for the route to Murmansk, which was very hazardous. There was not a shipping concern on earth that wished to see its ships go by way of Iceland to the Arctic. That is where the Battle of the Arctic was being fought. I hope it is won. I do not know. The Waterman Co. did not wish their ships to go there. The question might be asked, "Why should they not? They would have received insurance." What good would insurance do a man at a time such as this? Insurance does not operate ships. Insurance does not build ships. The Waterman concern could have obtained the insurance and could probably have put it into bonds, but it would not have had ships. I think that is enough on that point. I shall shortly conclude, because I see that my time is running out.

Something has been said about the Red Sea charters. A considerable exhibit has been offered with respect to the profits. The operators did make good profits, and since 1938 the shipping industry as a whole has been making good profits. What is wrong about the shipping industry making good profits? Do we want the industry to go broke? Are we angry with people who make profits? I hope Senators will hear me when I say that for 100 years the American people have struggled along with a broken-down merchant marine. They never have been able to make it pay. In the First World War it paid too much. It was a scandal. As everyone knows, we have had to pay subsidy upon subsidy. We had the old mail subsidy, and then we had the cash subsidy. We have no subsidy now. I take it the chairmen of the committees on economy in the Government will be glad to hear that. Not only that; but we are paying off the operating differential subsidies which have been accumulated over the years. I suppose that is what is called a corrupt system. It would have been very corrupt if we had not paid them off; but now we pay them off with horror. Why should we not pay off the subsidies? We have paid off the subsidies down to about \$14,000,000. That means that the subsidies cost us about \$2,500,000 a year. If we continue for a year or two longer, we shall clear out the operating subsidies.

It is said that the rates were high. That is not true. The rates were low.



The voyages were prosperous. The Red Sea fleet was organized under the auspices of the British, to carry lend-lease goods. The Maritime Commission did not organize it. The Maritime Commission had the right to approve or disapprove, and it approved.

The Red Sea fleet had a 189-day journey. The going rate was \$1 per cubic foot. One can easily figure out what that means. Admiral Land beat the rate down to 75 cents a cubic foot, and we owe that saving to him. Then he beat it down 15 cents more.

Mr. WHITE. He beat it down to 60 cents.

Mr. BAILEY. The Senator from Maine says that the rate is down to 60 cents. Compare that with the World War rate. Compare that with the world rates in 1939, 1940, and 1941.

It is said that the operators made money. Yes; they made some money. It is said that they will not pay taxes. Of course that is not so. They will pay taxes on every dollar of profit they receive, unless they convert the profit into a fund for reconstruction, for building ships, and then they will pay for it by a reduced rate of amortization over a period of years.

The profits look large, and I might say something on that point. The journey was very hazardous. The fleet had to be organized with all speed. The President of the United States called upon the admiral to assemble 2,000,000 tons of shipping at once, in order to save the British in Africa. We made a great deposit there of war materials. We sowed a harvest there. Thank God, we are reaping the harvest today! Suppose we had not sent those goods there? Where would the men of Eisenhower be today? What would have become of Montgomery's great triumph at El Alamein, and his triumph today at Gabes? After all, we got it through at 75 cents per cubic foot, later reduced to 60 cents. That figure was arrived at on the basis that the ships would not have a return cargo; but fortunately they got return cargoes. They were lucky, and there were not many losses. After all, that is no scandal, and I do not believe it indicates any corruption in the system. It indicates the efficiency of the system.

I think that clears up that question. Admiral Land did not like those rates; and when the ships came home and it developed that they had had a more prosperous journey than was anticipated, he sent for the owners of the ships and told them that they must put the rates down further. He got them down to 60 cents. That is an all-time war record rate. We were not in the war at that time, but we were helping England, and the lend-lease goods were war goods. They were going for war purposes. They were going for the defense of my country and my home.

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

The PRESIDING OFFICER (Mr. MAYBANK in the chair). Does the Senator from North Carolina yield to the Senator from Maine?

Mr. BAILEY. I yield.

Mr. WHITE. The Senator was speaking of rates, and made reference to the last war. I happen to have in mind some of the figures with respect to the

rates then charged. It comes to my memory that the rate on cotton moving to the Liverpool market went from 35 cents a hundredweight to a maximum of \$11. The rate on wheat went from 8 cents a bushel to a maximum of \$1.36 a bushel. The rate on flour went from 10 cents to \$1. The over-all increase in freight rates at that time was more than 10 times. I think that when we compare the situation of today with the conditions which existed at the time of the last war someone is entitled to credit.

Mr. BAILEY. The whole object of Admiral Land's administration in this emergency period has been to profit by the dreadful experience of World War No. 1. He has kept the rates in hand. Hear me, Senators. He does not have the power to regulate ocean rates. He does not have any power over world rates. He had no power over the American ocean rates until we passed the Ship Warrant Act in June 1941. That gave him the whip hand, and that is the way he regulates them now.

I have before me the tariffs which he has published. I will put them into the RECORD. They show that he has reduced our rate from the world rate of \$10 in 1941 to an American rate of \$4. That is the time charter rate at the present time. That does not leave much room for profit.

This is a summary of the rates: For World War No. 1 the basic rate established by the Court of Claims was \$6.60. The World War No. 1 administratively established basic rate was \$4.15, but the court raised it to \$6.60. In 1941 the bare-boat basic rate was from \$3 to \$4. That represents the rate for the ship without any crew and without any operation. The War Shipping Administration reduced the time form basic earnings by amounts ranging from \$1 to \$1.50, and the War Shipping Administration basic earnings were reduced by \$1 to \$1.25 a dead-weight ton a month. Perhaps I had better explain what a dead-weight ton is. It is a singular ton to me. It means space. A dead-weight ton is 40 cubic feet below the deck available for shipping. It is not a weight at all. That brings me to one other matter, and then I shall conclude, for the present, at any rate.

It is said that Admiral Land has paid too much for ships. In the first place, he has never paid one penny more than the law provided for any ship built by the construction differential. Let us get that straight. Section 802 says that if a ship is built by a construction differential—that is, the aid of the Government—taking into account the difference in costs here and abroad, when the ship is bought by the Government or taken by the Government under requisition, the price must always be the cost less depreciation, calculated by the revenue department. I defy anyone to find any case—and there were 160 of those ships—in which that rule of law was varied a hair's breadth.

It is said that he paid too much for other ships, under section 902, under which no contribution is made by the Government to the construction. The law says that we shall pay just compensation, which the Constitution demands. The Constitution says:

Nor shall private property be taken for public use, without just compensation.

We cannot change that provision, Senators. It is in the Constitution. I do not believe even the Supreme Court can change it. We undertook to limit it, and possibly what we did was sound; I am not sure. We said the ship owners should be paid just compensation, but that nothing should be allowed for enhancement due to causes necessitating the taking of the ships. That may be as far as we can go by way of definition, but it leaves much to be said and done.

Mr. President, what were the causes necessitating the taking? One man may say one thing, and another man another. The Accounting Office says one thing, and the Maritime Commission says another. I think it is a matter of debate. I am not complaining. Congress passed the law. In one way or another it has been on the books since 1922.

What is meant by "necessitating"? We read these phrases and we run over the words. We forget them. The law does not say, "causes contributing to the taking," or "causes contributing to the necessity for the taking." It says, "causes necessitating the taking."

I have my own idea about it. The causes necessitating the taking were the great need of the Government for ships on account of war-time conditions. Admiral Land thought he could not go ahead until the President on May 27, 1941, declared the existence of a general emergency. I do not think the Comptroller General has stated so in his latest statement, which I put into the RECORD, but it appears that at one time he was taking the view that we should go back to 1939. At that time the President declared a limited emergency, but stated that he would issue orders as to what to do. He did not issue any orders concerning ships.

I have given the background. What did Admiral Land do? We needed ships, and wherever he could buy them at a price which would end all litigation and not maintain high rates he bought them. He did not go into the market and merely take them; but whenever he could make a bargain and avoid litigation he did so, and he did not pay a large rate a ton. The First World War price was from \$150 to \$160 a ton per ship. I think the price was based on earnings. The price of our ships went down in the period 1931 and 1932 to \$10 and \$15 a ton. There was nothing for the ships to do. We were not carrying as much as 33½ percent of our commerce, not to mention the commerce of the world. Nor were we building any ships.

Admiral Land proceeded in the following manner: He avoided purchases when the price was too high. He undertook to fix a standard basis of tonnage, and began with \$65 a ton. Of course, he paid more than that rate for a fast ship and a better ship. But there is no evidence whatever, notwithstanding we have purchased approximately 4,000 ships, of anything like high prices or prices which are comparable with the First World War prices. The admiral was able to keep the price down by way of the Ship Warrant Act.

Mr. President, I have taken more time than I had intended to take. I will

yield the floor, and I take it that it will be my duty to yield it to the junior Senator from Vermont. I have undertaken to go through these matters in some detail. Senators will have observed that I have done so without notes. I have used no manuscript. A great many other matters are in my mind. However, I think I have been accurate, because this matter has been on my mind for months. For the past 4 or 5 months, or since November, it has been a matter of very intense concern to me.

I will take my seat with one statement: Admiral Land has reduced the price of ships; he has reduced the rates on ships; he has extinguished a subsidy which we were paying on ships, and he is accumulating a fund in the construction reserve by way of the impounding of profits, which will put us on our feet at the end of the present terrible situation. He has administered the law according to its letter.

I should say before I take my seat that some attack was made on him about taxation. I am far more guilty in the matter of taxation than is Admiral Land, and all other Senators are equally guilty. If anyone is guilty with regard to taxation, it is Congress, which writes the tax laws. In what way can anyone show that Admiral Land has not administered the law according to the act of Congress? The regulations are written by the Treasury, not by Admiral Land. The tax laws are administered by the Commissioner of Internal Revenue, not by the Maritime Commission. Yet it has been said there is a great deal of escaping of taxes. I do not think there is any whatever. But, if there is, it is the fault of the Treasury Department, and of the Commissioner of Internal Revenue. If the law as to taxes is wrong, it is my fault and the fault of other Senators. We cannot hold any department of the Government responsible for the law. Congress makes the laws and it alone is responsible. I have repeated that over and over again. I shall not vote for a law because officials of some department tell me to do so, but I shall act on my responsibility. There were times when I did not vote for laws for which the President asked, and I was greatly criticized. I was responsible. So long as I am a Senator, I know my responsibility for the way I vote, and if the law goes wrong, I cannot go back home and say it was the fault of Admiral Land or the fault of the President. I must stand up like a man, if not like a Senator, and say that I am responsible.

Mr. AIKEN obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. AIKEN. I yield.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Brooks	Clark, Mo.
Austin	Buck	Connally
Bailey	Burton	Danaher
Ball	Bushfield	Davis
Bankhead	Butler	Downey
Barkley	Byrd	Ellender
Bone	Capper	Ferguson
Brewster	Caraway	George
Bridges	Chavez	Gerry

Gillette	Maloney	Stewart
Green	Maybank	Taft
Guffey	Mead	Thomas, Idaho
Gurney	Milliken	Thomas, Okla.
Hatch	Moore	Thomas, Utah
Hawkes	Murdock	Tobey
Hayden	Murray	Truman
Holman	Nye	Tunnell
Johnson, Calif.	O'Mahoney	Tydings
Johnson, Colo.	Overton	Vandenberg
Kilgore	Pepper	Van Nuys
La Follette	Radcliffe	Wallgren
Langer	Reed	Walsh
Lodge	Revercomb	Wheeler
Lucas	Reynolds	Wherry
McCarran	Robertson	White
McClellan	Russell	Willis
McFarland	Scruggam	Wilson
McKellar	Shipstead	
McNary	Smith	

The ACTING PRESIDENT pro tempore. Eighty-five Senators having answered to their names, a quorum is present.

Mr. AIKEN. Mr. President, after listening to the Senator from North Carolina [Mr. BAILEY] I find myself tempted to digress from the prepared statement which I have to present to the Senate, and to reply to some of the statements which were made by the able Senator. However I shall resist the temptation; I shall not discuss some of the things which the Senator mentioned, and which could be presented in quite a different light from that in which they have been presented.

Mr. President, it should be required of every public official in high place that he be possessed of certain qualifications. Chief among these qualifications should be, first, a scrupulous regard for the law; second, competency; third, strength of character to resist pressure which will be inevitably brought to bear upon him by self-seeking groups.

The one who has been renominated to membership on the Maritime Commission does not, in my opinion, possess these qualifications. He has a host of friends who eulogize and praise him and apparently admire him. I do not question that he possesses a likeable personality, is a very delightful companion, and is favored socially. I have heard no charge that he has made financial profit as a result of his position as Chairman of the Maritime Commission. I have heard him spoken of highly as a naval architect.

However, Mr. President, the United States Maritime Commission is one of the most important agencies in the world today. It is not only the lifeline to American boys fighting in all parts of the world, and to millions of fighting men of our allies, but it is also entrusted with the spending of over \$19,000,000,000 of American taxpayers' money which must be paid by the sweat and toil of men, women, and children in all walks of life.

We can best judge a man by his past performances, when a record of such performances is available. I shall present now several reasons to show that the Chairman of the United States Maritime Commission does not meet the requirements of the trust which is reposed in this high office.

Mr. President, I am sorry that I cannot present my statement in the polished manner possessed by the Senator from North Carolina, and I hope my colleagues

will bear with me if I speak rather more crudely than he has spoken.

In answer to those who say that the Chairman of the Commission should not be held responsible for the sins of the whole Commission I have to say that the unauthorized expenditures, the incompetence, the wastefulness, which have been countenanced by the Maritime Commission, have been—must have been—with the full knowledge of the Chairman of the Commission, and on him we must place the responsibility for the Commission's acts.

The charges which are made against the United States Maritime Commission and its Chairman are these:

First. It has requisitioned ships for sale to the Army and Navy, and has reimbursed itself for certain costs from the funds of these Departments in a manner not authorized by law. The total of such unauthorized augmentation of its funds is apparently in excess of \$100,000,000.

Second. It has failed to recapture excess profits from shipbuilders, although required by law to do so.

Third. It has paid illegal and exorbitantly high prices for old ships.

Fourth. It has insured old ships at excessive values, thus making public funds liable for unjustifiable payments to shipowners in case of loss.

Fifth. It has approved charter rates which have resulted in excessively high profits being made by certain selected ship operators.

Sixth. It has permitted waste, extravagance, and incompetency to exist in shipyards over which it had full control.

Seventh. It has allowed ships it virtually owned by reason of the default of debtor corporations to go into private hands, and then paid the new owners exorbitant prices for them.

The first reason which I am presenting to the Senate as to why we should not today confirm the nomination of Admiral Land to be Chairman of the Maritime Commission is that the Commission has requisitioned ships for sale to the Army and Navy, and has reimbursed itself for certain costs from the funds of these Departments in a manner not authorized by law.

Mr. President, I now wish to call the attention of the Senate to alleged acts of the Maritime Commission which were without authorization of law and which have been pointed out by the Comptroller General.

I hold in my hand a sheet of financial and statistical data relating to vessels transferred to the Navy Department as of November 30, 1941. Under the Merchant Marine Act the Maritime Commission has the authority to pay construction subsidies on ships suitable for requisition in time of war for Army or Navy purposes. The Congress makes an appropriation to the Maritime Commission for the purpose of paying these subsidies.

I should like to have this list inserted in the RECORD at this point.

The ACTING PRESIDENT pro tempore. Is there objection?

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



Financial and statistical data—Vessels transferred to Navy Department as at Nov. 30, 1941

1943

CONGRESSIONAL RECORD—SENATE

	Hull No.	Dead-weight-tonnage	Construction completed	Date of delivery to Navy Department	Construction cost	Sales by Commission to first purchasers			Required by Commission for sales to Navy Department		
						Purchaser	Construction differential absorbed by Commission	Sales price	Reimbursement to Commission	Reimbursement to owner	Total cost to Navy
<b>Tankers:</b>											
<i>Chemung</i> (ex <i>Esso Annapolis</i> )	MC 9	18,354	Jan. 26, 1940	June 2, 1941	\$3,200,000.00	Standard Oil Co. of New Jersey	\$875,812.41	\$2,324,187.59	\$1,175,812.41	\$2,324,187.59	\$3,500,000.00
<i>Chenango</i> (ex <i>Esso New Orleans</i> )	MC 4	18,230	Apr. 14, 1939	May 31, 1941	3,200,000.00	do	880,516.70	2,319,483.30	1,180,516.70	2,319,483.30	3,500,000.00
<i>Cimarron</i>	MC 2	18,230	Feb. 6, 1939	Feb. 6, 1939	3,204,524.16	do	880,250.00	2,324,274.16	882,676.34	2,324,274.16	3,206,950.50
<i>Guadalupe</i> (ex <i>Esso Raleigh</i> )	MC 12	18,339	June 21, 1940	June 1, 1941	3,050,000.00	do	854,039.17	2,195,960.83	1,304,039.17	2,195,960.83	3,500,000.00
<i>Kaskaskia</i> (ex <i>Esso Richmond</i> )	MC 11	18,339	Apr. 20, 1940	Oct. 22, 1940	3,050,350.37	do	856,706.37	2,193,644.00	1,306,356.00	2,193,644.00	3,500,000.00
<i>Nesho</i>	MC 6	18,302	Aug. 4, 1939	Aug. 4, 1939	3,208,191.30	do	880,250.00	2,327,941.30	879,009.20	2,327,941.30	3,206,950.50
<i>Platte</i>	MC 8	18,230	Dec. 1, 1939	Dec. 1, 1939	3,203,279.15	do	880,250.00	2,323,029.15	891,065.49	2,323,029.15	3,214,094.64
<i>Sabine</i> (ex <i>Esso Albany</i> )	MC 10	18,354	Sept. 25, 1940	Sept. 25, 1940	3,212,573.34	do	880,250.00	2,332,323.34	881,676.66	2,332,323.34	3,214,000.00
<i>Salamonie</i> (ex <i>Esso Columbus</i> ) <sup>1</sup>	MC 13	18,339	Nov. 20, 1940	Nov. 20, 1940	3,040,202.54	do	699,382.58	2,350,819.96	859,780.04	2,350,819.96	3,210,600.00
<i>Sangamon</i> (ex <i>Esso Trenton</i> )	MC 7	18,256	Dec. 14, 1939	Oct. 22, 1940	3,031,410.03	do	876,284.03	2,155,126.00	1,344,874.00	2,155,126.00	3,500,000.00
<i>Sawatee</i> (ex <i>Seakay</i> )	MC 3	18,276	Mar. 23, 1939	Oct. 30, 1940	2,950,595.70	Keystone Tankship Corporation	880,516.70	2,070,079.00	1,429,921.00	2,070,079.00	3,500,000.00
<i>Suwanee</i> (ex <i>Markey</i> )	MC 5	18,240	Mar. 25, 1939	June 26, 1941	3,200,000.00	Standard Oil Co. of New Jersey	879,864.31	2,320,135.69	1,179,864.31	2,320,135.69	3,500,000.00
<b>Total tankers (12)</b>		<b>219,489</b>			<b>37,551,126.59</b>		<b>10,314,122.27</b>	<b>27,237,004.32</b>	<b>13,315,591.32</b>	<b>27,237,004.32</b>	<b>40,552,595.64</b>
<b>Cargo:</b>											
<i>Alchiba</i> (ex <i>Mormacdon</i> )	MC 21	8,656	Sept. 31, 1939	June 2, 1941	2,561,220.66	Moore-McCormack Lines, Inc.	1,240,161.31	1,321,059.35	2,219,561.94	280,438.06	2,500,000.00
<i>Alcyona</i> (ex <i>Mormacgull</i> )	MC 30	8,656	Oct. 13, 1939	May 31, 1941	2,573,292.00	do	1,217,117.33	1,356,174.67	2,212,594.92	287,405.08	2,500,000.00
<i>Aldeboran</i> (ex <i>Staghound</i> )	MC 37	9,495	Dec. 4, 1939	Dec. 26, 1940	2,421,161.69	Grace Line, Inc.	1,145,916.50	1,275,245.19	1,801,126.89	553,700.19	2,354,827.08
<i>Algora</i> (ex <i>Mormacvren</i> )	MC 20	8,656	Aug. 18, 1939	June 6, 1941	2,544,220.66	Moore-McCormack Lines, Inc.	1,232,144.72	1,312,075.94	2,232,123.39	267,876.61	2,500,000.00
<i>Alphen</i> (ex <i>Robin Kettering</i> )	MC 74	10,048	May 29, 1941	May 31, 1941	2,590,469.71	Acquired by Navy direct from U. S. Maritime Commission.		2,590,469.71	2,625,000.00		2,625,000.00
<i>Almaack</i> (ex <i>Erecutor</i> )	MC 104	9,902	Oct. 22, 1940	June 3, 1941	2,482,889.33	American Export Lines, Inc.	1,118,659.64	1,364,229.69	2,145,879.22	304,120.78	2,450,000.00
<i>Arcturus</i> (ex <i>Mormacawok</i> )	MC 19	8,514	July 27, 1939	Sept. 26, 1940	2,485,618.02	Moore-McCormack Lines, Inc.	1,219,598.28	1,266,019.74	2,050,000.00	337,318.74	2,387,318.74
<i>Bellatrix</i> (ex <i>Raven</i> ) <sup>2</sup>	MC 126	9,274	Apr. 16, 1941	Apr. 16, 1941	785,569.24	Acquired by Navy direct from U. S. Maritime Commission.		785,569.24	785,569.24		785,569.24
<i>Beteigeuse</i> (ex <i>Mormaclark</i> )	MC 31	8,656	Nov. 29, 1939	May 29, 1941	2,573,292.00	Moore-McCormack Lines, Inc.	1,215,808.19	1,357,483.81	2,248,565.84	301,434.16	2,550,000.00
<i>Castor</i> (ex <i>Challenge</i> )	MC 14	9,758	July 10, 1939	Oct. 23, 1940	2,161,510.84	do	117,871.96	2,043,638.88	2,043,638.88		2,043,638.88
<i>Crescent City</i> (ex <i>Delorleous</i> )	MC 49	9,021	Aug. 23, 1940	June 9, 1941	3,176,884.32	Mississippi Shipping Co., Inc.	1,801,790.80	1,801,790.80	2,534,372.49	665,627.51	3,200,000.00
<i>Electra</i> (ex <i>Meteor</i> ) <sup>3</sup>	MC 127	9,274	Apr. 16, 1941	Apr. 16, 1941	652,283.98	Acquired by Navy direct from U. S. Maritime Commission.		652,283.98	652,283.98		652,283.98
<i>Fomalhaut</i> (ex <i>Cape Lookout</i> )	MC 138	7,400	May 16, 1941	May 16, 1941	1,055,042.60	do		1,055,042.60	1,055,042.60		1,055,042.60
<i>Griffin</i> (ex <i>Mormacpenn No. 1</i> )	MC 44	11,680	Jan. 18, 1940	Dec. 13, 1940	2,968,982.92	Moore-McCormack Lines, Inc.	1,484,418.01	1,484,564.91	2,559,154.36	371,144.91	2,930,299.27
<i>Hamul</i> (ex <i>Doctor Lyham</i> )	MC 40	12,527	May 10, 1940	June 8, 1941	2,664,141.00	Lykes Bros. Steamship Co., Inc.	1,150,476.84	1,493,664.16	2,032,900.09	342,059.91	2,435,000.00
<i>Hercules</i> (ex <i>Exporter</i> )	MC 94	9,514	Sept. 28, 1939	July 14, 1941	2,448,120.00	American Export Lines, Inc.	1,091,795.92	1,356,324.08	2,069,506.07	295,493.93	2,285,000.00
<i>Jupiter</i> (ex <i>Santa Catalina</i> )	MC 17	9,420	Nov. 1, 1939	June 25, 1941	2,117,339.03	Grace Line, Inc.	1,015,558.16	1,101,780.87	931,666.27	1,068,333.73	2,000,000.00
<i>Kalpana</i> (ex <i>Surprice</i> ) <sup>4</sup>	MC 24	9,073	Nov. 14, 1940	Nov. 14, 1940	1,552,448.18	Acquired by Navy direct from U. S. Maritime Commission.		1,552,448.18	1,552,448.18		1,552,448.18
<i>Lassen</i> (ex <i>Shooting Star</i> )	MC 23	9,073	Nov. 15, 1940	Nov. 15, 1940	1,746,161.61	do		1,746,161.61	1,746,161.61		1,746,161.61
<i>Long Island</i> (ex <i>Mormacmail</i> )	MC 47	11,913	May 29, 1940	Mar. 18, 1941	3,020,710.55	Moore-McCormack Lines, Inc.	64,364.07	2,956,346.48	2,956,346.48		2,956,346.48
<i>Markab</i> (ex <i>Mormacpenn No. 22</i> )	MC 66	12,510	May 29, 1941	June 2, 1941	3,188,997.79	Acquired by Navy direct from U. S. Maritime Commission.		3,188,997.79	3,300,000.00		3,300,000.00
<i>Mercury</i> (ex <i>Mormaclera</i> )	MC 16	9,420	Sept. 29, 1939	June 26, 1941	2,378,151.99	Moore-McCormack Lines, Inc.	1,110,698.58	1,267,453.41	2,254,713.61	295,286.39	2,550,000.00
<i>Otus</i> (ex <i>Fred Morris</i> )	MC 70	9,249	Dec. 27, 1940	Mar. 1, 1941	1,987,861.61	Lykes Bros. Steamship Co., Inc.	988,673.17	999,188.44	986,169.97	1,051,533.86	2,037,703.83
<i>Pelias</i> (ex <i>Mormacnyork</i> )	MC 45	11,897	Apr. 4, 1940	Nov. 15, 1940	3,005,467.70	Moore-McCormack Lines, Inc.	1,480,599.47	1,524,908.23	2,594,113.95	420,654.48	3,014,788.43
<i>Pocomoke</i> (ex <i>Erchaequer</i> )	MC 64	12,691	Oct. 16, 1940	Oct. 16, 1940	2,731,681.86	Acquired by Navy direct from U. S. Maritime Commission.		2,731,681.86	2,793,601.02		2,793,601.02
<i>Polaris</i> (ex <i>Donald McKay</i> )	MC 18	8,682	June 27, 1939	Jan. 25, 1941	2,486,812.36	Moore-McCormack Lines, Inc.	1,169,107.20	1,317,705.16	2,019,427.60	386,515.16	2,405,942.76
<i>Pollux</i> (ex <i>Comet-1</i> )	MC 33	9,714	Mar. 25, 1940	Jan. 16, 1941	2,157,818.03	N. Y. & Cuba Mail Steamship Co.	972,998.55	1,184,820.08	1,835,927.21	307,100.08	2,143,027.29
<i>President Adams</i>	MC 57	9,937	June 5, 1941	June 5, 1941	3,882,398.72	Acquired by Navy direct from U. S. Maritime Commission.		3,882,398.72	3,980,000.00		3,980,000.00
<i>President Hayes</i>	MC 55	9,937	Feb. 20, 1941	July 20, 1941	3,891,892.96	American President Lines, Ltd.	1,708,395.13	2,183,497.83	3,358,491.84	541,508.16	3,900,000.00
<i>President Jackson</i>	MC 63	9,937	Oct. 25, 1940	June 30, 1941	3,871,835.45	do	1,712,202.71	2,159,632.74	3,314,652.04	535,347.96	3,850,000.00
<i>Procyon</i> (ex <i>Sweepstakes</i> )	MC 25	9,073	Nov. 14, 1940	Nov. 14, 1940	1,409,566.21	Acquired by Navy direct from U. S. Maritime Commission.		1,409,566.21	1,409,566.21		1,409,566.21
<i>Ranier</i> (ex <i>Rainbow</i> ) <sup>4</sup>	MC 124	9,274	Apr. 16, 1941	Apr. 16, 1941	1,361,982.06	do		1,361,982.06	1,361,982.06		1,361,982.06
<i>Shasta</i> (ex <i>Comet-2</i> )	MC 125	9,276	do	do	1,066,126.84	do		1,066,126.84	1,066,126.84		1,066,126.84
<i>Tanjier</i> (ex <i>Sea Arrow</i> )	MC 51	12,595	July 8, 1940	July 8, 1940	3,038,120.24	do		3,038,120.24	3,038,120.24		3,038,120.24
<b>Total cargo (34)</b>		<b>334,952</b>			<b>80,940,072.26</b>		<b>23,841,619.25</b>	<b>87,098,453.00</b>	<b>75,766,835.04</b>	<b>8,592,939.70</b>	<b>84,359,774.74</b>
<b>Transports and tenders:</b>											
<i>Cascade</i>	MC 172				7,854,250.00			7,854,250.00			
<i>Chamdeleur</i>	MC 178				6,134,250.00			6,134,250.00			
<i>Doyden</i>	MC 181				4,630,625.00			4,630,625.00			
<i>Feland</i>	MC 182				4,597,812.50			4,597,812.50			
<b>Total transports and tenders<sup>4</sup></b>					<b>23,216,937.50</b>			<b>23,216,937.50</b>	<b>15,006,937.50</b>		<b>15,006,937.50</b>
<b>Total</b>	(50)	<b>554,441</b>			<b>141,708,136.35</b>		<b>34,155,741.53</b>	<b>107,552,394.82</b>	<b>104,089,363.86</b>	<b>35,829,944.02</b>	<b>139,919,307.88</b>

<sup>1</sup> Acquired incomplete from the Newport News Shipbuilding & Dry Dock Co. for the Navy.

<sup>2</sup> Includes approximately \$13,000,000 to be retained by the Commission as deferred credit for replacement of tankers.

<sup>3</sup> Acquired incomplete from Tampa Shipbuilding & Engineering Co.

<sup>4</sup> Of \$23,216,937.50 estimated costs of the 4 transports and tenders, \$15,006,937.50 has been advanced by the Navy, the balance to be paid at a later date.

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Financial and statistical data—Vessels transferred to War Department as at Nov. 30, 1941

	Hull No.	Dead-weight tonnage	Construction completed	Date of delivery to War Department	Construction costs	Sales by Commission to first purchasers			Reacquired by Commission for sales to War Department		
						Purchaser	Construction differential absorbed by Commission	Sales price	Reimbursement to Commission	Reimbursement to owner	Total cost to War Department
Cargo: <i>J. W. McAndrew</i> (ex <i>Deltargentino</i> ).	MC 50.	9,005	Nov. 8, 1940	June 28, 1941	\$3,175,057.57	Mississippi Shipping Co., Inc.	\$1,390,138.86	\$1,784,918.71	\$2,531,469.78	\$668,530.22	\$3,200,000.00
Transports:											
<i>Frederick Funston</i> .....	MC167	-----	-----	-----	6,633,475.00	-----	-----	6,633,475.00	-----	-----	-----
<i>James O'Hara</i> .....	MC168	-----	-----	-----	6,587,237.50	-----	-----	6,587,237.50	10,000,000.00	-----	10,000,000.00
Total transports (2).....	-----	-----	-----	-----	13,220,712.50	-----	-----	13,220,712.50	10,000,000.00	-----	10,000,000.00
Total (3).....	-----	9,005	-----	-----	16,395,770.07	-----	1,390,138.86	15,005,631.21	12,531,469.78	668,530.22	13,200,000.00

<sup>1</sup> Of \$13,220,712.50 estimated costs of the 2 transports \$10,000,000 has been advanced by the War Department, the balance to be paid at a later date.

Mr. AIKEN. Mr. President, it appears from this table that the Maritime Commission, having received from Congress the money necessary to pay construction subsidies, has upon delivery of these vessels to the Navy and to the War Department charged to those Departments not only a sum sufficient to reimburse the owner of the ship in full for his investment, but the Commission has also collected from the Navy Department and the War Department the entire cost of the construction subsidy as well. It appears in some instances to have been even more.

It will be noted from this table that the Commission has paid construction subsidies amounting to \$23,841,000 on 34 cargo vessels, but when it acquired those 34 cargo vessels for sale to the Navy it reimbursed itself from Navy funds to the extent of \$75,766,835.04.

Mr. President, I never could see what right the Maritime Commission had to reimburse itself to the extent of \$75,000,000 out of the Navy appropriation when its appropriation is made direct by the Congress.

Under date of November 30, 1942, the Comptroller General, Lindsay C. Warren, wrote to the Administrator of the War Shipping Administration whom we are today being asked to confirm as a member of the Maritime Commission, and I will read a copy of the letter:

COMPTROLLER GENERAL OF  
THE UNITED STATES,  
Washington, November 30, 1942.

ADMINISTRATOR,  
War Shipping Administration.

MY DEAR ADMIRAL LAND: Examination of the numerous records and documents pertaining to the acquisition by the Maritime Commission and War Shipping Administration of vessels for the War and Navy Departments, for war purposes, reflects that prices have been charged to and paid by those departments which include, and operate to effect, a return to the Maritime Commission of construction-differential subsidies borne, paid, and invested in the vessels by the Commission in connection with their construction under the terms of the Merchant Marine Act, 1936, as amended.

In view of the provisions of sections 902 and 802, as well as of the over-all provisions of the act, supra, it does not appear that the Congress intended that such construction-differential subsidies should be recovered by or for the Commission when subsidized vessels are acquired for emergency or war purposes; and it would seem that such recoveries from the War and Navy Departments operate to augment funds appropri-

ated to the Commission and expended by it prior to the acquisition and sale of the vessels to the War and Navy Departments. In other words, the amounts of the subsidies, expended from funds appropriated to the Maritime Commission pursuant to law, do not appear to be properly reimbursable from funds appropriated to other agencies.

Citation of authority for the procedure mentioned will be appreciated.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General  
of the United States.

On December 9, Admiral Land, replying to the Comptroller General and in true bureaucratic style, elected to put his own interpretation, or the interpretation of the Maritime Commission, upon the acts of Congress. A copy of this letter is embodied in a copy of a letter written by the Comptroller General to Admiral Land under date of January 21, 1943. I ask unanimous consent to have a copy of the letter inserted in the RECORD at this point.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The letter is as follows:

COMPTROLLER GENERAL OF THE  
UNITED STATES,  
Washington, January 21, 1943.  
ADMINISTRATOR,  
War Shipping Administration.

MY DEAR ADMIRAL LAND: There has been received your letter of December 9, 1942 (hereinafter quoted), in reply to office letter of November 30, 1942, with respect to the recoupment by the Maritime Commission and War Shipping Administration (for the Commission's account) of amounts invested by the Commission from appropriated funds in construction-differential subsidies of vessels, when such vessels are reacquired from their owners for the account of the War and Navy Departments for war emergency purposes, and the deposit of such recoupments into the Commission's construction fund.

Your said letter reads as follows:

"I have your letters of November 30, 1942 (your reference A-51647) in which you raise questions as to legal authority of the War Shipping Administration and the United States Maritime Commission in billing to and receiving from the War and Navy Departments in connection with the acquisition and transfer to these Departments of certain vessels, amounts representing the construction-differential subsidy granted under the provisions of title V of the Merchant Marine Act, 1936, as amended, in aid of their construction.

"It is not entirely clear from your letter whether you are referring both to vessels whose construction was undertaken under title V but which were never delivered to the

prospective purchaser and to those which were so delivered but later reacquired as provided in section 802 or section 902 of the act, or whether reference is made to the last-mentioned class of vessels only. The two situations present some points of difference and will be separately discussed herein.

"I

"Where the vessel in question is never delivered to the original prospective purchaser but is transferred upon completion by the shipbuilder directly from the Commission to the War Department or the Navy Department, no reason is apparent why the Commission should not receive reimbursement for the full construction cost of the vessel and necessary expenses incurred which are incident to the transfer, in accordance with the usual practice prevailing in the performance of services by one Government department or agency for another. In such instances, the purchase agreement, which is the foundation of the grant of the subsidy, has never been fully consummated, and, being rescinded, involves only the restitution of payments previously made; and the construction contract alone remains in full force and effect. The Commission's liability thereunder represents the cost of the vessel to it and is the measure of the value of the interdepartmental service rendered. It is not considered reasonable to infer that Congress intended the Commission should build vessels for other Government agencies at less than full cost to it, and the fact that under certain circumstances which never came to pass, a subsidy would have been allowed to a private operator, would appear immaterial.

"II

"In the case of vessels which have been constructed under title V with the aid of a construction-differential subsidy and delivered to the purchaser and thereafter reacquired by the Commission for the account of the War and Navy Department, it has appeared to the Commission that since the purpose of the construction-differential subsidy has been frustrated, there is no reason why the War Department or the Navy Department should be entitled to the vessel for less than the entire sum expended thereon by the Commission, subject to proper adjustment for depreciation. Any contrary view would give the other governmental branch the benefit of the price reduction which was granted for entirely different purposes, would in effect put the Commission in the position of granting a construction-differential subsidy to another Government department, and would leave with the Commission the burden of granting a second construction-differential subsidy in connection with the vessel which it might be necessary to furnish in order to replace the vessel so taken out of commercial service. It is our view that Congress intended that the Commission, in carrying out the long-range program for the rehabil-



itation of the merchant marine, should put into service an adequate number of vessels with respect to which we should grant construction-differential subsidy, and that by recovering the construction differential from the War and Navy Departments the Commission is simply placing itself in the necessary financial position to carry out the congressional mandate.

"It is realized, of course, that the provisions of section 802, relating to the price for which title V vessels may be reacquired, may be construed for the benefit of the Government as a whole and not merely as indicating the amount which the Government has to pay to the owners of these vessels. It is further realized that certain provisions of section 902 may have some bearing on the question, particularly the last two sentences of section 902 (e), which read as follows:

"In the case of any such transfer the department or agency to which the transfer is made shall promptly reimburse the Commission for its expenditures on account of just compensation, purchase price, repairs, reconditioning, reconstruction, or charter hire for the property transferred. Such reimbursements shall be deposited in the construction fund established by section 206 of this act."

"However, the Commission and the War Shipping Administration both have believed that they should obtain full reimbursement for all of their expenditures on account of the vessel, without deduction, in the case of vessels acquired after delivery, of the construction-differential subsidy theretofore granted. In this connection, you will doubtless recall that the question of the replenishment of the construction reserve fund comes up periodically before Congress, that it fixes the amount of such replenishment, and that Congress has full information as to the status of the Commission's obligations for current and future construction and receipts in the construction reserve funds from all sources, including the items reimbursable by the War and Navy Departments which are the subject of the present discussion. Accordingly, it is our view that under the procedure which we have adopted, being intended merely to maintain our construction reserve intact for the purposes for which it was established by Congress, there is no true augmentation of the fund as you seem to suggest; but if it be considered a technical augmentation, it has nevertheless met with congressional approval.

"III

"In the light of the foregoing, it appears that the matter is primarily one of budgetary policy. The statutory situation, it may be admitted, is not entirely clear, but the manner in which these reimbursements have been handled in the past has been on the basis of that which would be most consonant with the duty of the Commission and the War Shipping Administration, to protect fully the interests of the Commission, looking toward the proper utilization of the construction reserve fund in accordance with the purposes and policy of the act. The problem will naturally come up again in connection with the next appropriation for the construction fund, and my suggestion would be that sometime in advance of the submission of the next appropriation for the Maritime Commission Construction Fund, the problem be discussed by representatives of the Commission and the War Shipping Administration with the Bureau of the Budget and that, subject to the wishes of the Bureau of the Budget, you be invited to participate in such discussions."

Frankly, I am not convinced that the practice in question is lawful or proper, and I must adhere to the views expressed in office letter of November 30, 1942, namely, that the practice serves to augment funds appro-

riated to the Maritime Commission, at the expense of funds appropriated to other departments, in a manner not sanctioned by law.

It seems clear that the Congress has not so authorized the augmentation of the Commission's construction fund, as a revolving fund or otherwise, and, as you say, the construction fund is replenished from time to time by additional moneys appropriated by the Congress. It likewise seems clear that, in instances wherein the Congress meant that funds coming into the Commission's hands shall be used to augment the construction fund, express provision therefor has been made, as witness that part of section 902 (e), Merchant Marine Act, 1936, as amended, quoted in your letter, where the Congress expressly provided for recoupment by the Commission of "expenditures on account of just compensation, purchase price, repairs, reconditioning, reconstruction, or charter hire," etc. The act, however, contains no provision for the recoupment by the Commission of appropriated funds expended or invested in construction-differential subsidies. Certainly, the act does not contemplate that the Commission shall pay a vessel owner the amount of the construction-differential subsidy, or any part of it, as "just compensation," or otherwise; hence the right to recoup subsidies from the War and Navy Departments appears to be negated.

This office agrees that the matters in question, at least for the future, are for determination by the Congress, but it is not felt that they are such as to call for the intervention of this office as between the Commission, War Shipping Administration, and the Bureau of the Budget, as suggested in the last paragraph of your letter.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General of  
the United States.

Mr. AIKEN. It will be noted in the last paragraph of the letter from Admiral Land to Lindsay C. Warren that the admiral suggests that the Comptroller General meet with representatives of the Maritime Commission, the War Shipping Administration, and the Bureau of the Budget to discuss the problem before the next appropriation request should come before the Congress.

The Comptroller General adhered to his earlier view that the practice of augmenting Maritime Commission funds from other departments is not sanctioned by law, and he further advised Admiral Land that it is not the business of the Comptroller General's office to intervene in a matter which is clearly for the determination of Congress.

After reading these letters I am sure the Members of this body will agree that the United States Government needs more public officials of the caliber of Hon. Lindsay C. Warren.

I do not know to what extent the Maritime Commission has reimbursed itself from the appropriations made to the War and Navy Departments. The total amount of such unauthorized reimbursement to the Commission by the Navy Department as of November 30, 1941, appears to be \$104,089,363.86. The amount of unauthorized collections from the War Department as of this date appears to be \$12,531,469.78, with more to be paid later.

Now, taking up the second reason—I do not like to call them charges; I do not like that word—the United States Maritime Commission has failed to re-

capture excess profits from the shipbuilders, although required by law to do so. The Commission is required to recapture for the Federal Treasury all profits exceeding 10 percent made by contractors who build ships with the aid of construction subsidies.

During the years 1940, 1941, and 1942 there were 109 such ships built under title V of the Merchant Marine Act of 1936, and 145 ships built under title VII. The total cost to the Commission on these 254 ships amounted to \$583,558,470.61.

Up to January 1 of this year, 1943, according to the report sent me by the Comptroller General's office, the Commission had recaptured profits amounting to only \$7,226,457.61.

Mr. President, I do not know the exact amount which is recapturable from these shipbuilders for building these subsidized ships, but I do know that it is a very substantial sum.

It seems very strange, Mr. President, that the Commission has been able to recapture excess profits from only five contractors. The Moore Dry Dock Co. and the Newport News Shipbuilding & Drydock Co. seem to have an excellent record of repayment of excess profits to the Government. About \$700,000 has been collected from the Federal Shipbuilding & Dry Dock Co. A small amount, I believe \$195,000, was collected from the Bethlehem Steel Co. in 1940. The Western Pipe & Steel Co. of California has also paid back into the Federal Treasury some excess profits.

According to the Comptroller General's office, however, not a nickel of excess profits has been recaptured from any other shipbuilding company who built under this program up to January 1, 1943. Included in the list of those shipyards from which no recapture has been effected, are some of the largest contractors in the United States. I hold in my hand photostat copies of Shipbuilders' Preliminary Report of Profits and Shipbuilders' Final Report of Profits from some of these companies which have been building ships and which have paid nothing back into the Federal Treasury by way of excess profits, according to the Comptroller General's office.

Mr. President, if the officials of our Government would work as diligently in collecting money already due our Government as they work in seeking new sources of taxes, the necessity for imposing new taxes would be obviated to a considerable degree. By its neglect in failing thus to recapture these excess profits from our large shipbuilders the Maritime Commission may lose a very large sum of money for the taxpayers of our country.

The Maritime Commission has paid illegal and exorbitantly high prices for old ships, and I will use the Waterman Steamship Corporation case as an example, also. More people generally are familiar, and more Members of the Senate are familiar with the charges made against the Maritime Commission by the Comptroller General in this case than in any other. I think most of the Members of the Senate are now familiar with the

fact that on June 8, 1940, the Maritime Commission sold five old ships to the Waterman Steamship Corporation at a price of \$13.76 a ton, and with an option to repurchase these ships should they be needed later on by the Government. A few months later, instead of exercising the option to repurchase these ships, the Maritime Commission bought five older vessels from the Waterman Corporation at \$75 a ton, thus, according to the Comptroller General in his report to the Congress, paying the Waterman Corporation \$1,995,000 more than it "should and would have expended had it exercised said option without regard to reasonable depreciation of the vessels sold under said written agreement."

The able senior Senator from North Carolina called attention to the fact that the five older ships which were sold to the Waterman Corporation required repairs to the amount of about \$800,000 before they could be put into service. I should like to remind the Senate that the five older ships bought by the Maritime Commission for the United States Government also required about \$800,000 to be expended on them for repairs before they were serviceable.

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

Mr. AIKEN. I yield.

Mr. CLARK of Missouri. I should like to ask the Senator for the source of his information on that point; because it has been my information that the ships which were sold to the Government by the Waterman Co. were ships ready for service; and that, as a matter of fact, as to certain other ships which were acquired by the Government at perhaps a lesser price than the price paid for the ships acquired from the Waterman Co.—ships which did require servicing—when the Government finally came to settle the bill the price amounted to approximately \$105, \$110, \$115, or \$120 a ton, whereas the price paid to the Waterman Co. for ships ready for service was the net price.

Mr. AIKEN. No, Mr. President; my understanding is that it cost between \$700,000 and \$800,000 to put the ships acquired from the Waterman Co. into commission. I cannot inform the Senator the source of my information, but almost all my information has come from the Comptroller General's office.

Mr. CLARK of Missouri. Let me say to the Senator that my information is completely at variance with his.

Mr. AIKEN. I have heard that the ships which the Maritime Commission sold to the Waterman Co. were out at sea, doing service, at the time when the Commission naturally would have requisitioned them; so they requisitioned the five older ships and put them into repair, paying \$75 a ton for them. I understand—and this information I have not verified; I desire to make that point clear—that one of the ships was sold to the Waterman Co. by the Federal Government, about 1931, for \$9 a ton.

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

Mr. AIKEN. I yield.

Mr. CLARK of Missouri. I do not desire to interrupt the trend of the Senator's remarks, but I should like to say that my information is that the ships were sold to the Waterman Co. by the Government on bids in the first instance; that the Waterman Co. and some other company, the name of which I have forgotten—it was a subsidiary of the Aluminum Co. of America—were the bidders, but that the bid of the subsidiary of the Aluminum Co. of America was rejected, with the result that the Waterman Co. was the only bidder; and that the Waterman Co. agreed to build four fast ships at a cost which ultimately proved to be more than \$3,000,000 a ship, in addition to the construction-differential subsidy.

Mr. AIKEN. I think the Senator is undoubtedly correct.

Mr. CLARK of Missouri. The Senator also undoubtedly is familiar with the fact that two of the ships sold to the Government by the Waterman Co. have been sunk, and that under the terms of the insurance the Waterman Co. is reimbursed only to the extent of the cost plus the rehabilitation expense, minus depreciation.

Mr. AIKEN. Let me say to the Senator from Missouri that I shall cover some of those points a little later in discussing other items.

The Waterman Co. evidently made a very good trade, and is perfectly capable of looking out for itself. I do not know that there is any charge of illegal conduct against the Waterman Co. in this matter. Later I shall show how well it has taken care of itself.

As an excuse for making the Waterman Steamship Corporation a present amounting, it appears, to nearly \$2,000,000 of public funds, the Maritime Commission offered the claim that the emergency which necessitated the taking of the ships did not begin until May 17, 1941, and that therefore the provisions of section 902 would not apply to the purchase of the five old ships from the Waterman Corporation.

Regardless of whether section 902 applied at that time, certainly there is no excuse for the Maritime Commission's selling ships to the Waterman Corporation at \$13 a ton, and buying back older ships at \$75 a ton, instead of exercising its option to repurchase the five ships it had sold.

However, the feeble excuse of the Maritime Commission that the provisions of section 902 did not apply until May 17, 1941, will not hold water. I have before me a communication signed by William Creighton Peet, Jr., secretary of the Maritime Commission, dated December 22, 1941, and evidently mailed under date of December 30, because one date appears at the head of the letter and another appears at the end. I quote from the final paragraph of the letter:

It is suggested that, with respect to combination vessels, the value be determined on the basis of the depreciated construction cost to the owner. In the case of cargo vessels, the only moot question is the valuation of the vessels 20 years of age and over as valuation of vessels built under the 1936 act is determined by section 802. The valuation of

the old vessels can either be fixed on the basis of a September 1939 valuation or on the basis of an average value for tonnage of this class over a period of years.

Mr. President, mark this: This is what the secretary of the Maritime Commission said in writing to the Commission before the purchase of the five Waterman ships was completed:

Under no conditions should current market value be considered the determining factor.

Mr. President, I should like to repeat the last line of the communication from the secretary of the Maritime Commission to the Commission:

Under no conditions should current market value be considered the determining factor.

Yet in the face of that recommendation to the Commission by its own secretary, the Commission went ahead and bought the old Waterman ships at exorbitant and—as the Comptroller General alleges—illegal prices.

It appears that after the Comptroller General had sent the Waterman report to Congress in August of last year, the Honorable John M. Carmody, a member of the Maritime Commission, made an investigation of the situation, and on September 14 of last year he wrote to the Chairman of the Commission presenting the results of his investigation.

A copy of the letter will be found on pages 241-244 of the hearings before the House Committee on Merchant Marine and Fisheries. I wish to quote some excerpts from the letter of Commissioner Carmody to the Commission itself:

In retrospect, this appears to have been the logical time—

That is, the time when they bought the five older ships of the Waterman Corporation—

to have exercised the option under the June 8, 1940, contract, and repossess the five old vessels. A search of the files does not reveal a reason for not doing it.

Mr. Carmody apparently is not fully in harmony with all the acts of the rest of the Commission.

I quote again from his report:

In the light of the Comptroller General's report to the Congress, it may well be that the complications that have arisen in connection with the purchase of the five old vessels for \$3,374,700 may have to be resolved by the General Accounting Office, the Bureau of Internal Revenue, and the Commission. As I write this, I have been informed that the matter has been referred by the Comptroller General to the Attorney General.

Again, I quote from Mr. Carmody's letter to the Chairman of the Maritime Commission:

The prices paid, while high for old tonnage that cost the seller less than \$25 per dead-weight ton, was in line with prices being paid by the Commission for similar tonnage bought at that time on the basis of current appraisals.

That is to say, not only was the Commission purchasing the older boats from the Waterman Co.—the boats which had been sold for from \$5 to \$20 a ton—but it was purchasing from other corporations as well.



I quote from Mr. Carmody's conclusion:

The five old vessels sold to Waterman Steamship Corporation as a result of the sales agreement of June 8, 1940, should be repossessed. Repossession of these five old vessels under the terms of the sales agreement of June 8, 1940, at the time the five similar old vessels were bought for \$3,374,700 would have thrown into sharp relief the inflated values placed on old vessels because of war.

Or the cause which necessitated the taking thereof, as the law states.

Finally, quoting from Mr. Carmody's report to the Commission, he says:

Mr. Bon Geaslin, speaking for Waterman, has objected to the Commission's exercising its option to buy back the five old vessels under the terms of the June 8, 1940, sales agreement on the grounds that similar contracts exist with other operators—Alcoa and Bull Lines, I think—which the Commission has not enforced. He refers also to injustices that have grown out of special advantages granted by the Commission to the American Export Lines resulting from the sale of the India service to that company.

That is what Mr. Carmody, of the Commission, wrote to the Chairman of the Commission.

I have one further reference to make to the Waterman case. I hope Senators will realize the seriousness of this last point which I wish to make in the Waterman case. I have told how the Maritime Commission paid the Waterman Steamship Corporation exorbitant prices over the recommendation of its own secretary.

On August 8 the Comptroller General made a report to Congress on the Waterman Steamship Co. On February 17, 1943, less than 6 weeks ago, he wrote to the Chairman of the United States Maritime Commission as follows:

COMPTROLLER GENERAL  
OF THE UNITED STATES,  
Washington, February 17, 1943.

CHAIRMAN, UNITED STATES MARITIME COMMISSION.

MY DEAR ADMIRAL LAND: It has come to the attention of this office that, under date of January 5, 1943, on the request of Mr. Bon Geaslin, assistant vice president, Waterman Steamship Corporation, recommended for Commission approval by Mr. R. E. Anderson, Director of Finance, the Maritime Commission, approved the termination of that corporation's construction reserve fund under the control of the Commission, which fund included the proceeds of sale by the corporation to the Commission of five old vessels in late 1941 and early 1942, as mentioned and referred to in my report to Congress, House Document No. 840, Seventy-seventh Congress, second session, on page 12 of which appears the following:

1. Charges will be raised against Waterman Steamship Corporation in the sum of \$1,995,602.68, together with such additional sum as will represent fair and reasonable depreciation of the vessels sold to the corporation under sales agreement of June 8, 1940, to the date or dates when title to the vessels shall have been transferred to, and vested in, the United States Maritime Commission.

2. The United States Maritime Commission will be advised of said action, and it will be requested to render proper assistance in the collection from the corporation of the charges so raised, from the so-called construction fund mentioned herein, or as otherwise may seem proper.

The Commission's action in permitting the termination of the corporation's construction reserve fund appears to have placed that fund beyond the control of the Commission, and it seems possible that the rights and interests of the United States may have been jeopardized thereby. This office will appreciate a statement of the Commission's reason for permitting the termination of said reserve fund in the light of the report hereinbefore quoted.

A copy of this letter is being sent to the chairman, Committee on the Merchant Marine and Fisheries, House of Representatives, for his information.

Your cooperation in this matter will be appreciated.

Sincerely yours,  
LINDSAY C. WARREN,  
Comptroller General of the United States.

So far as I know, the Chairman of the Maritime Commission has not replied to this letter, although I cannot be absolutely sure of it. He may have replied very recently.

Mr. President, I cannot command words strong enough to condemn such action as this on the part of the Maritime Commission. The Commission was carrying a public trust, and was charged with withholding that money from the Waterman Steamship Corporation. The Commission betrayed its trust and permitted the Waterman Steamship Corporation to withdraw that money in defiance of the Comptroller General's report and request for cooperation, putting the money where it is possibly out of reach of recovery.

I have used the Waterman Steamship Co. as an example because it is the one which is best known to Members of this body. I do not know how many times this illegal transaction could be multiplied. I do know that according to testimony given by the chief investigator of the Comptroller General's Office before the House subcommittee of the Committee on Appropriations on the independent offices bill for 1944, 27 more investigations are now under way in connection with the acquisition, charter, and insurance of vessels by the United States Maritime Commission and the War Shipping Administration. They are investigating 27 other matters besides the three which they have already reported to Congress. I understand that three of these investigations are about ready to be reported.

The Senator from North Carolina [Mr. BAILEY], in defending the purchase of the steamship, *Roosevelt*, says that the chairman of the Commission obtained a \$6,000,000 ship for \$600,000. The fact is that the Maritime Commission paid \$600,000 for the steamship *Roosevelt* in 1940, although it had sold the same steamship to the United States Lines in 1931, I think, for \$260,000.

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

Mr. AIKEN. I yield.

Mr. TOBEY. While the Senator is on that point, with reference to the steamship *Roosevelt*, which was referred to by the distinguished Senator from North Carolina today, I ask him for what amount the Government insured the *Roosevelt*, which was purchased for

\$600,000? What was the amount of insurance placed upon the *Roosevelt*?

Mr. AIKEN. I do not know.

Mr. TOBEY. I can inform the Senator on that subject.

Mr. AIKEN. I know that the steamship *President Coolidge*, which I think cost originally a little more than \$6,000,000, was insured for \$7,000,000.

Mr. TOBEY. That is correct.

Mr. AIKEN. That ship was sunk. I believe the Comptroller General is holding up the payment of the \$7,000,000 insurance. The excuse given by the Maritime Commission for insuring the *Coolidge* for \$7,000,000 appears to have been that it had previously been insured for \$8,000,000.

I am now coming to the subject of insurance of old ships at excessive values, whereby public funds are made liable for unjustifiable payments to shipowners in case of loss. I wish to read an excerpt from a letter addressed to me under date of February 3, 1943, by Hon. Lindsay C. Warren:

For a considerable period of time many of the old vessels were insured by the Commission on the basis of a valuation of \$100 per deadweight ton without regard to the depreciated value thereof. In early 1942 the War Shipping Administration based insurance on the value of \$65 per deadweight ton but apparently without regard to depreciated values.

In other words, even though the ships had been sold for \$5 to \$15 a ton, they were still insured for \$65 a ton.

The Maritime Commission, which carries the insurance risks itself, would make it possible for shipowners in these days of heavy losses to rehabilitate themselves by way of the insurance route. An example is to be found in the case of the steamship *President Coolidge*. On page 721 of the Hearings on the Independent Officers Appropriation Bill for 1944, is a copy of a letter written to Hon. ROBERT F. JONES, a Member of the House, by E. S. Land, Administrator of the War Shipping Administration, in which Admiral Land frankly states that according to his figures the *Coolidge*, which was insured for \$7,000,000, had a net book value at the time of sinking of \$3,660,533.10. It appears also from a review of the record that the *Coolidge* had previously received mail subsidies—in the early 1930's I think—to the amount of \$2,634,000.

In the defense of the Chairman of the Maritime Commission, which was inserted in the CONGRESSIONAL RECORD of March 23 by the Senator from North Carolina, it will be noted that the Comptroller General has stopped payment of insurance on approximately 162 large vessels, representing claims of more than \$85,000,000.

I have a letter under date of February 13, 1943, written by the Comptroller General to the Chairman of the United States Maritime Commission, in which he makes objection to the insurance on these old vessels at high prices. I do not think I have time to read the letter. I ask unanimous consent that it be printed in the RECORD, Mr. President, at this point as a part of my remarks.

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

COMPTROLLER GENERAL OF THE  
UNITED STATES,  
Washington, February 13, 1943.

CHAIRMAN,  
United States Maritime Commission.

MY DEAR ADMIRAL LAND: Reference is made to your letter of November 2, 1942, in connection with charter party dated June 6, 1941, between the United States Lines Co., as owner, and the United States Maritime Commission, as charterer, covering the steamships *West Point* (ex *America*), *Wakefield* (ex *Manhattan*), and *Mount Vernon* (ex *Washington*), which letter is, in part, as follows:

"In your discussion of the valuation of the vessels in the charter agreement for total loss insurance purposes you state that the values represent the total acquisition cost to the owner and that in the event of total loss the owner will be reimbursed for its original investment and in addition will have the reserve fund that has been set up for depreciation. The valuations only approximate the acquisition costs, but these costs were not taken into consideration in agreeing on the valuations, which were the amounts of insurance that the owner had obtained in the insurance market and would at that time have been able to obtain on the vessels for commercial operations. It is true that a total loss of a vessel under the charter provisions would result in a profit to the owner, but such profit would be of the same character as has been and is being realized from the loss of other vessels on which, as a result of higher market values, the owners have carried insurance for substantially greater amounts than the depreciated book values. Such insurance reflects existing replacement costs and, although the recovery of the full amount in the event of a total loss would result in a book profit, it is anticipated that the increase in construction costs would more than offset such profit.

"Since the date of your letter, arrangements then under negotiation have been made for the acquisition of the title to these vessels by the Government for use in the prosecution of the war, which necessarily involve the cancellation of both the charter to the Commission and the subcharter to the Navy Department, also the termination of the arrangements under the Relief Act.

"Answering your inquiry regarding the distribution of the proceeds of insurance in the event of loss of the vessels, which is also pertinent in connection with a sale, you are advised that with respect to the steamships *Wakefield* and *Mount Vernon* the net payment by the Government on the vessels must be deposited in the owner's capital reserve fund under its operating-differential subsidy agreement. The status of the steamship *West Point* is different in that this vessel has never been a 'subsidized vessel' under the operating-differential subsidy agreement and at this time there has been no decision as to the disposition to be made of the proceeds of the sale of the vessel.

"In all of the above arrangements the Government has had the use of essential vessels in the conduct of the war at reasonable cost. In the maintenance of these vessels under the Relief Act the Commission has been put to no expense and has been able to limit the aid to the conditional extension of the life limitations with respect to the vessels by approximately 2 years and to the postponement of interest and principal payments on the mortgages held by the Commission. The postponed interest was recently paid in full and upon receipt of statements requested of the owner reflecting the costs of maintenance and the results of the temporary employment of the

vessels during the period while they have been under the Relief Act, the Commission will consider the question of the readjustment of the 20-year-life limitations. Further action in this respect to either permanently fix the period of extension of the 20-year-life limitations or to readjust the limitations to the 20-year basis was contemplated when the adjustments of obligations were originally made under the Relief Act and such action will be necessary in connection with the determination of the price to be paid for the steamship *West Point* and the amounts to be deposited in the capital reserve fund for depreciation during the period while the vessels were subject to the Relief Act."

It is understood that the steamship *Wakefield* (ex *Manhattan*) suffered fire damage and was declared a constructive total loss. Information is requested as to the amount of insurance awarded or paid in connection with the loss and, if paid, the date of such payment. Information is also desired as to the amounts paid for the steamships *West Point* (ex *America*) and *Mount Vernon* (ex *Washington*).

Particular reference is made to your statements that "the valuations [for insurance purposes] \* \* \* were the amounts of insurance that the owner had obtained in the insurance market and would at that time have been able to obtain on the vessels for commercial operations"; that "it is true that a total loss of a vessel under the charter provisions would result in a profit to the owner"; and that "such insurance reflects existing replacement costs and although the recovery of the full amount in the event of a total loss would result in a book profit, it is anticipated that the increase in construction costs would more than offset such profit." In such connection, it is to be noted that when compensation for vessels taken or used in the national emergency is mentioned in the Merchant Marine Act, 1936 (sec. 902 and related parts), the words "value" or "values" are employed. Nothing is found in that or any other act which authorizes the compensation of owners for their vessels, either in the form of insurance or otherwise, by the payment of values in excess of those prescribed by the act; namely, the costs of the vessels to the owners, plus improvements thereon, if any, and less depreciation to the time of their taking, as shown in and by Commission general order No. 24, which lays down that rule for determining "capital necessarily employed," and which is in line with the provisions of the act in respect of values. Mention of, and consideration given to, elements of values for commercial operation at the time of taking, profit to the owners, increased construction costs, and the like, appear clearly to be beside the points involved. Indeed, on the occasion of your recent appearance before the House Committee on the Merchant Marine and Fisheries, in the hearings on the Waterman Steamship Corporation matters, you stated, in substance, that the Merchant Marine Act, 1936, as amended, contemplates the payment of compensation for vessels taken and used on the basis hereinbefore stated, and without profit to the owners. Certainly the act authorizing the furnishing of war-risk insurance must be read and considered in connection with the Merchant Marine Act, 1936, as amended, and so read and considered, such acts appear to be susceptible only of the meaning hereinbefore ascribed to them.

Your further comment on these matters will be appreciated.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General of the  
United States.

Mr. AIKEN. It appears that the chairman of the Maritime Commission believes that insurance should reflect

replacement costs rather than the actual value of the vessel.

In speaking of replacement costs it has been frequently said that it is necessary for the ship-operating lines to build up a very large reserve to take care of their needs during the post-war period, and to reconstruct their lines.

I should like to read from a copy of a communication from the secretary of the U. S. Maritime Commission to the Commission under date of December 22, 1941, so we may see what he thinks about the necessity for ship operators to build up great reserve funds for later use. I quote from the communication:

The argument has also been advanced that shipping companies should be treated leniently with respect to their earnings at this time in order that they may build up a financial position adequate to carry them through a probable deflation of shipping values in the post-war era. An analysis of the financial statements submitted by the subsidized operators as of June 30, 1941, indicates that this position has already been attained. The net worth of the 12 lines presently holding subsidy contracts has increased by \$92,000,000 in the 4-year period from the inception of the subsidy program in July 1937. As their program for the replacement of old vessels with new construction involves 123 ships with an estimated cost of \$184,000,000, these companies taken in toto, have covered in 4 years one-half the cost of a 20-year program. During this same period, dividends have been paid out in the amount of slightly over \$13,000,000, and approximately this same amount has been set aside in the special reserve fund as subject to recapture by the Commission. Estimates of earnings during the remainder of 1941 revealed that an additional \$30,000,000 will be added to the total net worth, so that approximately 70 percent of the cost of the entire replacement program will be available by the end of 1941.

Mr. President, what I have read is not my statement, or that of the Comptroller General; it is the statement of the secretary of the Maritime Commission to the Commission.

The fifth charge which has been made against the Maritime Commission is that it has approved charter rates which have resulted in excessively high profits being made by certain selected ship operators. Recently public attention has been focused on news dispatches setting forth the exorbitant profits indulged in by 19 ship operators as a result of the high charter rates paid to vessels making trips to the Red Sea during the spring and summer of 1941.

I wish to have inserted at this point in the RECORD an article containing a list of these ship operators, the value of the vessels employed, the amount of the charter hire, and the amount of profit, as appears in the news columns of the New York Times of March 24, 1943.

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

SAYS CHARTER GAIN TOPPED SHIP VALUE—  
COUNSEL TO HOUSE MERCHANT MARINE  
GROUP TELLS OF LARGE PROFITS BY LINES IN  
1941—\$31,364,880 FOR 90 TRIPS—\$26,874,176  
NET WAS MADE BY 81 BOATS USED BY BRITISH  
ON LEND-LEASE FUNDS

WASHINGTON, March 23.—A congressional committee heard today a report from its counsel that privately owned merchant ves-



sels, chartered to the British Ministry of War Transport in 1941 to carry war supplies to the Red Sea, realized sufficient profit from a single trip to pay off, many times over, the total book value of the vessel.

In all cases, the committee was told, the charter hire was paid out of lend-lease funds.

James V. Hayes, general counsel, told a House Merchant Marine Subcommittee that 81 vessels made 90 trips to the Red Sea in the spring and summer of 1941 and collected a total of \$31,364,880 in charter hire, of which \$26,874,176 represented profits.

#### HIGH FIGURES NOT DISPUTED

Mr. Hayes said that the figures were obtained from reports filed with the Maritime Commission by the owners, and, so far as he knew, there was no dispute as to their accuracy.

The report showed that six American Export Lines vessels, valued at \$232,350, made six trips, for which \$1,724,912 was received in charter hire. Of this, it was shown, \$1,672,144 was profit.

Other lines included:

American Foreign Steamship Corporation: Two vessels valued at \$895,974; two voyages; charter hire, \$634,116; profit, \$481,128.

American Hawaiian Steamship Co.: 10 vessels valued at \$478,532; 10 voyages; charter hire, \$3,565,674; profits, \$3,096,749.

American President Lines, Ltd.: Two vessels valued at \$307,828; three voyages; charter hire, \$1,181,643; profit, \$814,242.

Atlas Trading Corporation: One vessel, value not given; one voyage; charter hire, \$261,405; profit, \$57,624.

Boyd, Weir & Sewell, Inc.: One vessel, value not given; one voyage; charter hire, \$374,812; profit, \$385,588, including profit on commercial return cargo.

Calmar Steamship Corporation: Seven vessels valued at \$695,237; eight voyages; charter hire, \$2,967,669; profit, \$2,639,989.

Isthmian Steamship Co.: Six vessels valued at \$1,589,581; seven voyages; charter hire, \$2,554,540; profit, \$2,529,292.

Luckenbach Steamship Co., Inc.: 10 vessels valued at \$1,426,857; 12 voyages; charter hire, \$4,608,456; profit, \$3,879,729.

Lykes Bros. Steamship Co., Inc.: Four vessels valued at \$187,208; four voyages; charter hire, \$1,370,440; profit, \$1,318,493.

Matson Navigation Co.: Four vessels valued at \$238,779; four voyages; charter hire, \$1,301,910; profit, \$995,390.

McCormick Steamship Co.: Two vessels valued at \$146,065; three voyages; charter hire, \$942,641; profit, \$743,516.

R. A. Nicol, agent: Six vessels; value not given; six voyages; charter hire, \$2,066,206; profit, \$1,662,681.

Norwegian Shipping & Trade Mission: One vessel; value not given; one voyage; charter hire, \$418,967; profit, \$367,230.

Shepard Steamship Co.: One vessel valued at \$167,465; two voyages; charter hire, \$621,513; profit, \$498,554.

Sudden & Christenson: One vessel; value not given; one voyage; charter hire, \$374,664; profit, \$270,835.

The Union Sulphur Co.: One vessel; value not given; two voyages; charter hire, \$671,808; profit, \$364,558.

Waterman Steamship Corporation: Twelve vessels; 11 valued at \$855,800; 1, value not given; 12 voyages; charter hire, \$4,004,987; profit, \$3,733,193.

Weyerhaeuser Steamship Co.: Four vessels valued at \$1,037,189; five voyages; charter hire, \$1,818,511; profit, \$1,463,232.

Maritime Commission officials explained that the vessels were made available to the British to carry urgent war cargo to east African destinations from a pool of 2,000,000 tons of American shipping being assembled at the time through voluntary arrangements with the owners in the defense program.

#### DIRECT CHARTER CONTRACTS

The charters were entered into directly between the owners and the British Ministry of War Transport, and the Maritime Commission was in the position of approving the charter rates, although without legal power at the time to force a reduction. It was not until late in 1941, when the Maritime Commission obtained authority under the Ship Warrants Act to cause reductions in charter rates, and, by the spring of 1942, rates were stabilized at a reasonable level, they said.

Committee members asked why the Commission did not follow the alternative of requisitioning the vessels, but spokesmen for the United States Maritime Commission said such a step would only have frozen rates at their peak in the world shipping market.

When these charters were entered into, it was testified, ship operators were demanding, and getting, \$1 a cubic foot in charter rates for commercial cargo on comparable voyages. Charter rates on early voyages to the Red Sea were on the basis of 75 cents a cubic foot below deck, and 60 cents a cubic foot for deck cargo that was actually carried. Later this was adjusted to 60 cents a cubic foot below deck, with no payments for deck loads.

When it became apparent, after several months of operation, that the shipowners' profits from the operation were completely out of line, Commission officials said, the lines were asked to agree to a voluntary adjustment and return of some of the profits. They agreed to "take the matter under consideration," they said, but, so far, nothing has done.

Mr. AIKEN. Mr. President, I have no reason to doubt the accuracy of the information. In fact, I believe it is wholly accurate. It shows, for example, that the American Export Lines, had 6 vessels valued at \$232,350 and received \$1,724,918 in charter hire, and made \$1,572,144 in profit. The article contains similar figures showing profit made by the other lines engaged in Red Sea shipping operations which, incidentally, were paid for out of lend-lease funds. It shows that the American President Lines—I believe that is owned 90 percent by the Maritime Commission—employed 2 vessels valued at \$307,828, received \$1,181,643 for charter hire, and made a profit of \$814,242. The list continues. The names of 17 or 18 companies are set forth.

I believe it was more than a year ago that I first heard about the high profits which were made on the Red Sea charter trips, but I have never made any reference to it before. I have never made any accusations whatever of excessive profits on those trips. I realized at the time that the Red Sea was in fact, if not officially, a danger zone. If an investigating committee is looking for really excessively high charter rates I suggest that it examine the rates made for trips to India which I believe may show the Red Sea rates to be quite low in comparison.

The news dispatch in the New York Times to which I have referred states that Commission officials had asked the lines to agree to a voluntary adjustment and return some of the profits. In fairness to the Commission I will say that the charter rates have been reduced from the outrageously high figures which prevailed in 1941. But so far as attempting to recover any of the profits by voluntary means, or otherwise, the real situation

is set forth in the letter from the Comptroller General to Admiral Land under date of October 9, 1942. That was as recently as last fall. In the letter I note that although these excessive profits were made during the summer of 1941, it was in September 1942 before the Maritime Commission seriously considered the possibility of recovering some of the profits and requested the advice and cooperation of the Comptroller General. It will be noted that the date to which I have referred was after publicity had been directed toward the shortcomings of the Maritime Commission.

I should also invite the attention of the Senate to the following quotation from Mr. Warren's letter to Admiral Land:

Your attention is invited to 403 (c) of the act of April 28, 1942, Public, 528, which, in part, is as follows:

"This subsection shall be applicable to all contracts and subcontracts hereafter made, whether or not such contracts or subcontracts contained a renegotiation or recapture clause: *Provided*, That final payment pursuant to such contract or subcontract has not been made prior to date of enactment of this act."

Mr. Warren's letter then proceeds to state:

Many of the payments appear to have been made prior to April 28, 1942, the date of the approval of this act, supra.

The sixth reason why the Senate should not confirm the nomination of the Chairman of the Maritime Commission is that the Commission has permitted waste, extravagance, and incompetency to exist in shipyards over which it had full control. As an illustration of the unmitigated waste and extravagance permitted in shipyards under the control of the Maritime Commission, I call attention to the report on the investigation of the South Portland Shipbuilding Corporation by the House Committee on the Merchant Marine and Fisheries. The report is dated November 24, 1942. I recommend that each Senator read the report in full. It is a scathing indictment of conditions which were found existing at this yard. It gives to the Maritime Commission the single credit of having removed the old manager and placing a new one in charge; but the committee report states:

Aside from that single contribution, however, it—the Maritime Commission—has done nothing to improve conditions at the yard other than to plead with the South Portland Ship for better performance.

The committee recommended cancellation of the South Portland contracts.

Mr. President, I should like to take about 2 minutes to read excerpts from the report made by the House Committee on the Merchant Marine and Fisheries concerning conditions in the South Portland shipyard. Here is one heading:

#### SOUTH PORTLAND SHIP'S POSSIBLE PROFIT

The fees paid to South Portland Ship as of October 31, 1942, amounted to \$450,000. These fees are, for all practical purposes, net earnings of South Portland Ship. Its total investment is \$250,000. All costs and expenses incurred by it, including salaries of

officers, even \$6,575 of the \$10,000 salary paid to Mr. Newell, are being reimbursed to it by the Maritime Commission. It has already received a return on its investment of almost 200 percent. Under its contracts with the Commission it is to build 84 ships. Judging by its performance to date, its fees will not exceed \$60,000 per ship, as on the ships built so far the penalties imposed for bad performance keep the fees at the minimum figure. Even at the minimum figure, however, its total fees will amount to \$5,040,000, or a return of 2,000 percent on investment. This high return on investment must be considered in the light of the fact that South Portland Ship incurs no risk. Up to the present time it has financed its operations by short-term bank loans, a simple matter when one is enabled to borrow on the security of a Government contract. Incidentally, even the interest expense incurred on such loans is reimbursable.

That is reported by the committee. However, Hon. Lindsay C. Warren, Comptroller General of the United States, wrote to the Chairman of the United States Maritime Commission on January 7 of this year as follows:

JANUARY 7, 1943.

CHAIRMAN, UNITED STATES MARITIME COMMISSION.

MY DEAR ADMIRAL LAND: Examination of the accounts and records of various shipyards performing work for the United States Maritime Commission under cost-plus-fixed-fee contracts discloses that interest paid on borrowed capital by the shipbuilders is considered as an item of cost and reimbursement made therefor, whereas it appears that the fixed fees were intended to cover interest on invested capital.

It is requested that this office be advised of authority for the reimbursement of interest as an item of cost under such contracts. An early reply will be appreciated.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General of the United States.

So it appears that, in all probability, the law was again violated in permitting the South Portland Ship to include interest costs to be paid by the Maritime Commission.

I read another excerpt from this report. I should like to put it all in the RECORD, but there is so much of it that it would take up considerable space. However, I quote the following from the report:

Your committee conceives that it would not be doing its full duty if it merely reported the above facts and did not suggest a remedy. It is clear to your committee that to continue in force the existing contract with South Portland Ship would be to throw away millions of dollars needlessly. As indicated above, South Portland Ship has already received fees representing almost 200 percent of its invested capital. The contracts may be summarily canceled upon payment of fees earned to the date of cancellation. In the alternative the contracts may be terminated at any time without payment of fees when the contractor has failed to exercise due diligence. South Portland Ship has already received more than enough. There is ample cause, as recited above, for the termination of its contracts.

In a hearing held about a month ago, your committee suggested to the representatives of the Maritime Commission, including two of the members of the Commission, that the contracts be terminated immediately because of the failure of South Portland Ship to exercise due diligence in their performance. While the Commission members conceded freely that they were not satisfied with con-

ditions at the yard, they demurred to the suggestion that the contracts be terminated, giving as an excuse that there is bad management in other yards, also.

There were minority views filed by one member of the committee, who, while he agreed with all the indictments of the majority of the committee, maintained that the report did not go far enough.

Mr. President, the cement-ship program, which has been partially exposed by the Truman committee, will take its place in history as a hideous joke on the American people. In excess of a hundred million dollars has been spent to construct ships which the Chairman of the Commission admitted he was not in favor of and which in all probability will never even be launched.

Mr. President, when the taxpayers of America scrape the bottom to bring up a few cents more of tax money, or take a little more of their earnings to purchase war bonds when they need the money for their families, how can we condone the reckless extravagance of the Maritime Commission in throwing hundreds of millions of dollars to the winds?

The last reason which I shall present to show why the nomination of the Chairman of the Maritime Commission should not be confirmed until a thorough investigation is made of the whole situation, is that it has allowed ships which it virtually owned by reason of the default of debtor corporations to go into private hands and then paid the new owners exorbitant prices for the same ships.

The Comptroller General presented a case of this nature to the Congress on June 10, 1942. It is the case of the Tampa Shipbuilding and Engineering Co. It is one report which the Committee on Expenditures in the Executive Departments managed to have referred to it, and which it had printed under date of June 29, 1942.

It is another sordid story of the Maritime Commission bailing out a bankrupt corporation and the R. F. C. Incidentally, it has bailed out the R. F. C. in more than one instance. It is a story of tricky financing which not even the most loyal personal friends of the Chairman of the Maritime Commission can defend. It is another story of a donation of \$2,000,000 of the taxpayers' money. I will not go into detail, because the report is printed, and may be read by those who care to read it.

Mr. President, there is one other matter which perhaps I should mention at this time. In the program of shipbuilding, when contracts for tremendous sums were let all over the country, among the contracts were the contracts for a large number of ships to be built by the Higgins Co., in New Orleans. The Maritime Commission put something like \$15,000,000 into the construction of facilities for this plant of the Higgins people at New Orleans. Last summer, I believe it was in July, the contracts were summarily ended by the Commission. The reason given was that there was a shortage of steel at that time, and that therefore it was not necessary to have the Higgins Co. construct ships.

There was much mystery connected with the cancellation of the Higgins contracts. The matter was gone into by a subcommittee of the House Committee on the Merchant Marine and Fisheries, and except for charging the Commission with permitting a great deal of waste of money at this place, I suppose it might be considered that the report cleared the Commission of any charge that they had unjustly canceled the contracts with the Higgins Co.

Last fall the American Federation of Labor also conducted an investigation into the cancellation of the Higgins contracts, because it appears that they too were concerned over the manner in which the contracts were canceled, and the reasons given therefor.

The report of the federation committee was never made public. I understand it was submitted to the White House, but it was not given to the public.

Yesterday I received a letter from the gentleman from New York, FRANCIS D. CULKIN, Member of the House of Representatives, which reads as follows:

HOUSE OF REPRESENTATIVES,  
WASHINGTON, D. C., March 29, 1943.

HON. GEORGE D. AIKEN,  
Senate Office Building.

MY DEAR SENATOR: I am sending you herewith a compared copy of the original federation report on the Higgins cancellation. It goes into the situation in detail and I think is a well-documented, factual report. Some of the matters, of course, are inferences.

I have been authorized by William Green, president of the American Federation of Labor, to release this in any fashion I see fit. I have held it until this time, thinking the proper opportunity would present itself. I think your issue on Admiral Land is an excellent time to make it part of the record.

You should know that the report was based on evidence and the committee spent considerable time investigating this under the direction of Charles J. Margiotti, former attorney general of Pennsylvania.

You are free to use it in any way you see fit. I will withhold any action until you have concluded your use of it.

With regards, I am,

Very sincerely yours,

FRANCIS D. CULKIN.

Mr. President, the report is quite bulky. However, I should like to read to the Senate about three or four pages of the report, including the findings and recommendations of the federation committee.

Mr. TOBEY. Will the Senator be kind enough to quote again the authority, and tell us whose report it is?

Mr. AIKEN. It is the report of the American Federation of Labor committee investigating cancellation of Higgins Co. shipyard and shipbuilding contracts.

Most of the persons concerned with this yard, and with the situation I am discussing, as I understand, appeared before the committee. I have not read the report in full, though I have read the conclusions. I understand the Honorable Donald M. Nelson, and other very prominent officials appeared before the committee.

I should like to read the last three or four pages of the report of the American Federation of Labor on the cancellation of the Higgins contract. I do not know whether the figures refer to sections or



paragraphs, but the heading of the one numbered VI, the first I shall read, is:

In asserting that a shortage of steel was the reason for the cancellation of the Higgins contracts the Maritime Commission selected an excuse that was without foundation in truth.

I now read from the report:

In the congressional investigations that followed the cancellation of the Higgins contracts on July 18, 1942, Admirals Land and Vickery asserted repeatedly that the primary reason for canceling the contracts was that there was a shortage of steel. To support this position they have frequently referred to a letter of July 8, 1942, sent to Admiral Land by Mr. Nelson. They didn't reveal to the public the contents of this important communication from the Chairman of the War Production Board. It was not until this committee studied those portions of the letter that referred to steel that the discovery was made that, instead of curtailing President Roosevelt's program, the letter gave Admiral Land the assurance that he would get all of the steel he needed for the shipbuilding program of 24,000,000 tons of ships ordered by President Roosevelt.

The amount of steel made available by the War Production Board in March 1942, when the Higgins contracts were let, was adequate for the building of 24,000,000 tons of ships. The same amount of steel was definitely assured by the War Production Board at the time of the cancellations. Admirals Land and Vickery were well aware of these facts.

At about the time Admirals Land and Vickery were contemplating the cancellation of the Higgins contracts, they made an unsuccessful effort to have the President's program increased 5,000,000 tons.

The Maritime Commission further knew that the President's program for 24,000,000 tons of ships to be built in 1942 and 1943 had not been increased.

Notwithstanding these facts, the Maritime Commission has made it appear to the American people that the President's directive or program called for 29,000,000 tons of ships, and that the War Production Board informed the Maritime Commission that the steel would not be available for such a program and that the cut in steel allotments forced them, reluctantly, to cancel the Higgins contracts.

Not only was this deception practiced on the public, but factual misrepresentations and concealment of material facts were resorted to by Admiral Land in his successful attempt to get Donald M. Nelson to approve the cancellation. Had Mr. Nelson known all the true facts he would not have given his approval.

The steel requirements for the Higgins contracts consisted of (a) fabricated steel for the facilities, (b) steel for the facilities equipment, and (c) steel plate for the 200 Liberty ships. There was no shortage and all steel had been allocated for these requirements. Bethlehem Steel had been given the structural steel order.

Over one-half of it has been so far processed that it had to be scrapped and the balance was available. The equipment for the plant was either finished or in the course of production, and that part unfinished or in the course of production and that part unfinished at the date the Higgins contracts were canceled was later finished and diverted by the Maritime Commission to other yards. The order for the 200 ships was divided among other shipyards, where the ships will be constructed, and the steel plate is available for their construction.

Admirals Land and Vickery, and Joseph W. Powell, all of whom were in a position to give this committee most enlightening information, refused to appear and testify.

This committee finds that these refusals were made because these individuals feared their testimony would have resulted in disclosures harmful to them.

This committee cites with satisfaction the example of Donald M. Nelson, Chairman of the War Production Board. Mr. Nelson appeared personally before the committee, testifying for more than 2 hours. His frankness and knowledge favorably impressed this committee.

This committee further finds that the cancellation of the Higgins contracts did not occur because of a shortage of steel, or because of any other of the collateral reasons given by the Maritime Commission.

The only and real reasons for the cancellation were: (a) Favoritism toward existing conventional shipyards, many owned by large companies; (b) fear of competition that would result from mass production through unique assembly-line methods in shipbuilding; and (c) unjustified personal animosity toward A. J. Higgins, Sr.

#### RECOMMENDATIONS

This committee respectfully submits the following recommendations:

1. A shipyard, producing cargo vessels in mass production, by the Higgins assembly-line method, is vital to our war effort and should be built promptly by the Government.
2. Facilities at New Orleans should be completed by our Government and utilized immediately for the building of Liberty ships, faster cargo vessels, submarines, or other watercraft, or for the construction of giant cargo planes, tanks, or for some other equipment effective to the war effort.

Over a period of almost 4 months from the date of cancellation of the contracts, a large organization has been engaged at full speed in tearing down the facilities and equipment and removing them under orders of the Maritime Commission.

During the preparation of this report, this committee noted with satisfaction that while the dismantling was being carried on, it was announced in Washington that the War Production Board and United States Army Air Corps have planned the utilization of the New Orleans site for the manufacture of cargo planes.

It is the further recommendation of this committee that the entire 1,200-acre site and what remains of the facilities and improvements be utilized.

3. Andrew J. Higgins, Sr., and his organization have shown such outstanding ability to produce war equipment quickly and economically that they should immediately be brought into the war effort in a greater way.

This committee notes with satisfaction that Mr. Andrew J. Higgins, Sr., and his organization have been engaged by the War Production Board and the United States Army Air Corps to build 1,200 cargo planes. It is hoped that the energy and manufacturing ability of Mr. Higgins and his organization will be even further used in our war effort.

4. The actions of Admirals Emory S. Land and Howard L. Vickery, members of the Maritime Commission, and Joseph W. Powell, special assistant to the Secretary of the Navy, have been so detrimental to the general welfare of our country and our war effort that this committee recommends that such action be taken against them as the facts and circumstances warrant.

5. Immediate action should be taken to prevent the Maritime Commission and the Navy Bureau of Ships from placing personal prejudice and bias above our country's welfare.

6. Labor and small business should be given a greater share of the responsibility within departments and agencies of the Government where important decisions are made in our

war effort. It is sincerely felt that if the experience and knowledge of labor and small business are utilized when important decisions are made, there will be fewer incidents, such as the cancellation of the Higgins contracts, to hinder our Commander in Chief, President Roosevelt, in our war program.

Respectfully submitted.

Robert Quinn, Henry J. Barbe, B. A. Murray, J. Harvey Netter, Alfred Chittenden, C. W. Owens, John Berni, Steve Quarles, E. H. Williams, E. J. Bourg, American Federation of Labor committee investigating cancellation of Higgins Corporation contracts; Charles J. Margiotti, committee counsel, Pittsburgh, Pa.; Sebastian C. Pugliese, associate counsel, Pittsburgh, Pa.; Donald B. Hirsch, associate counsel, Pittsburgh, Pa.

NOVEMBER 9, 1942.

That, Mr. President, is the summary of the report of the investigating committee of the American Federation of Labor on the cancellation of the Higgins contracts.

In presenting these facts to the Senate, most of which are substantiated by records from the Comptroller General's Office, and which certainly indict the United States Maritime Commission at least for negligence, I believe I have only scratched the surface of what is destined to become the most revolting scandal in the history of national expenditures.

Evidence which I have presented has been nearly all taken from official records. I have made no reference at all to the dozens of rumors and reports which have been coming to me during the last year relating to the affairs of the United States Maritime Commission.

If the evidence which I have presented to the Senate is not considered sufficient to warrant an impartial and fearless investigation of the Maritime Commission, then I do not know what would be required. The Comptroller General has made three official reports to the Congress alleging violations on the part of the Commission. Twenty-seven other investigations are in progress at this time, and reports will be made in connection with them soon. According to the Chairman of the Maritime Commission himself about \$200,000,000 is now being withheld from the shipping interests at the insistence of the Comptroller General. The Truman committee has made astounding revelations having to do with shipping. The House Committee on the Merchant Marine and Fisheries has uncovered and exposed outrageous looting of the Treasury, which has gone on uncontrolled by the Maritime Commission. The looting is uncontrolled by the Maritime Commission. I do not mean that the Commission did the actual looting.

Mr. President, I believe the situation warrants impartial, courageous, and thorough investigation of the whole situation before we vote on the confirmation of the Chairman.

I have absolutely nothing against the Chairman personally, but if we do not hold him responsible I do not know who we can hold responsible for the conditions which we all know prevail. If we confirm, without question, the renomination of the Chairman of the Maritime Commission for a 6-year term without

any further investigation, we shall also be held responsible by the citizens of the United States.

Mr. President, it has been suggested to me that perhaps it is unfair to place in the RECORD the summary of the American Federation of Labor report on the cancellation of the Higgins contracts without placing in the RECORD the portion of the report which comes previously. I shall ask unanimous consent to have the whole report inserted in the RECORD. It is matter longer than I ordinarily would expect to insert, but it is not half as long as the material which was inserted in the RECORD the other day in defense of the Commission.

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

**REPORT OF THE AMERICAN FEDERATION OF LABOR COMMITTEE APPOINTED BY PRESIDENT WILLIAM GREEN TO INVESTIGATE THE CANCELLATION OF HIGGINS CORPORATION SHIPYARD AND SHIPBUILDING CONTRACTS**

**INTRODUCTION**

On March 18, 1942, the United States Maritime Commission entered into two contracts with the Higgins Corporation of New Orleans, La., to build a mass-production shipyard and to build Liberty ships. These contracts, from the standpoint of the United States in the present war, were of most vital importance. Every cent of the millions of dollars involved in these two contracts was taxpayers' money.

On July 10, 1942, the Maritime Commission, without informing the Higgins Corporation, called a special meeting and voted to cancel the contracts.

On Saturday, July 18, 1942, at about 11 a. m., notice of these cancellations was telephoned to the Higgins Corporation. This was the first notice it had in any form of the Maritime Commission's action taken more than 1 week previously.

The contracts entered into in March provided:

(a) For the construction of a shipyard at Michoud, in New Orleans, La., for the building of cargo-carrying ships by the assembly-line method.

(b) For the construction of 200 10,000-ton E C-2 type Liberty ships by December 31, 1943.

At the time of the cancellation the shipyard was about 40 percent complete and the Maritime Commission had committed itself to spend approximately \$30,000,000, practically all of which had been spent.

More than 3,000,000 man-hours of labor had been consumed in the construction of the yards. Many millions of dollars worth of materials for both the yard and the ships were on hand. Many millions of dollars worth of materials and equipment for both the yard and the ships had either been manufactured and prepared for shipment or was in the process of production. Thousands of carloads and truckloads of materials and equipment for the plant and the ships had been sent over the already heavily burdened railroads and highways of our country to New Orleans. The monetary loss to the Government and to the public is staggering.

This shipyard had been widely publicized as the solution to the shipbuilding problem. The announcement of its cancellation because of an alleged shortage of steel had a most disheartening effect upon the morale of the people.

**THE COMMITTEE**

In recognition of the right of the American people to be informed accurately about the facts and circumstances surrounding the cancellation of contracts which they had been led to believe would play a most vital

and effective part in winning the war, William Green, president of the American Federation of Labor, on September 23, 1942, appointed Holt Ross, southern district representative of the Laborer's International Union, to form and head a committee of representative labor leaders to seek the facts concerning the cancellations and to report their findings to President Green.

Chairman Ross appointed to serve on the committee the following:

As vice chairman, Robert Quinn, president, New Orleans Metal Trades Council; as secretary, E. H. Williams, president of the Louisiana State Federation of Labor; as committee members, John Berni, president, New Orleans Building and Construction Trades Council; E. J. Bourg, secretary of the Louisiana State Federation of Labor; Alfred Chittenden, president, International Longshoremen's Association, Local Union No. 1418; J. Harvey Netter and Monroe T. Stringer, Jr., representing the Colored Workers, American Federation of Labor; M. D. Biggs, representative, Seafarers' International Union; T. M. Freeman, special representative, Laborers' International Union, Gulfport, Miss.; Steve Quarles, president, New Orleans Central Trades and Labor Council; Henry J. Barbe, president, Ship Carpenters, Caulkers and Joiners, Local No. 584; B. A. Murray, vice president of the International Union of Bridge, Structural and Ornamental Iron Workers; and Claude Owens, Louisiana State business agent, Hoisting and Portable Engineers.

Charles J. Margiotti, of Pittsburgh, Pa., former attorney general of Pennsylvania, served as counsel to the committee, aided by two of his associates, Attorneys Sebastian C. Publise and Donald B. Hirsch. Clyde B. Stovall, certified public accountant, Washington, D. C., served the committee in matters pertaining to accounting.

On Monday morning, September 28, 1942, the committee held in New Orleans, La., the first of a series of hearings and meetings which continued in New Orleans and Washington, D. C., including day and night and Sunday sessions until the date of the signing of this report.

Although this committee had no power of subpoena, there appeared before it 26 witnesses, including high officials of Government, industry, and labor. There was also read to the committee and made part of the record, testimony taken before three committees of the United States Congress, namely:

1. The Senate Committee Investigating the National Defense Program, Senator HARRY S. TRUMAN, chairman.

2. The House of Representatives Subcommittee on the Investigation of the Higgins Contracts, Representative J. HARDIN PETERSON, chairman.

3. The House of Representatives Subcommittee on the Shortage of Steel, Representative FRANK BOYKIN, chairman.

This committee was aided by the appearance and testimony before it of Congressman Boykin, Congressman Peterson, and Hugh Fulton, Esq., attorney for the Truman committee.

This investigation included an attendance by this committee at a session of the Boykin committee in Washington.

The committee viewed the abandoned shipyard at New Orleans. It compiled a record of more than 2,000 pages of testimony and hundreds of exhibits.

The committee's report is based upon this record and a careful analysis thereof.

**FINDINGS OF FACT**

**1. Circumstances leading up to contracts**

When on December 7, 1941, the United States was attacked and forced into the present war, our Government was faced with the critical problem of speedily transporting men, equipment, and supplies to our own and allied battle fronts in all parts of the world.

Our own forces and their brothers in arms of necessity must depend upon the United States to serve as the arsenal from which to draw an ever-increasing supply of the implements and materials of war. It is manifestly impossible for the United States to discharge this responsibility without a tremendous increase in its production of cargo ships.

President Franklin D. Roosevelt, aware of the necessity for "ships, ships, and more ships," acted promptly to meet the need, and in January of 1942 called for a cargo-ship building program of 18,000,000 tons, 8,000,000 tons for 1942 and 10,000,000 tons for 1943; but in February of 1942 the President created his "must" program of 24,000,000 tons of ships, 9,000,000 tons to be built in 1942 and 15,000,000 tons to be built in 1943. (Record, vol. A, p. 47.)

This was the greatest shipbuilding program ever launched in the history of any nation in the world. The facilities for building the ships to meet the President's "must" program were not available at that time, and the Maritime Commission, whose duty it was to see that the ships were built, was required immediately to devise means of fulfilling the President's directive. (Record, vol. B, p. 47.)

The Maritime Commission surveyed all existing shipbuilding facilities in the United States, and after calculating their capacity at that time and the capacity after maximum expansion, concluded that existing facilities would be insufficient to meet the President's program. At that time the annual capacity of existing yards to build ships was only five to six million tons. (Record, vol. A, p. 14.)

The Maritime Commission proposed to meet the President's "must" program through the construction of a standardized ship, the Liberty ship, to be produced in new shipyards, and through expansion of existing shipyards. (Record, vol. B, p. 7.)

Testimony given by Admiral Emory S. Land, Maritime Commission chairman, shows without a doubt that the decision to build cargo vessels by the Higgins assembly-line production method was a result of the desperate situation at the time, and that the Maritime Commission decided that the only way it could comply with the President's directive was to take advantage of the Higgins unique and speedy method. In the words of Admiral Land, they went to Higgins as the court of last resort. The adoption of the Higgins method and the building of the Higgins shipyard was conceived and initiated by the Maritime Commission. (Record, vol. B, p. 56.)

Rear Admiral Howard L. Vickery, one of the Maritime Commissioners, visited shipbuilders throughout the United States in an effort to stimulate production and to expand shipbuilding facilities. Sharing with others a high opinion of Andrew J. Higgins, Sr., and of his unique method of building boats by the assembly-line production method, faster and cheaper than anyone else in the United States, he solicited Mr. Higgins to engage in the construction of cargo ships by his assembly-line production method and finally persuaded and "needled" him into acceptance of the contracts to build the Higgins shipyard and an initial 200 Liberty ships. (Record, vol. B, p. 7.)

**2. Andrew Jackson Higgins, Sr.**

The president of Higgins Corporation is Andrew Jackson Higgins, Sr., who, as president of Higgins Industries, Inc., enjoys an excellent reputation with the United States Army, Navy, Coast Guard, Maritime Commission, England, and many other friendly foreign governments as a designer and successful builder of small boats, marine equipment, and armaments. At the time the contracts in question were awarded, Higgins Industries, Inc., had contracts with the Army, Navy, and Allied Nations for the construction of invasion boats, tank lighters, troop-carry-



ing lighters, and torpedo boats totaling approximately \$40,000,000.

Admiral Vickery, testifying before a congressional committee, had the following to say about Mr. Higgins and his shipbuilding methods:

"His shop down there was one of the best-run shops I have seen, and his method there was exceptionally good. They were small vessels. The man had a great deal of kinetic energy. We have gone through shipbuilding managements, and there was good shipbuilding management there, and what they were doing at the time was good management which could actually operate on large operations, and we had standardized the ship." (Record, vol. B, pp. 6-7.)

Admiral Land, Chairman of the Maritime Commission, testifying before a congressional committee, had this to say about the Higgins invasion-boat-building ability:

"As I say, we initiated the idea with Mr. Higgins because of his boat-building capacity, his record with the Army, Navy, and Coast Guard, and with ourselves, for he had built barges and Eureka boats for the Maritime Commission. \* \* \* He has lived up to what he promised to do and in some cases I think he beat the time \* \* \*." (Record, vol. B, pp. 55-56.)

John M. Carmody, another member of the Maritime Commission, in a speech delivered in New Orleans May 22, 1942, and which he said he wrote with "my own little pencil" (record, vol. 11, p. 25), had the following to say about Mr. Higgins and his Liberty shipbuilding program:

"It is here, Mr. Higgins, that your genius pierces the dark clouds of doubt about production. You and your colleagues at Higgins Industries have shown the way. Your boats are already known around the world.

"But you are not done. You have only begun. You have taken on a new job, a big job, the biggest shipbuilding job of all time in one yard. We think you can do it. We think the fundamentally sound principles of progressive manufacture which the Higgins organization has adapted to boat building and applied so successfully can be expanded to cover the 10,000-ton cargo ships now under contract.

"What you do here may well mean the difference between success or failure on far-flung fronts where the edge is with the side that has supplies—enough and on time." (Exhibit 15, pp. 4-5-11.)

Donald M. Nelson, Chairman of the War Production Board, making his first appearance before any congressional or other group investigating the cancellation of the Higgins contracts, appeared before this committee and had the following to say concerning Mr. Higgins and the necessity of bringing him into the war effort in a bigger way:

"I think he is a man of great enthusiasm, great push as a manufacturer, the type of man I want to see tied up with this program." (Record, vol. 31, p. 7.)

"I admire Mr. Higgins' ability and want to see him do something in this war effort. In my estimation, we have to find the way to bring him more and more into the picture." (Record, vol. 31, p. 20.)

"As I told you, I want to see Mr. Higgins brought into this picture in a big way. I assure you we want to utilize this man's manufacturing ability; his drive, his getting spirit and desire to do something to further the war effort, which I think is an intensely patriotic desire, which I personally want to see utilized." (Record, vol. 31, p. 29.)

"One of the reasons in my wanting to see Mr. Higgins brought into this program in a bigger way, and it might be of greater value to our airplane program and more important to the Nation than ships, is the relationship that obviously exists between Mr. Higgins and organized labor. Certainly in war effort, the more cooperation you have between

labor and management, the greater production will be. I have seen it all over the country. Show me the plant where relations are good between labor and management, there is a feeling of cooperation through the right kind of relationship, and I will show you the plant that produces more all of the time." (Record, vol. 31, pp. 30-31.)

From these and other witnesses, this committee finds that Andrew Jackson Higgins, Sr., is a man of unusual and resourceful ability; that he is possessed of great energy; that his loyalty to his country and his interest in its welfare are beyond question. The record is replete with evidence of his unselfish and patriotic generosity. For example, he has, without profit, released to our Government, and to our allies, many valuable patents and devices. Even since the cancellation of the Liberty ship contracts, he had certain other contracts reopened, voluntarily reduced the price, and unsolicited, refunded \$479,000 to our Government. (Record, vol. 7, p. 15.)

On another occasion, after filling an order for boats for the Government of Great Britain, he not only personally donated an ambulance to that Government but also gave them an unsolicited and voluntary refund of \$38,700. (Record, vol. 7, p. 12.)

As a further recognition of the excellent contribution Mr. Higgins has made toward the war effort, on September 13, 1942, the Army-Navy E was awarded to Higgins Industries, Inc., another Higgins-managed war industry.

No witness before this committee, or the three congressional committees, questioned the ability and resourcefulness of Mr. Higgins as a builder of boats and ships, but on the contrary it was the opinion of all the witnesses that Mr. Higgins could have and would have constructed the yard and the ships successfully as required by the contracts and with great economy to the Government.

There was no question about the progress of the shipyard nor could there be any, since the yard was about 40 percent complete at the date of the cancellation of the contracts—4 months after they were made—and it was admitted by Admiral Land (record, vol. B, p. 76) that it usually required a year to construct a shipyard. The Higgins schedule provided not only for building the yard within the year following signing of the contracts but it also provided for the launching of 17 of the 200 ships within that period.

### 3. Higgins foregoes profit

While it is customary to charge contractors' fees, averaging about 3 percent of the gross amount expended in plant construction, Mr. Higgins contracted to build the Higgins shipyard for a flat fee of \$2 for the corporation and took for himself a salary of \$1 a month.

This unusual saving to the Government, based on an approximate cost of the facilities of \$45,000,000, would have amounted to \$1,350,000. (Record, vol. 8, pp. 14 to 18.)

Although the contract profit on the 200 Liberty ships ranged from a minimum of \$60,000 to a maximum of \$140,000 per ship, Mr. Higgins offered to fulfill the contract to build the approximately 2,000,000 tons of ships without profit to himself, or his company, and renewed that offer during his testimony before this committee. By this patriotic gesture on the part of Mr. Higgins, the Maritime Commission could have saved the Government a cost ranging between \$12,000,000 and \$28,000,000. (Record, vol. 9, pp. 2 and 13.)

### 4. The contracts

According to the testimony of Admiral Howard L. Vickery and other members of the Maritime Commission, given before a Congressional committee, Andrew J. Higgins, Sr., did not solicit the contract. (Record, vol. B,

p. 7.) As a matter of fact, the subject was first mentioned by Admiral Vickery to Mr. Higgins in February 1942, at which time Mr. Higgins was reluctant to enter into such contracts. (Record, vol. B, p. 7.)

Admiral Vickery testified:

"At first Mr. Higgins was not very much interested in it, but at the end of the talks, why I think I got a little under his hide because I questioned his ability as to whether he thought he could do it or not, whereupon he took the bit in his teeth and found he could do it." (Record, vol. B, p. 7.)

Admiral Land testified:

"Admiral Vickery is responsible more than any other man in the United States for getting Mr. Andrew J. Higgins in this business. He was aided and abetted by me." (Record, vol. 34, p. 26.)

"We got him into it." (Admiral Land, Record, vol. B, p. 67.)

When asked by the committee whether Mr. Higgins had been solicited by the Maritime Commission to take the shipyard and Liberty shipbuilding contracts, Mr. Donald M. Nelson replied:

"Yes, not only solicited, but had to apply considerable pressure to take the contract. They stated he didn't want it. They felt quite good—in fact, we all did—getting a man like Higgins in the picture." (Record, vol. 31, p. 12.)

Great success in building small boats was achieved through Higgins Industries, Inc., which is still operating several plants, employing about 10,000 persons.

Upon the request of the Maritime Commission, a new corporation, the Higgins Corporation, was formed, and on the 13th day of March 1942, Higgins Corporation and the United States of America, represented by the United States Maritime Commission, entered into a contract by which the Higgins Corporation was to erect the shipyard according to plans and specifications approved by the Maritime Commission.

A second contract was entered into at this time between the Higgins Corporation and the Maritime Commission under which the Higgins Corporation was to complete 200 Liberty ships by the end of December 1943.

The entire cost of the shipyard and the ships was to be paid out of Government funds by the Maritime Commission. This included the purchase of a 1,200-acre site, labor, materials, equipment, and all other expenditures.

The Higgins Corporation was a new firm, and the Maritime Commission requested that Mr. Higgins place the guaranty of the long established and financially sound Higgins Industries, Inc., behind the Higgins Corporation obligations. Against the advice of his own attorneys, Mr. Higgins did this.

The Higgins plans and specifications, as approved, were termed by the Maritime Commission as unique in world shipbuilding practice. (Record, vol. B, p. 87.) They comprised, in principle, an adaptation to the construction of ships of the progressive manufacture or assembly line method, whereas, every other shipyard in the country was using an old-line or conventional keel-laying method of construction.

The Higgins plan was based upon the lessons learned by Higgins and many others in the field of mass production. It included, particularly, an application of the same methods that had made the Higgins small boat building activities spectacularly successful.

Instead of following the traditional plan under which one ship must remain stationary on a way and be built from keel to finished hull and launched before construction of another ship can be started, the Higgins plan was such that 32 ships would be under simultaneous construction.

This revolutionary result was to have been achieved by utilizing an area sufficiently large to enable the establishment of construction units which would specialize on the separate building of 8 complete and equipped sections

of the hull. The most involved and difficult part of the Liberty ship to build and equip is the midship section. This section contains the major part of the ship's machinery. Under the Higgins plan, the midship section would have been the first to be completed. The section would then have been rolled out onto a track along which it would have progressed past manufacturing sites of the other seven sections of the ship, each completed section in turn being brought out onto the track and welded in place. At the end of the line, there would have been a finished hull. There would have been four parallel tracks of this nature, each 6,400 feet long, and terminating in a launching lock. From the lock, the ships were to be lowered by a flotation method into a channel, thence transferred to outfitting slips where previously built superstructures and final fittings were to be put in place. The superstructures, having been entirely completed before arrival of the hulls in the outfitting slips, were to be placed in position in one operation through the use of giant cranes.

All of the plates, all of the structural parts, were to be handled in standardized sizes by workmen who would specialize on confined operations, a practice leading to great increase in efficiency and production speed as proved in many other mass-production lines, as well as in the Higgins small-boat-building operations.

Although, since the Kaiser and Higgins contracts were let, there has been a reduction of cost and savings in labor in the old-line shipyards of the country, the average labor required to build a Liberty ship in these conventional yards is still above 500,000 man-hours. The best in other yards, to date, has been 450,000 man-hours, claimed by Kaiser.

It is significant that the shipyard achieving one of the best Liberty shipbuilding records in the Nation is managed by Henry Kaiser, a man who claims that he never saw a ship launched before 1940, and who had had no experience of any kind in shipbuilding construction before that date.

On the other hand, the Higgins organization had accomplished spectacular mass-production results in boat building by the unique Higgins assembly-line method. Had the Higgins method been applied to the construction of Liberty ships at the Higgins Shipyard, the records of all shipyards, including Kaiser's, would have been beaten by large margins.

Under the Higgins plan, the man-hours required to build a Liberty ship would have ranged from 274,000 each for the first few ships, down to 230,000, or less, each when the yard got into full production. On the basis of an average labor cost of \$1 per hour in shipbuilding plants, the Government would have saved in labor costs alone on these ships at least a quarter of a million dollars on each vessel launched. The Higgins shipbuilding contract, therefore, had it been permitted to go to its proper conclusion, would have saved the Government at least \$50,000,000. Such a saving on the initial 200-ship order would have more than paid for the construction of the shipyard.

Although this committee has pointed out the monetary advantages of the Higgins plan, it is well aware that of even more importance is the necessity for reducing the demands upon the country's dwindling supply of skilled labor. Mr. Donald M. Nelson, testifying before this committee, said (record, vol. 31, p. 25):

"Manpower will get more critical than the critical materials, and they may be the same ultimate factor in our program as critical materials themselves."

The rapidity with which this yard could have launched ships is admitted by every witness who testified on this subject before this committee and is denied by no testimony taken either at this committee's hearings or

at the various inquiries conducted by congressional committees.

The Liberty ship production rate at the Higgins yard after it reached full production would have ranged from 1½ to 2 ships per day, a rate far in excess of any shipyard now existing in the world. At the rate of 60 ships per month, the Higgins shipyard could have launched far more in 1 year than have been launched by all other Liberty cargo-ship yards of the United States in the past 12 months. It has been pointed out that the savings on construction of Liberty ships would be at least \$250,000 per ship, and that the Higgins yard could have built 2 ships per day, or 720 ships per year. If the Higgins plant had been completed, the ships constructed by the Higgins method would have saved our Nation \$180,000,000 annually.

The evidence before this committee establishes conclusively that no shipyard in the country could have competed in cost, speed, or labor savings with the Higgins yard. When asked by the committee whether any plant in the world could compete with the Higgins rate of 230,000 man-hours per ship Mr. Donald M. Nelson replied, "No; I don't know of any that could compete with them. Mr. Kaiser figures he will get it down in the 300's some place." (Record, vol. 31, p. 24.) Mr. Nelson also stated (record, vol. 31, p. 38) that the Higgins yard and the Kaiser yard together could have produced the entire 15,000,000 tons of shipping ordered by President Roosevelt for the year 1943.

Other appraisals of the Higgins shipyard follow:

"\* \* \* In my judgment, the operation would be entirely successful and would probably yield very good returns in the number of ships delivered." (Admiral Vickery, record, vol. B, p. 8.)

"I think this would be a very successful operation; quite a startling operation." (Admiral Vickery, record, vol. B, p. 28.)

"I will tell you it is revolutionary \* \* \*." (Admiral Land, record, vol. B, p. 78.)

"The Higgins method is the most unique type of ship construction that has ever been tried in the history of the world." (Admiral Land, record, vol. B, p. 87.)

"I was persuaded that it was an efficient operation. I felt from what I saw there and from what I had seen in other yards that while the new yard would be a very large yard and the production unique, the production system unique, that there was no occasion for worrying about the ability of the Higgins organization to do the job." (Commissioner John M. Carmody, record, vol. 11, p. 10.)

##### 5. The Higgins shipyard

The basic need for success of the Higgins plan was sufficiency in area for the facilities. The Maritime Commission purchased a 1,200-acre tract at Michoud, bordering the Louisville & Nashville Railroad and U. S. Highway Route 90. The site is about 12 miles north of the city proper of New Orleans, La. The cost of this land was \$178,000, which was considered nominal in comparison with the cost of other available and suitable sites in that area.

This tract was more suitable for the purposes intended than any other site in the New Orleans area. The surface, in relation to sea level, was approximately 9 feet higher than the city proper of New Orleans. The subsurface conditions provided firmer footings nearer the surface than other locations in the New Orleans area. Engineering studies, approved by the Maritime Commission, resulted in the decision to raise the surface level of the tract 5 feet. Plans called for the construction of a service canal approximately 11½ miles long, part within and part without the site. This canal would have become an important link in the intracoastal canal system, providing the ship-

yard with two outlets to the sea. Dredging of the canal provided sand for the fill required. The projects of dredging the canal and raising the surface level of the site were combined and, as the material was dredged from the canal, it was distributed by the same dredges to places where needed to raise the surface level of the site. More than 30,000,000 cubic yards of such fill were moved in that manner and the result is that the site has been improved to such an extent that it can be readily utilized for almost any kind of industrial activity. Only about 2,000 feet of the canal dredging operation remained to be done in order to connect it with the industrial canal. The inland location of the plant was strategically ideal in its freedom from attack by any type of naval gunfire.

Following the general construction practice in the Gulf area, arrangements were made to provide, by means of pilings, adequate foundation for the shipbuilding facilities on the site. Orloff Henry, one of the outstanding construction engineers in the Nation, was in charge of this phase of the work.

Mr. Henry testified before and illustrated to this committee that the foundation conditions at Michoud were equally as good as, and in many respects better than, the subsurface conditions under buildings in New Orleans ranging up to 18 stories in height. Some of the largest of these buildings were built on foundations constructed under Mr. Henry's supervision. He told this committee of his experience in the construction of other shipyards in this country, and that the Michoud site was as good as, and in many respects better than, the sites of these other yards. Included among these yards are those in the Gulf area which are now building Maritime Commission ships. (Record, vol. 21, pp. 15-26.)

Mr. Henry related that he had consulted with the nationally eminent engineering firm of Modjeski & Masters, of Harrisburg, Pa., and had them examine and test the substrata of the site. The report of this engineering firm (committee's exhibit 21) establishes beyond any doubt that the foundation conditions at the site were suitable for any type of industrial activities. Admiral Vickery (record, vol. B, p. 11) described the foundation as good as "100-percent rock." Commissioner Carmody (record, vol. 11, p. 13), after inspection and study, approved the suitability of the site.

There was never any doubt on the part of the Maritime officials or others that the engineering at the plant was of high quality. Admiral Vickery stated, "I was quite impressed with the engineering of the plant that had been done. He (Higgins) had planned the job well. It was well engineered. I think he would have done better than I had expected and not as well as Mr. Higgins had expected, but between the two somewhere in our judgment on it."

"I think the facilities went along pretty well. They are quite well engineered. I think he did very well. On the driving of piling, which is an enormous job, he has had bad weather conditions down there, but I would say he has gone along quite satisfactorily." (Record, vol. B, p. 40.)

A most impressive concentration of engineering ability was to be found on duty at the Higgins yard. A list of these eminent men and an outline of their qualifications appear in committee's exhibit 4, pages 11 to 18, inclusive.

After the Higgins contracts were let, 89,366 piles were received at the Michoud site. These piles were shipped from various points, including Alabama, Louisiana, Mississippi, Texas, Oregon, and Washington. These piles ranged from 30 to 60 feet in length and cost approximately \$22 each delivered at the Michoud site—22,291 were driven at an additional cost of approximately \$25 per pile.



After the cancellation of the contracts, 2,461 of these piles were disposed of by Higgins Corporation to other purchasers. The remaining 64,614 piles were left lying on the ground at the site where they were viewed by this committee on September 28. Engineers reported that the unused piles were rapidly deteriorating as a result of being exposed to the weather.

At the time of the cancellation, a large number of steel-reinforced concrete footings had been completed.

Of the estimated 27 miles of railroad track needed within the site, about 3 miles had already been completed. Materials for construction of the additional 24 miles of track were on hand or had been ordered. It was expected that the entire trackage would have been finished within a short time. A steam locomotive and a large number of flat cars had been delivered for use on the plant's railroad. Hundreds of huge trucks, about 100 huge busses, dozens of cranes, and large numbers of heavy and light tools and equipment had been delivered to the Higgins Corporation and were on the site. Huge quantities of both heavy and light electrical equipment and many thousands of feet of electric wire and cable had also been delivered.

All but 2,000 feet of the 11½-mile canal, heretofore referred to, is ready for navigation. This waterway runs to depths of 30 feet and widths of 100 feet. Three and one-half miles of waterway 30 feet deep and 750 feet wide, bordering the site on two sides, had been completed. This made a total of 11½ miles of waterway, 11 miles of which were completed. To accomplish this task, seven hydraulic dredges and four clamshell dredges were assembled—making one of the largest concentrations of such equipment in history, greater than the amount of that type of equipment used in the construction of the Panama Canal. This unusually large concentration resulted from Mr. Higgins' desire to build the facilities with the utmost speed.

Particular attention should be given to the committee's exhibits consisting of a series of photographs showing the magnitude and the progress and operations at the site. These photographs are hereto attached and made a part of this report.

The committee's exhibit of a plot plan is also hereto attached and made a part of this report. The plan shows the lay-out of buildings, waterways, railroads, highways, and other facilities.

In addition to the unsalvageable cost of the Higgins Corporation pay rolls, there was lost also the cost of thousands of man-hours put in by officials and employees of the Maritime Commission, the Army, Navy, War Production Board, Federal Housing Administration, United States Engineers Corps, War Manpower Commission, Work Projects Administration, United States Employment Bureau, New Orleans Canal Board, Louisiana State Highway Department, and other Federal, State, and municipal bodies. There was also lost an incalculable number of man-hours through operations by the Bethlehem Steel Co. and numerous other vendors of materials and services, including railroads, power companies, and other utility service organizations.

Orders and commitments for the materials at the shipyard reached a total of \$30,000,000. (Record, vol. 28, p. 19.) The Maritime Commission's regional director at New Orleans, L. R. Sanford, testified before this committee that in his opinion the unrecoverable loss would be \$11,000,000. (Record, vol. 14, p. 8.) Admiral Land testified before a congressional committee that his estimate of the unrecoverable loss was a maximum of \$15,000,000 and a minimum of \$10,000,000. (Record, vol. B, p. 57.) These figures do not include the loss sustained by the Government through

shipping hundreds of carloads of ship materials into and out of the Higgins plant, nor the loss from the resale of same.

The huge collateral losses sustained by private individuals and firms as a result of the cancellation of the Higgins contracts cannot be determined with any degree of accuracy.

The Louisville & Nashville Railroad doubled about 12 miles of its track from the city of New Orleans to the site for the purpose of facilitating its service to the plant. Telephone, power, and other utilities acted rapidly so that when the plant started the needed facilities would be ready. More than \$50,000 was spent by the New Orleans Public Service Corporation on power facilities.

New Orleans merchants, anticipating an increase of residents to the community, stocked up with merchandise, and on account of the cancellation of the contracts sustained heavy losses. Real estate and other ventures were numerous. Tragic losses were sustained by many families who sold their homes in other parts of the country to come to New Orleans and purchase homes there in anticipation of aiding in what promised to be a vital contribution to the war effort.

Huge tonnage of steel was wasted by the cancellation. Twenty-nine thousand tons of structural steel was ordered for the plant from the Bethlehem Steel Co., nearly all of which had to be specially fabricated. At the time of the cancellation 15,443 tons of this order had either been fabricated or was well along on its way toward completion.

The Bethlehem Steel Co. has filed a claim with the Maritime Commission for over three-quarters of a million dollars on account of the above-mentioned 15,443 tons of processed steel. The steel company in setting up its claim reported that the entire amount of 15,443 tons was scrapped.

The Maritime Commission wasted the Government's money in expenditures between July 10 and July 18, 1942. As heretofore reported, on the former date the Maritime Commission voted to stop the Higgins project. For 8 days it permitted the Higgins Corporation to work at full speed and continued to ship materials for the plant and for the building of the ships to the site. This expenditure is estimated at approximately \$1,500,000. Admiral Vickery told Donald M. Nelson, the Chairman of the War Production Board, of this, describing it as a slip-up on his (Vickery's) part. (Record, vol. 31, p. 22.)

The conduct of the Maritime Commission in this matter contrasts sharply with the efficiency and progress made by the Higgins Corporation in New Orleans. Typical of the foresight, speed, and energy which characterized his activities, Mr. Higgins put more than 1,000 men to work clearing brush on the site the night before the contract was signed. From the very outset of the project the only delays that occurred were those occasioned by agencies outside and independent of the Higgins organization.

The worst delay was related to the sub-contract involving the construction firm of Brown & Root, Inc. For several weeks the construction of the facilities was proceeding speedily and satisfactorily under the supervision of Mr. Higgins until Brown & Root, Inc., took charge of the construction work. The employment of this Houston, Tex., concern followed a recommendation and suggestion made by J. L. Baker, assistant chief engineer of the Maritime Commission in the Gulf Coast Region. Mr. Baker had full power of approval and rejection over all Higgins Corporation activities and expenditures. On the day following Mr. Baker's suggestion the heads of this Texas company appeared in New Orleans and were introduced to Mr. Higgins by Mr. Baker. They represented that they had an ample supply of pile-driving equipment and an efficient organization available

for the Higgins project. Mr. Higgins was induced to employ this corporation. Brown & Root, Inc., proposed a supervisory fee for themselves of \$400,000 and, in addition, proposed a contract that would provide that the Government pay the salaries and wages of all employees, pay for the rental of all equipment, and the cost of all material. After receipt of this proposal, Mr. Higgins requested the Maritime Commission to limit the supervisory fee to \$250,000. The Maritime Commission limited the fee in accordance with Mr. Higgins' request and Brown & Root, Inc., agreed to accept the contract at the reduced fee.

The record abounds with the testimony of witness after witness including Maritime Commission officials, to the effect the sub-contractor produced neither the organization nor the equipment it represented it possessed. This failure resulted in delays and increases in construction costs. Witnesses charged that Brown & Root, Inc., was grossly inefficient and negligent and that in certain instances construction progress on the project was delayed by the apparently obstructive tactics of Brown & Root, Inc. This firm was and still is the recipient of many millions of dollars' worth of Government work, including work for the Maritime Commission. This committee has been informed that the performance of Brown & Root, Inc., on other Government projects has been satisfactory.

In addition to the difficulties hereinbefore cited, Brown & Root, Inc., had such poor and troublesome relations with its employees that it became necessary for Mr. Higgins to intercede personally in order to prevent a complete cessation in the work.

About 4 weeks before the cancellation of the Higgins contract, Mr. Higgins began complaining to Brown & Root, Inc., about the unsatisfactory manner in which it was performing its work. These complaints terminated in the cancellation on July 16 of the Brown & Root contract. Only 2 days later the Maritime Commission notified Mr. Higgins that they had canceled their contracts with the Higgins Corporation. Brown & Root, Inc., agreed to the cancellation of its contract. Complaints against Brown & Root, Inc., had been registered not only by Mr. Higgins but also by officials of the Maritime Commission and these complaints indicated the likelihood of the cancellation of the Brown & Root, Inc., contract.

The cancellation of the Brown & Root, Inc., contract was made with the full approval of the Maritime Commission. The Higgins Corporation, with the approval of the Maritime Commission, thereupon undertook to complete construction of the shipyard.

The Higgins shipyard was not limited to the building of Liberty ships. This yard could easily be used for the construction of larger and faster vessels. The plant was so designed that it could manufacture submarines, invasion boats, tanks, or planes. Its flexibility was particularly advantageous because of the slight cost required for conversion from the manufacture of one product to another.

The plant was not one of the war baby variety. It could have served as a most economical and efficient repair yard. The facilities could have handled for repair purposes 12 large ships per day in and out of the water.

For the first time in the Nation's history, the United States would have possessed a shipyard capable of competing with the low-cost yards of other countries. Instead of going abroad for merchant ships, American interests would have been able to purchase ships at home for less money and those ships would have been built by American workmen, receiving American standards of pay.

### 6. Events leading to cancellation

Maritime Commissioners Admirals Land and Vickery repeatedly have told congressional committees that a letter of July 8, 1942, from Donald M. Nelson, Chairman of the War Production Board, was the basis for their action on July 10, 1942, when they voted to cancel the Higgins contracts. Your committee finds that L. R. Sanford, the Commission's regional director at New Orleans, started an inquiry into the conditions at the Higgins project on July 4, 4 days prior to the War Production Board letter. By July 6, Mr. Sanford had called before him Frank Higgins, general manager of Higgins Corporation; Carl Bauer, the corporation's vice president; and Walter Moses, the chief engineer. These men and their staffs were summoned and each group was questioned separately by Mr. Sanford who was then preparing to go to Washington to meet with the Commission. Mr. Sanford's inquiry went into progress made at the plant, costs, conditions, and many other phases of the project.

On the morning of July 10, 1942, Mr. Sanford conferred with Admirals Land and Vickery in their offices in Washington, D. C. and reported to them concerning his inquiry. On the afternoon of the same day, the Maritime Commission held a special meeting at which were present only the five Commissioners and Mr. Sanford. It was at this meeting that the Commission voted to cancel the Higgins contracts. (Record, vol. 13, pp. 18-19.)

On or about July 7, Mr. Donald M. Nelson attended a meeting concerning steel at the office of the Secretary of the Navy. This was followed immediately by a conference between Mr. Nelson and the chiefs of staff after which it was decided to maintain the shipbuilding program as scheduled by President Roosevelt. This definitely included the President's "must" order for 24,000,000 tons of ships to be built in 1942 and 1943 by the Maritime Commission, which was the same "must" program of the Maritime Commission that existed when the Higgins contracts were awarded. Mr. Nelson and Admiral Land left the meeting together by automobile. It was during this trip that Admiral Land asked Mr. Nelson for more steel, not to meet the President's directive, but to pile up a higher inventory and supply of steel in yards. (Donald M. Nelson, record, vol. 31, p. 5.)

Mr. Nelson's version of this conversation is as follows:

"I drove Jerry Land down and he got off at the Department of Commerce, still talking about steel plate and the fact that he would like to have more, because he thought he could get greater production if he had larger inventory, backing up the inventory in these yards."

Either that evening, July 7, or the following evening, Admiral Land telephoned Mr. Nelson and told him that facilities existing before the Higgins contract awards were sufficient to build the tonnage ordered by the President and asked his approval for the cancellation of the Higgins contracts. Admiral Land represented to Mr. Nelson that if the Higgins contract was canceled, 58,000 tons of steel to be used in building the plant facilities could be saved and in addition, steel that went into the equipment could also be saved. Admiral Land did not advise Mr. Nelson of the extent of the progress of the work nor that the Maritime Commission had already committed itself in plant facilities to an expenditure of almost \$30,000,000, and that approximately \$25,000,000 had already been expended. Relying upon the accuracy of the representations made by Admiral Land, Mr. Nelson gave his approval to the cancellation of the Higgins contracts. (Record, vol. 31, p. 6.)

On July 7, before any letter was written by Mr. Nelson to the Maritime Commission, Admiral Vickery told Mr. Higgins that the fa-

cilities would cost more than had been anticipated and that it would be necessary to cut the fee that the Higgins Corporation was to receive, on building 200 ships, in order to take care of the increased cost in building the facilities. Mr. Higgins assured Admiral Vickery that he did not care anything about the fee and that it was perfectly all right for Admiral Vickery to cut the fee to anything that he, Admiral Vickery, saw fit. (Record, vol. B, p. 17.)

The letter of July 8, 1942, referred to by Admirals Land and Vickery as the basis for cancellation of the contracts, instead of being a notice that there was a steel shortage, actually was an assurance to the Maritime Commission that it would get enough steel with which to meet the Presidential "must" program of 24,000,000 tons of ships in 1942 and 1943, but that the Board could not agree to supply extra steel for an additional 5,000,000 tons of ships, which the Commission said it was in a position to build. The Presidential "must" program called for a maximum tonnage of 24,000,000 tons but the Maritime Commission claimed that by reason of an alleged increase in the production ability to existing yards it could build and wanted to build an additional 5,000,000 tons of ships. This additional 5,000,000 tons was a laboratory figure injected into the picture by Admiral Land a few days before the cancellation of the Higgins contracts and it was never a part of the program of the President, or of the Chiefs of Staffs or of the Maritime Commission.

Mr. L. R. Sanford was told by Admirals Land and Vickery, his superiors in the Maritime Commission, at the morning meeting of July 10, that the Maritime Commission had "instructions from the War Production Board to cut down the consumption of steel for shipbuilding purposes" and that the "Maritime Commission would have to reduce its requirements." (Record, vol. 13, pp. 18, 19.) Your committee finds that the Maritime Commission had no such instructions.

### 7. Reasons given for cancellation of the contracts

The shortage of steel was given as the primary reason by the Maritime Commission for the cancellation of the Higgins contracts. From time to time, before the congressional committees, Admirals Land and Vickery and Commissioner Carmody testified that shortage of steel was the sole reason. The Maritime Commission has also given some additional reasons, of a minor nature, all of which it admits could have been eliminated.

The Maritime Commission gave its reasons in a letter dated July 28, 1942, to John Berni of New Orleans, chairman of a joint committee appointed by the Building and Construction Trades Council and New Orleans Metal Trades Council. This committee had called on Admiral Land to be informed relative to the reasons for the cancellation of the Higgins contracts. This letter marked Committee's Exhibit 22, and introduced in evidence before this committee, follows:

#### Exhibit No. 22

UNITED STATES MARITIME COMMISSION,  
Washington, July 28, 1942.

MR. JOHN BERNI,  
Washington, D. C.

DEAR MR. BERNI: With reference to your letter of July 24, and confirming our interview relative to the cancellation of the Higgins contract, you are advised that the primary reason for this cancellation is the shortage of steel allocated to the Maritime Commission.

With this proviso the following points govern the action of the Maritime Commission in this matter:

(1) Allocation of ship steel by the War Production Board;

(2) Present adequate shipbuilding facilities to meet program set forth by President Roosevelt;

(3) Excessive cost of the Higgins yard facilities;

(4) Time element, whereby actual production in the Higgins yard would not be a reality until December of this year, and the last yard to get into production.

There are enclosed herewith several copies of our press release which gives some elaboration of the reasons for the action taken.

Sincerely yours,

E. S. LAND, *Chairman.*

The testimony of Admirals Land and Vickery and Commissioner Carmody before the congressional committees was to the effect that there was a cut-back in the program for the building of ships because of the lack of steel, and that this necessitated canceling the Higgins contracts.

On August 21, 1942, Admiral Vickery, testifying before a congressional committee as to the reason for canceling the contracts stated (record, vol. B, p. 21):

"I, of course, have my steel requirements for each month, but to build this 24,000,000 tons of shipping I would have required more steel than was allocated. Since we were cut to 395,000 tons, I received another cut down to 368,000 next month, which will not make my 24,000,000 tons of ships."

Before this committee, Mr. Sanford, regional director of the Maritime Commission, testified as follows to questions propounded by the committee's counsel (record, vol. 13, pp. 17-18):

"MR. MARGIOTTI. When did you get the first intimation that the two Higgins contracts might be canceled?"

"MR. SANFORD. On July 10, from Washington."

"MR. MARGIOTTI. Who was there?"

"MR. SANFORD. Admiral Vickery and Admiral Land. Admiral Vickery first and then Admiral Land later."

"MR. MARGIOTTI. What information did you get at that time?"

"MR. SANFORD. The information I got at that time was that the Maritime Commission had instructions from the War Production Board to cut down the consumption of steel for shipbuilding purposes."

"MR. MARGIOTTI. Did you see those instructions?"

"MR. SANFORD. No; I did not. I heard them read by Admiral Land."

"MR. MARGIOTTI. What form were they in?"

"MR. SANFORD. A letter."

"MR. MARGIOTTI. From whom?"

"MR. SANFORD. From the War Production Board; from Donald Nelson."

"MR. MARGIOTTI. To the Maritime Commission?"

"MR. SANFORD. Right."

"MR. MARGIOTTI. Do you remember the content of those instructions?"

"MR. SANFORD. Not in detail, but in general it was to the effect that the consumption of steel for all purposes was exceeding the capacity of the steel mills, and, therefore, the Maritime Commission would have to reduce its requirements in a certain amount—the exact figures I don't remember. And that was the matter that first brought up any consideration of the cancellation of the—of any shipbuilding contracts."

There never was a shortage of steel for the President's program. The amount of steel made available by the War Production Board in March 1942, when the Higgins contracts were let, was adequate for the building of 24,000,000 tons of ships. The same amount of steel was still available at the time of the cancellation and assured by the War Production Board. This statement is fully supported by testimony of Mr. Donald M. Nelson before this committee. Questions on this subject by this committee's counsel and Mr. Nelson's replies follow (record, vol. 31, pp. 9-10):



"Mr. MARGIOTTI. Mr. Nelson, so far as the Maritime Commission was concerned, at the time when these contracts were canceled on July 18, they not only had promised them sufficient steel for the program that brought about the contracts between Higgins and the Maritime Commission, but almost double that program?"

"Mr. NELSON. For 1943.

"Mr. MARGIOTTI. For 1942 and 1943.

"Mr. NELSON. Yes; it would be 24 as against 18.

"Mr. MARGIOTTI. Admiral Vickery has done most of the testifying before the Peterson committee, and Admiral Land and Mr. Carmody have both corroborated what Admiral Vickery says and Admiral Land, in particular, and they all take the position they had a directive from you which required them, in substance, to cancel the contract because there was no steel for their program.

"Mr. NELSON. No; as I remember the instance, the reason given to me for the cancellation was that the present facilities had stepped up shipbuilding. The number of days on the way had been decreased. He stated the extent of the facilities without Higgins would produce the Presidential objective and that the expenditure of this amount of steel, while completing the Higgins yard, might be good insurance, was not necessary to produce the Presidential objective. Those were the reasons given to me.

"Mr. MARGIOTTI. And not the shortage of steel?"

"Mr. NELSON. No. Steel was promised. It must be for the Presidential objective." (Record, vol. 31, pp. 9-10.)

"Mr. MARGIOTTI. There was no action on your part on the question of steel; no letter of any kind that directed or indicated to the Maritime Commission that they were required to cancel the Higgins contracts?"

"Mr. NELSON. No, sir. There is not, sir." (Record, vol. 31, p. 17.)

"Mr. MARGIOTTI. If these 200 ships are being built, that shows the steel is available for it?"

"Mr. NELSON. There will be steel, no matter how short steel will be. There will be steel plate allocated to build 24,000,000 tons in 2 years." (Record, vol. 31, p. 22.)

The testimony of Admirals Land and Vickery and Commissioner Carmody before the Congressional committees shows that they, too, were well aware that there was a sufficient supply of steel for the President's program at the time of the cancellation of the Higgins contracts.

There is testimony before this committee that a public-relations man of the Maritime Commission told officials of the Higgins Corporation shortly after the cancellation of the Higgins contracts, that he had been given instructions by the Maritime Commission about 6 weeks before the cancellation, to "soft-pedal on Higgins, soft-pedal on Kaiser, and build up Bethlehem Steel." (Record, vol. 33, p. 86.)

This was long before there was any talk of a program by the Maritime Commission to build 29,000,000 tons of ships. As we have heretofore reported, President Roosevelt's program was not one to build 29,000,000 tons in 1942 and 1943, but was consistently a program to build 24,000,000 tons of ships. This committee finds that the Maritime Commission was always aware of this fact.

The only suggestion that the program be increased from 24,000,000 tons to 29,000,000 tons came from the Maritime Commission, itself, about the time when they were contemplating cancellation of the Higgins contracts. Admiral Vickery, testifying before a Congressional committee stated (record, vol. B, p. 13):

"We then (about July 1) drew up these reports which were sent to the War Production Board, to the effect that we would be

able to produce 29,000,000 tons of ships in the 2 years."

When this suggestion was made to the War Production Board, Mr. Nelson informed Admiral Land that steel would be available for the President's program, but not for the suggested 5,000,000-ton increase. A conference on this subject took place between Admiral Land and Mr. Nelson on or about July 7, and on July 8, 1942, Mr. Nelson sent to Admiral Land the often-referred-to letter which contained the following statement:

"This will confirm my telephone conversation with you to the effect that on July 4 I discussed with the President the supply and requirements for steel plates in particular relation to recent proposals for increasing certain parts of our shipbuilding program, the President determining that our total program of merchant ship completions for the years 1942-43 should be 24,000,000 dead-weight tons, of which 8,000,000 tons or more, if possible, should be completed in 1942.

"I am directing Mr. Fatt to make the allocations of steel plate and other materials necessary to meet the program set forth above."

Other parts of this letter containing secret military information not connected with the cancellation of the Higgins contracts, were not made available to this committee.

This is the letter which Admirals Land and Vickery and Commissioner Carmody testified before the congressional committees was the basis of the cancellation of the Higgins contracts. The Maritime Commission took the position that this letter indicated such a shortage of steel as to make it impossible to go on any further with the Higgins contracts.

This committee finds that the Maritime Commission knew this shortage of steel explanation was untenable. The text of the letter quoted above shows clearly that the President's program was to be carried out and that the steel to carry out that program was available and allocated.

In order to obtain Mr. Nelson's approval of the cancellation of the Higgins contracts, Admiral Land represented to Mr. Nelson that if there would be a cancellation "there would be a saving of about 53,000 tons of steel which had not yet been shipped to the Higgins yard for the construction of the yard facilities and, of course, various things which were very tight, such as cranes, etc." (record, vol. 31, p. 6). The total steel tonnage necessary for the construction of the facilities of the Higgins yard was 29,000 tons and the steel had been allocated. (Admiral Land, record, vol. B, p. 51; Admiral Vickery, record, vol. B, p. 40)

In seeking Donald M. Nelson's approval to the cancellation of the Higgins contracts, Admiral Land did not disclose to Mr. Nelson the following facts:

- (a) That 15,443 tons of steel processed for the facilities by Bethlehem Steel has to be scrapped (Nelson, record, vol. 31, p. 11);
- (b) That the Maritime Commission had committed itself to an expenditure of approximately \$30,000,000 for the Higgins plant (Nelson, record, vol. 31, p. 14);
- (c) That at least \$15,000,000 of the expenditures at the Higgins plant could not be salvaged (Nelson, record, vol. 31, p. 14);
- (d) That Mr. Higgins was willing to forego any profit on the shipbuilding contracts;
- (e) That New York bankers were willing to put up the necessary funds to build the housing for the Higgins employees.

Mr. Nelson testified unequivocally to this committee that it was Admiral Land who stated to him the alleged facts on which Mr. Nelson based his approval of the cancellation of the Higgins contracts. His replies to questions asked by the committee's counsel are as follows:

"Mr. MARGIOTTI. Those facts you got from Admiral Land?"

"Mr. NELSON. Yes.

"Mr. MARGIOTTI. And your conclusions were reached on what he told you?"

"Mr. NELSON. Yes. That is right, sir" (record, vol. 31, p. 16).

Mr. Nelson stated positively that he would not have given his approval to cancellation of the Higgins contracts if all the facts as he knew them when he appeared before this committee on October 14, 1942, had been known to him at the time of Admiral Land's request for approval. Mr. Nelson was, without doubt, misled into giving his approval of the cancellation and this is shown by his testimony before this committee (record, vol. 31, pp. 16-25):

"Had I known all of the facts which I now know about it, it probably would have been wise to go ahead with it and shut down some other yards and take equipment from other yards that would not produce as well.

"That is true, and as I see the picture, it might have been much better to have gone on with this yard and taken materials away from other yards which were not in position to do as well, to save manpower."

The members of the Maritime Commission well knew that there was as much steel available at the time the Higgins contracts were canceled as there was at the time the contracts were awarded. The commissioners further knew that the President's program for 24,000,000 tons of ships to be built in 1942 and 1943 had not been increased during that period. Yet, none of the commissioners ever pointed out these facts to anybody, including the congressional committees investigating the matter, nor was this information ever given to the American people.

Admiral Vickery said that because of the shortage it would be impossible to get 9,000,000 tons in 1942 (record, vol. B, p. 33); he stated that they had to cut off facilities because of lack of steel (record, vol. B, p. 77). Mr. Carmody's statements made it appear that Mr. Nelson's letter of July 8, 1942, had cut the amount of steel allocated to the Maritime Commission and that, therefore, the cancellation of the Higgins contracts was entirely brought about by the shortage of steel. (Record, vol. 11, pp. 11 and 15.)

Within 1 week after the Higgins Corporation was notified of the cancellation of its contracts with the Maritime Commission, the United States Steel Corporation advertised to the Nation, by full page advertisements, that:

"Ship-plate production in United States Steel plants is in no way affected (by an order from our Government calling for the immediate production of 550 miles of seamless steel pipe, 2 feet in diameter). Current rate is more than enough for 100 ships a month and is climbing.

"Production reports such as this are heartening to the American people. It is their war; they're entitled to these facts." (Record, committee's exhibit No. 10.)

The rate of production of this company alone resulted in a supply of steel greater than the amount used by the Maritime Commission in the entire 12-month period preceding the date of this report. In addition to United States Steel operations, there were scores of other steel companies producing ship-plate at ever-increasing rates.

True, it is stated by the Commissioners that there was an increase in production capacity on the part of existing shipyards, including the Kaiser yards. These were all so-called static yards employing conventional, expensive, and slower methods of shipbuilding. It is a fact that from March 1942 to July 1942 there was some increase in the productive capacity of these other yards to build ships, but an increase in the productive capacity had been anticipated by the Maritime Commission in January and February 1942, previous to the letting of the Higgins contracts. (Vickery, record, vol. A, page 16.)

In the opinion of this committee, the sudden increase in production at the existing conventional shipyards, which immediately

following the awarding of the Higgins contracts, was due in large measure to the fear that they could not successfully compete with the Higgins plant once it had been completed. It was testified by officials of the Maritime Commission that no existing shipyard in the Nation was geared to build Liberty ships in mass production as fast and as cheap as the Higgins yard would have, if completed. As we have heretofore reported, Liberty ships at the Higgins plant could have been built at the rate of two a day and at a cost of a quarter of a million dollars per ship less than at the existing conventional yards.

The suddenly increased production ability, to the extent claimed by these expanded old-line plants, was used by the Maritime Commission as an excuse for saying that the Higgins plant was not needed for the President's program.

Mr. Nelson further testified before this committee in answer to questions by a member of the committee as follows:

"Mr. CHITTENDEN. But you would be positive of that 15,000,000 tons (ships for the year 1943) if the Higgins plant was built?"

Mr. NELSON. Yes; it would be certain as I see it now after seeing Mr. Higgins. I think Higgins and Kaiser together could have made 15,000,000 tons." (Record, vol. 31, p. 38.)

Herman Fox Lame, chief engineer of the Plant Engineering Section of the Maritime Commission, who approved the plans of the Higgins plant, testified before this committee in answer to questions asked by the committee's counsel as follows:

"Mr. MARGIOTTI. If the Higgins plant could have been completed by the first of the year and gotten into full production, would you say, then, that the Higgins and Kaiser outfits could produce the entire production required to fill the President's program?"

"Mr. LAME. I would say so, yes." (Record, vol. 33, p. 112.)

Admiral Land testified before the Truman committee that:

"Should this contract (Higgins) be reinstated, it is my best judgment that it will seriously affect from 20 to 30 other shipbuilding concerns in these United States." (Record, vol. 34, p. 39.)

The War Production Board allocated enough steel to the Maritime Commission in February 1942, to enable it to attain the President's objective of 24,000,000 tons of ships. The War Production Board has never cut this allotment.

Notwithstanding these facts, the Maritime Commission has made it appear to the American people that the President's directive or program called for 29,000,000 tons of ships, and that the War Production Board informed the Maritime Commission that steel would not be available for such a program and that the cut in steel allotments forced them, reluctantly, to cancel the Higgins contracts.

This committee finds from the evidence, both oral and documentary, that this position is contrary to fact and that Mr. Nelson's letter clearly repudiates the position taken by the Maritime Commission.

The steel requirements for the Higgins contracts consisted of (a) fabricated steel for the facilities, (b) steel for the facilities equipments, and (c) steel plate for the 200 Liberty ships. There was no shortage and all steel had been allocated for these requirements. Bethlehem Steel had been given the structural steel order. Over one-half of it had been so far processed that it had to be scrapped, and the balance was available. The equipment for the plant was either finished or in the course of production and that part unfinished or in the course of production and that part unfinished at the date the Higgins contracts were canceled was later finished and diverted by the Maritime Commission to the other yards. The order for the 200 ships was divided among other shipyards, where

the ships will be constructed, and the steel plate is available for their construction.

The Higgins plant could have been completed and paid for out of the savings on the 200 Liberty ships. Our Government would then have been in possession of the greatest shipbuilding plant in the world, turning out ships in the war effort at a rate far greater than any known today. This plant would have made our Nation more secure during the war.

While canceling the contracts for the 40-percent-completed assembly-line Higgins plant, the Maritime Commission continued the construction work on the Panama City shipyard. This conventional old-line plant, less than 400 miles from New Orleans, is still under construction and has yet to launch its first ship.

Other minor reasons for the cancelation were given by the Maritime Commission. It was stated that although the original estimate for the Higgins shipyard was \$29,000,000 that it later became apparent that the cost would be nearer to \$45,000,000 or more.

The \$29,000,000 figure was a total hurriedly reached before plans or specifications had been completed. It was anticipated at the time the first estimate was made that the final cost would be many million dollars higher. A substantial difference between a preliminary original estimate and final costs is not unusual where the Government erects buildings or shipyards.

The Pentagon Building, in Arlington, Va., the principal office building for the War Department, was originally estimated to cost \$35,000,000, but the final cost will be more than \$70,000,000. This building was designed to accommodate about 40,000 employees. However, it will accommodate only about half that number. The final cost per occupant, therefore, will be approximately four times the cost anticipated.

Mr. John L. Baker, Assistant Chief Engineer of the Maritime Commission in the Gulf coast region, testified before a Congressional committee that it is not unusual for the cost of shipyards to increase 50 percent or more over the original estimate. (Record, vol. 15, p. 82.) At the time the Higgins contracts were approved, Mr. Herman Fox Lame, Chief Engineer of the Plant Engineering Section of the Maritime Commission, estimated for the Commission that the facilities would cost \$55,000,000. (Record, vol. 33, p. 97.)

Admiral Land testified before a congressional committee:

"The only serious complaint we have is his tremendously expensive facilities. He (Higgins) has not fallen down." (Record, vol. B, p. 81.)

Admiral Land, upon being questioned by Congressman BONNER, testified:

"The estimates for his (Higgins') facilities were extremely low and they have been rapidly boosted and there were a great many causes for that. Wages, material, transportation costs, cost of living. Many things, and difficulties in obtaining required material competitive with other war agencies and the Government, and that all applies to every other shipyard."

Upon further questioning by Congressman BONNER, he testified that the cost of the facilities of every other shipyard has increased. (Record, vol. B, p. 83.)

Commissioner Carmody told Mr. A. J. Higgins, Sr., at the time the contracts were awarded, that "it was his guess it (cost of the facilities) would exceed \$100,000,000." (Record, vol. 8, p. 12.)

In Mr. Carmody's testimony before a congressional committee (record, vol. 11, p. 8) he testified:

"As a matter of fact, I have no hesitancy in saying that when the original estimate (cost of facilities) was presented, I said it was far too low, but that is a common occurrence with construction estimates."

The upward trend of shipyard costs, over original estimates, is nothing new to the Maritime Commission. According to Mr. Lame, the cost of the Maritime Commission's shipyard at Panama City rose 53 percent, from an original estimate of \$8,500,000 to a cost of \$13,000,000. The cost of the Maritime Commission's shipyard at Savannah rose 200 percent, from an original estimate of \$5,000,000 to a cost of \$15,000,000.

The Maritime Commission on July 24, 1942, released to the newspapers the statement that the Higgins shipyard cost "represents the highest cost per ship to be constructed under any of the Maritime Commission's contracts." (Committee's exhibit No. 3). This statement is contrary to the evidence given by Maritime Commission officials and others before this committee and Congressional committees. The July 24 release stated that the cost of the Higgins shipyard, exclusive of the \$6,500,000 power plant, was \$9,000,000, whereas Admiral Vickery, on August 21, 1942, admitted to a Congressional committee that the top limit had been set at \$45,000,000 (record, vol. B, p. 17), and your committee has found that this was actual top cost of the yard. The Maritime Commission's cost per ship allegation was reached by dividing the cost of the shipyard plus the cost of the power plant by 200, the number of ships to be constructed under the March 13 contract with Higgins. Such calculation avoided consideration of the thousands of ships that could have been built at the Higgins plant at the rate of 720 per year following the completion of the first 200 vessels.

A fair method of calculating the per-ship cost of the Higgins plant is to divide the cost of the plant by the number of ships it could have produced during a reasonable amortization period. Using a 3-year amortization period, in that time this shipyard could have launched more than 2,100 ships. Dividing the cost of the plant by such a figure would bring proof that this shipyard was by far the lowest on a cost-per-ship basis of any plant ever constructed anywhere.

The Maritime Commission's official release further carefully avoided any reference to the savings that would have been effected through the offer by Mr. Higgins to forego profits which could have amounted to \$28,000,000 on the ship contract. Nor did the release mention his foregoing the usual 3-percent construction-supervisory fee for erecting the shipyard, which would have amounted to approximately \$1,350,000.

The most important factor avoided in the official release of July 24 was the savings of \$50,000,000 to the Government by the reduction in labor costs on the 200 ships, which would have been accomplished through the Higgins plan.

Instead of being the highest priced shipyard in the country, as the Maritime Commission's statement asserted, the efficiency of the Higgins plant was so great that it, plus the patriotic generosity of Mr. Higgins, would have resulted in our Government's acquisition of the greatest ship-producing center in the world, paid for entirely out of savings made over what the 200 ships cost at old-line, conventional shipyards. These savings would have paid for the shipyard, and also for the erection of a power plant large enough to serve not only the Higgins plant but many other industries in the New Orleans area. All this would have been accomplished before December 31, 1943.

Considering the tremendous contribution to our war effort that would have been made by this shipyard, the amount involved should not have been permitted to have prevented the building of a plant that unquestionably would have accelerated victory. Coming at a time when we are spending approximately \$6,000,000,000 a month, the Maritime Commission's sudden attention to economies ignores the greatest values—those of human



lives, of the security of our country, and of universal peace.

It was also suggested by the Maritime Commission in its news release that another difficulty with the Higgins project was the lack of housing facilities. This was a problem met every time new plants were built and would have been easily solved, members of the Maritime Commission admitted. At Panama City, Fla., a town of only 5,000 population, the Maritime Commission is building a shipyard which will employ 9,000 men.

Many of the employees who were going to work at the Higgins plant were residents of New Orleans. The cost of the housing was no problem. A New York banking group offered to invest private capital for the entire cost of building the houses. The housing problem had been thoroughly discussed and plans and specifications for building the facilities had been approved by the Maritime Commission.

The committee is of the opinion that the housing problem was no factor in the cancellation of the contracts.

Other problems, such as the supply of power and transportation, had been fully faced, discussed, and adequately solved.

The Higgins plant operations were so simplified that 80 percent of the work could have been done by women.

At the time of the cancellation a training school had been completed and equipped, ready to train employees. More than 5,000 persons had already filed their applications for such training. It is significant that after the contract was canceled the first project to be abandoned was this training school. Mr. Higgins had offered to purchase this school and operate it at his own expense to provide skilled workers for shipyards throughout the Nation, but the Maritime Commission rejected this offer and dismantled the institution.

There was no labor shortage, as has been pointed out above. On July 18, 1942, 9,000 persons were employed at the Higgins shipyard, 10,000 more would have been available in a week, and 75,000 more would have been available by July 1943. The American Federation of Labor was cooperating with Mr. Higgins, and its officials had assured him that all necessary labor would be made available. (Record, vol. 35, pp. 27-28.)

Holt Ross, chairman of this committee and who is familiar with southern labor conditions, testified as follows (vol. 35, pp. 26-28):

"As district representative of the International Laborers' Union and as a representative of the American Federation of Labor, I have been in constant touch with the Higgins Industries and the Higgins Corporation's labor relations policy, and am of the opinion that no more satisfactory labor relations set-up is in effect anywhere in the United States.

"It has been my duty to participate in practically every conference between management and labor representatives in both the Higgins Industries and the Higgins Corporation. I have participated in all negotiations of agreements and do not hesitate to say that Mr. Andrew J. Higgins, Sr., and the officials of his companies have always displayed an extremely cooperative attitude toward organized labor, and we have entered into strictly closed-shop contracts on all operations.

"Members of this committee are representative of all labor organizations in New Orleans, the State of Louisiana, and the United States, and these representatives have authorized me to testify in their behalf, and the statement above reflects the attitude of the other members of the committee.

"Higgins Industries and Higgins Corporation were two of the first to put into effect the labor-management committees for the purpose of insuring harmony and expediting production. I know of no improvement at the present time that could bring about a more sound and satisfactory labor relation

set-up than those now existing in the Higgins Industries and that existed in the Higgins Corporation as of the date of cancellation of the contracts, and up to the time that work ceased in connection therewith.

"At the time the Higgins Corporation contract was canceled, approximately 9,000 workers were employed in constructing the facilities, and I am reliably informed more than 10,000 would have been employed within the next 10 days. There was an adequate supply of both skilled, semiskilled, and unskilled laborers available as of the date of cancellation.

"I understand that approximately 45,000 employees would have been required for the shipyard when it began production, and that this figure would be revised upward to some 95,000 by the middle of 1943. I am sure that the various labor organizations could have supplied this number of employees when needed, as applications were coming in by the thousands to the business agents of every organization that would have supplied labor.

"The writer himself received hundreds of applications for employment and hundreds of telephone calls from throughout the entire South, and the writer also visited the training school set up in the city of New Orleans for the purpose of training workers for this particular project. This school was modern in every detail, had sufficient, competent instructors, and thousands had made application to take the necessary training.

"There is no doubt in my mind that we could have furnished without any trouble whatsoever all employees necessary for the successful operation of the plant."

#### 8. Why the contracts were canceled

Since it is the committee's findings that the cancellation of the Higgins contracts did not occur because of a shortage of steel, or because of any of the other collateral reasons given by the Maritime Commission, it is the duty of this committee to make further inquiry and findings as to what were the real and undisclosed reasons for the cancellation.

Gov. Sam Houston Jones, of Louisiana, made the following statement to this committee (record, vol. 24, p. 24):

"I have used every effort to have these contracts reinstated, and after investigation I know of no reason that would justify the cancellation of these contracts. I feel that untold damage was done to the war effort of our Nation and to the morale of the people of our country.

"I hope, therefore, that your committee will be able to find the real reason for the abandonment of this shipyard."

Jared Y. Sanders, Jr., Representative in Congress from Louisiana, testified before a congressional committee on August 3, 1942, as follows:

"The starting of the Higgins plant and then its closing within the period of approximately 4 months would indicate that it was either a mistake to start it or a mistake to close it. There would seem to be a justified assumption that someone had blundered somewhere."

In addition to the record-breaking program of cargo-ship building under the jurisdiction of the Maritime Commission, the Nation is also engaged in a gigantic undertaking in the building of combat vessels for the United States Navy. This latter program is under the direction of the Bureau of Ships, which is part of the Navy Department. There is now and there has existed for some years past a close personal relationship among members of the Maritime Commission, the Bureau of Ships, and Joseph W. Powell, who is special assistant to the Secretary of the Navy.

Admirals Land and Vickery and Mr. Powell are graduates of the Annapolis Naval Academy and have through the years become fast

friends and have closely cooperated with each other. Admirals Land and Vickery are still subject to Navy jurisdiction.

The Navy's Bureau of Ships and the Maritime Commission frequently work together. The Bureau of Ships approves the original design of every vessel built by the Maritime Commission. The two agencies work together in many shipbuilding ventures. (Record, vol. 33, pp. 117, 118, 119.)

Long before Mr. Higgins had dealings with the Maritime Commission concerning cargo ships he had been doing business with the Navy through the Bureau of Ships. Your committee finds that these relations resulted in a feeling of personal animosity exhibited by high naval officials toward Mr. Higgins.

In February 1942 Mr. Higgins was called to Washington and sent to Mr. Powell's office by officers of the Bureau of Ships. Mr. Powell criticized Mr. Higgins for failure to deliver tank lighters to the British on the dates provided for in the contracts for those vessels. The delay in this delivery was the fault of Navy officials who admitted they failed to fulfill their duty in supplying Higgins Industries, Inc., with steel for the order. At that time Mr. Powell said to Mr. Higgins, "I thought you were a great boatbuilder. We want boats, not alibis." (Record, vol. 33, p. 162.)

Early in 1942 Admiral Jones, then with the Bureau of Ships, visited New Orleans and warned Mr. Higgins that the construction of the then proposed Industrial Canal plat by Higgins Industries, Inc., was being done "at your own risk" (record, vol. 33, p. 146) and that Mr. Higgins could not expect any orders from the Bureau of Ships for torpedo boats or tank lighters. This plant, now achieving mass production through the assembly line method, is supplying the Navy with the vitally essential invasion boats and torpedo boats which have rendered excellent service to our armed forces throughout the world. Mr. Higgins completed the plant in record time, without any financial or other aid from the Government. It was at this establishment, on September 13, 1942, that the Army-Navy E was awarded to Higgins Industries, Inc., for excellence in production.

On May 25, 1942, tests were made at Norfolk, Va., for the purpose of determining whether the Higgins-designed tank lighter or the Navy-designed tank lighter was better adapted for invasion purposes. Capt. Ben Barbey, United States Navy, made the following report:

"En route to Fort Story, the Bureau tank lighter shipped so much water off Thimble Shoals that it was forced to turn back for fear of foundering. The Higgins tank lighter reached Fort Story successfully and disgorged the 30-ton tank on the beach without difficulty, except that more time than necessary was taken in the disgorging operation, because the tank commander feared the water was too deep. This did not prove to be the case.

"To put the matter boldly, the Higgins tank lighter fulfilled its mission under reasonably rough water conditions and the Bureau tank lighter did not." (Record, vol. 34, p. 7.)

As a result of this proof of superiority, the Bureau of Ships gave substantial contracts to Higgins Industries, Inc., for the building of the boats involved. The resentment of the Bureau of Ships officials, particularly Admirals Jones and Van Kuren, who have since been transferred from that department, was described to your committee.

Early in July 1942 Admiral Land disclosed that he knew of the differences Mr. Higgins was having with the Navy because he told Mr. Higgins:

"Yes; I know all about your attacks on the Navy." Admiral Land then left the room with a show of hostile feeling and resentment. (Record, vol. 33, p. 142.)

On July 8, 9, or 10, Mr. Higgins spoke to Admiral Land on the telephone concerning a giant "Y" boat which he had designed and the design of which he had given to the Navy. Mr. Higgins testified that the Navy had redesigned this boat in such a manner that he felt it could never be used as a landing boat. Mr. Higgins further testified that he felt that the boat as redesigned by the Navy would be impracticable as a landing boat, and that he also felt many lives would be lost through its use. In addition, he felt a great loss of time and money would result from the construction of these boats. First, Mr. Higgins appealed to high ranking Navy officers, pleading with them to change the design of the boat. The officers received the suggestion most discourteously and with resentment. (Record, vol. 29, p. 143.) Mr. Higgins then appealed to Admiral Land to use the admiral's influence and that of Admiral Vickery to have the Navy correct the design. Mr. Higgins, in a telephone conversation with Admiral Land, said that he was making this plea as an American, and that he had no desire to get any business through the change in design, but was interested only in saving the lives of our boys and winning the war. Admiral Land replied sarcastically: "Oh, so you are an American?" (Record, vol. 33, p. 144.)

Mr. Higgins and his staff perfected an explosive which he submitted to the Army, Navy, and Marines. The Marine Corps wanted to adopt that explosive, but the Navy refused them permission, stating that it was not stable. Since that time Mr. Higgins has donated the formula and generous quantities of ingredients to the Russian and Chinese Governments, and these Governments are now using that explosive—"Higite"—in their gallant defense of their countries.

In a public speech at New Orleans, at a banquet attended by Navy officers, Mr. Higgins made substantially the following statement:

"It would be better to build rapidly any kind of vessel that could combat the subs. Why build ships we cannot get out of our ports? We unquestionably would build ships according to the contract, but what good would it do to build two ships a day, if two or more were permitted to be sunk?" (Record, vol. 33, p. 146.)

Members of this committee viewed at Higgins Industries, Inc., yards (see photographs, committee's exhibits 35 and 36), about 1,100 boats, including torpedo boats, tank lighters, and personnel landing boats, which have been completed except for certain vital parts, including in various instances, such items as a propeller, propeller shafts, engines, etc. This committee was informed that it is the Navy's duty to supply these items and that it has failed to do so. This committee was further informed that the Navy has made such parts available to other shipbuilders and that it has even allocated such parts to certain boatbuilders who have not begun to build the boats.

In the early part of 1942 members of the Committee of the United States Senate Investigating the National Defense Program (known as the Truman committee) visited New Orleans and saw 500 of these boats lying idle in the bayous of Louisiana, withheld from action because of the lack of these parts. Although the Truman committee censured the Navy for this condition, no action was taken to improve the situation. On the other hand, the number of vessels now lying useless because of the Navy's failure to supply these needed parts is more than double the number of boats seen by the Truman committee.

After a full investigation by the Truman committee, that committee charged officers of the Bureau of Ships were guilty of either "negligence or willful misconduct" in failing "to accept with gratitude the proved accomplishments of the private concern (Higgins

Industries, Inc.) instead of insisting, as it (the Bureau of Ships) did, upon using models of its own design, despite the repeated failures thereof." In a letter sent by Senator HARRY S. TRUMAN to Navy Secretary Frank Knox, the Truman committee chairman, in strong language, called the attention of the Secretary of Navy to the biased and prejudiced treatment received by Higgins Industries, Inc., from the Bureau of Ships. The full text of this letter of condemnation follows (record, vol. 33, p. 83):

TRUMAN COMMITTEE,  
SENATE OFFICE BUILDING,  
Washington, D. C., August 5, 1942.  
HON. FRANK KNOX,  
Secretary of the Navy,  
Washington, D. C.

MY DEAR SECRETARY: There is transmitted herewith for your personal information, and for such action as you may see fit to take, a report of the Special Committee of the Senate Investigating the National Defense Program concerning the manner in which the Bureau of Ships has dealt with a vehicle important to the success of any invasion attempt.

If, in your opinion, the detailed facts set forth in the report and its 36 exhibits taken from the files of the Army, Navy, and Marine Corps should not be made public at this time the committee will postpone publication of the report, but I cannot condemn too strongly the negligence or willful misconduct on the part of the officers of the Bureau of Ships entrusted with this vital matter, involving as it did both the success of your military forces and the lives of American marines, sailors, and soldiers.

The biased and prejudiced treatment received by Higgins Industries, Inc., from the Bureau of Ships is of secondary interest only, but a company possessing the skill and energy in both design and construction now admitted by the Bureau of Ships ought not to have received the treatment accorded to it in this matter.

During the prosecution of a war where the very existence of the Nation is at stake, the Bureau of Ships should have accepted with gratitude the proved accomplishments of the private concern, instead of insisting, as it did, upon using models of its own design, despite the repeated failures thereof.

That the war effort has not suffered an irreparable injury is due largely to the ability and energy of the Higgins Industries, Inc., and to its repeated criticisms of the shortcomings of the design prepared by the Bureau of Ships. Higgins Industries, Inc., should be commended for doing this without fear of the results which such criticisms might incur with the agency on which it was dependent for contracts.

Very truly yours,

HARRY S. TRUMAN,  
United States Senator.

Both the Bureau of Ships and the Maritime Commission have for years openly pursued a policy of protecting existing shipyards, by opposing construction of new shipyards by independent firms.

In 1940, while being consulted as to the erection of a new shipyard at Mobile, Ala., Admiral Vickery stated that any new shipyards on the Gulf coast would be built only over his dead body, except at Pascagoula, Miss., and Houston, Tex. (Record, vol. 27, p. 99.) The exceptions applied to conventional shipyards owned by long-established shipbuilding interests.

The hostility and opposition to independent shipbuilding ventures, and the favoritism toward existing shipyards have prevailed for a long period of time among Commissioners Land and Vickery, other high-ranking naval officers, and Joseph W. Powell. This committee heard testimony describing in detail the futile attempts by several groups of reputable individuals to establish new yards in various parts of the country.

In the early months of 1941 the Jacksonville Shipbuilding Corporation, an independent organization managed by individuals of high repute and who were excellently qualified to engage in such business, attempted to establish a new shipyard at Jacksonville, Fla. More than \$100,000 was expended by this corporation in developing plans for a cargo ship and shipyard. The ship was designed for a speed of 22 knots. In addition to this advantage in escaping submarines, the ship was designed to mount guns and had a flying deck that permitted the vessel to carry its own planes.

The Navy board, composed of admirals, approved the plans for this vessel and agreed that it went well on the way toward eliminating the submarine menace. This approval by the Navy board was voiced in an official report.

Since the ship combined the features of a cargo vessel and a combat ship, it came under the jurisdiction of both the United States Maritime Commission and the Navy's Bureau of Ships. The latter department's position in the case made it necessary for one of the Jacksonville officials to confer with Joseph W. Powell. It was necessary to submit the plans for the proposed ship and the shipyard to Mr. Powell, and when these plans were submitted, Mr. Powell is reported to have stated that "he was in charge of production of the Navy shipbuilding program; that he was going to run the shipbuilding program of the United States Government; and that he was going to see that it was going to be run under his control and direction." (Record, vol. 29, pp. 20 and 29.)

Not only were the officials of this Jacksonville firm rejected by Mr. Powell, the Bureau of Ships, and members of the Maritime Commission but they and their attorney were discourteously received by the then Captain Vickery, and were subjected by him to "the roughest kind of treatment." (Record, vol. 29, p. 86.)

Another Jacksonville official, a man of considerable standing in his community, was told by the then Captain Vickery to forget about the entire matter and go home and that he (Captain Vickery) was running the Maritime Commission program. (Record, vol. 29, p. 86.)

Mr. Powell told these men that it was his policy that no new shipyard would be opened up or financed by the United States Government and that no yards would be financed or constructed except those which would be under the control and management of existing shipbuilding companies. (Record, vol. 29, p. 20.) The Jacksonville officials received the same type of answer from the Maritime Commission officers. Both Admiral Land and Captain Vickery declared that no new shipyards would be encouraged by the Government and that if the Jacksonville people expected any financial assistance from the Government, they should forget about the matter. (Record, vol. 29, p. 31.) When an official of the Jacksonville firm volunteered to put up his whole fortune and underwrite the new shipyard up a \$10,000,000 limit if the Government would give the yard business, he was told by Captain Vickery that he was proceeding at his own risk and that the Maritime Commission could not prevent him from going into business. Captain Vickery stated that he could not be given any assurance of any Government contracts even if the shipyard would be built. (Record, vol. 29, p. 37.)

During the same period of time, these officials of the Navy and Maritime Commission were financing new shipyards for existing companies only and expanding their vol. 29, p. 37.)

RICHARD J. WELCH, Member of the House of Representatives from California, announced before the congressional committee investigating the cancellation of the Higgins contracts that Mr. Powell told him



that there would be no ships built for the Government on the Pacific coast. Pacific coast shipyards, built since Mr. Powell's statement, have made splendid records in building ships for the Government.

Admiral Land, in his testimony before the House Naval Affairs Committee, also asserted that ships could not be built successfully by the Pacific coast yards.

The opposition to independent firms seeking to build new shipyards is also evidenced in correspondence between Senator J. H. BANKHEAD of Alabama and Admiral Emory S. Land, between May 21, 1941, and November 14, 1941. (Committee's exhibit 38.)

Admiral Land, on October 13, 1941, told Senator BANKHEAD that new shipyards could not be built because of a congressional prohibition against using funds for anything except existing yards. Admiral Land wrote:

"In conclusion, may I invite your attention to the report of the House Appropriations Committee to the Congress on the first supplemental national defense appropriation bill for 1942 which definitely indicates that funds in the bill for facilities (\$50,000,000) were for the expansion of existing yards and then only when such expansions were necessary to carry out the act."

Senator BANKHEAD pointed out in his reply to Admiral Land that there was no such restriction in the act, stating:

"There is absolutely nothing in the act that restricts the expenditures, in whole or in part, for the facilities (\$50,000,000) therein provided for, to existing yards. I will thank you to inform me what connection, if any you or any other member or representative of the Maritime Commission had with the inclusion of the words 'existing yards' in the Committee's report." (Record, vol. 34, p. 79.)

It is the finding of this committee that previous to the announcement of the President's program (24,000,000 tons of ships), the policy of the Maritime Commission and the Navy Bureau of Ships was to protect existing yards and to discourage the erection of new shipyards by firms or individuals not formerly in the shipbuilding business. If increased tonnage was needed, their policy was to expand the existing shipyards. It was only when faced with the necessity of compliance with the huge program of the President, that the Maritime Commission was forced to abandon this policy of protection. It was the urgency of the situation that compelled Admiral Vickery to seek the assistance of Andrew J. Higgins, Sr., to find a way to build ships faster than by the conventional method. This new policy was adopted despite the fact that a mass-production assembly-line plant would affect the existing shipyards of the country.

As stated earlier in this report, Joseph W. Powell is, and has been since 1938, Special Assistant to the Secretary of the Navy and Deputy Director of the Navy's Office of Production and Material. Mr. Powell graduated from the Naval Academy in 1897 and then took a postgraduate course at that institution. He left the Navy and joined the William Cramp & Sons Ship Engine Building Co. In 1914 he became president of the Fore River Shipbuilding Co., which was a wholly owned Bethlehem subsidiary.

In 1917 he became vice president of the Bethlehem Shipbuilding Corporation, which position he resigned on December 31, 1920. He then became president of the old United States Shipping Board Emergency Fleet Corporation and consolidated all ship-repair yards around New York, except Todd Co., into United Shipyards, Inc., becoming its president until 1938, at which time he assumed his present position with the Navy.

Mr. Powell professed that he wanted to get back into the Navy "to be free to do what I thought I could do to the best advantage to help the national effort" (record, vol. 27, p. 55.)

Mr. Powell's assistance to the national effort during World War No. 1 is a matter of record. In 1917 Mr. Powell was vice president and operating manager of the Bethlehem Shipbuilding Corporation, an affiliate of Bethlehem Steel Co. Then, as now, our Nation was in great need of ships, and our Government, through the Emergency Fleet Corporation, entered into a shipbuilding contract with Bethlehem Shipbuilding Corporation. This contract resulted in a profit of 22 percent, or about \$24,000,000, exclusive of the profits of the affiliate Bethlehem Steel Co., which sold, at maximum prices, 43,000 tons of sheet steel used in building the ships under the contract. The contract was negotiated by Joseph W. Powell.

Then, as now, we were fighting for our very existence. Mr. Powell, acting for his company, refused to build ships for our country except upon terms which were most advantageous to his company, and which were dictated by him. The contract terms provided that the ships "be constructed on the basis of actual cost plus a fee, with an agreed-upon probable cost, this company to be paid in addition to the fee, one-half of any saving that may be made below this cost figure \* \* \*." (Record, vol. 22, p. 30.) It is thus readily seen that under Mr. Powell's unfair proposal, which the Government was forced to accept, the shipbuilding corporation assumed no risk whatsoever. It is also clear that the higher Mr. Powell's company made its estimate, the more profit it realized.

In arguing this matter before the Supreme Court of the United States on September 9, 1941, the Attorney General of the United States took the position that Germany's submarine warfare made it imperative that the Government secure the greatest possible number of ships in the shortest possible time; that our Government, faced with this need, was driven into the acceptance of the Powell-dictated contract on whatever terms Bethlehem proposed. The alternatives were to do without the ships that Bethlehem could produce or to risk military defeat. This was well known by Mr. Powell and he used the Nation's desperation to force through an unfair contract, providing for exorbitant profit for his company.

The above facts are a matter of record in the case of United States Shipping Board Emergency Fleet Corporation versus Bethlehem Shipbuilding Corporation, Ltd., decided February 16, 1942, and reported in Volume 62, United States Supreme Court Reporter, page 581.

In a concurring opinion Mr. Justice Murphy stated that it was understandable that one could become indignant at Bethlehem Shipbuilding Corporation's claim. (Opinion, p. 593.)

In a strong dissenting opinion Mr. Justice Frankfurter, after pointing out that Bethlehem Shipbuilding Corporation took no risks at all, adopted the following language of the district court:

"The managers (Joseph W. Powell et al.) for the contractor (Bethlehem Shipbuilding Corporation) adopted the famous Rob Roy distinction, who admitted he was a robber but proudly proclaimed that he was no thief. The contractor orally and openly fixes the figures in the estimated cost so high as to give them the promise of large bonus profits."

"The managers for the Fleet Corporation knew that the estimate was high, why it was high, and so protested it. The reply of the managers was, 'We will take the contract with this promise of bonus profits included in it, but not otherwise. You take it or leave it.' Whatever wrong there was in this may have been the wrong in a daylight robbery, but there was no element of deception in it."

In the light of Mr. Powell's past activities during World War No. 1 and his general background and connections, this committee believes that he influenced the cancellation of

the Higgins contracts. By eliminating the Higgins plant, Mr. Powell and the Maritime Commission succeeded in reestablishing their policy of protecting the old-line shipyards. Mr. Powell was in a most favorable position to exert influence against the erection of the Higgins plant, first, because of his power as Assistant to the Secretary of the Navy; second, because of his 40-year friendship with Admiral Land and his close relations with other members of the Maritime Commission; and third, because of his close connection with the big shipbuilding firms which are subsidiaries of the large steel firms of the Nation.

Further evidence of the favoritism enjoyed by the large shipbuilding interests in their relationship with the Maritime Commission is contained in statements made by Dr. Mordecai Ezekiel, Government economist, who, at the instance of the War Production Board, conducted a Nation-wide study of the steel situation in connection with the Maritime Commission's program. Dr. Ezekiel's replies to questions at this committee's hearings included the following (record, vol. 32, pp. 110-111):

"Mr. BARBE. May I ask a question? In your opinion, did you believe there was any semblance of favoritism shown to some shipyards by those who allocated the steel?"

"Mr. EZEKIEL. I do not think there is any favoritism by those who allocated the steel. It is quite possible, however, that there was favoritism by those who were supposed to be carrying out the allocation."

"Mr. STOVALL. That boils down to misallocations in one form?"

"Mr. EZEKIEL. The compliance procedure of War Production Board has never been completely whole, and there is no question that some of the companies that tied in with the producing companies got more than they were supposed to get and some others who had not been long-time customers did not get as much as they were supposed to."

"Mr. STOVALL. Well, that is favoritism, is it not?"

"Mr. EZEKIEL. Errors in making the allocation all happened to fall that way. I believe that the Maritime Commission has been tightening down more and more on that."

"Mr. QUINN. You would not say the law of averages has been strained, would you?"

"Mr. EZEKIEL. I think in all American business procedure or the law of averages, if there is a judgment to be made, if there is a shipment to be sent to this guy or the other, you send to the one with whom you have been doing business."

"Mr. STOVALL. In other words, don't favor your competitor."

"Mr. EZEKIEL. No."

The activities of the Bethlehem Shipbuilding Corporation, one of the largest of the world and an affiliate of the Bethlehem Steel Corporation, are best revealed by a full-page advertisement which appeared in newspapers throughout the country on July 24, 1942, 6 days after the Higgins project was shut down. Describing the Bethlehem Fairfield yard, this advertisement stated (committee's exhibit 11):

"We will shortly launch our forty-sixth Liberty ship."

"Since the establishment of the yard, production has been pushed forward at an ever accelerated pace. The number of ways has been quadrupled. An enormous prefabrication shop has been equipped. Outfitting docks have been enlarged and crane facilities augmented. The effort is but a beginning of what can and will be done."

This advertisement emphasized that the yard in question was the first on the Atlantic seaboard to win the M pennant award of the United States Maritime Commission. This award follows the policy of the Maritime Commission—"soft-pedal on Higgins,

soft-pedal on Kaiser, and build up Bethlehem"—described earlier in this report.

Your committee has examined carefully the Maritime Commission's reasons for canceling the Higgins contracts and it finds that these reasons were not valid. This committee finds that the only interests that could be injured in any way by the mass-production success that was inevitable at the Higgins plants were those interests which owned and operated the old-line conventional shipyards throughout the country. The Higgins plant, unquestionably, offered competition that could not be met successfully by conventional plants after the war.

Obviously, it is impossible to obtain direct statements from those persons who may have been responsible for abandoning the Higgins project in order to protect the existing shipyards. However, the competitive threat of the Higgins project was openly recognized by many, including Admiral Land, who, in his testimony before the Truman committee, stated that 20 or 30 other shipyards in the Nation would be seriously affected if the Higgins contracts were reinstated. (Record, vol. 34, p. 39.)

The alleged shortage of steel, given as the main reason for canceling the Higgins contracts, was one chosen by the Maritime Commission in an attempt to escape criticism. This "reason of convenience" was also an attempt to take away from all officials involved any blame for mistakes or partiality. It was described by Admiral Land as being in the nature of a force majeure. This committee finds that the Maritime Commission's claim of an alleged shortage of steel was without merit.

It is significant to this committee that the persons able to shed the most light upon the subject under investigation refused to appear before it. Mr. Joseph W. Powell was invited to appear before the committee. Mr. Powell replied (record, vol. 35, pp. 8-9):

"If a member of your committee wishes to call on me in my office, at the Navy Department, room 2016, at a time convenient to me, I will, as a matter of courtesy, repeat to him the statements that I made before the House Committee on Merchant Marine and Fisheries when this contract was under investigation by that official body."

Such an interview would have been valuable, since this committee already had this former testimony; what was needed was Mr. Powell's replies, for the record, to questions based on evidence before this committee.

On October 8, 1942, your committee sent telegrams to members of the Maritime Commission, inviting them to appear before the committee to testify upon the subject of the investigation. Several communications were exchanged between the committee and some of the members of the Commission. On October 21, the committee received a letter from Commissioner John M. Carmody (record, vol. 34, p. 1) in which Mr. Carmody stated that the Commission, either individually or collectively, would see a member of the committee for an interview, and that this decision had been arrived at after a discussion with the other Commissioners.

The committee thereupon selected Chairman Ross as the person to interview Admiral Land, Admiral Vickery, and Commissioner Carmody individually, and advised Mr. Carmody by letter of this action, stating that Mr. Ross would interview these Commissioners. In order that the committee could obtain an accurate report of the interview, it was proposed that Mr. Ross be accompanied by counsel and a court stenographer.

On October 21 the chairman received a letter dated October 20, from Mr. Carmody, advising that the Commission had reconsidered the matter and refused to be interviewed at all.

It is the opinion of this committee that Admirals Land and Vickery, Commissioner Carmody, and Joseph W. Powell feared dis-

closures harmful to them, and that this was the reason for their refusal to appear for questioning.

In contrast to the position taken by the Maritime Commission and Mr. Powell, Mr. Donald M. Nelson came to the committee's hearing, unaccompanied. Mr. Nelson's frank testimony cast much light on the matters under investigation. He impressed every member of the committee as being able, co-operative, and an outstanding, patriotic American.

#### 9. Predominance of large business influence in Washington

Labor and small business are being called on constantly to make sacrifices in connection with the war effort. There is an almost complete absence of representatives from either of these groups in the high Government positions where their knowledge and experience should be utilized.

Typical of this condition was the testimony given before the Senate Committee Investigating the National Defense Program (known as the Truman committee) which record was studied by this committee. In outlining the personnel of the policy-making sections of the steel section of the War Production Board, R. C. Allen, Deputy Chief of the War Production Board Iron and Steel Branch, revealed that all civilian members of the clearance committee of that branch and all civilian consultants were or had been officials of large corporations and that nearly all of these men were dollar-a-year men, still receiving substantial salaries from their firms.

This committee was assured by Donald M. Nelson, Chairman of the War Production Board, that steps are being taken to correct this condition by including labor in policy-making groups.

#### 10. Labor in Government

One of the most promising aspects of your committee's investigation is that it found certain high officials in the Government, such as Donald M. Nelson, in complete agreement with the thought that labor should have a greater part in shaping governmental policy in the war effort. Mr. Nelson's replies to questions by the committee's chairman and counsel follow:

"Mr. Ross, The American Federation of Labor and this committee are not interested so much whether Liberty ships are built there, but what labor is sincerely interested in is doing the best that can be done to expedite the war effort.

"The Chair recalls that on the third day after this contract was canceled, a huge mass meeting was held in New Orleans, which was advertised as a protest mass meeting, but in reality it was not that. The Chair, during an address, stated it was his personal opinion we should have to devise some other means of getting supplies to our boys in foreign countries; on the battlefields of the world, and in his personal opinion it would take giant cargo planes or possibly cargo submarines, because it was apparent at that time for every ship we built we were losing two, and that is how we feel now. We want to do everything humanly possible to expedite the war effort and the winning of this war. Our personal desires should be in the background and put our shoulders to the wheel.

"Mr. NELSON. That is well expressed, as a good American, and that is the spirit we must have to win this war, and that I have heard expressed by American Federation of Labor leaders. We have had the best kind of relationship with the American Federation of Labor in the war program. We will be glad to work with this committee if there are any things you can suggest to be done with these facilities or building of additional facilities there. I will be glad to work with you and see that it gets careful consideration. (Record, vol. 31, pp. 31, 32.)

"Mr. MARGIOTTI. Mr. Nelson, what is your position of giving labor more of a voice in

the affairs of conducting the war program in our great effort to win the war? You think they should have more voice so that occurrences such as happened in the Higgins contract will not occur again?

"Mr. NELSON. Yes; and I am taking steps to see this done. We have just announced formation of this Labor Policy Committee, composed of two from labor, two from management, and an impartial chairman who has been approved by both, and I think that group of five should know anything that is going on. I do want to see labor brought in more, and see labor representatives a part of our work in all branches.

"I have asked President Green and President Murray to sit with me as soon as they get back to discuss more of this participation to bring men in administrative positions where they can be of real assistance—whether we can do it as vice chairmen or other positions, is a question of good organization.

"I do want to see labor have a greater knowledge of what is going on. I have seen and know from experience, the more a person knows of the situation, the better they understand it, and I want labor leaders here to know that.

"In a war program such as we have, it will be necessary to make very great changes in ships as we consider an offensive. There will be changes in the program. A plant may have to be shut down here and another built up rapidly there, and if labor knows that to the point workers understand it and know, they are not suspicious. Lack of knowledge breeds suspicion. The more labor knows the reasons we have to make these changes, and why some critical materials are scarce, along with the knowledge they can increase our production of aluminum, or steel, or copper, or landing craft, the better we can get the job done. That is a fundamental belief of mine.

"Mr. MARGIOTTI. I agree with you and that should take place in all other important governmental boards and agencies. I think the same may be true of the Maritime Commission; in the procurement divisions of the Army and Navy and other departments where the voice of labor would be helpful in winning the war; in getting proper cooperation, as you said, between labor and industry. That same cooperation ought to be between labor, management, and Government.

Mr. NELSON. That is right, and one of the things I instituted was these labor-management committees, which in many cases have helped improve production. I can show you records of that which are very gratifying; suggestions for preventing waste, actually millions of dollars have been saved through the knowledge of the man at the machine, and through this labor-management committee. To me, I think when the war is over—our immediate efforts should be to win the war rather than to try to do anything after the war, but I think you will find this labor-management committee permeating into the structure of our country and doing things that will improve our whole industrial system." (Record, vol. 31, pp. 33-35.)

On the same subject is the following testimony given by Dr. Mordecai Ezekiel:

"Chairman Ross. In industry engaged in war effort and such commissions as the Maritime Commission and the War Production Board and other agencies of that character, do you believe that if able and experienced labor representatives were members of effective agencies and were fully informed as to procedure and regulations and had more of a voice in forming policies, that it would be of vast benefit to the war effort as a whole?

"Mr. EZEKIEL. I think that people who know the labor problem and the labor points of view and that have the confidence of labor should participate in these things. You cannot set up Government administration,



though, as a balance between opposing forces. For example, I do not believe that Mr. Nelson, as head of the War Production Board, is a representative nor spokesman for business. I mean, if he regarded himself as a representative for business, I do not believe he could function in the interests of the general public. I know, certainly and of course, I have been in the Department of Agriculture for many years and have seen at close hand, the functions there. No farm organization designates or selects anybody who runs any action program in the Department of Agriculture. The people who run the action programs there, while they are working for the interests of the farmers and the interests of consumers, are known as such, designees of farmers. I do not know whether you could, in a democratic society, make the administrative work by having a dual administrative person in as one designee of business and one person as a designee of labor.

"I think you must have one administrator who runs things, but, I think, along with that administrator, you should have an advisory council, who does not make the final decision, but a council which does have a chance to make its position felt, and, in an advisory council, people representing labor, business, and the farmers should be present.

"I suppose I am prejudiced in this because I am what the British call a 'career civil servant' paid by everybody out of Government funds, rather than representing any one group. But I believe the man who is paid to represent the general interests can do a better job to represent the general public than somebody who has an affiliation back with a business, such as a dollar-a-year man or with labor. The people representing the different groups should be in an equal advisory position, but you should have people to actually run it responsible to Congress and to the administration.

"How close that fits the British plan I do not know. I would give labor, business, and the farmers exactly an equal voice, but I would not let any one of them run it." (Record, vol. 32, pp. 99-101.)

It is the opinion of this committee that steps should be taken along lines suggested by Mr. Nelson to the end that labor can have a more active participation in the affairs of government and more responsibility in the making of critical decisions, such as the cancelling of the Higgins contracts, which has brought about this investigation.

#### COMMITTEE'S CONCLUSIONS

After studying the record of this investigation and making the foregoing findings of fact, your committee has reached the following conclusions:

#### *I. Our Nation's victory in this war has been delayed by cancellation of the Higgins contracts*

In inducing Andrew J. Higgins, Sr., of New Orleans, La., to undertake construction of a mass-production assembly-line shipyard and to build 200 Liberty cargo vessels, the United States Maritime Commission recognized the ability of Mr. Higgins and his organization to produce cargo vessels faster and cheaper than could any shipyard in our country. The members of the United States Maritime Commission embarked on a program of spending hundreds of millions of dollars of taxpayers' money on this undertaking.

After commitments for some \$30,000,000 had been made and after \$15,000,000 and more had been spent in such a way that it could not be recovered, these same Maritime Commissioners abandoned the entire project. This was done at a time when American fighting men, stationed over the entire world, were in desperate need of the supplies, equipment, and weapons that cargo vessels could bring to them, a need that will probably last until our victory is achieved. In preemptorily

junking what they themselves had proclaimed as the shipyard which might mean the difference between defeat and victory, these same Commissioners retreated to the conventional shipyards of the country for their supply of cargo ships. That retreat placed the lives of the men in service and the future of this country in a position where everything depends upon obtaining the much needed ships from shipyards where each vessel has to be tailor-made at a pace far slower than that the Higgins shipyard would have maintained. At a time when a premium was placed on efficiency, it was determined to do away with shipbuilding facilities that would have proved to be the most efficient in order to favor less efficient conventional shipyards.

On September 26, 1942, the Maritime Commission announced that approximately 60 shipyards of our Nation, employing about 500,000 persons produced 488 cargo ships during the preceding 12 months. The Higgins shipyard in full production, with only 95,000 employees, could have produced 720 Liberty ships in a 12-month period, at a savings to our Government of \$180,000,000 per year. What is even more important, in view of the tremendous demands for manpower, the Higgins Shipyard could have made the other 60 yards and over 500,000 employees available to build other types of ships, or to engage in other vital war work.

The Higgins Shipyard was the most desirable, flexible, and economic yet conceived for building and repairing ships in war or peacetime. With a minimum of extra cost, the Higgins assembly line method could have been converted to produce larger and faster vessels, submarines, tanks, or aircraft.

Over 536 cargo vessels have been lost in the western Atlantic since America entered the war on December 7, 1941. Over 500 more cargo vessels have been lost throughout the waters of the world. We need more cargo ships now. Our shipbuilding program cannot be strung out to suit the convenience of anyone or the interests of the large, old-line shipbuilding companies. We must build more ships. We must build them faster, otherwise the policy of too few and too late may cause us to lose the war.

The Maritime Commission ignored wartime threats to the shipyards of our country, most of which are located in vulnerable positions on our seacoasts. This inland Higgins shipyard would have been free from attack by naval gunfire. It could easily have become our salvation should other shipyards suffer damage or destruction from land, sea, or air attack, accidents, or sabotage.

The winning of the war and the welfare of our Nation must be placed above the welfare of private interests. Patriotism must rise higher than concern about business as usual and what will happen to established business interests after the war. We must win the war; if we don't there won't be any business. Our casualty lists are growing. The hearts of many more families will be saddened. Those responsible for the unfortunate mistakes in the conduct of the war will be held accountable to our people.

This committee has labored arduously in a spirit of cooperation with the President of the United States. It has no interest in the cause of any individual or firm. Its only interest is in winning the war and in rendering service to our country and to our President.

#### *II. The conduct of certain high-ranking officials in departments of our Government has been such as to warrant action fitting for those who place personal feelings above the welfare of our Nation*

This committee finds that there exists among certain high-ranking officers of the United States Navy a feeling of caste consciousness that must be overcome if we are to wage this war successfully. The evidence heard by this committee revealed that there exists among men who make vital decisions, a

feeling that to their kind alone belongs control of American lives and American money. So deep-rooted is this doctrine and so jealous of their positions are its adherents that they discard any new idea or suggested improvement made by any outside group or individual.

This committee discovered an almost unbelievable atmosphere of bias and prejudice, not only in the Navy but also in the Maritime Commission, where naval officers are entrusted with grave responsibilities. The Truman committee, after investigation, charge the Navy's Bureau of Ships with being biased and prejudiced against Higgins Industries, Inc., and could not condemn too strongly the negligence or willful misconduct on the part of the officers of this Bureau.

In canceling the Higgins contracts, these officers placed personal feelings and prejudices above the welfare of our Nation.

#### *III. Sincere and generous patriots are the victims of hostility and opposition from certain officials in charge of our war effort*

Instead of welcoming the suggestions and offers of right-minded Americans who think only of winning the war, members of the Maritime Commission and of the United States Navy Bureau of Ships have discouraged such patriotic conduct. When Mr. Higgins and others, at their own expense, offered suggestions and facilities for aiding the war effort, they were not only rejected but the rejection was accompanied by unmannerly and discourteous treatment, usually found in the conduct of those who mistakenly believe they are of a superior class. The long experience and success of these private citizens in the manufacture of materials now vital to the war have been completely ignored in favor of the designs and plans created by less-experienced individuals whose backgrounds, however, are more to the liking of those in power.

#### *IV. There has been waste of Government funds, much-needed materials, and manpower through the gross negligence of those responsible*

The members of the United States Maritime Commission, particularly Admirals Emory S. Land and Howard L. Vickery, have shown a willingness to waste beyond recovery more than \$15,000,000 spent on the 40-percent completed Higgins shipyard at New Orleans. After completing the dredging of an 11-mile waterway, large enough for oceangoing cargo ships; after the use of more than 3,000,000 man-hours of labor in the project; after permitting more than 22,000 wooden piles to be driven into the earth; after the sinking of tons of concrete and steel in building foundations; after shipping in thousands of carloads of plan\* and ship materials to the New Orleans site—these same commissioners in one afternoon's meeting decided to abandon all of that work, selecting a fictitious reason as their excuse for so doing. As though that were not enough, these men permitted the work to go full blast for 8 days more before they issued orders to stop spending further money and to cease using further labor and materials. Approximately \$1,500,000 was spent in that 8-day period.

#### *V. Decisions vital to the war effort are influenced by certain men in high places who are protecting private interests*

Before our entry into the war, Admirals Land and Vickery and Joseph W. Powell, Special Assistant to the Secretary of the Navy, openly voiced their policy of favoring existing shipyards, many of which were owned by big interests. When our President's demand for "ships, ships, and more ships" made it impossible to adhere to such a policy, Higgins Corporation was given an opportunity to build ships with up-to-date methods and a streamlined, mass-production plant. The shipyard which threatened to revolutionize

the industry through faster and less expensive construction was stopped before completion. The success of the Higgins shipyard loomed as the answer to our shipping problem at a huge savings of taxpayers' money. Only the conventional shipyards, some owned by giant corporations, would suffer from the completion of this mass-production, assembly-line plant which could have produced Liberty ships at a quarter of a million dollars per ship savings over the conventional yards.

The same conventional plants were the ones which, after the Higgins contracts were awarded, suddenly increased their productivity, with the aid of the Maritime Commission's expansion program. The increase to the extent claimed, placed the Maritime Commission in a position where it could say that the Higgins plant was not necessary to meet the President's program. This face-saving excuse was given by the Maritime Commission as one of its reasons for abandoning the Higgins assembly-line shipyard.

The attention given to the welfare of the conventional shipyards is apparent in the testimony of Admiral Land before the Truman committee. The Maritime Commission Chairman there volunteered the information that reinstatement of the Higgins contracts would seriously affect 20 or 30 other shipyards in the Nation.

Joseph W. Powell, Special Assistant to the Secretary of the Navy, is reported to have described himself as in full charge of our Nation's shipbuilding programs. This individual is a former vice president of Bethlehem Shipbuilding Corporation, an affiliate of Bethlehem Steel Co. Mr. Powell is one of the men severely censured by the Supreme Court of the United States in a decision handed down on February 16, 1942, after Mr. Powell assumed his present position. He was censured for his unfair conduct in aiding his company to take advantage of our Nation's desperate need for ships to obtain a contract, the profits of which were most exorbitant.

By eliminating the Higgins plant, Mr. Powell and the Maritime Commission succeeded in reestablishing their policy of protecting the old-line shipyards. Mr. Powell was in a most favorable position to exert influence against the erection of the Higgins plant; first, because of his power as assistant to the Secretary of the Navy; second, because of his 40-year friendship with Admiral Land and his close relations with other members of the Maritime Commission; and third, because of his close connection with the big shipbuilding firms which are subsidiaries of the large steel firms of the Nation.

In the light of Mr. Powell's past activities during World War No. 1 and his general background and connections, this committee believes that he influenced the cancellation of the Higgins contracts.

*VI. In asserting that a shortage of steel was the reason for the cancellation of the Higgins contracts the Maritime Commission selected an excuse that was without foundation in truth.*

In the congressional investigations that followed the cancellation of the Higgins contracts on July 18, 1942, Admirals Land and Vickery asserted repeatedly that the primary reason for canceling the contracts was that there was a shortage of steel. To support this position, they have frequently referred to a letter of July 8, 1942, sent to Admiral Land by Mr. Nelson. They didn't reveal to the public the contents of this important communication from the Chairman of the War Production Board. It was not until this committee studied those portions of the letter that referred to steel that the discovery was made that instead of curtailing President Roosevelt's program, the letter gave Admiral Land the assurance that he would get all of the steel he needed for the shipbuilding program of 24,000,000 tons of ships ordered by President Roosevelt.

The amount of steel made available by the War Production Board in March 1942, when the Higgins contracts were let, was adequate for the building of 24,000,000 tons of ships. The same amount of steel was definitely assured by the War Production Board at the time of the cancellations. Admirals Land and Vickery were well aware of these facts.

At about the time Admirals Land and Vickery were contemplating the cancellation of the Higgins contracts, they made an unsuccessful effort to have the President's program increased 5,000,000 tons.

The Maritime Commissioners further knew that the President's program for 24,000,000 tons of ships to be built in 1942 and 1943 had not been increased.

Notwithstanding these facts, the Maritime Commission has made it appear to the American people that the President's directive or program called for 29,000,000 tons of ships, and that the War Production Board informed the Maritime Commission that the steel would not be available for such a program and that the cut in steel allotments forced them, reluctantly, to cancel the Higgins contracts.

Not only was this deception practiced on the public, but factual misrepresentations and concealment of material facts were resorted to by Admiral Land in his successful attempt to get Donald M. Nelson to approve the cancellation. Had Mr. Nelson known all the true facts he would not have given his approval.

The steel requirements for the Higgins contracts consisted of (a) fabricated steel for the facilities, (b) steel for the facilities equipment, and (c) steel plate for the 200 Liberty ships. There was no shortage and all steel had been allocated for these requirements. Bethlehem Steel had been given the structural steel order. Over one-half of it had been so far processed that it had to be scrapped and the balance was available. The equipment for the plant was either finished or in the course of production and that part unfinished or in the course of production and that part unfinished at the date the Higgins contracts were canceled was later finished and diverted by the Maritime Commission to other yards. The order for the 200 ships was divided among other shipyards, where the ships will be constructed, and the steel plate is available for their construction.

Admirals Land and Vickery and Joseph W. Powell, all of whom were in a position to give this committee most enlightening information, refused to appear and testify. This committee finds that these refusals were made because these individuals feared their testimony would have resulted in disclosures harmful to them.

This committee cites with satisfaction the example of Donald M. Nelson, Chairman of the War Production Board. Mr. Nelson appeared personally before the committee, testifying for more than 2 hours. His frankness and knowledge favorably impressed this committee.

This committee further finds that the cancellation of the Higgins contracts did not occur because of a shortage of steel or because of any other of the collateral reasons given by the Maritime Commission.

The only and real reasons for the cancellation were: (a) favoritism toward existing conventional shipyards, many owned by large companies; (b) fear of competition that would result from mass production through unique assembly line methods in shipbuilding; and (c) unjustified personal animosity toward A. J. Higgins, Sr.

#### RECOMMENDATIONS

This committee respectfully submits the following recommendations:

1. A shipyard producing cargo vessels in mass production by the Higgins assembly line method is vital to our war effort and should be built promptly by the Government.

2. Facilities at New Orleans should be completed by our Government and utilized immediately for the building of Liberty ships, faster cargo vessels, submarines, or other watercraft, or for the construction of giant cargo planes, tanks, or for some other equipment effective to the war effort.

Over a period of almost 4 months from the date of cancellation of the contracts a large organization has been engaged at full speed in tearing down the facilities and equipment and removing them under orders of the Maritime Commission.

During the preparation of this report this committee noted with satisfaction that while the dismantling was being carried on it was announced in Washington that the War Production Board and the United States Army Air Corps have planned the utilization of the New Orleans site for the manufacture of cargo planes.

It is the further recommendation of this committee that the entire 1,200-acre site and what remains of the facilities and improvements be utilized.

3. Andrew J. Higgins, Sr., and his organization have shown such outstanding ability to produce war equipment quickly and economically that they should immediately be brought into the war effort in a greater way.

This committee notes with satisfaction that Mr. Andrew J. Higgins, Sr., and his organization have been engaged by the War Production Board and the United States Army Air Corps to build 1,200 cargo planes. It is hoped that the energy and manufacturing ability of Mr. Higgins and his organization will be even further used in our war effort.

4. The actions of Admiral Emory S. Land and Howard L. Vickery, members of the Maritime Commission, and Joseph W. Powell, Special Assistant to the Secretary of the Navy, have been so detrimental to the general welfare of our country and our war effort, that this committee recommends that such action be taken against these men as the fact and circumstances warrant.

5. Immediate action should be taken to prevent the Maritime Commission and the Navy Bureau of Ships from placing personal prejudice and bias above our country's welfare.

6. Labor and small business should be given a greater share of the responsibility within departments and agencies of the Government where important decisions are made in our war effort. It is sincerely felt that if the experience and knowledge of labor and small business are utilized when important decisions are made, there will be fewer incidents, such as the cancellation of the Higgins contracts, to hinder our Commander in Chief, President Roosevelt, in our war program.

Respectfully submitted,

Robert Quinn, Henry J. Barbe, B. A. Murray, J. Harvey Netter, Alfred Chittenden, C. W. Owens, John Berni, Steve Quarles, E. H. Williams, E. J. Bourg, American Federation of Labor, Committee Investigating Cancellation of Higgins Corporation Contracts; Charles J. Margiotti, committee counsel, Pittsburgh, Pa.; Sebastian C. Pugliese, associate counsel, Pittsburgh, Pa.; Donald B. Hirsch, associate counsel, Pittsburgh, Pa.

NOVEMBER 9, 1942.

Mr. CLARK of Missouri. Mr. President, it had not been my intention to detain the Senate by entry into this debate upon the subject of the confirmation of Admiral Land as a member and Chairman of the Maritime Commission. It seemed to me originally that the fact that this nomination had been unanimously reported favorably from the Committee on Commerce, the committee having sole and exclusive jurisdiction of



the activities of the Maritime Commission so far as the Senate is concerned, made any extensive debate in Admiral Land's behalf unnecessary. But, in view of the fact that I happen to have some personal familiarity with the record as to some of the charges contained in the bill of particulars advanced by the Senator from Vermont [Mr. AIKEN] against the confirmation of Admiral Land, it seems to me that in fairness, I should bring certain matters to the attention of the Senate.

Mr. President, I doubt if there has been any Member of the Senate, and I am very certain that there has been no member of the Commerce Committee, who has differed from the policies of the Maritime Commission more frequently and more violently than have I, and I may say that when I have differed with the policies or the recommendations of the Maritime Commission I have never hesitated in the least to make myself vocal in my opposition. But, as I see it, the proposition as submitted here has nothing whatever to do with the policies of the Maritime Commission. The proposition which is presented is that because some Members of this body differ with the position taken by the Maritime Commission on the construction of a law, because we may differ with some members of the Maritime Commission, including Admiral Land, on matters of public policy, we should take an action which would attach a stigma to the character of Admiral Land by refusing to confirm his nomination after a general combination of charges to some extent reflecting upon his character, and none of which to my mind has been in the slightest degree proved.

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

Mr. CLARK of Missouri. I yield.

Mr. TRUMAN. I should like to say that it has been the duty of the committee of which I happen to be chairman—the Special Committee to Investigate the National Defense Program—to look into a great many shipyards and shipping contracts. In none of those investigations have we ever found anything which would in any way reflect on Admiral Land or Admiral Vickery. There are a number of things of which we did not approve, such as matters of policy; but those gentlemen have delivered the ships, and I think it would be disastrous under the circumstances not to confirm the nomination of Admiral Land.

Mr. CLARK of Missouri. Mr. President, I thank my colleague very much for that testimony.

So far as I am concerned, as I have said, I have disagreed with Admiral Land and with the recommendations of the Maritime Commission on many things. For instance, I recall the recommendation of the Maritime Commission on three or four different occasions to repeal section 810 of the Merchant Marine Act. That is the section which makes it unlawful for any person who receives an operating subsidy to continue as a party to, or to conform to, any agreement with other carriers which is unjustly discriminatory or unfair to any other citizen of

the United States. The purpose of that section, of course, was to prevent American subsidized operators from continuing as members of conferences usually made up for the most part of operators of flagships of other nations, or, if they did so, to prevent them from continuing to receive a subsidy if the conference refused admission to a nonsubsidized American-flag operator. That is a matter of policy on which I disagreed with the Maritime Commission. First Mr. Kennedy, and then Admiral Land, as Chairman, and the Maritime Commission as a whole have repeatedly recommended the repeal of that section. I thought it would be unfair to the nonsubsidized ship operator to do so; and on several different occasions the Commerce Committee has refused to follow the recommendation of the Maritime Commission and of Admiral Land; but the fact that Admiral Land disagreed with the majority of the Commerce Committee on that important question of policy was no reflection on Admiral Land; and as evidence that it was not considered by any member of the Commerce Committee as any reflection whatever on Admiral Land, we have the unanimous report of the Commerce Committee in favor of the confirmation of Admiral Land's new nomination.

I desire simply to refresh the memory of Senators who were members of the Commerce Committee in the early part of 1938, about the Tampa Shipbuilding Co. case, which seems to be the principal item in the bill of particulars brought against Admiral Land by the Senator from Vermont. Senators who were members of the Commerce Committee in January and February 1938, will recall that the policy of the Maritime Commission with regard to the Tampa Shipbuilding & Engineering Co.—which I believe was the first name of the company—was not originated by Jerry Land at all; it was originated during the time when Joe Kennedy was Chairman of the Maritime Commission; and it was a well-calculated, carefully considered matter of public policy. Those of us who were members of the Commerce Committee at that time will recall—I know that the Senator from Michigan [Mr. VANDENBERG], the Senator from North Carolina [Mr. BAILEY], the Senator from Maryland [Mr. RADCLIFFE], the Senator from Louisiana [Mr. OVERTON], and the Senator from Oregon [Mr. McNARY], who were members of the Commerce Committee, will recall that in January of 1938, Mr. Kennedy, then the Chairman of the Maritime Commission, requested the late Dr. Copeland, who at that time was chairman of the Senate Commerce Committee, to call a meeting of the committee to have a discussion with him about the progress of the program for the construction of the so-called C-2 ships under the new Maritime Commission Act. That meeting was held in the afternoon. Mr. Kennedy, Chairman of the Commission, Admiral Land, Vice Chairman of the Commission, and Mr. Geaslin, assistant general counsel of the Commission, attended on the part of the Maritime Commission. At that

time, Mr. Kennedy told us that, on the bids for the C-2 ships, the Government was, as he put it, being hijacked by what seemed to be collusive bids among the big shipbuilding companies—the so-called standard shipbuilding companies. He told us that in some cases the bids were as much as 100 percent above what the Commission had estimated to be a fair cost for the ships. He said there were three remedies which might be employed by the Government to cure the situation.

One of them was to undertake to build the ships in navy yards. However, he said that the navy yards were not suited for the building of commercial ships of that type, and that, moreover, their facilities were filled to overflowing with the construction of naval vessels under the new naval building program. Another remedy was to authorize the Commission itself to build shipyards and undertake to construct the ships for the building program. The third remedy, and the one he recommended, was that contracts be let to several small companies which were much the lowest bidders in the bids which up to that time had been received, and which Mr. Kennedy told us frankly were companies of such small stature and such inexperience that he doubted the ability of the companies to perform their contracts; but he said he believed it would be a very healthy thing to let some awards to those companies and to use that fact as a club to hammer down the bids from the so-called standard companies, that is to say, the larger companies. That afternoon—I am not certain of the exact date; but from the date of the letter he wrote to the President a few weeks later, the letter dated February 17, 1938; I believe it was in the latter part of January or in the first days of February—Mr. Kennedy told the committee that unless some legislation was enacted to prevent such action, it was his intention to let contracts for some of those ships to some of the smaller companies, whether the companies were able to carry out the contracts or not, with the idea that he could use that as a club to hammer down the exorbitant bids submitted by the big companies in what he described as collusive bidding.

So far as the Senate Committee on Commerce was concerned, Mr. Kennedy's proposal not only met with unanimous response, but on the part of some of us with enthusiastic approval. It was probably by reason of the fact that I happened to be more or less familiar with the subject because of my experience with similar matters on the Munitions Committee that Mr. Kennedy called me, as I remember, a day or two before he resigned the office of Chairman of the Maritime Commission, and told me that he was sending me a copy of a letter which he had addressed to the President of the United States on this very subject.

The Senator from Vermont [Mr. AIKEN] stated awhile ago that that letter had never been made public. I do not know whether it was ever made public or not, because I received it direct from

Mr. Kennedy, and I did not take the trouble to give it out myself; but marked at the top of the letter, which I found in my files when the matter was recalled to my attention by these charges against Admiral Land, in capital letters, and underscored, are the words, "For immediate release." So I assume that inasmuch as Mr. Kennedy sent me the letter marked "For immediate release," it had already been released by the Maritime Commission when it was sent.

Because this is really the gravamen of the charge against Admiral Land, I think it is worthwhile to read most of this letter. The letter was addressed to the President and was signed by Mr. Kennedy, as chairman of the Maritime Commission just before he retired. It states the situation admirably, and exactly as the situation was presented to the Commerce Committee of the Senate. I read:

MY DEAR MR. PRESIDENT: The Maritime Commission is greatly concerned over the trend of shipbuilding prices in the United States. I believe that I should tell you that prices now being quoted on Government work threaten to balk our program for the rehabilitation of the American merchant marine.

The Commission recently solicited bids for the construction of 12 cargo vessels of the so-called C-2 design. The bids were opened on February 1. They range, for a single steam-propelled vessel, on a fixed-price basis, from \$1,856,675 to \$3,400,000. The range for Diesel propulsion was from \$1,902,675 to \$3,593,000.

I should like to have the Senate pay particular attention to this sentence, because it is precisely the same thing that Mr. Kennedy told the Commerce Committee. It shows that the President of the United States was put on notice as to the policy being pursued at that time by the Maritime Commission.

The two lowest bids were submitted by small yards about whose responsibility there is grave doubt. The lowest bid received from any of the so-called standard yards was \$2,447,589 for a steam vessel and \$3,593,000 for a Diesel-type vessel.

This is a serious situation. It is obvious that unless shipbuilding costs can be brought down far below those quoted by the larger yards there will be no American merchant marine worthy of the name. Private industry simply cannot afford to build at these prices, even with Government assistance; few of the lines, moreover, could afford to operate such expensive tonnage.

The Commission's technical data indicate that the C-2 ships should not cost more than \$1,800,000 to \$2,000,000. For that reason—

This was the inception of the policy with regard to the Tampa Shipbuilding Co. about which such a hullabaloo has been raised—

For that reason all bids except those received by the two small yards are believed to be excessive. Reasons for this belief follow:

1. There is an extremely wide variation in bids. There is a tremendous spread between prices quoted by the two low bidders and those submitted by the other six yards. There are also puzzling discrepancies between bids of the standard yards.

Which, as Mr. Kennedy told the Commerce Committee, led him to believe that these bids were the result of collusion between the big companies.

The high bid on a steam-propelled vessel, for all yards, is nearly twice that of the low-

est bid. The high Diesel bid is 68 percent greater than the low bid.

2. The bids show many peculiarities. Bids were asked for a minimum of one vessel and a maximum of four, on both a fixed- and an adjusted-price basis. Two of the yards bid on one and two vessels; two did not submit adjusted-price bids; one yard submitted lower fixed- than adjusted-price bids—a reversal of the method employed by the other yards.

Only one of the larger yards bid on the Diesel-type vessels. This yard does not make Diesel engines. Another yard, meanwhile, which manufactures and specializes in Diesels, did not bid on this type of installation.

A further peculiarity of the situation with regard to the C-2 vessels is the fact that two large American yards did not submit bids at all. These yards are understood to have prepared estimates and were confidently expected to participate in the bidding.

3. The C-2 bids represent drastic increases over prices recently quoted on other construction. Bids were opened in December on 12 oil tankers to be constructed for a private company, with the Government paying for national defense features. Bids were requested for a 12½-knot and a 16½-knot vessel. Bids submitted by the larger yards on the C-2 ships, on a built-ton basis, are far above those quoted for the slow tanker and somewhat higher than those quoted on the fast tanker. C-2 costs, it is believed, should not greatly exceed those of the slow tanker. They should certainly be less than those of the fast tanker.

A comparison of C-2 bids with the tanker bids follows. These comparisons are based on cost per built ton—that is, the cost for each ton built into the ship. For vessels of dissimilar design this is considered to be one of the best methods of making cost comparisons.

Shipyard	Cost per built ton			
	12½-knot tanker	16½-knot tanker	C-2 turbine	C-2 Diesel
Sun	\$407	\$444	\$509	—
Bethlehem-Fore River	450	483	584	\$855
Bethlehem-Union	—	—	621	694
Newport News	422	477	493	—
Federal	419	460	—	—
New York Ship	471	540	—	—
Hess	—	—	—	403
Tampa	—	—	—	394
General Engineering	—	—	—	608

I merely call attention to these facts: The bid of the Tampa Co. on the C-2 type turbine vessel was \$380 a ton, and on the C-2 type Diesel vessel \$394 a ton, as compared with the bid of the General Engineering Co. of \$580 per built ton on the turbine type and \$608 on the Diesel type, and as compared with the bid of the Bethlehem-Union Shipbuilding Co. of \$621 on the C-2 turbine type and \$694 on the C-2 Diesel type.

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

Mr. CLARK of Missouri. I yield.

Mr. SHIPSTEAD. That deals with merchant ships, does it not?

Mr. CLARK of Missouri. The reference is to the so-called C-2 type ship, which was the fast merchant ship being built at that time under the subsidy program.

Mr. SHIPSTEAD. These shipyards also build battleships, do they not?

Mr. CLARK of Missouri. That is correct. I do not know that all of them do, but a great many of them do. Without exception, those who had submitted bids have bid on naval ships.

Mr. SHIPSTEAD. If the Senator will permit me, I should like to interpose here that some years ago there was a hearing on the cost of naval vessels before a committee of which I was a member, and we learned that it cost very much more to build naval vessels in private yards than in Government yards. I asked the Admiral in charge of construction why that should be, and he said it was because of the higher cost of labor in private yards. I pointed out to him that the Government navy yards were paying union wages. I asked him, "Do you mean to tell me that private corporations pay more than union wages?" He said he thought that was it, but it had always been a mystery. I asked him if he ever tried to find out why. I think his remarks were to the effect that that was not his business. His business was to get construction.

Mr. CLARK of Missouri. Mr. President, I will say to the Senator from Minnesota that, so far as I am concerned, I have always been in favor of building all naval vessels which could possibly be constructed in Government navy yards, but it is only fair to say that in the navy yards' estimates of costs there is no inclusion whatever—and I think this is incontrovertible—of overhead costs, insurance, preparation of plans, and various other items which a private contractor necessarily has to take into consideration. I do not believe there is any question about that.

Mr. SHIPSTEAD. That is important if it is true.

Mr. CLARK of Missouri. I never heard that statement controverted, and from time to time I have been on several committees which investigated the question. I do not believe there is any question that in the navy-yard estimates, such matters as overhead and insurance are not taken into consideration. I ask the Senator from Maine [Mr. WHITE] if that is not true. He is much more familiar with the subject than I am.

Mr. WHITE. Mr. President, I cannot recall at the moment when the testimony was given, but I am positive in my recollection that before the Merchant Marine and Fisheries Committee of the House of Representatives, while I was a member of that committee, there was ample testimony substantiating what the Senator from Missouri has said.

Mr. CLARK of Missouri. I will say to the Senator from Minnesota and to the Senator from Maine that, so far as I am concerned, I have always been an advocate of the theory of constructing Government vessels in navy yards whenever it could be done. When I make the statement which I have just made, it is in the nature of an admission against interest, because I have always believed in construction of Government vessels in navy yards.

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

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

Mr. CLARK of Missouri. I yield.

Mr. BONE. The able Senator from Missouri will surely recall the testimony before the Senate munitions committee



a few years ago which leaves no doubt in anyone's mind that the operating overheads to which the Senator has referred were all added to the cost of the vessel. The owner of the yard did not pay them. There can be no virtue in any argument which implies that he is "out" anything.

Mr. CLARK of Missouri. Mr. President, I never suggested that the Government did not ultimately have to pay all such costs, and, on a cost-plus contract, 10 percent in addition. All I say is that when it comes to the question of competitive bids the Government navy yards do not have to submit bids on the same basis as do private contractors.

Mr. BONE. The Senator from Missouri will recall that we made an effort in the Senate munitions committee to obtain a break-down of labor costs in private yards, and were unable to get it. They agreed to supply it for the record, but did not supply it. I think the record is without any reference to a break-down of labor costs. It was explained to us that they were so highly complicated with various items such as bonus deductions and other things that it was well-nigh impossible to supply a break-down of the figures on labor costs in private yards, whereas in Government yards the labor is on a straight hourly or monthly basis.

Mr. CLARK of Missouri. Mr. President, I continue reading from Mr. Kennedy's letter to the President:

4. The C-2 bids are higher, on both a dead-weight and built-ton basis, than the cost of class A vessels built during the World War period. Prices quoted on the present vessels range from \$380 to \$630 per built ton for steam vessels and from \$394 to \$694 per built ton for Diesel ships. The average price of the type A vessels built at Hog Island was \$445 per built ton. It is recognized that the C-2 contains many improvements not found in the Hog Island vessels. Nevertheless, a comparison of the two types, especially when made on a built-ton basis, clearly indicates that the C-2 prices are out of line in relation to those prevailing during the war program.

It is extremely difficult to explain this situation. All available indices seem to show that the cost of materials entering into ship construction are much lower today than they were during the period when the Hog Island vessels were built and that labor costs, even though higher on an hourly basis, are probably no more if overtime and other factors are taken into consideration. Even if wages today were double those of the war era, they still would not account for present prices, as only 30 to 40 percent of the cost of a ship is spent in the yard.

5. Current prices seem to be out of line with foreign costs.

I may say further, Mr. President, that in response to the recommendations of Chairman Kennedy and Chairman Land, the Congress passed a law authorizing the Maritime Commission, when bids in this country exceed bids from foreign ship constructors by more than 100 percent, to have the ships built abroad, merely as another check on the system of extortion which is being practiced on the Maritime Commission.

Continuing to read from Mr. Kennedy's letter to the President:

Bids received on the C-2 vessel (steam propulsion) average \$2,736,717. The Commis-

sion has just been informed by its London office that three vessels of approximately the same characteristics are being constructed in Belfast at a cost of around \$900,000 each. These ships were started some time ago and would probably run around \$1,100,000 if contracted for today. This is about one-third of the average of bids submitted by the large yards on the C-2—a differential much higher than that which has hitherto prevailed and one which American shipping cannot possibly meet.

A comparison between the trend of ship-building prices in Great Britain since the war and in the United States is of interest in view of the present differential. The cost of cargo vessels in Britain today is about two and a third times the pre-war figure. Bids submitted by the larger yards on the C-2 ships are approximately four times those prevailing in the United States in 1913.

The Government has several courses in the present dilemma.

One is to pay the prices asked by the larger yards. That, I believe, would be a mistake. A merchant marine built at such prices as those quoted on the C-2 vessels would collapse of its own weight.

Another course would be to build in the navy yards. This probably will not prove to be practicable. The navy yards are organized for naval work and would find it uneconomical to work on merchant vessels, especially the smaller types. These yards, moreover, are needed for naval work.

A third course open to the Government would be the rehabilitation of private facilities. It might even be necessary to establish new yards, although this would involve the danger of overexpansion.

A fourth course would be to permit American operators to build abroad. The Commission has already proposed that certain subsidized construction be given to foreign yards whenever American prices are more than twice those available abroad.

Mr. President, I do not desire to occupy any more of the time of the Senate. I have certain data on the Waterman contract which, at the proper time, I shall be glad to discuss, because I believe the statement of the Senator from Vermont as to the Waterman contracts is entirely erroneous. But, at this time, in view of the limitation on debate, I merely desire to take the Tampa case as an example and point out one fact, which I believe to be incontrovertible.

The course pursued by the Maritime Commission with regard to letting the contracts to the Tampa company was originated under the chairmanship of Mr. Kennedy before Admiral Land became Chairman of the Commission. That policy had the explicit and unanimous approval of the members of the Commerce Committee of the Senate, without regard to politics. It was submitted to the President of the United States and approved by him.

What was the net result of that policy, Mr. President? It is true that Mr. Kennedy hammered down the bid of the Tampa company to the point where, having no original resources, as Mr. Kennedy anticipated, the Tampa company was not able to perform the contract. The company had taken the contract at a price so low that it failed. In order to get the ships the Government had to bail out the Tampa company at an expense of about \$400,000. In the meantime all bids other than that of the Tampa company had been rejected. Promptly there was a new submission for bids on 12 C-2 ships. Using the

award to the Tampa company as a club, the Maritime Commission was able to hammer down the bids of the so-called standard companies, the "Big Cinch," to a point where, on the over-all operation of the award to the Tampa company, the Government saved \$50,000,000 or \$60,000,000. I think it was one of the best trades ever made by the Government.

Mr. BONE. Mr. President—  
Mr. CLARK of Missouri. The Senator from Maryland was on his feet.

Mr. BONE. It will only take a moment to answer the question I have in mind.

Mr. CLARK of Missouri. Very well.  
Mr. BONE. The figure of \$50,000,000 or \$60,000,000 would be more interesting to the Senate if we knew how many vessels were involved. If a large number of boats were built, the saving on one boat might be inconsequential, but if the \$50,000,000 saving reflected a little handful of boats, that would be significant. I hope we may have those figures.

Mr. CLARK of Missouri. I do not have the detailed figures. I based the figure I gave from conversation with responsible officials of the Maritime Commission and on the fact that the operation by which this contract was awarded to a new company which had never had a chance to become a member of the "Big Cinch" and never had a chance to be in collusion with them was such a shock to them that it brought down the prices on the whole construction program.

Mr. BONE. The Senator, I am sure, will understand what I had in mind. A saving of \$50,000,000 in extensive operations involving many ships might not mean more than a few thousand dollars on one ship, but, if reflected in the building of a few ships, it would have more significance.

Mr. CLARK of Missouri. I do not have the detailed figures before me, but I understand that from the immediate program there was a saving of \$40,000,000.

Mr. BONE. I do not know what the "immediate program" is.

Mr. CLARK of Missouri. I will say to the Senator I am unable to inform him as to the number of ships involved, but I am informed, on what I consider very good authority, that there was a saving of some \$50,000,000 or \$60,000,000 as the result of bringing in this new agency by hammering down the price.

Mr. BONE. Over what period of time?  
Mr. CLARK of Missouri. I cannot tell the Senator. The Senator can find out for himself very easily by calling up the Maritime Commission and obtaining the figures.

Mr. President, I had desired to discuss the matter of the Waterman contract, but I will not detain the Senate at this time. I merely desire to repeat that I have disagreed with Admiral Land and with the Maritime Commission as to its construction of the law and as to its policies possibly as often as has any other Member of this body. I think it is only fair to say, however, that the record of Admiral Land and of the Maritime Commission under very difficult conditions in the construction program has been remarkable, and I think it would

be outrageous and unfair for the Senate of the United States to reward those efforts by the rejection of Admiral Land's nomination and reappointment as Chairman of the Maritime Commission, which would necessarily involve a reflection on his character.

Mr. BAILEY. Mr. President, I should like to know how much time there is remaining to the proponents of the nomination?

The ACTING PRESIDENT pro tempore. Thirty minutes are left.

Mr. BAILEY. We have 30 minutes left; I know of at least 4 Senators who desire to be heard; so I must beg those who speak to be as brief as possible.

Mr. RADCLIFFE. Mr. President, after the very masterly statements by the very able chairman of the Committee on Commerce [Mr. BAILEY] and by the distinguished Senator from Missouri [Mr. CLARK], certainly no reiteration or further statement is necessary, yet I should like to add a few words.

I have had the good fortune to be a member of the Commerce Committee for a number of years. During a portion of that time I have been chairman of the Merchant Marine Committee, a subcommittee of the Commerce Committee. I have, therefore, been given an excellent opportunity to come in close contact, in many ways, with what has been done by Admiral Land and his associates in the Maritime Commission. Certainly I have formed the impression most definitely that Admiral Land, as Chairman of the Maritime Commission and War Shipping Administrator, has done a highly efficient job to which he had always devoted his efforts with unflagging zeal and energy.

If the Senator from Vermont will permit me to make a comment in regard to the technique involved in some of the charges he has made, I should like to say that it seems to me that he has been attempting to consider many of the instances in question as though they were isolated and standing apart and not as being a part and parcel of general policies and programs.

I think what has been said in regard to the Tampa Shipbuilding Co. illustrates that situation very well. As a member of the Commerce Committee I recall very well the conversations which were held in that committee regarding the Tampa case, and the policy which was finally settled upon in regard to it. For instance, it was not only a fact that the bids were very high in that particular instance, but also that there was not a sufficient number of shipyards in this country to do the jobs which were obviously essential if we were to construct a merchant marine of the vast dimensions and proportions which seemed to be necessary.

The result was that a general policy was determined as to shipyards. It is not satisfactory, it is not, in any way, conclusive merely to take final figures in regard to the operations of the Tampa Shipbuilding Co., disregarding the background and all the other circumstances and to say the figures show certain results. Consideration has to take a much wider range. There is no doubt of the

fact that our policy in regard to the Tampa Shipbuilding Co. was exceedingly valuable not only in bringing down costs of ship construction and in saving thereby substantial sums of money but also helpful in furtherance of the policy of securing new shipyards throughout the country. Today in 24 States shipyards are constructing ships.

What may be said concerning the Tampa Shipbuilding Co. case may also, to a certain extent, apply to the Waterman Shipbuilding case. That matter affords another illustration of the fact that a situation of this kind cannot satisfactorily be considered unless there are borne in mind all the varying circumstances and all the material reasons which are impelling in the determination of the policy adopted as to ship construction by us.

The Senator from Vermont says he is entirely ready to absolve Admiral Land from any intentional wrongdoing. So there remains only the question of the policy involved. Have the policies of Admiral Land and of the Maritime Commission been correct? If one considers what has been done in the several cases, bearing in mind not merely what the figures themselves indicate, but also the varying circumstances, I think the conclusion is irresistible that what was done in each specific instance seemed to be the best at that particular time. Now we have also the advantage of hindsight. As we saw the matter at the particular time and looking back upon it, I do not think that any members of the Commerce Committee, so far as I am advised, believe that the general conclusions which were reached at that time were erroneous, as we view the situation today. It becomes, therefore, entirely a matter of difference of opinion as to policies and not as to the alleged existence of any improper intent on the part of Admiral Land or of any associates.

Now we come to a question, I think, which is an exceedingly important one, and that is as to the consideration of the theories of averages, the theory of sound proportions, and of relative values.

Bear in mind the fact that in 1936 we had practically no oceangoing ships. It was quite obvious then that we needed them. We were forehanded in that respect in making our plans by both legislation and administration. We launched upon a program the vast extent of which at that time could not be foreseen, but it was very obvious even then that we needed many new ships and that we needed them very quickly.

The result is that today our ship-construction program is steadily and rapidly expanding, and we are building ships faster than we have ever built them before in our history. We are also building them more cheaply than ever before during wartime. We are building more ships today than were ever built, not only by this country at any time in its history, but by any other nation at any time in history.

Mr. President, how did that happen? Was it by accident? Of course not. Many factors have contributed, many individuals, many agencies of the Government have participated, but the fact re-

mains that the dominant factor throughout it all has been the personality and genius of Admiral Land. He has been steadily on the job, most efficiently so. Consequently we have striking and unprecedented results which have been so highly valuable and so essential to the conduct of our war operations.

We all know very well that the need for ships has been the greatest ever in our history. We had to have ships. We had to have them for ourselves. We had to have them for our allies. We had to have them quickly. There was always the danger to our ships from mines, from airplanes, danger from the ever-increasing menace of the submarine. That menace continues today to be one exceedingly grave.

If we analyze the situation as to the Maritime Commission, we will realize, I am sure, that there were differences of opinion only in regard to matters relatively few in number, and we again get to this question of percentages and of relative values and just proportions. These are all in favor of Admiral Land. Suppose it is true that in a few respects mistakes have been made; in the large majority of respects brilliant success has been obtained. We never could have obtained the results we have won unless a highly efficient program had been planned wisely and carried on most efficiently. Unless that program had been highly successful, our plight today in this world would be a very serious one, and the hideous danger from the Axis would be much greater than it is. Even so, we are still in grave jeopardy.

If we look at the matter from the standpoint of true relative proportions, then we must come to the conclusion that what has been done by the Maritime Commission has been highly effective and successful, and that, therefore, Admiral Land, as the Chairman of the Commission, as the highly efficient head of it, has done a big job. Certainly in all respects he deserves confirmation. His rejection today would be a serious blow to us and would lend aid and comfort to the Axis Powers. His record for effective work has never been excelled in the history of maritime matters in this country, if in any. He will continue to be conscientious; he will continue to be industrious; he will continue to be efficient. In the performance of his duties, certain it is that his heart will always be eager and his hands ready for the work.

Mr. President, I wish to have inserted at the end of my remarks three documents.

The ACTING PRESIDENT pro tempore. Is there objection?

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

UNITED STATES MARITIME COMMISSION,  
Washington, July 30, 1941.

Below is a scale of maximum time charter rates for United States and foreign-flag vessels in which the Commission will concur for charters in which their concurrence is indicated on and after August 1, 1941: 10,000 dead-weight tons and up, \$4.50; 9,000 to 9,999, \$4.60; 8,000 to 8,999, \$4.70; 7,000 to 7,999, \$4.80; 6,000 to 6,999, \$4.95; 5,000 to 5,999, \$5.10; 4,500 to 4,999, \$5.25; 4,000 to 4,499, \$5.45; 3,500 to 3,999, \$5.65; 3,000 to 3,499, \$5.85;



2,500 to 2,999, \$6.05, per dead-weight ton per month on summer freeboard up to 12 knots.

No vessel to receive more charter hire than a vessel of the lowest tonnage in the next higher class can earn at the rate shown for that class.

Motorships: \$0.55 per dead-weight ton per month additional.

Motorships: \$0.10 per dead-weight ton per month for each one-half knot in excess of 12 knots.

Steamships: \$0.10 per dead-weight ton per month for each one-half knot in excess of 12 knots.

Extra rates based on speed will apply on actual proved performance under load conditions. (Maritime Commission formula.)

Rates include Marine and P. & I. for vessel and crew—account owner.

Crew bonus contingent upon voyage ports of call—account charterer.

War-risk insurance account charterer: Unless otherwise approved by the Commission, the basis of war-risk valuation will not exceed \$100 per dead-weight ton.

The above rates and conditions do not apply to passenger liners, car ferries, sea trains, refrigerators, tankers, or vessels under 2,500 dead-weight tons. Rates and conditions for vessels in these latter categories will be considered individually on the respective merits of each case.

The Commission requests berth rates, lump-sum charters, or other freighting arrangements to be so made that the yield to owners and/or operators will not exceed the above charter rates for the type of vessel normally employed in the trade plus reasonable additional allowances for management overhead, profit, and loss risk, etc. Conferences are requested to submit complete new tariffs in accordance with the above not later than August 15 with rates, when concurred in by Commission, to be effective September 1, 1941. Rates which are now shown as "open" should be "closed," and specific rates indicated for commodities now rated "open." Operators in trades where there is no conference and nonconference operators are requested likewise to submit complete rate schedules in tariff form not later than August 15 with rates, when concurred in by the Commission, to be effective September 1, 1941. This rate-filing request is not made with respect to transportation which is subject to statutory regulation by other governmental bodies.

Between August 1 and the date when new berth and other rates are adjusted to conform to the above charter hires, owners and operators are requested to make arrangements between themselves for owners' vessels placed in trades other than those in which the owner himself operates, on a consignment or agency basis mutually satisfactory to the owner and the operator. The maximum agency or consignment fee for general cargo services which the owner should be required to pay to the operator in such cases should not exceed 1 cent per cubic foot (vessel's bale cubic) per month subject to a minimum of \$2,000 per month. For bulk cargoes the fee should not exceed one-half cent per month, minimum \$1,000. All arrangements made in accordance with this paragraph should be submitted to the Commission for their concurrence.

UNITED STATES MARITIME COMMISSION,  
Washington, January 5, 1942.

In accordance with its policy of maintaining steamship charter and cargo rates at as reasonable a level as possible, the Maritime Commission today announced a new scale of maximum time charter rates for United States and foreign flag cargo and tanker vessels, effective January 20.

The new scale, which cancels those announced by the Commission on July 30, 1941, for dry-cargo vessels and on August 22, 1941, for tankers, materially reduces existing rates.

At the same time the Commission announced that in order to have freight rates conform approximately with time charter rates, all ocean freight rates, with the exception of those specifically approved by the Commission within the past few months and those under the jurisdiction of the Interstate Commerce Commission, should be adjusted to the level of rates as of September 1, 1940, to which may be added an approved surcharge to cover increases in operating expenses which have occurred since that date.

The present maximum time charter rates are based on \$4.50 per dead-weight ton for a 12-knot dry-cargo vessel of 10,000 deadweight tons or more and \$4.50 for a tanker of 10 knots and 10,000 dead-weight tons or more. The new scale for all types of vessels is based on \$3.25 per dead-weight ton per month on 10-knot vessels of 10,000 dead-weight tons or more. This ranges up to \$6.05 per dead-weight ton per month on vessels of 1,000 to 1,499 dead-weight tons.

In arriving at the new rates efforts were made to permit the vessel owners a fair return after allowing for cost of operation, overhead, depreciation, and allowance for survey.

When steamship lines establish to the satisfaction of the Commission the necessity and amount of surcharge required, the Commission will authorize the application of surcharge to include additional expenses due to increased cost of war-risk insurance (valuation for war-risk insurance is subject to Commission approval), crew insurance, crew bonus, internment insurance, and increased length of voyage. The Commission stated that no request for a surcharge will be entertained, the result of which would produce a return higher than the equivalent of the time charter rate.

The new scale of time charters provides for adjustments based on speed. An additional charge of 10 cents per dead-weight ton per month is permitted for each knot in excess of 10 knots, up to 14 knots. Thereafter 5 cents per dead-weight ton per month for each half knot over 14 knots. For vessels whose speeds are less than 10 knots, there are correspondingly lower maxima. Under the present scales there are no reductions for speed below the basic speed.

The new rates will be incorporated into the ship warrants system and will be a condition for the continued holding of warrants and the issuance of new warrants.

Below is the maximum time charter rates for United States and foreign flag vessels in which the Commission will concur for charters in which their concurrence is indicated on and after January 20, 1942: 10,000 dead-weight tons and up, \$3.25; 9,000 to 9,999, \$3.35; 8,000 to 8,999, \$3.45; 7,000 to 7,999, \$3.55; 6,000 to 6,999, \$3.70; 5,000 to 5,999, \$4; 4,500 to 4,999, \$4.20; 4,000 to 4,499, \$4.40; 3,500 to 3,999, \$4.60; 3,000 to 3,499, \$4.90; 2,500 to 2,999, \$5.20; 2,000 to 2,499, \$5.50; 1,500 to 1,999, \$5.75; 1,000 to 1,499, \$6.05, per dead-weight ton per month on summer freeboard on 10 knots.

No vessel to receive more charter hire than a vessel of the lowest tonnage in the next higher class can earn at the rate shown for that class.

Motorships: \$0.32 per dead-weight ton per month additional.

Adjustments based on speed: \$0.10 per dead-weight ton per month in addition to above tabulated rates for each knot in excess of 10 knots up to 14 knots. Thereafter 5 cents per dead-weight ton per month in addition to above tabulated rates for each one-half knot over 14 knots.

Ships under 10 knots and down to 9 knots, 8 cents per dead-weight ton per month less than the above tabulated rates. Under 9 knots and down to 8 knots, 16 cents per dead-weight ton per month less than the above tabulated rates. Under 8 knots, 24 cents per dead-weight ton per month less than the above tabulated rates.

Adjustments based on speed will apply on actual proved performance under load conditions. (Maritime Commission formula.)

Rates include marine and P & I for vessel and crew—account owner.

Crew bonus to be for account of charterers.

War-risk insurance on vessel to be for account of charterer.

Extra marine insurance occasioned by trading beyond institute warranties limits and war-risk insurance account charterer. Valuation for war-risk insurance is subject to Commission approval.

The above rates and conditions do not apply to passenger liners, car ferries, sea-trains, refrigerators, or vessels under 1,000 dead-weight tons. Rates and conditions for vessels in these latter categories will be considered individually on the respective merits of each case.

The above rates will be incorporated into the warrant system and will be a condition for the continued holding of warrants now outstanding and will be a condition precedent to the issuance of new warrants.

#### RED SEA SPACE CHARTERS

I have asked you gentlemen to meet with me today to discuss the so-called Red Sea space charters which were entered into by various steamship owners with the British Ministry of War Transport during 1941 for the purpose of carrying land-lease goods to the Red Sea and Persian Gulf. As you gentlemen know, the rates prescribed in these space charters were approved by the Commission, as was also the form of space charter.

At the beginning, that is, from May 1941 through September 14, 1941, the rates were 75 cents per bale cubic foot of the entire under-deck space and 60 cents per bale cubic foot for all cargo carried on deck. This was later changed and, commencing with all voyages beginning on and after September 15 through December 1, 1941 (when this form of charter party was discontinued), the rate was reduced to 60 cents per bale cubic foot for the entire under-deck space and 40 cents per bale cubic foot for the on-deck cargo.

Various members of the staff of the Maritime Commission, and, I might say, some of the Commissioners have always felt that these rates were too high, and for that reason we have been continuously reviewing the results. Just recently the Comptroller General of the United States has started a thorough investigation of these Red Sea voyages. From our investigation we now are convinced that the rates were too high, and exceedingly so, and it is my feeling that the various steamship owners should voluntarily make a refund, thereby remedying the situation. If this is not done, no doubt the Comptroller General will report the results to the Congress and you may be assured that we will be confronted with an investigation by some committee, with results which, in my opinion, will be injurious to the American merchant marine.

We have been unable to obtain from the various owners all of the voyage results of the 106 voyages which participated in these Red Sea charters. However, we have received the information from the owners for 76 voyages. Charter hire paid on these 76 voyages amounted to in excess of \$26,000,000 and revenue obtained from other sources amounted to approximately \$16,000,000. The direct voyage profit to the owners on these 76 voyages

amounted to in excess of \$22,000,000. Based on the dead-weight tonnage represented by these 76 voyages, and assuming an average turn-around of 183 days, this produces a return of over 89 percent per annum on an assumed value of \$75 per ton. This assumption, on our part, of a \$75 valuation per dead-weight ton would hardly be recognized by the Comptroller General of the United States, who, no doubt, would point out that a calculation based on the book value of the various vessels would show an unconscionable rate of return.

It would be a very wise step, I believe, for the steamship owners to agree voluntarily to a revision of the rate, and in that connection we have the following three suggestions:

1. In lieu of the space charter hire rate hereinbefore mentioned, substitute the rate of hire published by the United States Maritime Commission in press release 970, on a time form basis, and add thereto 30 percent to cover charterer's expenses to be assumed by the owner. As a matter of information, this rate, on a vessel of between nine and ten thousand dead-weight tons, would amount to approximately \$6 per dead-weight ton per month.

2. As is pointed out above, the space charter rate was reduced from 75 to 60 cents per bale cubic foot, which seems to substantiate the fact that the 75-cent rate originally established was too high. I have formed the opinion, after talking to the various steamship owners, that when a vessel is fully loaded broken stowage usually amounts to about 20 percent. Results of the Red Sea operations indicate broken stowage on these vessels ranging from 20 percent to 49 percent. It is suggested that the rate be reduced from 75 and 60 cents per bale cubic foot of the under-deck cubic capacity of the vessels to 60 cents per bale cubic foot for 80 percent of the entire under-deck cubic capacity of the vessels with no allowance for on-deck cargo.

3. In lieu of the space charter hire rate hereinbefore mentioned, substitute the rate of hire published by the United States Maritime Commission in Press Release 970 and add thereto \$2.70 per deadweight ton per month, representing charterer's expenses absorbed by owners under the provisions of the space charter agreement. As a matter of information, on a vessel of between 9,000 and 10,000 deadweight tons, this would produce a time charter rate of \$7.30 per deadweight ton per month.

Mr. BAILEY. Mr. President, I think about 15 minutes are left on the affirmative side, are there not?

The ACTING PRESIDENT pro tempore. The Senator has 21 minutes left.

Mr. BAILEY. There are three on our side who wish to speak, the Senator from Maine [Mr. WHITE], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Kentucky [Mr. BARKLEY].

Mr. VANDENBERG. Do not worry about me.

Mr. BAILEY. I wish to hear from the Senator, and I am sure the Senate does. I suggest that the affirmative rest now, and that the other side, which has 57 minutes remaining, I believe, proceed. We will try to divide the 21 minutes we have, among the 3 speakers named, at the end of the debate.

Mr. AIKEN. Mr. President, I believe the Senator from Oregon [Mr. HOLMAN], and the Senator from New Hampshire [Mr. TOBEY] will each require but a few minutes. I do not know whether the Senator from New Hampshire is ready to proceed now. The Senator from Oregon is temporarily absent from the Chamber, in attendance on a meeting of

the Committee on Appropriations. I shall send for him. However, I do not believe we will require the entire 57 minutes left for our side.

The ACTING PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from New Hampshire?

Mr. AIKEN. I yield if the Senator from New Hampshire is ready to proceed at this time.

The ACTING PRESIDENT pro tempore. How many minutes does the Senator yield?

Mr. AIKEN. Whatever time the Senator from New Hampshire needs, so long as it is not over 50 minutes.

Mr. TOBEY. Mr. President, I shall try to live up to the opinion vouchsafed to the Senate last Friday by the distinguished leader of the majority, the Senator from Kentucky [Mr. BARKLEY] when, in anticipating my speaking today, and estimating the time necessary for the day's deliberations, he said that the Senator from New Hampshire did not generally speak at great length, albeit he spoke vigorously.

Mr. President, I, too, share the feeling expressed by the distinguished Senator from North Carolina [Mr. BAILEY] as to the delightful personality and good fellowship which Admiral Land radiates to all of whom he comes in contact; but that is not evidence in the case before us today. It would be far easier to sit silent and not lift up my voice this afternoon to the distinguished few in the Senate Chamber. I know nothing I say will contribute one iota toward changing the vote on confirmation, or in the matter of recommitment, if such a motion shall be made, but I hope the day will never come, so long as I am a public servant and a Member of this body, when my tongue shall be stilled when there is a moral issue before the American people, and when the people's money has been finagled with, and extravagant expenditures made, and when dishonesty is rampant in the administration of a great Government department, albeit in wartime. With that preamble, I now address the Senate.

I am opposed to the confirmation of the appointment of the Chairman of the Maritime Commission at this time for the following reasons:

The public records disclose serious charges made by the Comptroller General of waste, extravagance, and misuse of Government funds on the part of the Maritime Commission, of which the appointee is Chairman.

The reports of the House Merchant Marine and Fisheries Committee show a lack of proper consideration for the safety of the public moneys on the part of the Commission of which the appointee is Chairman with regard to the Tampa Shipbuilding Co., the Waterman Shipping Co., the South Portland Shipbuilding Co., and possibly other cases which I have not had the opportunity of studying.

The virtual indictment of the appointee by the unanimous vote of the House Merchant Marine and Fisheries Committee, charging the waste of Gov-

ernment funds in the South Portland, Maine, Shipbuilding situation, is one which merits the consideration of every Member of the Senate at this particular time. I might say it merits the righteous indignation, if not something more than that, of every man in public life.

The practice of the Commission in unwarrantedly diverting one hundred or more millions of dollars appropriated for the use of the Navy and the Army to the Maritime Commission by an overcharge to the Navy and War Departments for ships acquired, especially as these charges are made by the Comptroller General, are worthy of consideration.

The recent revelations in regard to the payment of excess charter hire in the chartering of ships to the Red Sea, wherein lease-lend funds were exploited in order to enrich a few shipping company operators, are still unexplained.

Despite these conditions, all of which are matters of the deepest concern to the Senate, if we are to really insist that the taxpayers' money be properly expended, it is my understanding that no hearing was held before the Commerce Committee as to the accuracy or falsity of these charges.

Personally, I hesitate to criticize any person in the absence of that person. I believe that any person, especially one entrusted with the handling or supervision of some \$19,000,000,000 of the public moneys, should be privileged to reply in person to charges which the public records contain, only a few of which I have enumerated.

The fact that the appointee has not demanded a hearing, realizing, as he should, that some Members of the Senate would be interested in ascertaining the accuracy or falsity of these charges, ignores those in the Senate who simply ask that public officials should be held responsible for the trust reposed in them.

The fact that the appointee did not demand a hearing in itself, in my opinion, is sufficient to warrant a postponement of confirmation by the Senate of his appointment until a hearing and report of the Commerce Committee is laid before the Senate.

We are engaged in a devastating war. We are enacting legislation, we have enacted legislation, which will place many millions of the flower of American manhood and womanhood under fire. We are told that we are in this war to perpetuate democracy and the right of a free people to maintain their liberties. One of the greatest dangers to our success in the war is the possible loss of the confidence of our people in the integrity of their public officials. Surely, revelations which have been brought forth by Senate and House committees with regard to the disbursement of public funds have sorely tried the confidence of the American people.

I read from a clipping from the Washington News of March 26. The article is by Raymond Clapper, the distinguished columnist. Clapper is noted as an administration champion, therefore his utterance on this very matter should have some weight with those Members of the



Senate who support the administration. I read as follows:

A long war means that we can less afford to tolerate the kind of thing that has been disclosed this week. The production of defective steel, covered up under fake records, is the kind of thing that needs to be cracked down on so hard that it will discourage others from taking any chances of that kind. The fantastic profits of ship operators, charging all that the traffic will bear, are certainly not to be condoned at a time when we are trying to induce the coal miners and the farmers to refrain from charging all the traffic will bear. The cocky attitude of the shipowners down here, who haughtily spurn suggestions that they disgorge some of their fat profits on the ground that they are within their legal rights, is not going to help in winning the battle against inflation.

Recent hearings before the Merchant Marine and Fisheries Committee disclose that the Maritime Commission approved rates for the chartering of vessels to the Red Sea, which rates resulted in the Treasury paying out some \$31,000,000 for the use of ships which were valued at some \$5,000,000. It is my understanding that these same ships secured an additional \$20,000,000 for freight brought from Egypt and other countries on their return trip to the United States.

Further, as I understand the law, the Congress, in enacting merchant marine legislation, foresaw the possibilities of

just such a condition, and the law provides that in case of "any national emergency" such ships could be taken over and the situation such as I have described prevented.

Mr. President, I hold in my hand a compilation which appeared in the Washington, D. C., Post of March 24, 1943. It contains 19 names of shipping companies, and opposite the name of each company appears the number of vessels owned by it, the number of voyages made by each ship, the depreciated value of the vessels which made the trips, and the net profit made by the company. In the words of Robert Ripley, "Believe it or not," these vessels, with a depreciated value of \$8,256,000, made a net profit for the companies of \$26,878,000. Think that over, Mr. Farmer, out in the plains of Kansas. Think that over, factory operators and workers. Think that over, Mr. Common Man who wonders where you come in in this thing, and what stake you have in democracy, and then give them the answer.

Mr. President, I ask that the table to which I have just referred be placed in the Record at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the Record, as follows:

*Red Sea Charter profits*

Name of owner	Number of vessels	Number of voyages	Depreciated value of vessels	Net profit
American Export Lines <sup>1</sup> .....	6	6	\$232,000	\$1,572,000
American Foreign Steamship Corporation.....	2	2	896,000	481,000
American-Hawaiian Steamship Co.....	10	10	479,000	3,097,000
American Presidents' Line <sup>1,2</sup> .....	2	3	307,000	814,000
Atlas Trading Corporation.....	1	1	(3)	57,000
Boyd, Weir & Sewell, Inc.....	1	1	(7)	385,000
Calmar Steamship Corporation.....	7	8	695,000	2,640,000
Isthmian Steamship Co.....	6	7	1,590,000	2,529,000
Luckenbach Steamship Co., Inc.....	10	12	1,427,000	3,890,000
Lykes Bros. Steamship Co., Inc. <sup>1</sup> .....	4	4	187,000	1,318,000
Matson Navigation Co. <sup>1</sup> .....	4	4	238,000	995,000
McCormick Steamship Co. <sup>1</sup> .....	2	3	146,000	743,000
R. A. Nicol, Agent.....	6	6	(9)	1,682,000
Norwegian Shipping & Trading Mission.....	1	1	(9)	367,000
Shepherd Steamship Co.....	1	2	167,000	498,000
Sudden & Christian.....	1	1	(9)	270,000
Union Sulphur Co.....	1	2	(9)	364,000
Waterman Steamship Co. <sup>1</sup> .....	12	12	855,000	3,733,000
Weyerhaeuser Steamship Co. <sup>1</sup> .....	4	5	1,037,000	1,463,000
Total.....	81	90	8,256,000	26,878,000

<sup>1</sup> These companies or their affiliated companies were subsidized under the 1936 act.

<sup>2</sup> The Maritime Commission owns 90 percent of stock of this company.

<sup>3</sup> Not known.

<sup>4</sup> This company was subsidized under the 1928 Shipping Act.

NOTE.—Some, if not all, of the other companies listed above have received aid in some form under the 1928 or the 1936 acts in the way of tax exempt profits, long term credit at low rates of interest, purchased Government tonnage at small percentage of its construction cost to Government, etc.

Mr. TOBEY. Mr. President, the Comptroller General of the United States who now holds the position is a most estimable gentleman. He was my colleague in the House of Representatives for 6 years. I have great respect for him. He is an honest man if I know one when I see one and hear one. In the carrying out of his duties he has made reports, as he is obliged to do, to Congress which created the General Accounting Office, and he made three specific charges of irregularities and breaching of the law. What are we doing about it? Are we going to demand an investigation? Apparently we are not.

Mr. President, the Office of Comptroller General was created by the Congress after the last World War, the First World War, to speak more particularly, to stop irregularities and dishonesty in the spending of Government funds, which in the last analysis—and, Senators, do not forget that, although we have been forgetting it—are the people's money. Have we become inured to such things in America and in the Congress? Are we near the border line of a feeling that dishonesty, irregularities, and gross extravagances are necessary concomitants of great amounts of Government spending?

If that be true what hope can the people have for the continuance of representative government, I ask the Senate?

A shameful record of dishonesty has been revealed to every Senator in recent weeks, and I am referring now specifically to the indictment made before the Truman committee of the great Carnegie-Illinois Steel Co., the tops in steel manufacture in this country, where, according to the records of the Truman committee, they faked the reports and the specifications, and they carried on their ledger and daybook the letter "F," meaning "fake" if you please, and the specifications required by the war effort are gone with the wind.

They put something over on the commonest, most humble citizen of this country, and our boys in the maritime and armed services of the country.

What is the second indictment I bring before you? It has to do with the Anaconda Cable & Wire Co. A few weeks ago this company was found, under examination by Government experts to have put out wire for use in war purposes, particularly for signaling to your boy and mine on the danger line. The product put out was manifestly inferior and perhaps shoddy all the way through, and would not "deliver the goods." That company was thus trafficking with the lives and the safety of our boys and the soldiers of our allies. That is the second count.

What is the third count? It is to be found in connection with a shipyard in New England, where I was born, raised, and now live, and in the State where my father and grandfather were born. It occurred in the South Portland Shipyard, and be it said to the everlasting shame of some of us, these things were allowed to continue and to go on. I have been wanting to bring to the Senate what has been happening in the South Portland yard.

Mr. President, a word about this South Portland company for the official record. I am reading from an investigation of that shipyard corporation in South Portland, Maine, made by the House Committee on the Merchant Marine and Fisheries. The chairman is Mr. BLAND, a distinguished Member of the lower House. I read from the report:

The record of South Portland Ship is the worst of any company engaged in the construction of Liberty ships. Your committee is unable to subscribe to the principle that South Portland Ship should be paid \$5,000,000 for its incompetence, inefficiency, and obvious inability to perform its contract duties solely because other yards furnish examples of bad management. There is no room for incompetence, inefficiency, and incapacity, the only effect of which is a hampering of our war effort.

In the opinion of your committee, the proposition that the contracts enjoyed by South Portland Ship should be terminated immediately is so clear that it admits of no debate. The other yards which, it is said, furnish examples of bad management will be very carefully examined, if your committee is authorized to continue its investigation.

The question presented is whether or not the performance by South Portland Ship has

been such as to warrant the payment of fees of not less than \$5,040,000. To summarize the relevant facts in the light of which an answer to this question must be framed, South Portland Ship contributed substantially nothing to the performance of the facilities contracts other than the lay-out of the yard and the lay-out is bad.

The inevitable conclusion is that South Portland Ship is receiving a fee for the trouble of incorporating a company, choosing a name for that company, holding an occasional directors' meeting, and delegating the performance of its contract duties.

An examination of the contracts, both for facilities and for ships, indicates an attitude of extreme generosity on the part of the Maritime Commission. In the facilities contracts there is no obligation—

Note this, Mr. President—

on the part of the contractor to complete construction of the facilities by any given date and there is virtually no limitation upon their cost. The contracts provide—

I quote now from the report—

that the contractor shall not be deemed to have guaranteed that this contract can be performed—

They make a contract, and in the last analysis they say it shall not be deemed performed—

for the amount stated and—

I continue to read—

shall in no event be obligated to continue its performance of this contract beyond a point to which its obligations \* \* \* equal the unexpended portion of the amount payable by the owner hereunder.

The ship contracts are equally generous and, among other provisions state that—

I ask that my colleagues please note this—

the contractor shall be reimbursed for all costs of remedying defective work \* \* \* whether the \* \* \* work shall have been furnished or supplied by the Commission or the contractor

What an incentive to be lax in detecting defective work and to cash in on it as if it were skillfully done work! Only today I was told by a man who knows—and I stake my reputation that he does know, for his informant was one of the auditors in that yard—that after going over the books and papers, he remarked, "It is a wonder to me that they can keep out of jail." That is expert testimony, Mr. President. When Senators go home tonight and offer a prayer for the safety of the boys of this country in our armed services may the outrage of the things brought to light on the Senate floor today come home to them.

Mr. President, I am almost through. To me, the apathy and indifference which seem to be evident in this matter and the regrettable evidence under consideration constitute a grave danger to democracy, and in their far-reaching import may actually be enemies within our gates in considerable degree as dangerous as some enemies which our armed forces have to meet on foreign soil.

Mr. President, someone has asked me, "What has this to do with the appointment?" Let me say that it has everything to do with it. Guilt is still pun-

ishable in this country. When a man is placed in a high public position, a responsibility goes along with it; and as to that responsibility, I claim today that in the light of all the evidence produced in the Senate this afternoon and to be found in the RECORD made the other day, the job for the Senate to do is to send the appointment back to the committee, have it hold hearings on it, let in the light and the truth, and report the facts. What will a delay of a few weeks amount to, after all?

By sending the nomination back to the committee, and asking that it hold hearings on it, we shall serve notice upon all the agencies of our Government that they cannot get away with indifference or lack of responsibility to the public trust reposed in them, the performance of which is the responsibility and duty of every public officeholder.

Mr. President, out in the hinterlands are 130,000,000 of our people, many of them are the common people whom Abraham Lincoln loved and of whom it has been said that God must have loved them because he made so many of them. Mr. President, is there not danger that they will conclude that the only interest some Members of Congress have about them is in getting their votes at election time?

However, Mr. President, do you not suppose that when Goebbels, in Germany, heard of the things which have been mentioned in connection with these matters he broadcast them over the radio to the people of Germany to incite and buttress their hatred and contempt of our country? Do you not suppose that all over the world we are being held in ridicule for the things which are happening in this land of the free and home of the brave—for the crookedness which is found in high places, and for the evidence of many persons getting away with graft? I believe that is happening, and so do other Members of the Senate. Our job is to strengthen the foundations of the Republic—to bring this Nation back to being a constitutional Republic. One of the best ways to strengthen our Nation's foundations is for those of us who are privileged to be here a little while to fight, fight, fight for decency and honesty in the spending of the people's money.

I submit that a case has been made out beyond peradventure that dishonesty, extravagance, and profligate spending have been attributes of the agency referred to and of other agencies of Government in our United States.

Not only God Bless America should we sing but, in view of all these things, we should paraphrase that, and pray—day after day and night after night—"God save America."

Mr. AIKEN. Mr. President, I now yield to the junior Senator from Oregon.

Mr. HOLMAN. Mr. President, I address my remarks to the consideration of a report of deplorable conditions existing under the control of the War Shipping Administration, rather than to challenge the ability or character of Admiral Land himself. My purpose in calling attention to certain conditions is to effect a

remedy, regardless of whether Admiral Land's nomination be confirmed. By letting light into some dark places of the War Shipping Administration, it may be that both the Chairman of the War Shipping Administration and every other member of it will become more zealous than apparently he and they have been in the past in promoting economy in Federal expenditures and in the use of vital manpower resources, as well as be encouraged in causing efficient production through cooperation in a harmonious and unified national over-all war effort. That no man can serve two masters is a fundamental truth of common honesty and a sound rule of good public administration. While some confusion and some irregularities in minor degree may have been inescapable in the rapidity and magnitude of transforming our country from a people at peace to a Nation at war, yet confusion and irregularities never should be complacently accepted and condoned or continued, but always should be discovered and corrected as soon as discovered.

We have been preparing for war for the past 3 years. The initial stages of organization are past. Many plants are fully organized with facilities in place and in use. Normal wartime operation should now be standardized; and extravagance and wastage of manpower, materials, and public funds should be reduced to a minimum or should cease altogether.

Let there be instituted at once a searching investigation into the work being carried on under the War Shipping Administration, and let needed reforms be promptly effected.

I direct attention first to the fact that the vice president of the American Mail Lines is also the Pacific coast director of the War Shipping Administration, and that in his official capacity he favors the private interest of the company of which he is vice president.

Secondly, I direct attention to the fact that pay-roll padding is a common practice in some shipbuilding yards and their subcontracting corporations which operate under contracts and orders issued by the War Shipping Administration.

To conduct before the Senate an open hearing upon the charges referred to would involve endless time and occasion in the consideration of vital legislation delay which would paralyze the orderly functioning of the Senate, the House of Representatives, and the Government generally.

Immediately upon my return to Washington from the west coast I called to the attention of the Truman committee a number of important observations made by me while on the Pacific coast last November and December. It is my information that an investigator or agent of the Truman committee is now on his way to Washington from that coastal area to report, in compliance with my request, his findings made in that area. It seems to me that the nomination now before the Senate should be sent back to the Committee on Commerce, which has held no hearings on it; and that then the committee should



report to us its recommendations, after—not before—it has heard from the Truman committee or has thoroughly examined into the irregularities brought to light in the Senate today.

Mr. AIKEN. Mr. President, I desire to ask if there are any other Members of the Senate who desire to speak on this side of the question. Some time is left, I understand.

The ACTING PRESIDENT pro tempore. The Senator has 28 minutes remaining.

Mr. AIKEN. If no other Members of the Senate desire to speak on the side of the question on which I have spoken, I shall conclude by saying, first, that I thank those Members of the Senate who have so ably spoken this afternoon in the cause which I believe to be so absolutely just and right. I credit the Senators who have spoken on the other side of the question with being sincere in their arguments, but I do believe their arguments have been colored by their devotion to the man who is nominated for another 6-year term as Chairman of the Maritime Commission.

However, for much of the time their arguments have not been devoted to the issue which is before us, or to what I consider to be the issue. They have drawn many red herrings across the trail. The principal issue, as I see it, is this: The Comptroller General has charged the Maritime Commission with not having conducted its functions properly. If we confirm this nomination without any hearing being given to the Comptroller General on these charges, we are indicting the Comptroller General's Office. We are serving notice on the Comptroller General that when he finds what he considers to be dishonesty in public office in our departments, we will not back him up. For that reason, Mr. President, I do not believe that we should confirm the nomination of the Chairman of the Maritime Commission until a full, impartial investigation of the charges made by the Comptroller General's Office has been made. If, when such an investigation has been made, it should be found that the Chairman of the Commission is simply engulfed in a terrible situation which he is powerless to prevent, I should be one of the first to help him correct such a condition.

I am under no illusions as to the outcome of this controversy which has been going on here today. I realize that the strength of those of us who have been arguing against this confirmation in accordance with our sincere views on the subject will probably be ineffective against the powerful forces on the other side. However, we have done what we could to present to the Senate and to the people of the country the deplorable facts in regard to one of the most important departments of our Government.

If we are defeated here today we shall be back; we shall continue this fight on the floor of the Senate, and in committee, and we shall go to the people of the country with it at every opportunity, in the hope that some day we shall be able to restore ability, integrity, and plain honesty to the departments of our Government.

Mr. President, I believe that the other day when it was agreed to vote today, it was understood that a vote to recommit the nomination would be in order. I particularly listened to the majority leader to make sure that he did not say we would vote on confirmation. If he had, I should have objected, because I believe that this nomination should go back to the committee, which I understand did not have any hearings on the nomination. I further understand that it did not have even a meeting, but that the committee was polled. I doubt if at that time the members of the committee themselves knew of these indictments and the situation which existed.

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

Mr. AIKEN. I yield.

Mr. SHIPSTEAD. I am amazed to hear that the committee did not hold a hearing or conduct an investigation. Did I correctly understand the Senator to say that the Comptroller General had not been asked to come before the committee and explain the charges?

Mr. AIKEN. I ask any member of the committee who is present if the committee has invited the Comptroller General to come before the committee to explain the charges made against the Maritime Commission. I hear no answer.

Mr. BAILEY rose.

Mr. AIKEN. The Senator from North Carolina is on his feet. Perhaps he will tell us whether the committee has invited Hon. Lindsay C. Warren to come before the committee and explain his charges.

Mr. BAILEY. Mr. President, Hon. Lindsay C. Warren came to see me, and we had quite a conference; but he has not been before the committee, and he has not asked for an opportunity to appear before the committee.

Mr. AIKEN. Did Hon. Lindsay C. Warren come to see the Senator from California [Mr. JOHNSON] about the matter? I suppose I should not expect the other members of the committee to answer. I seriously doubt it.

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

Mr. AIKEN. I yield.

Mr. RADCLIFFE. In response to the Senator's question, let me state that I was present when Mr. Warren was in the office of the Senator from North Carolina, and I believe other Senators were also present. They are entirely familiar with what took place there.

Mr. AIKEN. It is very apparent that the Comptroller General has been given no opportunity to appear before the committee; and yet we are asked to condemn his charges as being false, without giving him an opportunity to be heard. If that is fair play and justice, I do not know what wrong is.

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

Mr. AIKEN. I yield.

Mr. CLARK of Missouri. I think it is only fair to say that I have talked with the Comptroller General three or four times over the telephone. So far as the difference between the Maritime Commission and the Comptroller General as to the construction of the law is con-

cerned, as I have previously indicated, I entirely adhere to the Comptroller General's side; but it is only fair to say that the Comptroller General has never suggested to me that he had any desire whatever to appear before the Commerce Committee, or any other committee of the Senate, on the question of the nomination of Admiral Land. I think probably the Comptroller General takes the same position I take, that while he may disagree with the Chairman of the Maritime Commission on the construction of the law, on a definite state of facts, he does not believe that that difference is any justification for an attack on the nomination of Admiral Land. I say that because of the fact that in the many conversations I have had with the Comptroller General, who is an old intimate friend of mine, he has never made any suggestion that he would like to appear before the committee in opposition to the nomination of Admiral Land.

Mr. AIKEN. I have also talked with the Comptroller General. Virtually all the substantiating material which I used this afternoon has been furnished me by the Comptroller General. I sat in the meeting of the Committee on Expenditures in the Executive Departments and heard the Comptroller General give a terrific indictment of the Maritime Commission. I am surprised that the Committee on Expenditures in the Executive Departments has not been permitted to function. It may be that those who heard him heard too much.

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

Mr. AIKEN. I yield.

Mr. BARKLEY. I sat in the same meeting of the Committee on Expenditures in the Executive Departments in which the Senator sat. As I recall, the statements of the Comptroller General and of the Maritime Commission—not particularly Admiral Land—disagree with respect to the law. I do not know how the question of law can be settled except in the courts. The question has not reached the courts. Whether it will ever reach the courts I do not know. The Comptroller General stated that the whole Commission, including the Chairman, had fully cooperated with him and his office, that the Commission was undergoing a minute audit of its accounts, and that the members of the Commission had not only not thrown a stray in the way but had affirmatively cooperated with the Comptroller General in the investigation of all the accounts of the Maritime Commission.

Originally there was some question as to whether the Comptroller General had jurisdiction over the Maritime Commission; but that matter was settled, and the Commission, like all other Government departments, is now undergoing an audit of its accounts. I do not agree with the Senator that the Comptroller General indulged in a terrific castigation or condemnation of the Commission, or of Admiral Land himself.

Mr. AIKEN. I did not say "Admiral Land" if I correctly remember the words of the Comptroller General, they were "the Maritime Commission is violating the law."

Mr. BARKLEY. It is the position of the Comptroller General that they were exceeding the law. That is a question over which honest men can differ. If it were not for honest disagreements about the law, we could abolish all our courts.

Mr. AIKEN. I maintain that if we vote to confirm this nomination without any investigation at all having been made of the charges by the Comptroller General, we will in effect indict the Comptroller General's office. I wish to say in the presence of the majority leader, who was not in the Chamber a few minutes ago, that when we agreed on Friday last to vote at not later than 5:30 today, I was of the opinion that a motion to recommit the nomination so that an investigation could be held, or at least a hearing held by the committee, would be in order. I have been advised by some of my colleagues that such a motion is not in order. I should like to ask if the majority leader would agree, in view of my youth, innocence, and inexperience, to my making such a motion at this time.

Mr. BARKLEY. I am willing to admit the Senator's youth, but I doubt his inexperience.

I am not in charge of the matter, but I would not feel disposed to agree that the Senator could take advantage of a parliamentary right which does not exist. So that no further delay can be caused I think that the nomination should be disposed of today.

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

Mr. AIKEN. I yield.

Mr. BAILEY. We had one agreement which passed out, I think, by accident. Then we made another. The Senator from Vermont [Mr. AIKEN] is a party to that agreement. Practically the whole Senate is a party to it. The agreement is that we shall take a vote on the question of advising and consenting to the pending nomination. I make the point that at 5:30, or not later than then, voting on the pending nomination will be the order of business. An agreement to do that has been entered into.

Mr. AIKEN. Mr. President, I thought there was a difference between voting on a confirmation and voting on a nomination.

Mr. BAILEY. I am sorry that was the Senator's understanding. He has been under false impressions all day.

Mr. AIKEN. I am merely asking if Senators will permit such a motion to be made.

Mr. BAILEY. I shall object. I want to get this matter disposed of. We have an agreement. Why should we break it?

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. AIKEN. Does the Chair rule that such a motion is not in order?

The ACTING PRESIDENT pro tempore. At the present time there is nothing before the Chair to rule on.

Mr. AIKEN. If we are not permitted to vote, Mr. President—

The ACTING PRESIDENT pro tempore. There is nothing before the Chair at the present time.

Mr. AIKEN. I ask the Chair if the following motion would be in order: I move that the nomination of Admiral Land to be Chairman of the Maritime Commission be recommitted to the Committee on Commerce? I ask the question in the form of a parliamentary inquiry.

Mr. CLARK of Missouri. The Senator could make such a motion at this time, and it could be acted upon.

Mr. McNARY. Of course, the motion made is not in order because the time for completion of the debate has not arrived. There are three other Senators to speak. The question cannot be raised in the way the Senator from Vermont has raised it, but it can be raised by a parliamentary inquiry. I think I must frankly say that I advised the distinguished Senator from Vermont that, in my judgment, under the unanimous consent agreement, a motion to recommit would not lie. The question comes directly on the confirmation of the nomination. I make a parliamentary inquiry whether my understanding is correct.

The ACTING PRESIDENT pro tempore. The Senator will state his parliamentary inquiry.

Mr. McNARY. The question is, If at 5:30 o'clock, or before that time, the debate should end, would it be proper for a Senator to make a motion to recommit the nomination of Admiral Land to the committee?

The ACTING PRESIDENT pro tempore. The Chair has read the language agreed upon on page 2535 of the CONGRESSIONAL RECORD of Friday last. The language is as follows:

I, therefore, ask unanimous consent that at an hour not later than 5:30 p. m. on Tuesday next, the Senate shall proceed to vote on the nomination of Rear Admiral Land, and that the time shall be equally divided between the Senator from Vermont [Mr. AIKEN] and the Senator from North Carolina [Mr. BAILEY], to be disposed of as they see fit.

That language is clear, certain, and plain. In the opinion of the Chair a motion to recommit is not in order.

Mr. SHIPSTEAD. Mr. President, I regret very much to have to make the statement which I am about to make.

I have known Admiral Land for a great many years and I have a high regard for him. I understand that the present controversy has to do with charges made against the Maritime Commission by the Comptroller General, and that hearings on the charges have not been held. I further understand that the charges have been made against the Maritime Commission, and not against Admiral Land personally.

I came to the Senate today without knowing what had been said in the Senate regarding the nomination. I came here with the hope of voting to confirm the nomination of Admiral Land. In view of what has been stated, and not refuted, that these charges have been made and that no hearings have been held by the committee on the charges, and in view of the fact that the Comptroller General has not been called before the committee to make good his charges,

or to be cross-examined, which I think should have been done, if there be no opportunity to vote to recommit the nomination to the committee, to my great regret I shall have to vote against the confirmation of my friend. I shall do so as a matter of protest.

Mr. WHITE rose.

Mr. BAILEY. Mr. President, I will yield to the Senator from Maine if he cares to make a statement.

Mr. WHITE. May I inquire how much time I may have?

Mr. BAILEY. There are 31 minutes remaining, and several Senators would like to be heard.

Mr. WHITE. How many?

Mr. BAILEY. There is the Senator from Michigan [Mr. VANDENBERG] and several others.

Mr. VANDENBERG. I am willing to yield my time.

Mr. BAILEY. The Senator from Wyoming [Mr. O'MAHONEY] desires to make a statement.

Mr. WHITE. That leaves me about 3 minutes.

Mr. BAILEY. The Senator is correct.

Mr. WHITE. Mr. President, I came here today expecting to say something in behalf of the confirmation of Admiral Land. I have known something about shipping organizations in this country, something about the men who have served on the various shipping boards, the Emergency Fleet Corporation, and the Maritime Commission, ever since the act of 1916. In my opinion Admiral Land is the outstanding figure who has served on the Maritime Commission during the past interval of 27 years. He has brought to his task intelligence and industry. He has brought ability, he has brought character, and he has brought courage.

Mr. President, it seems to me that in these hours, to think of refusing his confirmation, to think of removing him from the office which he occupies, is just beyond understanding.

Mr. President, we are in the midst of the greatest shipbuilding program the world has ever seen. At the present time we are carrying on shipping operations at a scale never before witnessed in this world, and Admiral Land is the central figure in the shipping operations of this Nation. He is the central figure in the shipbuilding program of the Nation. To remove him from that place of responsibility, that opportunity for service, that obligation to serve, would be as harmful as to remove General Marshall from the head of the Army, or Admiral King from the head of our Naval Establishment. On Admiral Land, more than any other man, rests the success of our great merchant marine undertaking in which we are engaged.

If I had time, I would say more. I expected to discuss somewhat fully this nomination of Admiral Land, but to my surprise and mortification the Senators from New Hampshire and Vermont have poured out their venom and vehemence against the citizenship of my State, against the character, integrity, and ability of the ship workers and the shipbuilders of Maine.



Mr. President, not in words of apology, but in words of justification and of congratulation, I say that the story of the South Portland Shipbuilding enterprise is one in which I take pride. I recognize that there has been a report from the House Committee on the Merchant Marine and Fisheries critical in the extreme. I do not challenge the good faith of the chairman of that committee, with whom I served for 14 long years, but I do say that he and his committee have gone far astray in their report. The alleged facts and the conclusions are not accepted by the Senators from Maine, they are not accepted by the Maritime Commission and they were not accepted by the Truman committee of the Senate, which traversed much the same ground, and reached radically different conclusions from those of the committee of the House.

Mr. President, in January 1940, there was nothing but a barren shore in Portland. Since then there have been built 2 plants, now employing more than 30,000 employees. There have been turned out from those plants for the Government of Great Britain 30 great ships, and, if my information is not incorrect, there have been turned out for our merchant marine in those 2 plants something like 60 other ships.

They turned out those ships with a record in man-hours which compares favorably with that of any of the shipyards in the country. They have turned them out in time computed in days, from the laying of the keels to the launching of the vessels, which compares most favorably with other yards.

Mr. President, these two plants were brought into being under the leadership of William Newell, president of the Bath Iron Works, the greatest industrialist of my State of Maine. No one in Maine will challenge his integrity, his ability, or his character. He is held in universal respect, and I share that respect for him. The Truman committee recommended some minor changes in the organization of these Portland plants, and those changes were put into effect. Since then, during a 60-day trial, the newly reorganized plant has met every specification laid down by the Maritime Commission.

They put into the water in 60 days time 14 ships. They met the requirements of the Maritime Commission in respect to the fabrication of materials for the building of ships. They are doing in Portland, Maine, today, notwithstanding what is stated in this report of the House committee, a work in which the people of the State of Maine take pride, and in which the people of New Hampshire and of Vermont ought to take pride.

Mr. President, I close as I began, by giving my unqualified endorsement to Admiral Land, and I express the hope that his nomination will be overwhelmingly approved by the Senate.

Mr. BAILEY. Mr. President, I yield time to the Senator from Michigan [Mr. VANDENBERG].

Mr. VANDENBERG. Mr. President, in just a word let me say that it seems to me the most significant thing that hap-

pened this afternoon occurred very quietly in the back row of the Senate, when the able junior Senator from Missouri [Mr. TRUMAN], chairman of a Senate investigating committee which has earned the total confidence of the American people, in whom the Republic totally believes, rose and said that, after all his contacts and his committee's contacts, with all the shipbuilding problems of the war, he wished to say that there was not one single semblance of a cloud upon the record of Admiral Land, and that so far as he was concerned he considered Admiral Land to be chiefly responsible for the miracles which have been performed in shipbuilding, and that Admiral Land's confirmation would have his vote. Mr. President, it is not possible to get that kind of testimony from the chairman of the Truman committee for any man who is not qualified and competent.

I honor the able Senator from Vermont [Mr. AIKEN] for having industriously assembled a case against procedures in the Maritime Commission which should be thoroughly ventilated. I will join him in helping to ventilate them. But they have nothing whatsoever to do with Admiral Land's eligibility to continue in the responsibility which he now holds, a responsibility which, in my judgment, is being more effectively and successfully met than that of any other civilian administrator in the war effort. It is my opinion that Admiral Land is the man above all others whom America must thank for the couriers upon the seven seas which are making it possible for American armies to survive around the world.

Admiral Land is as honest as the day is long, if I know anything about men. If it were my money, I would trust him with every cent in the Treasury of the United States without a bond. I think his nomination should be confirmed.

Mr. BAILEY. How much time have we left, Mr. President?

The ACTING PRESIDENT pro tempore. The Senator from North Carolina has 12 minutes remaining.

Mr. BAILEY. I yield to the Senator from Ohio [Mr. BURTON].

Mr. BURTON. Mr. President, it has been my privilege to serve 2 years on the Committee on Commerce, and 1 year on the Truman committee, and during that time I have frequently heard Admiral Land testify as a witness.

I wish to state, in my opinion, that Admiral Land is the most strikingly direct witness I have heard before any committee, either in open or closed hearings. His testimony always has been not only the truth, but also to a refreshing and unusual degree the whole truth and nothing but the truth. Although serving as a civilian, his devotion to duty is on the high standard of that of a naval officer on active duty. His devotion to duty has carried with it a courage and a willingness to disregard private considerations which are greatly to be desired and rarely found. His integrity is so clear that it is not questioned. His diligence, his courage, and his technical knowledge, are not questioned.

With these assets, I think Admiral Land can be relied upon to carry out completely and fearlessly the policies laid down by the Congress. I am convinced that he can be counted on to resist any and all private pressures, however great, because his devotion to his public duty is many times greater.

No differences of opinion as to interpretation of acts of Congress which have been presented justify us in depriving the Nation of the value of the services of Admiral Land as a member of the Maritime Commission.

Mr. BAILEY. I yield now to the Senator from Wyoming [Mr. O'MAHONEY], and I remind him that whatever time he leaves will go to the leader, the Senator from Kentucky [Mr. BARKLEY].

Mr. O'MAHONEY. Mr. President, I shall observe the injunction given by the distinguished Senator from North Carolina. My purpose is to take only a few moments, to express my great satisfaction that, as a citizen of the State of Wyoming, I shall have the opportunity today to cast a vote of confidence in Admiral Land. I say as a citizen of the State of Wyoming, because Admiral Land entered the Navy from the State of Wyoming.

It may be appropriate to say to Members of the Senate that as a boy under age in 1898, when the United States was entering the war against Spain, Emory Land ran away from home to enlist in the United States Army. He sought to find a place in Colonel Torrey's Rough Riders in Wyoming. His plan was discovered before he had complete opportunity to carry it out, and a distinguished former Member of this body, the Honorable Francis E. Warren, Republican United States Senator from Wyoming for many years, was instrumental in going to the military camp, which is now known as Fort Warren, to prevent the induction of this young boy, who was so anxious to serve his country before he was of age that he ran away from home to enter the Army.

Then, under the advice of Senator Warren, he became a candidate for appointment to Annapolis. Hon. John E. Osborne, at that time a Representative in Congress from Wyoming, held a competitive examination, and young Emory Land won the appointment. By reason of winning that award he became a midshipman at the Naval Academy at Annapolis, and graduated with honors.

He has served the Nation with distinction in the Navy, and as Senators have already said this afternoon, his achievements as head of the Maritime Commission have been one of the industrial marvels of our war output since we became involved in this great conflict.

Mr. President, Emory S. Land's record from the time he passed that competitive examination down to this hour has been characterized by efficiency, by patriotism, by integrity. A disagreement between the lawyers of the Comptroller General's office and the lawyers of the Maritime Commission over the directions contained in the law of Congress does not constitute the slightest basis for casting any reflection upon the great name of this able man.

I shall be happy indeed to vote for his confirmation.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina [Mr. BAILEY] still has the floor.

Mr. BAILEY. I yield to the Senator from Kentucky [Mr. BARKLEY].

The ACTING PRESIDENT pro tempore. The Senator from Kentucky is recognized.

Mr. BARKLEY. How much time is left, Mr. President?

The ACTING PRESIDENT pro tempore. Seven minutes.

Mr. BARKLEY. Mr. President, I appreciate the courtesy of the Senator from North Carolina, though I would myself be perfectly willing to yield the time to some other Senator if he should desire to occupy it.

Mr. President, of course in the time at my disposal I cannot go and I have no desire to go into the details, or to attempt to mention any of the details in regard to the facts surrounding this nomination and this controversy. I have known Admiral Land since he became a member of the Maritime Commission, and I have had reason to know him rather closely and to know of his work and that of the Commission. I think no one will deny the courage of Admiral Land. Sometimes some of his friends think he is too candid; that sometimes he gives expression to his honest views when probably a more politically minded person might restrain himself in the expression of his honest convictions. But he is a man of intense convictions, intense integrity, and intense honesty, and when he believes a thing he believes it and he is not afraid to express his belief in it.

Mr. President, I have known longer and more intimately, Mr. Lindsay Warren, the able and efficient and courageous and honest Comptroller General. I served in the House with him, and I have kept in touch with him ever since. He is a most admirable Comptroller General. He likewise has courage and conviction. The difference between the Comptroller General and the Commission—not Admiral Land simply as an individual or as the Chairman of the Commission—but the difference between Mr. Warren, the Comptroller General, and the Maritime Commission is a difference with respect to the interpretation of the law.

I should not want to get rid of a Senator, to kick him out of this body, simply because I disagreed with him on the law that applied to a particular situation, and nowhere has Mr. Lindsay Warren, either in any public statement he has made or in any confidential statement made before a committee which I have heard or learned anything about, advocated that Admiral Land was not qualified to continue in this position, or that he was not entitled to continue in it, or that for a moment he doubted his integrity.

When Mr. Warren came before the Committee on Expenditures in the Executive Departments on the occasion referred to by the Senator from Vermont [Mr. AIKEN] he was particular to state

that while he believed that the Maritime Commission was not following the law as he, as Comptroller General, interpreted it, yet that Admiral Land and the entire Commission were cooperating with the Comptroller's office completely and fully in the auditing of all their books, their contracts and their entire financial and official set-up, and that it was merely a difference of opinion as to the law, by reason of which the Comptroller General held up the funds otherwise available for the Maritime Commission on the question of the sale or purchase of ships and on the question of insurance.

Mr. President, I think I betray no secret when I say that at this very hour one of our most important problems, if not problem No. 1, is that of shipping. The great menace to our success in this war is the U-boat, and that menace must be overcome. Whether by some device to destroy the U-boat itself, or to protect our ships from the ravages of the U-boat, the menace must be overcome. In the absence of any successful device so far absolutely to control or destroy the submarine, the only alternative is to provide ships enough so that the ravages of the submarines will not be effective.

When we consider that the Maritime Commission, of which Admiral Land was not originally the Chairman, but the Maritime Commission under Mr. Kennedy and under Admiral Land, starting almost from scratch, has transformed this Nation's shipyards into the greatest maritime building program ever conceived on the face of the earth, it seems almost tragic that his qualifications to continue in that office are to be questioned over a legal dispute as to the interpretation of the law.

Mr. President, if I may say so, I think that nothing could be done which would so discourage our own country and encourage our enemies as to remove Admiral Land from the position he now occupies. If the Senator from Vermont should have his way, and if Admiral Land should be rejected, does anyone know of a man who would be qualified in the same degree to take his place?

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

Mr. BARKLEY. I have only 1 minute left.

Mr. AIKEN. I shall yield the time necessary to the Senator from my own time.

Mr. BARKLEY. How much time does the Senator yield to me? [Laughter.]

Mr. AIKEN. Mr. President, if I had my way the admiral would first be cleared of the charges against him before his nomination would be approved. He would not be left with these charges of the Comptroller General's office against him, and when I say "against him" I mean—

Mr. BARKLEY. They are not charges by the Comptroller General's office.

Mr. AIKEN. This is still on my time, Mr. President. What I refer to is the report made to the Congress, which indicates that the Maritime Commission has violated the law, and when I say "the

Commission" I mean also the Chairman, because I do not know who to hold responsible unless it is the Chairman.

Mr. BARKLEY. Of course the Chairman has one vote out of five, I believe, on the Commission, and, of course, the chairman of any commission is supposed to have more influence and more power than any other member. But I submit to the Senate that the Comptroller General has made no charges. The statement he has submitted and the reports he has made do not constitute charges. They merely constitute a recital of a difference of opinion as to the interpretation of the law, and according to the Comptroller General's opinion—and he himself said he did not consider himself bound by the opinions of the Attorney General of the United States, and therefore did not ask for them—according to the Comptroller General's view of the law, the Maritime Commission has exceeded the authority which the law confers upon it.

That, Mr. President, does not involve the integrity or the ability of Admiral Land. In the midst of a war, in the midst of the great confusion which the Commission inherited, in the midst of a hectic effort to fight our enemy with every weapon at our disposal, it would be a human miracle if some members in all the various boards and commissions and agencies did not disagree as to what their authority really is in their effort to do a job and do it effectively and rapidly, and do it in a way that will meet the commendation of the people of the country.

So, Mr. President, while I freely concede that the Senator from Vermont and other Senators had a right to raise this controversy, and I do not in any way impugn their motives, yet in view of the great work done by the Commission presided over by Admiral Land, it is unfortunate that the controversy has arisen. However, inasmuch as it has arisen, I hope the vote in favor of confirmation of the nomination will be overwhelming.

The ACTING PRESIDENT pro tempore. The time of the Senator from Kentucky has expired. All time for the Senator from North Carolina has expired. Ten minutes' time is remaining for the Senator from Vermont.

Mr. BAILEY. Mr. President—

The ACTING PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from North Carolina?

Mr. AIKEN. Does the Senator from North Carolina wish to say a word?

Mr. BAILEY. I desire to suggest the absence of a quorum.

Mr. AIKEN. I do not yield for that purpose.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina cannot suggest the absence of a quorum at this time. The Senator from Vermont has 10 minutes' time remaining.

Mr. BAILEY. I thought that all the time had expired.

The ACTING PRESIDENT pro tempore. All the time for the Senator from North Carolina has expired.



Mr. AIKEN. Mr. President, I do not want to fill the RECORD unduly, because it appears that we shall have a voluminous one tomorrow anyway. However, in view of the concern of the Senator from Maine over the South Portland situation, I think it only fair to the people who read the CONGRESSIONAL RECORD that they should have the whole report on the South Portland situation. Therefore, I ask unanimous consent that the report of the House Committee on Merchant Marine and Fisheries be printed in the RECORD.

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

INTERIM REPORT (No. 2563)

[Pursuant to H. Res. 281, 77th Cong., 1st sess.]

FOREWORD

By the terms of House Resolution 281 your committee was authorized and directed to conduct an investigation into the merchant marine shipbuilding program. House Resolution 281 is as follows:

[H. Res. 281, 77th Cong., 1st sess.]

[Adopted August 14, 1941]

"RESOLUTION

"Resolved, That the Committee on the Merchant Marine and Fisheries, acting as a whole or by subcommittee or subcommittees appointed by the chairman of said committee, is authorized and directed (a) to conduct thorough studies and investigation of the progress of the national defense program, insofar as it relates to matters coming within the jurisdiction of said committee, or administered by the United States Maritime Commission, or any other agency under the jurisdiction of said committee, with a view to determining whether such program is being carried forward efficiently, expeditiously, and economically; (b) to make such inquiry as said Committee on the Merchant Marine and Fisheries may consider important or pertinent to the merchant marine or fisheries of the United States or any of the Territories thereof, or to any matter coming within the jurisdiction of said committee.

"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 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."

At the very beginning it appeared obvious that the best procedure was for your committee to devote its attention to the most pressing matters and that policy has been consistently followed.

In the early stages of its work the committee employed various investigators. In July 1942 it employed a general counsel and other counsel within the limits of the committee's

appropriation. Your committee decided upon an immediate detailed investigation of the affairs of South Portland Shipbuilding Corporation, hereinafter referred to as South Portland Ship. This decision was prompted by various considerations including the fact that South Portland Ship had the poorest performance record of any company engaged in the construction of Liberty ships.

Members of the investigating staff were in Portland from shortly after August 1 until November 1. During that time they made a thorough examination of all phases of the activities of South Portland Ship in the performance of its facilities and ship-construction contracts. They investigated certain vendors who dealt with the shipyard. They investigated the files of the Maritime Commission at the yard, at the regional office in Philadelphia and in Washington. Extensive hearings have been held and the testimony of many witnesses taken both in Portland and in Washington.

Your committee sought among other things to discover the underlying reasons for the poor performance of South Portland Ship. The sole purpose of the accelerated merchant shipbuilding program is to produce ships at an ever-increasing pace. The demands of a global war cannot be met except by superlative performance. Your committee had no preconceived ideas as to the cause of the delays at South Portland Ship. Its findings have been dictated by undisputed evidence.

THE CONTRACTS BETWEEN THE MARITIME COMMISSION AND SOUTH PORTLAND SHIP

There are two shipyards located at South Portland, Maine, with a total building capacity of 13 ships. The older of the yards was built early in 1941, pursuant to a contract between the British Government and the Todd-Bath Iron Shipbuilding Corporation, hereinafter referred to as Todd-Bath. This contract provided for the construction of the necessary facilities and of 30 merchant ships. The yard has 3 basins with a capacity of 7 ships. The British contract has been virtually completed and the Maritime Commission has acquired the yard for consolidation with the adjoining South Portland Ship yard. Construction of the South Portland Ship yard was commenced in the spring of 1941, pursuant to a contract between the Maritime Commission and South Portland Ship dated April 28, 1941. Both South Portland Ship and Todd-Bath are controlled by the same interests, to wit, 50 percent by Bath Iron Works and 50 percent by Todd Shipyards Corporation.

At the time of the making of the facilities contract the Maritime Commission and South Portland Ship entered into a separate contract for the construction of 16 Liberty ships. Since the original contracts were made, the Maritime Commission has entered into further contracts with South Portland Ship for additional facilities and for 68 more Liberty ships. Thirty-three of these Liberty ships are to be built in the Todd-Bath yard and construction has begun there. The contracts with South Portland Ship for facilities were straight-cost contracts with no provision for any fee. The contracts for ship construction are cost-plus-fixed-fee contracts. The fixed fee is \$110,000 per ship plus bonuses for good performance, minus penalties for poor performance. Fee-plus bonuses are limited to \$140,000 per ship. The imposition of penalties cannot reduce the fee below \$60,000 per ship.

The original plan was that South Portland Ship would be a four-way yard with very limited facilities for fabrication. The intention was that most of the fabrication would be handled at the Todd-Bath yard adjoining or at the Harding plant of the Bath Iron

Works, which is located some 35 miles from South Portland. Subsequently, it was decided to add two additional ways. Since fabricating facilities were not available for the additional ways, it was necessary to make provision for such facilities.

An examination of the contracts, both for facilities and for ships, indicates an attitude of extreme generosity on the part of the Maritime Commission. In the facilities contracts there is no obligation on the part of the contractor to complete construction of the facilities by any given date and there is virtually no limitation upon their cost. The contracts provide—

"that the contractor shall not be deemed to have guaranteed that this contract can be performed"—

for the amount stated and—

"shall in no event be obligated to continue its performance of this contract beyond a point to which its obligations \* \* \* equal the unexpended portion of the amount payable by the owner hereunder."

The ship contracts are equally generous and, among other provisions state that—

"the contractor shall be reimbursed for all costs of remedying defective work \* \* \* whether the \* \* \* work shall have been furnished or supplied by the Commission or the contractor."

INADEQUATE MANAGEMENT

The fundamental trouble with South Portland Ship is that it lacked sufficient managerial personnel and skill to accomplish the vast task of organizing and operating a yard capable of performing its contracts. That lack still exists. While Bath Iron Works and Todd Shipyards Corporation are equal owners, Todd Shipyards Corporation has contributed virtually nothing in the way of personnel or management. The management load was carried originally by Bath Iron Works.

The vast majority of the managerial personnel at both Todd-Bath and South Portland Ship came from Bath Iron Works. While Bath Iron Works enjoyed an excellent reputation for shipbuilding for many years, it was a small concern. When the Todd-Bath yard was organized, its staffing necessitated a big drain on this small, though well-trained, personnel. The Todd-Bath yard was bigger than Bath Iron Works had ever been. The available managerial material was, therefore, already spread thin, possibly too thin, even before the South Portland Ship contracts were awarded. The result was inevitable. Men, likely good mechanics—who had always been subordinates, were suddenly vaulted into executive and sub-executive posts.

This can readily be illustrated. On the pay roll there are approximately 100 superintendents, foremen, and assistant foremen. Of these, 75 had no prior experience in the direction of men. These 75 were originally employed by the yard in various capacities ranging from common laborers to skilled mechanics of one kind or another. Their average beginning salary at time of employment was \$1.15 per hour, and their average salary at the present time is approximately \$5,500 per year. The average length of time it took these men to reach their present salary levels from the date when they were first employed is 5 months.

The failure of the management at South Portland Ship could be evidenced by innumerable instances. A few examples must suffice.

THE CONSTRUCTION OF THE FACILITIES

Shortly after the execution of the facilities contract in April 1941, South Portland Ship, with the approval of the Maritime Commission, entered into contracts with Alonzo N.

Harriman for all architectural, engineering, and supervisory service required for the construction of the yard, and with Ellis C. Snodgrass as general contractor for the entire construction thereof. Pursuant to these contracts, plans were drawn and construction got under way. Until after October 1, 1941, South Portland Ship had virtually no organization on the site and the entire construction program was left in the hands of the Harriman and Snodgrass organizations. Thus, by reason of the fact that South Portland Ship had no purchasing department, all of the purchases of materials for facilities construction were made by the Harriman organization, although this is wholly outside the sphere of the usual activities of an architect and engineer. At the same time supervision of the work by South Portland Ship was virtually nonexistent.

During the early period of construction of facilities the only supervision exercised by South Portland Ship over the performance of their contracts by the architect and the general contractor was by two representatives of the company, Mr. T. R. Allen and Mr. Robert Crean. Mr. Allen was an experienced shipbuilder and had for many years been connected with Bath Iron Works. He had, however, no experience in building construction. When asked for an explanation as to what construction experience Mr. Allen had which would fit him for the task of supervising the construction of the yard, Mr. William S. Newell, president of South Portland Ship, testified before the committee:

"Mr. HAYES. Was Mr. Allen ever in the building construction business?"

"Mr. NEWELL. I do not know, Mr. Hayes. I believe his father was a contractor, but I am not sure of that. I do think, however, that I recall hearing Mr. Allen say that Mr. Allen was with his father, who was a contractor in Philadelphia."

"Mr. HAYES. So far as you know Mr. Allen had never engaged in building construction before? He was a shipbuilder, as I understand your testimony."

"Mr. NEWELL. Yes; but as I told you his father was a contractor, and I believe as a young man he had done some work with his father."

Mr. Crean likewise had no building construction experience and had even less shipbuilding experience than did Mr. Allen. Mr. Crean was only 27 years old and had previously been employed as a ship fitter at Bath Iron Works. It was not until the construction of the original facilities had been largely completed in the early part of October 1941 that a competent representative was appointed by South Portland Ship to oversee the conduct of the balance of the work.

About the only contribution made by the top management of South Portland Ship or either of its stockholders, the Bath Iron Works and Todd Shipyards Corporation, to the construction of the facilities, was the lay-out of the yard itself. The yard was laid out by the architect, Mr. Harriman, with the advice of Mr. Newell and Mr. Allen. The lay-out is bad for a yard which was intended to exploit to the full the use of prefabrication and preassembly in the construction of ships. The assembly building is much too close to the head of the ways, and a portion of the distance between is taken up with a roadway for the passage of trucks and with a railroad track. The remaining space is too small to take care of the preassembled units in sufficient number.

The placing of the assembly building in a position so close to the head of the ways was described by a witness before the committee, an experienced engineer, as a \$5,000,000 blunder. The explanation for the blunder lies likely in the fact that Bath Iron Works and its president, Mr. Newell, have engaged principally in custom-tailored

ship construction and were not acquainted with the methods of mass construction used and intended to be used in the building of Liberty ships. Thus, the only participation by South Portland Ship in the performance of the facilities contract was the furnishing of a bad lay-out and the appointment of two inexperienced men to supervise construction.

#### FAULTY RECORD KEEPING

The failure to establish proper and accurate checking systems on material deliveries and to keep adequate records has caused much confusion with a consequent loss of precious time that should have been devoted to construction. We instance the handling of timber, equipment, and appropriations as examples of this failure.

#### Timber

In connection with the construction of the facilities it became apparent that large quantities of timber would be required and delays in deliveries had previously been experienced. To meet this situation the architect prepared tentative estimates of the sizes and quantities of timber that he expected to use. The amount required was calculated at about 2,500,000 board feet and, after bids were obtained, the contract for its delivery was awarded. As detailed plans were prepared, the actual timber requirements were calculated and sent to the vendor who, in turn, delivered the required amount to the yard. Several months after the execution of the contract the vendor sought payment, South Portland Ship at that time owing him some \$145,000. Thereupon, an attempt was made by the Harriman organization to check the records of South Portland Ship to determine the amounts actually delivered. It was found that it was impossible to do so as the necessary records had not been kept and recourse had to be had to the vendor's own records. Thus it was discovered that approximately 1,200,000 feet, or some 75 carloads, over and above the amount originally ordered had been delivered, and that no record of this overage had been kept.

#### Equipment

In the course of the construction, a considerable quantity of equipment, cranes, compressors, pumps, etc., had to be rented for the use of the general contractor. The facilities contracts provide that rentals upon such equipment shall not exceed the cost of such equipment and that whenever the rental paid equals the replacement value at the beginning of the rental period, such equipment shall become the property of the Maritime Commission. In order to effectuate this provision of the contract it would be necessary to determine the value of the equipment at the time it was first used in the yard. At the present time this is done by a clause in the rental agreement between the equipment vendor and South Portland Ship. In the beginning, however, and until about February 1942, equipment was brought into the yard without any effort to fix either its value or the amount of rental to be paid and, at times, it was worked for several months before any purchase order was prepared.

The customary basis of renting equipment is to rent for use during a period of 8 hours per day. In the event that it is used for any part of an additional 8 hours per day, one-half of the rental for the first period is paid and a similar amount is paid for use during the third 8-hour period. In view of the fact that the rental on various pieces of equipment ran to as much as \$1,500 per month for 8 hours' use per day, it was important to determine the number of actual hours' use. No record of the time was kept by South Portland Ship until about February 1942, and payments were made upon the basis of bills submitted by the vendors without any check

thereof being possible through the records of South Portland Ship. Disputes going back to this early period are still in process of settlement.

#### Appropriations

The appropriations made by the Maritime Commission for the construction of the facilities were divided into separate amounts for the construction of particular items, i. e., crane ways, assembly building, etc. The plan was that as each commitment was made by South Portland Ship for services or materials upon a particular structure, such commitment would be charged against the appropriation and thus a record would be available to determine the degree of exhaustion of the particular appropriation. There was, however, a progressive failure to record commitments when made with the result that by March 1942 actual commitments exceeded recorded commitments by approximately \$600,000. In order to bring the records up to date, it became necessary at that time to cease purchases and to instruct vendors to make no further deliveries for a period of about 2 weeks.

The important point in connection with the failure to keep adequate records is the time loss that resulted. It is impossible now to determine how many man-hours, not merely of subordinates but of men in executive posts, were wasted in their endeavors to settle the controversies that resulted from this failure.

#### THOMPSON'S POINT

When the yard was expanded from a four-way to a six-way yard South Portland Ship decided to use as a fabrication and storage site a property known as Thompson's Point. This property consists of abandoned railroad engine and car repair shops located some 7 miles from the yard across the city of Portland. For the past several years the property has been used for the storage of sulfur, automobiles, and wood pulp. The Maritime Commission quite properly vetoed the use of Thompson's Point for prefabrication and has since acquired a site adjacent to the yard for the erection of a fabrication plant which is now virtually complete. However, in January 1942, South Portland Ship leased the Thompson's Point property and has since used it for storage of materials. The lessor of the property is the Portland Terminal Co., a subsidiary of the Maine Central Railroad, of which William S. Newell is a director. Mr. Wadleigh Drummond, counsel to South Portland Ship, is a director of one of the underlying railroad corporations involved. The maximum revenue of Thompson's Point for any year during the 5-year period immediately preceding the making of the lease was less than \$15,000. The assessed valuation of the property was under \$120,000 and the book value of the buildings thereon was \$103,000.

The lease provided for \$36,000 per year rent for a minimum term of 2 years and for a maximum term, including renewals, of 6 years. In addition, the lessee agreed to pay all taxes in excess of \$5,541.12 per year and was permitted to make improvements which would become the property of the lessor upon the termination of the lease. The Maritime Commission's estimate of the cost of these improvements is \$520,000. The lessee was given an option to purchase the property at any time during the term of the lease for \$555,000.

The property consists of a point of land extending into a body of water known as Fore River, which is a part of Portland Harbor. The main line of the Boston & Maine Railroad, which operates the Maine Central Railroad, crosses Fore River on a trestle located between Thompson's Point and Portland Harbor at a distance of approximately three-quarters of a mile from the former. The lease contains a covenant to the effect that the lessee will in no way, directly or



indirectly, attempt to promote the use of Fore River as a navigable waterway, and that if, at any time within 20 years, the railroad is compelled to build a bridge to permit navigation there, South Portland Ship will defray the entire cost of such structure and its maintenance until January 1, 1962.

It is difficult to understand why South Portland Ship should ever have entered into such a lease. It is impossible to justify it. Testifying before your committee, Mr. Newell explained the rent by stating that an officer of the Portland Terminal Co. had informed him that the property was worth \$600,000, 6-percent return on which would amount to \$36,000, but that he had made no investigation of his own to verify the value. He could offer no explanation for the inclusion in the lease of the strange and unusual provisions relating to the construction of the bridge. In response to questions concerning that provision, his testimony was that he didn't remember the lease contained such provision. He finally admitted that either the railroad company of which he is a director had driven a "sharp bargain" or "somebody was asleep" in his organization.

No prudent businessman, dealing with his own money, would ever have entered into such a lease. Its improvidence and imprudence can be explained only by keeping in mind that all costs incurred are reimbursable by the Maritime Commission.

Quite properly the Maritime Commission refused to approve the lease, primarily on the ground that the rent was excessive. Its action in doing so is to be commended. Instead, on March 12, 1942, the Maritime Commission authorized the condemnation of the property. No petition in condemnation was filed in the United States District Court for the District of Maine until June 23, 1942, and up to the present no declaration of taking has been filed. In the meantime, South Portland Ship has been using the Thompsons Point property as a storage yard, and the Maritime Commission has been expending money for the erection of facilities there. No rent has yet been paid to the lessor for the use of the property.

In a hearing before your committee in October of this year, representatives of the Maritime Commission testified that the Commission had taken title to the property. This testimony was erroneous. It is our understanding that the Commission, acting through the Lands Division of the Department of Justice, is presently arranging for the filing of a declaration of taking so that title will vest in the Commission. Because of the improvident nature of the lease, your committee called the whole transaction to the attention of the War Frauds Unit of the Department of Justice.

#### TRUCKING

The intrayard transportation problem is chiefly one of transporting steel from the storage racks to the ways. Originally this was handled by the use of 3 tractor-and-trailer combinations for which South Portland Ship paid Materials Handling Corporation, hereinafter referred to as Materials Handling, \$4.75 per hour each for 24 hours per day. In addition, a flatcar rented from the Maine Central Railroad at 50 cents per day performed the same service. In the course of time 2 other flatcars were added and a small gasoline locomotive was obtained. These 4 pieces of equipment require the services of 11 men over the 24-hour period. The distance traveled is about 200 yards, and the locomotive makes approximately 5 trips over that distance in a 24-hour period. The functions performed by the tractor-trailers and the railroad equipment are essentially the same, and either means of transportation alone is sufficient to perform the work. By the use of additional flatcars, and the installation of a small amount of trackage, the entire work could

be performed by rail without any increase in expense, other than rental of flatcars at 50 cents per day each. There appears to be no reason for the continuance of both means of transportation, and the elimination of the truck transportation would decrease the expense of this phase of the operation approximately 75 percent.

Up to the present, the yard has spent about \$325,000 on trucking, almost all of which went to Materials Handling. At the present time the bills of Materials Handling average in excess of \$1,000 a day.

The majority ownership of Materials Handling is in Mr. Kenneth T. Burr, general manager of Bancroft & Martin, a local steel concern, his wife, and his daughter. Small minority interests are held by various employees of Bancroft & Martin. Prior to 1941, neither Bancroft & Martin nor any of the individuals connected with Materials Handling had ever been in the trucking business. Materials Handling was incorporated in January 1941 to perform trucking services for the Todd-Bath yard. The total investment was \$3,000, of which \$2,000 was paid by Kenneth T. Burr, and \$1,000 by Mortier D. Harris, a director both of the Todd-Bath yard and of the South Portland Ship yard, and an old friend of Mr. Burr. Mr. Harris withdrew from the company shortly after its organization and, according to both Mr. Burr and Mr. Harris, was repaid his investment, although no record of the repayment could be found on the books of the parties involved. The company purchased its original equipment by borrowing the money therefor from a local bank, giving to the bank as security mortgages on the equipment acquired.

Materials Handling has never had sufficient equipment to supply all the needs of the yard. Accordingly, it has rented equipment from others, and in turn rented it to the yard at a higher rental than that which it paid. An example of the operation of this method is the following: A firm known as Truck Leasing Corporation rented a truck, supplying gasoline and oil, but without a driver, at \$6.50 per day to Hunnewell Trucking Co., hereinafter referred to as Hunnewell. Hunnewell placed a driver on the truck, and rented it to Materials Handling at \$2.75 per hour. Materials Handling in turn rented the same truck with the Hunnewell driver to the yard at \$3.50 per hour.

Most of the equipment supplied by others to Materials Handling for rental by it to the yard was obtained from either Hunnewell or William H. Gilbert Partnership, hereinafter referred to as the Gilbert Partnership. Hunnewell is an old, established concern. The Gilbert Partnership, on the other hand, is, like Materials Handling, a byproduct of the shipbuilding boom in Portland. The members of the partnership are Bernard, Elery, and Omah Harris, all brothers of the aforementioned Mortier D. Harris. Originally one William H. Gilbert had a one-third interest in the partnership, but his interest was retired in April of this year.

The rental of trucks to the yard is a most profitable business. During the period from its incorporation in January 1941 to September 30, 1942, Materials Handling Corporation showed a profit of \$87,394.30, after deducting officers' salaries totaling \$38,000, and after writing off depreciation based on an 18-month life for equipment—a rate of depreciation wholly unjustified by any standard. If a 3-year life for the equipment were taken as a base—the equipment was all purchased new—the profit would be over \$107,000, after deducting the aforementioned salaries. Of the total of \$38,000 salaries, \$10,000 was paid to Kenneth T. Burr and \$9,875 was paid to Miss Barbara Burr, a daughter of Kenneth T. Burr. Miss Burr is 22 years of age, and is employed as a stenographer by Bancroft & Martin at a salary of \$25 per week.

While these salaries were being paid the individuals so recompensed were all receiving very substantial salaries from Bancroft & Martin, for which firm they were chiefly working. The total profits received by Materials Handling, plus the total salaries paid, amount to \$145,000. To repeat, the total investment was \$3,000.

The experience of Hunnewell is equally interesting. It was not until the last part of 1941 that Materials Handling began to rent trucks from Hunnewell in any appreciable number. During the years 1936 to 1940, inclusive, Hunnewell's average profit was approximately \$2,000 per year, after deduction of officers' salaries, which never exceeded \$12,000 in any one year. It first began to receive business from Materials Handling in 1941 and in that year showed a profit of over \$5,000, after deduction of officers' salaries totaling \$24,000. For the 9-month period ended September 30, 1942, the profit of Hunnewell was \$71,000, after deduction of officers' salaries at the rate of \$36,000 per year.

The Gilbert partnership has had an equally profitable existence. This partnership, like Materials Handling, has never rented a truck to anyone other than the two shipyards or contractors engaged in work at either of the two shipyards. However, all of the trucks of the Gilbert partnership used at the South Portland Ship yard are rented to the yard through Materials Handling and not directly. The Gilbert partnership had no investment, acquiring its equipment, mostly second-hand, on the installment plan, and paying the installment notes out of the proceeds of its trucking rentals. During the period from its creation in January 1941 to October 31, 1942, the Gilbert partnership showed a profit of \$74,000.

The profits and salaries mentioned above exceed \$300,000. While the business which produced such profits was in part supplied by the Todd-Bath yard, the bulk of the business came from the South Portland Ship yard.

In addition to its enjoyment of a virtual monopoly on trucking at the South Portland Ship yard, Materials Handling has been accorded some unusually favorable treatment. The best example of this has to do with the failure to apply the usual recapture provisions to the equipment rented by it to the yard. There is no recapture of any equipment rented by or through Materials Handling. This is not the case, however, with other trucks rented to the yard. There is a local truckman who owns two trucks. Both are used at the yard. He supplies the fuel, maintenance, and the driver in both instances. In the one case he rents the truck directly to the yard and in the other case he rents the truck through Materials Handling. In the case of the truck which he rents directly the recapture provisions are being applied, but in the case of the truck which he rents through Materials Handling recapture is not applied. Further, he receives more rental on the truck he rents through Materials Handling than on the truck he rents directly to the yard.

One would suppose that the owners of Materials Handling would be quite satisfied with the profits they were making, but such appears not to be the case. Examination has disclosed that they have been engaged in a systematic course of double billing the yard on certain hauling on which they are supposed to be paid on a pure tonnage basis. They have been billing for such hauling on both a tonnage and a time basis, and because of the method of record keeping at the yard, a method which was installed by the Materials Handling representatives themselves with the knowledge and approval of Mr. John W. Osborn, then general manager of Thompson's Point for South Portland Ship, this practice was not discovered until we made our examination. We have advised the

War Frauds Unit of the Department of Justice of the condition which we discovered. Since our investigation brought the double billing to light, Materials Handling has issued a credit to South Portland Ship of \$6,079.50. We are convinced that the double billing amounted to a much larger sum.

Our endeavors to get some explanation from the executives of South Portland Ship as to why the yard did not do its own trucking or why it did not seek competitive bids—no such bids were ever asked—or why favored treatment was accorded Materials Handling were totally fruitless. The invariable answer was (a) that the particular executive was not very well acquainted with the arrangement, and (b) that anyhow he was interested in getting ships built and couldn't be bothered with such details. This answer might carry some conviction if, in fact, ships were being built.

The lack of experienced supervision during the original construction of facilities, the bad yard lay-out, the time lost in wrangling and fruitless search for verification of vendors' bills, due to the lack of adequate records, the profligate Thompsons Point lease, the use of expensive tractor-trailer combinations instead of cheap flatcars within the yard, the granting of a trucking monopoly to Materials Handling and the delegation to Materials Handling of the task of instituting a record-keeping system to check its own transactions, all spell, to be charitable, the laxest kind of management. Yet, if possible, a worse story is told by the performance of South Portland Ship in ship construction itself.

#### SHIP CONSTRUCTION

From the beginning it was apparent that the progress made by South Portland Ship in the construction of ships was unsatisfactory. Numerous reports of conditions in the yard were made to the Maritime Commission and the urgent necessity for changes was pointed out. These reports came not only from Maritime Commission representatives within the yard but also from its traveling inspectors. So ineffective was the management that at the time of the delivery of the first ship it was necessary for representatives of the Maritime Commission, Mr. Bonner, Chief Inspector of Machinery, and Mr. Blakeman, Chief, Ship Construction Section, to take control of the trial trip.

The lack of managerial skill is further illustrated by the failure of South Portland Ship to use prefabrication to the extent to which it could and should be used in this type of shipbuilding. As has been stated, the management of the yard was secured chiefly from Bath Iron Works. That organization, while possibly efficient in the construction of single ships, was wholly inexperienced in the use of mass-production methods, and very shortly after the contract was awarded, at the Maritime Commission's suggestion, the president, Mr. William S. Newell, and the vice president in charge of production, Mr. T. R. Allen, visited shipyards on the west coast to learn modern shipbuilding technique. This, of course, involves the use of prefabrication by which large units of the hull are pre-assembled and then fitted into place on the ways. The use of this method permits the employment of a far greater number of men per hull and vastly increases speed of construction. But whatever they may have learned with respect to the far speedier methods of ship construction in use there, they applied none of it to the South Portland yard, and continued to build ships piece by piece.

In March of this year one of the members of the Maritime Commission and a representative of the War Production Board visited the yard. At that time, and after that, the Commission took the position that a new manager would have to be placed in the yard, and as a result, Mr. Carl Klitgaard was appointed deputy to the president. Mr. Klitgaard's specific task was to build a shipbuilding organization, and one of his first acts was

to send the general manager, Mr. Thatcher B. Pinkham, on a visit to other shipyards. That as late as May of this year, just 1 year after the original facilities and ship construction contracts had been made, a new manager should have to be brought into the yard is the most eloquent testimony obtainable of the failure of South Portland Ship to supply what was expected of it, to wit, an organization capable of building ships.

Mr. Klitgaard's first task in this direction was the elimination of incompetents, all of whom had come from Bath Iron Works, who had been placed in important posts in the yard by the South Portland management. For example, he removed Mr. Thomas R. Allen, who had been vice president in charge of production, the gentleman who, with Mr. Newell, made a tour of the west-coast yards so that he could learn mass-construction methods and then objected to the use of automatic welding machines. In the original master plans prepared for the construction of Liberty ships, the use of automatic welding was contemplated. By reason of the opposition of the corporation, voiced by Mr. Allen particularly, the substitution of hand welding was permitted and was utilized until it became evident that such untried methods could not produce the desired results. Nevertheless, it was only through the continued insistence of the Commission that the more modern and speedy automatic welding procedure was instituted in the spring of this year.

Mr. Klitgaard also removed Mr. John W. Osborn, who had been the general manager at Thompsons Point and who had formerly held other key posts in the yard. It was Mr. Osborn who failed to establish a proper method of checking on trucking which made it possible for the double billing by Materials Handling. Mr. Klitgaard also removed Mr. Crean, the 27-year-old ship fitter, who had been placed in the important position of hull superintendent, after serving as general manager during the early construction of facilities. Most of the people removed were relatives or favorites of officers or stockholders of Bath Iron Works. Thanks to Mr. Klitgaard's efforts, nepotism has largely been removed from the yard.

#### LABOR

Perhaps the worst example of the management's bungling has been its handling of labor relations. The result is that there is a complete lack of morale in the yard. The chief reason for this lack of morale is the failure of South Portland Ship to act on an agreement it made on July 2, 1942, with the metal-trades department of the American Federation of Labor covering wages and working conditions in the yard. In general, the wages agreed to by the parties were higher than the prevailing rates in the yard. Although the agreement was executed on July 2, 1942, and was stated to be retroactive to May 4, 1942, the management did not pay any part of the agreed increases until the latter part of October, when a few of the men were increased "as evidence of good faith."

Within the past 2 weeks a tentative agreement was arrived at in the course of a meeting in Washington of a subcommittee of the Shipbuilding Stabilization Committee of the War Production Board, which meeting was attended by the chairman of your committee. It appears that now, at long last, the wage disputes at the yard will be settled by paying the men the moneys owing to them.

Although the labor conditions at the yard have been notoriously bad for many months, and although there has been a complete lack of morale, it was not until about 1 month ago that South Portland Ship took any positive step toward meeting the situation by appointment of a labor-relations counselor. There is a crying need to establish a spirit of cooperation and mutual understanding between labor and management at the yard.

#### IMPROVEMENT DUE TO MARITIME COMMISSION

While Mr. Klitgaard is technically an employee of South Portland Ship, his presence in the yard is due entirely to the intervention of the Maritime Commission. The members of the Maritime Commission secured his release from a retainer to another company so that he could accept employment at the yard. Under the terms of his employment he is free to act independently of the officers and directors of South Portland Ship, to whom he is in no way beholden. He has, in fact, acted independently of the officers and directors of South Portland Ship, which, as a corporation, today has nothing to do with the management of the employees insofar as ship construction is concerned.

As a result, any improvement which has taken place in the production of the yard since Mr. Klitgaard's arrival, and there has been an improvement, is due not to South Portland Ship, but to the Maritime Commission. Were it not for the insistence of the Commission, the yard would still be under the control of Mr. Newell's appointees, such as Messrs. Allen and Osborn, who have now been eliminated.

Since Mr. Klitgaard's arrival he has devoted most of his time and attention to affairs at South Portland Ship. He has left the existing set-up at the Todd-Bath yard quite alone. The result is that since March of 1942 the Todd-Bath yard has been conducted almost entirely by the superintendents with almost no supervision of any kind by management. There are at Todd-Bath some very capable men in the superintendents' posts, and there exists virtually no contact between them and the management.

#### FORBEARANCE OF MARITIME COMMISSION

These conditions have been well known to the Maritime Commission during the whole period of the yard's history. The members of the Maritime Commission have seen fit to devote very little of their personal attention to it. The Maritime Commission did insist upon and obtain a change of management in the appointment of Mr. Klitgaard. Aside from that single contribution, however, it has done nothing to improve conditions at the yard other than to plead with South Portland Ship for better performance.

#### COMPARISON WITH OTHER YARDS

As the test of the pudding is in the eating, the test of a shipyard's efficiency is in the results obtained. During the months of March, April, and May 1941, contracts for construction of Liberty ships were made with 9 different shipyards in different parts of the United States, including South Portland Ship. As of November 1, 1942, South Portland had delivered 8 ships. Next lowest is a yard which delivered 13 ships, and the next lowest yard delivered 17 ships. The 2 best yards delivered 80 and 86 ships. One yard received a contract for construction of ships in March of this year and has already, less than 8 months later, delivered 1. South Portland Ship did not deliver its first ship until more than a year after it received its contract. A more significant comparison exists between the Todd-Bath yard, which is now being devoted exclusively to the construction of Liberty ships, and the Richmond No. 1 yard, located in California. Both these yards on the same day received contracts for the construction of facilities and of 30 identical merchant ships from the British. That was in December 1940. In addition, both yards, in January 1942, received contracts for the construction of 33 Liberty ships. At November 1, 1942, the Richmond No. 1 yard had delivered all of the 30 British ships and 15 Liberty ships. At the same date the Todd-Bath yard had not yet completed its British contract, 3 ships remaining to be delivered, and had delivered no Liberty ships.



## REQUEST FOR ADDITIONAL FACILITIES

Recently South Portland Ship requested the Maritime Commission to appropriate \$9,769,000 for the construction of additional facilities. Upon examination of the request, the regional office of the Commission approved additional facilities in the sum of approximately \$5,000,000, and communicated its approval to the Commission. Some time ago the Commission decided, as a matter of policy, that, under certain circumstances, if any additional facilities beyond those originally provided for a shipyard were to be furnished, it would not appropriate the necessary funds unless the yard would agree to reduce the fees payable to it for all ships remaining to be built. The reason for this policy is that the additional facilities would make it easier for the yard to complete its contract and thus earn large bonuses, and its fee on each ship should therefore be reduced. We commend this policy.

When the Maritime Commission received from its regional office approval of \$5,000,000 additional facilities, it wrote to South Portland Ship suggesting that the fees be reduced from \$60,000, \$110,000, and \$140,000, to \$35,000, \$75,000, and \$100,000, respectively. Several weeks later South Portland Ship wrote to the Commission over the signature of Mr. Newell, stating that it could not agree to a reduction of its fees. When he appeared as a witness before your committee, Mr. Newell stated that he considered a reduction of fees "not fair," and that, so far as he knew, none of his associates in South Portland Ship "feel that it is fair." As a result of this attitude on the part of South Portland Ship, the construction of the additional facilities is being held up.

## SOUTH PORTLAND SHIP'S POSSIBLE PROFIT

The fees paid to South Portland Ship as of October 31, 1942, amounted to \$450,000. These fees are, for all practical purposes, net earnings of South Portland Ship. Its total investment is \$250,000. All costs and expenses incurred by it, including salaries of officers, even \$6,575 of the \$10,000 salary paid to Mr. Newell, are being reimbursed to it by the Maritime Commission. It has already received a return on its investment of almost 200 percent. Under its contracts with the Commission it is to build 84 ships. Judging by its performance to date, its fees will not exceed \$60,000 per ship, as on the ships built so far the penalties imposed for bad performance keep the fees at the minimum figure. Even at the minimum figure, however, its total fees will amount to \$5,040,000, or a return of 2,000 percent on investment. This high return on investment must be considered in the light of the fact that South Portland Ship incurs no risk. Up to the present time it has financed its operations by short-term bank loans, a simple matter when one is enabled to borrow on the security of a Government contract. Incidentally, even the interest expense incurred on such loans is reimbursable.

## CONCLUSION AND RECOMMENDATION

The question presented is whether or not the performance by South Portland Ship has been such as to warrant the payment of fees of not less than \$5,040,000. To summarize the relevant facts in the light of which an answer to this question must be framed, South Portland Ship contributed substantially nothing to the performance of the facilities contracts other than the lay-out of the yard and the lay-out is bad. It delegated the performance of the facilities contracts to the architect and the general contractors. Until the original facilities were nearly complete, it supplied no experienced or able supervision over the work of either the architect or the general contractors. The original management was removed at the insistence of

the Maritime Commission. Were it not for the Maritime Commission's insistence at that time, to wit, the spring of this year, there is no indication but that the then existing management would have been continued and the yard would be in even worse shape than it is today. Since the appointment of Mr. Klitgaard in May 1942, and the granting to him of complete authority without any control by either the officers or directors of South Portland Ship, it has delegated to him the performance of the ship-construction contracts. For long periods of time and until very recently it followed a policy of not paying any bills rendered to it until those bills were first approved by the Maritime Commission auditors in the yard, thus assuring it that the items paid would be reimbursed. Its investment of \$250,000 is insignificant when compared with the moneys necessary even to meet the pay rolls in a yard employing some 13,000 men, and now with the addition of the Todd-Bath facilities, some 25,000 men. It has delegated to banks the task of supplying the necessary funds for the financing of its work without cost to it since the interest expense incurred is paid by the Maritime Commission.

The inevitable conclusion is that South Portland Ship is receiving a fee for the trouble of incorporating a company, choosing a name for that company, holding an occasional directors meeting and delegating the performance of its contract duties.

Your committee conceives that it would not be doing its full duty if it merely reported the above facts and did not suggest a remedy. It is clear to your committee that to continue in force the existing contract with South Portland Ship would be to throw away millions of dollars needlessly. As indicated above, South Portland Ship has already received fees representing almost 200 percent of its invested capital. The contracts may be summarily canceled upon payment of fees earned to the date of cancellation. In the alternative the contracts may be terminated at any time without payment of fees when the contractor has failed to exercise due diligence. South Portland Ship has already received more than enough. There is ample cause, as recited above, for the termination of its contracts.

In a hearing held about a month ago, your committee suggested to the representatives of the Maritime Commission, including two of the members of the Commission, that the contracts be terminated immediately because of the failure of South Portland Ship to exercise due diligence in their performance. While the Commission members conceded freely that they were not satisfied with conditions at the yard, they demurred to the suggestion that the contracts be terminated giving as an excuse that there is bad management in other yards also.

The record of South Portland Ship is the worst of any company engaged in the construction of Liberty ships. Your committee is unable to subscribe to the principle that South Portland Ship should be paid \$5,000,000 for its incompetence, inefficiency, and obvious inability to perform its contract duties solely because other yards furnish examples of bad management. There is no room for incompetence, inefficiency, and incapacity, the only effect of which is a hampering of our war effort. In the opinion of your committee, the proposition that the contracts enjoyed by South Portland Ship should be terminated immediately is so clear that it admits of no debate. The other yards which, it is said, furnish examples of bad management will be very carefully examined, if your committee is authorized to continue its investigation.

One other reason was suggested by the members of the Maritime Commission for their reluctance to terminate the contract of South Portland Ship, to wit, that there is a

dearth of available managerial skill. Your committee believes to the contrary. In this connection it must be stressed that the job at South Portland is not a technical shipbuilding job but a construction job. Experience in other yards has demonstrated that the chief executive need not possess shipbuilding experience.

The specific suggestion of your committee is that the contracts with South Portland Ship should be terminated immediately and that the existing top management should be replaced by a single qualified executive who, with the existing staff of superintendents and foremen, can carry out the task of constructing the remaining ships. Under such an arrangement millions of dollars would be saved and there is every reason to believe that ships would be coming off the ways and out of the basins with ever-increasing speed.

## MINORITY VIEWS

I concur in the recommendation contained in the report to terminate the contract of the South Portland Shipbuilding Corporation with the Maritime Commission, but believe it should go further for the following reasons:

1. The report indicates that the Maritime Commission has been fully aware of the condition existing at the South Portland Shipbuilding Corporation yard from its inception and it has been the responsibility of the Maritime Commission to eliminate the conditions existing without congressional investigation or action. The Maritime Commission has been derelict in its duty in not terminating this contract many months ago.

2. Members of the Maritime Commission have testified to the Commission's incompetency as set forth in the following language on page 38 of the typewritten report:

"In a hearing held about a month ago, your committee suggested to the representatives of the Maritime Commission, including two of the members of the Commission, that the contracts be terminated immediately because of the failure of South Portland Ship to exercise due diligence in their performance. While the Commission members conceded freely that they were not satisfied with conditions at the yard, they demurred to the suggestion that the contracts be terminated, giving as an excuse that there is bad management in other yards also."

RICHARD J. WELCH,  
Member of Congress.

Mr. AIKEN. Mr. President, I also ask unanimous consent to have printed in the RECORD a communication, under date of November 23, 1942, from Commissioner Carmody to the United States Maritime Commission, concerning overcharges for electricity used by the South Portland Ship yard.

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

NOVEMBER 23, 1942.

To: United States Maritime Commission.  
From: Commissioner Carmody.  
Subject: Power contracts and power rates for United States maritime shipyard operations.

The power engineers, Wingfield and Henkel, recently appointed by the Commission to study and report on these subjects have submitted reports covering following shipyards—Bethlehem-Sparrows Point Shipyard, Inc., Bethlehem-Fairfield Shipyard, Inc., South Portland Shipbuilding Corporation, and Todd-Bath Shipyard.

They have sent 15 copies of these reports to Regional Construction Director McInnis for

distribution to members of the Commission and other interested officials of the Commission.

I bring the subject to the attention of the Commission now because they have made suggestions with respect to overcharges that ought to result in immediate recovery apart from additional recoveries that will undoubtedly result from joint reexamination and revised contracts.

For instance, in the case of South Portland Shipbuilding Corporation, the power company erroneously overbilled the corporation for power in March 1942 approximately \$6,400. This grows out of the fact that the rate changes when the demand crosses the 1,000 kilowatt point. To discover this one must, of course, go behind the voucher and make an engineering check.

Wingfield and Henkel after a careful study of all industrial rates of the company supplying power as well as a search of the files of the Public Service Commission of Maine, whose cooperation they got after some preliminary skirmishing, indicate that a corrected rate structure, which they think can be gotten, should save at least \$150,000 per year in these yards. With a present average rate of 15 mills, I think their estimate of possible annual savings is conservative.

In the case of Bethlehem-Fairfield, they state:

"We therefore recommend that at the time the Bethlehem-Fairfield Shipyards, Inc., renegotiates its present contracts for proper fuel rate adjustment and power factor correction compensation, it should endeavor to obtain a special contract with an over-all rate somewhere between the Pennsylvania Railroad Co.'s rate and the existing "IT" rate schedule. In our opinion such negotiation should result in an estimated annual saving in ultimate power costs of about \$150,000."

Here again the shipyard, although a large user of energy with a much better power factor, has not been given the lowest available rate. In this particular case the rate is lower than originally contemplated but not as low as the operation and character of demand warrant.

A special situation is revealed here. Fairfield buys some of its power from Sparrows Point. The report, based on a careful examination of costs and burden allocations made by these engineers at the headquarters office of Bethlehem Steel Co. in Bethlehem, Pa., indicate overhead is charged into the power costs twice. That is something that can be worked out only through renegotiation.

Another point is interesting and needs immediate attention. The Consolidated Gas, Electric Light & Power Co.'s contract with Fairfield contains a fuel adjustment clause with which all of you are familiar. It is intended to protect both parties to the contract in event of changes in fuel costs over or under base rates at time contract was signed. It is intended to apply only to power generated from such fuel. It never was intended to apply to hydro energy.

The engineers' report indicates that in spite of the fact that a large percentage (varies from month to month and year to year) of this particular energy has been hydro generated, the adjusted fuel clause has been applied to all energy for which the shipyard has been billed. The adjustment, of course, was upward. There ought to be no trouble about recovery for the Commission—we pay the bills—because even a friendly State public service commission cannot defend this practice. Public knowledge of it would undoubtedly lead to suits for recovery by many private users who are unaware of it.

These reports, if they are to yield appropriate returns for their cost, ought to be followed up promptly and vigorously first, to

recover overcharges that can be got pretty much for the asking and second, to initiate and pursue negotiations looking to proper rate and contract term adjustments.

These negotiations, I take it, will touch our regional directors and our finance and legal divisions at headquarters and in the regional and shipyard offices. The renegotiation committee will be interested, too. The business will grow as Wingfield and Henkel visit more and more yards. The total annual savings may well exceed \$1,000,000 on power costs alone.

#### RECOMMENDATION

If it is agreeable to the Commission, in line with the Chairman's letter to the Federal Power Commission naming me power procurement officer for the Commission, I would like to have my assistant, Mr. Freeman, who has had a good general experience in this field, undertake, under my general direction, the coordination of these studies and negotiations with Wingfield and Henkel, our regional people, our finance and legal people and the renegotiation committee.

Incidentally, the Federal Power Commission, by direction of the President, is looking into all of these contracts but they are not prepared to make the detailed studies nor carry through the renegotiations we must undertake.

Incidentally, too, I think Wingfield and Henkel are doing a good job. It is not easy because they must dig into old records and frequently this sort of inquiry is looked upon as a nuisance but it will pay worth-while dividends to the Commission.

JOHN M. CARMODY,  
Commissioner.

Mr. AIKEN. Mr. President, that is all I have.

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

Mr. AIKEN. I yield.

Mr. SHIPSTEAD. In a statement I previously made I intended to make it very plain that I did not intend to cast any reflection on Admiral Land. I took the position—and I still take it—that, with this controversy, I did not like to see the nomination of Admiral Land acted on without a hearing on the charges which have been made by the Comptroller General. I have known Admiral Land for many years. I have a high regard for his ability and for his character. I thought I made it plain that I did not impugn his motives or his character. My protest is that the nomination comes before the Senate without first clearing the charges against the commission of which he is chairman. I hope that in the future—in the very near future—the matter will be cleared up by the committee which has charge of it.

The ACTING PRESIDENT pro tempore. The question is, Will the Senate advise and consent to this nomination?

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

The ACTING PRESIDENT pro tempore. The Clerk will call the roll.

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

Aiken	Burton	Ferguson
Austin	Byrd	George
Bailey	Capper	Gerry
Ball	Chavez	Green
Bankhead	Clark, Mo.	Guffey
Barkley	Connally	Gurney
Bone	Danaher	Hatch
Brewster	Davis	Hawkes
Bridges	Downey	Holman
Brooks	Ellender	Johnson, Calif.

Johnson, Colo.	Murdock	Taft
Kilgore	Murray	Thomas, Okla.
Langer	Nye	Thomas, Utah
Lodge	O'Mahoney	Tobey
Lucas	Overton	Truman
McCarran	Pepper	Tunnell
McClellan	Radcliffe	Tydings
McFarland	Revercomb	Vandenberg
McKellar	Reynolds	Van Nuys
McNary	Robertson	Wallgren
Maloney	Russell	Walsh
Maybank	Scrugham	Wherry
Mead	Shipstead	White
Millikin	Smith	Willis
Moore	Stewart	Wilson

The ACTING PRESIDENT pro tempore. Seventy-five Senators having answered to their names, a quorum is present.

The question is, Will the Senate advise and consent to this nomination?

Mr. BARKLEY and Mr. CLARK of Missouri asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BARKLEY (when Mr. CHANDLER's name was called). I announce that my colleague is absent on official business. If he were present he would vote "yea."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I understand that if he were present he would vote as I am about to vote. Therefore I am at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. PEPPER. My colleague [Mr. ANDREWS] is unable to be present because of illness. If he were present he would vote "yea."

Mr. BANKHEAD. My colleague [Mr. HILL] is absent on public business. If he were present he would vote "yea."

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

The Senator from Arkansas [Mrs. CARAWAY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from New York [Mr. WAGNER] are detained on important public business.

I am advised that if present and voting, the Senators whose absences I have announced would vote "yea."

The Senator from Idaho [Mr. CLARK], the Senator from Iowa [Mr. GILLETTE], the Senator from Texas [Mr. O'DANIEL], and the Senator from Montana [Mr. WHEELER] are detained on important public business.

The Senator from Iowa [Mr. GILLETTE] is paired with the Senator from Wisconsin [Mr. LA FOLLETTE]. I am not advised how either Senator would vote if present.

Mr. McNARY. The Senator from New Jersey [Mr. BARBOUR] is absent because of illness. If present he would vote "yea." The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The result was announced—yeas 70, nays 5, as follows:

YEAS—70		
Austin	Barkley	Brooks
Bailey	Bone	Burton
Ball	Brewster	Byrd
Bankhead	Bridges	Capper



Chavez	McCarran	Russell
Clark, Mo.	McClellan	Scrugham
Connally	McFarland	Smith
Danaher	McKellar	Stewart
Davis	McNary	Taft
Downey	Maloney	Thomas, Okla.
Ellender	Maybank	Thomas, Utah
Ferguson	Mead	Truman
George	Millikin	Tunnell
Getty	Moore	Tydings
Green	Murdock	Vandenberg
Guffey	Murray	Van Nuys
Gurney	Nye	Wallgren
Hatch	O'Mahoney	Walsh
Hawkes	Overton	Wherry
Johnson, Calif.	Pepper	White
Johnson, Colo.	Radcliffe	Willis
Kilgore	Revercomb	Wilson
Lodge	Reynolds	
Lucas	Robertson	

## NAYS—5

Alken	Langer	Tobey
Homan	Shipstead	

## NOT VOTING—21

Andrews	Chandler	La Follette
Barbour	Clark, Idaho	O'Daniel
Bilbo	Eastland	Reed
Buck	Gillette	Thomas, Idaho
Bushfield	Glass	Wagner
Butler	Hayden	Wheeler
Caraway	Hill	Wiley

So the nomination of Rear Admiral Emory S. Land to be a member of the Maritime Commission was confirmed.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of Admiral Land's nomination.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

## EXECUTIVE MESSAGES REFERRED

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

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

## LEGISLATIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of legislative business.

The motion was agreed to; and the Senate proceeded to the consideration of legislative business.

## REPORT OF NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Commerce:

*To the Congress of the United States:*

In compliance with the provisions of the act of March 3, 1915, establishing the National Advisory Committee for Aeronautics, I transmit herewith the Twenty-eighth Annual Report of the Committee covering the fiscal year 1942.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 30, 1943.

## RETURN FROM THE PRESIDENT OF SENATE BILL INCREASING PAY OF DISTRICT POLICEMEN AND FIREMEN

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United

States, which was read, and, with the accompanying enrolled bill, ordered to lie on the table:

*To the Senate:*

In compliance with the request contained in the resolution of the Senate (the House of Representatives concurring therein), I return herewith Senate bill No. 17, entitled "An act to provide for a temporary increase in compensation for certain employees of the District of Columbia Government and the White House Police Force.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 30, 1943.

## EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

## INDIANS OF THE TAOS PUEBLO, N. MEX.

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to amend section 4 of the act of May 31, 1933, to promote the welfare of Indians of the Taos Pueblo, N. Mex., and to protect their interests in certain lands within the Carson National Forest (with an accompanying paper); to the Committee on Indian Affairs.

## TRAINING OF STUDENT RESERVE NURSES

A letter from the Administrator of the Federal Security Agency, transmitting a draft of proposed legislation to provide for the training of nurses for the armed forces, governmental and civilian hospitals, health agencies, and war industries, through grants to institutions providing such training, and for other purposes (with accompanying papers); to the Committee on Commerce.

## CLAIM OF MEADOW BROOK CLUB

A letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Meadow Brook Club against the United States (with an accompanying report); to the Committee on Claims.

## REPORT OF THE MARITIME COMMISSION

A letter from the Chairman of the United States Maritime Commission, transmitting, pursuant to law, a report of the Commission for the year ended June 30, 1942 (with an accompanying report); to the Committee on Commerce.

## REPORT ON STUDY OF INTERTERRITORIAL FREIGHT RATES

A letter from the Chairman and members of the Board of Investigation and Research, created by the Transportation Act of 1940, transmitting a report on transportation problems relating to a study of interterritorial freight rates, which was referred to the Committee on Interstate Commerce.

## TRANSPORTATION FOR EMPLOYEES OF THE VETERANS' ADMINISTRATION

A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to provide for furnishing transportation in Government-owned automotive vehicles for employees of the Veterans' Administration at field stations in the absence of adequate public or private transportation (with an accompanying paper); to the Committee on Finance.

## DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of the Departments of the Navy (2) and Agriculture which are not needed in the conduct of business and have no permanent value or his-

torical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The ACTING PRESIDENT pro tempore appointed Mr. BARKLEY and Mr. BREWSTER members of the committee on the part of the Senate.

## PETITIONS AND MEMORIALS

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

By the ACTING PRESIDENT pro tempore: A concurrent resolution of the Legislature of the State of Michigan; to the Committee on Finance:

## "House Concurrent Resolution 9

"Concurrent resolution commending the stand of Senator BYRD and his colleagues in Congress demanding the elimination of useless expenditure of public moneys

"Whereas the stand of Senator BYRD and his colleagues in Congress in demanding the elimination of useless expenditure of public moneys carries out the mandate of the electors at the November election; and

"Whereas the United States of America is now engaged in a gigantic struggle calling on all the resources of its peoples, with ever increasing burdens of taxation; and

"Whereas the United States of America, and its leaders in Washington, must retrench in family expenditures and public disbursements for nonessential luxuries and useless bureaus and adjuncts: Now therefore be it

"Resolved by the House of Representatives (the Senate concurring), That the members of the Michigan Legislature commend Senator BYRD and his colleagues in Congress for their stand demanding the elimination of useless expenditures of public moneys, and insisting that the trust to the people be kept; and be it further

"Resolved, That a copy of this resolution be transmitted to the President of the United States, Speaker of the House of Representatives and President of the Senate of Congress, and to Senator BYRD."

A joint resolution of the Legislature of the State of California; to the Committee on Agriculture and Forestry:

## "Assembly Joint Resolution 28

"Joint resolution relating to destruction of crops by ducks

"Whereas the damage caused to crops of rice and other grains in the State of California by wild ducks, amounted to a half million dollars in 1941, and caused the destruction and loss of entire rice and other grain crops of some farmers; and

"Whereas wild ducks are increasing in numbers at an alarming rate; and

"Whereas because there are now fewer hunters of wild ducks, due to hunters being drafted into the armed services of the United States, work in defense and war manufacturing plants, and shortage of transportation facilities due to rationing of gasoline; and

"Whereas funds are provided for the propagation and protection of wild fowl and none for reimbursement of losses suffered by farmers through the destruction of these crops by wild fowl: Now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California hereby memorializes the President and the Congress of the United States and the Secretary of Agriculture to create a fund to be used to reimburse rice and other grain farmers in the State of California for damage to their crops caused by wild fowl; and that the said fund may be provided by an increase in the price of Federal stamps for hunting wild

fowl; and that provision may be made to administer the said fund through local county conservation officials; and be it further

*Resolved*, That copies of this resolution be sent to the President and Vice President of the United States, and to the Secretary of Agriculture and to Members of the Senate and House of Representatives from California."

A resolution of the Assembly of the State of California; to the Committee on Banking and Currency:

**"House Resolution 139**

"Whereas in normal times the poultry industry in this State is of paramount importance to the people of California; and

"Whereas this importance has been tremendously magnified by reason of the existing shortages of meat and other forms of protein; and

"Whereas, there annually exists at this time of year a normal surplus of cockerels which in the past have been destroyed because of a lack of available market; and

"Whereas this surplus of cockerels could be raised and marketed as broilers within a relatively short time if the ceiling price for broilers would permit the raising and marketing of broilers by poultrymen without incurring a substantial loss; and

"Whereas it would appear that the Office of Price Administration and other Federal agencies should do all in their power to encourage and stimulate the raising of broilers for use in California in order to relieve the present meat and protein shortage; and

"Whereas despite the efforts of the poultrymen of the State of California to persuade the Office of Price Administration to realize the uniqueness of the California situation, the Office of Price Administration insists on fixing ceiling prices for California on production costs of other States where labor and feeding costs are much lower; and

"Whereas the persistence of the Office of Price Administration in its present conduct will result in the loss of many million pounds of poultry meat for use in California; and

"Whereas local Office of Price Administration officials have refused to take appropriate steps to alleviate present conditions even when they have had power so to do: Now, therefore, be it

*Resolved by the Assembly of the State of California*, That the Honorable Prentiss Brown, Administrator of the Office of Price Administration, and the Honorable Claude Wickard, Secretary of Agriculture, be and they are hereby memorialized to direct their regional representatives for California to establish ceiling prices for poultry in California that will permit making available to the citizens of this State this essential supplement to the meat and protein supply; and be it further

*Resolved*, That the chief clerk of the assembly shall transmit by telegram copies of this resolution to the President, the Vice President, to the Senators and Congressmen from California, and to the Honorable Prentiss Brown, Administrator of the Office of Price Administration, and the Honorable Claude Wickard, Secretary of Agriculture."

A joint resolution of the Legislature of the State of California; ordered to lie on the table:

**"Assembly Joint Resolution 34**

"Joint resolution relative to memorializing the President and Congress to enact legislation to secure to all employees of the Post Office Department an increase in wages commensurate with the increased cost of living and other benefits

"Whereas the great army of postal employees represents a highly loyal and efficient group of public servants; and

"Whereas the employees of the Post Office Department have had no increase in wages

since 1925 except a temporary measure which expires on April 30, 1943; and

"Whereas the cost of living has risen in excess of 20 percent during the past 2 years; and

"Whereas the continued faithful, experienced, and efficient operation of this Department of the National Government is important to the successful conduct of the war and to the maintenance of the morale of the Nation: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California, jointly*, That the Legislature of the State of California respectfully memorialize the President and the Congress of the United States to enact such Federal legislation at the present session as will provide an equitable increase in the wages of employees in the Post Office Department; and be it further

*Resolved*, That the chief clerk of the Assembly of the State of California be hereby requested to transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California in the Congress of the United States, and that such Senators and Members from California be respectfully urged to support such legislation."

A joint memorial of the Legislature of the State of Montana; to the Committee on Public Lands and Surveys:

**"Senate Joint Memorial 14**

"Joint memorial of the Senate and House of Representatives of the State of Montana, to the Congress of the United States, United States Senators BURTON K. WHEELER, JAMES E. MURRAY, and CHARLES L. McNARY, Representatives JAMES F. O'CONNOR and MIKE MANSFIELD, all of Washington, D. C., requesting the enactment of legislation directing the annual payment of grants by the Secretary of the Treasury of the United States to the State of Montana for the use and benefit of the several counties of Montana in lieu of taxes on lands owned by the United States Government in the State of Montana

"Whereas in Montana there is between 38 and 50 percent of our landed area which is held by the Government in proprietary or trustee capacity for Indian reservations, forest reserves, wildlife refuge, grazing lands, military reservations, and other governmental purposes and objects, none of which lands contribute very much in the form of taxation to the school districts, counties, and State government, which furnish services to such lands and their occupants; and

"Whereas such areas are increasing and the taxation burdens upon sparsely settled communities of our State are becoming more serious; and

"Whereas these areas should bear some part of the tax burden comparable to that imposed on lands of our own taxpayers; and

"Whereas there was introduced by Senator CHARLES L. McNARY in the Seventy-seventh Congress of the United States an act known as Senate bill No. 1201, under which the Government of the United States would pay to the States for the benefit of counties wherein Government-held lands are located, grants in lieu of taxes upon these lands: Now, therefore, be it

*Resolved by the Twenty-eighth Legislative Session of the State of Montana (Senate and House of Representatives concurring)*, That we respectfully urge the reintroduction of Senate bill No. 1201 of the Seventy-seventh Congress and do respectfully request of the Congress of the United States the enactment of this legislation and further legislation to include military reservations acquired, owned, and held by the Government of the United States and the approval thereof by the President of the United States; and be it further

*Resolved*, That copies of this memorial be submitted by the secretary of state to the Senate and House of Representatives of the United States Congress and to the Senators and Representatives named in the first paragraph hereof."

A joint memorial of the Legislature of the State of Montana; to the Committee on Agriculture and Forestry:

**"Senate Joint Memorial 17**

"Joint memorial to the Congress of the United States, to the President of the United States, to the Montana congressional delegation, to the Secretary of Agriculture, and to the Agricultural Adjustment Agency administration for the State of Montana, requesting legislation and administrative regulation fixing the allotment of acreage for sugar beets on the basis of 1942, and years previous, as a minimum, removing any and all penalties for seeding or planting less than 90 percent of the war crops

"Whereas the growers of sugar beets in the State of Montana are now seriously restricted and curtailed in the area, extent, and spread of acreage which they may seed and plant to sugar beets due to (1) the absence from Montana farms of Montana's sons in the military service throughout the globe; (2) existing and increasing farm labor shortage; (3) grave shortages in the supply of new machinery and tools for planting, culture, and harvesting of beets; and (4) the absence of repair parts and service for such machinery and equipment, all with the inevitable result that Montana's sugar-beet acreage will shrink and contract very materially under war conditions; and

"Sugar-beet growers are advised that controls applicable to sugar-beet acreage in the post-war period will be established on the basis of war acreage which in Montana means acreage far under the acreage in sugar beets for 1942 and years previous; and

"Such action will operate to the distinct advantage of sugar-beet areas in other States with a more favorable source of labor and to the great prejudice and disadvantage of Montana's beet growers without their fault and continue to depress their efforts, the utility of their farms, and severely limit the production hereafter of sugar beets; and

"Whereas extraordinary efforts are now being made to sign up farmers to the so-called 1943 farm plan whereby farmers are given a definite acreage allotment for general crops and estimate their acreage for the war crops of flax, beans, and potatoes; and

"Whereas the underseeding of the war crops to the extent of over 10 percent results in an unreasonable penalty of \$15 per acre for each acre underseeded; and

"It is now plainly evidence that due to (a) the existing and increasing farm labor shortages aforesaid; (b) rationing now sharply restricting the production of new agricultural and farm machinery and tools, and the repair and rehabilitation thereof, and despite every effort the Montana farmer can make in the utmost good faith to produce such war crops, for such is his greatest desire, the factors aforesaid are now operating, and will continue to operate, to defeat his best efforts and contract the acreage he can plant in war crops; and the use and infliction of a penalty or penalty device is a gratuitous and undeserved reflection on the American farmer: Now, therefore, be it

*Resolved by the Senate of the Twenty-eighth Legislative Assembly of the State of Montana (the House of Representatives concurring)*, That the Congress of the United States, the President of the United States, the Montana congressional delegation, the Secretary of Agriculture, and the Agricultural Adjustment Agency administration for the State of Montana, each active within their respective fields, be urgently requested, by



appropriate legislation and by proper regulatory action based thereon, or by either action as may be proper, and as soon as possible—

"I. To fix and prescribe, as the basis of any sugar-beet acreage controls which may be currently, or hereafter, promulgated, not less than the actual acreage actually seeded and cultivated by each individual farmer—natural, firm, or corporate—in the year 1942, and for the years previous thereto; also to secure to the State of Montana and each sugar-beet district therein not only the full acreage so seeded and cultivated in 1942, and the years previous, but such further and additional acreage rights as will permit of the maximum expansion and development of sugar-beet production in the State.

"II. Forthwith to annul, or alleviate, the penalty applicable to the war crop acreage of flax, beans, and potatoes, and rely upon the deep moral resolve of the American and Montana farmers to win the war by the maximum production of such food crops, as well as by every other effort; be it further

"Resolved, That copies of this memorial be transmitted by the Secretary of State of the State of Montana to the hereinbefore named officials."

Two joint resolutions of the Legislature of the State of Montana; to the Committee on Agriculture and Forestry:

"Senate Joint Resolution No. 3

"Resolution of the Senate and House of Representatives of the State of Montana recommending that the Congress of the United States pass and enact into law such measure or measures as may be necessary to return to the farmer such prices for all agricultural products as will assure to him a reasonable profit over his cost of production, including all cost of labor

"Be it resolved by the Senate of the State of Montana (the House of Representatives concurring therein):

"Whereas the farmers in this country are called upon to contribute to the war effort by an increase in production of farm products; and

"Whereas the expense for farm labor, machinery, repairs and all other items entering into the over-all cost of the production of agricultural products has greatly increased; and

"Whereas war industries are permitted to include the cost of labor as well as all other costs plus profit in determining the total cost of materials and equipment for the purposes of war; and

"Whereas food is one of the main essentials and is absolutely necessary for the winning of the war, and the farmers of this country are engaged in an all-out effort to win this war; and

"Whereas the farmers of this country cannot successfully carry on unless they receive a reasonable profit for their agricultural products; and

"Whereas they are now being discriminated against to the advantage of labor and industry; and

"Whereas there is now before the Congress of the United States a bill for the establishment of prices for agricultural products which will include the cost of labor and other costs, and will give to the farmer a return upon the basis of parity: Now, therefore, be it

"Resolved by the Senate of the State of Montana (the House concurring), That we earnestly recommend that the Congress of the United States, as quickly as is possible, pass and enact into law such measure or measures as may be necessary to return to the farmer such prices for all agricultural products as will assure to him a reasonable profit over his cost of production, including all costs of labor; be it further

"Resolved, That a copy of this resolution be transmitted by the secretary of state to

each Member of Congress from Montana, Vice President of the United States, Speaker of the House of Representatives, Secretary of the United States Department of Agriculture, chairmen of the Committees on Agriculture in the Senate and House of Representatives of the United States.

"Approved March 5, 1943.

"SAM C. FORD,  
"Governor."

"House Joint Resolution 4

"Joint resolution memorializing the Congress of the United States to enact House Resolution 38, authorizing the Committee on Agriculture to make a study and investigation of marketing, transportation, and distribution of farm products

"Whereas, with the increasing demands on the farmers of the United States to meet the food requirements of our fighting men and lend-lease commitments, at the same time assuring the people of the United States of the proper amount of foodstuffs, it is essential for the war effort and the well-being of our people that a study be made of the complicated problems of marketing, transportation, and distribution of farm products; and

"Whereas, farm products should be properly graded, and distributed when and where needed, at fair prices both to the producer and the consumer, and immediate steps should be taken for a coordination of efforts and the adopting of a comprehensive and workable plan in betterment of the interest of the producing farmer and the consumer; and

"Whereas House Resolution No. 38 has been introduced into Congress providing for the Committee on Agriculture to make a study and investigation of marketing, transportation, and distribution of farm products, which study and investigation are imperative at this time: Now, therefore, be it

"Resolved by the House of Representatives (the Senate concurring), That the Montana Legislature urges the Congress of the United States to enact House Resolution No. 38; and be it further

"Resolved, That copies of this resolution be transmitted by the secretary of state to the President of the United States, to the President of the Senate, and Speaker of the House of Representatives of Congress, and to the Montana Members in the Senate and House of Representatives of Congress.

"Approved February 24, 1943.

"SAM C. FORD, Governor."

A resolution of the Legislature of Puerto Rico; to the Committee on Territories and Insular Affairs:

"Resolution to request the Congress of the United States of America to execute a deed of ownership or certificate of possession to laborers now occupying agricultural farms in usufruct, by grant of the Puerto Rico Reconstruction Administration (P. R. R. A.), and for other purposes.

"Whereas by virtue of an Executive order of the President of the United States of America, Franklin Delano Roosevelt, there was constituted in our country on May 19, 1935, an agency of the Federal Government named 'Puerto Rico Reconstruction Administration,' charged with undertaking the activities necessary for carrying out the purposes indicated by its own name, and the President of the United States took that action, exercising his faculties and powers with a lofty sense of humanity and justice, as a consequence of the deplorable situation that confronted our island, its agriculture ruined, lacking vital industries, its commerce impoverished, and legions of men unemployed, on account of the devastating hurricanes that scourged our cities, our towns, and our fields, when they had not yet recovered from the serious economic crisis caused by the last World War;

"Whereas among the different rehabilitation programs wisely adopted by the said Federal agency are the organization and awarding in usufruct, in the rural districts, of the following colonies of agricultural farms for laborers who rendered services on the properties needing rehabilitation, such awards being on the basis of the payment of a certain monthly rent:

"Farms with houses	Units
"American Suppliers.....	460
Squatters-American Suppliers.....	211
Coffee, Tobacco, and Fruits.....	3,120
Saint Just, Trujillo Alto.....	347
Sucesión Castañer.....	200
Zalduondo, Luquillo.....	255
Zalduondo, Squatters.....	1
Barracón, Vieques.....	199
Lafayette.....	506
Batey Houses, Lafayette.....	298
Marini, Mayaguez.....	113
Juan Domingo, Rio Piedras.....	22
Dominguito, Arecibo.....	61
Clara E. Livingston.....	20
American Suppliers.....	6
Zalduondo Luquillo.....	8
Coffee, Tobacco, and Fruits.....	5,294

"and

"Whereas it is well known that the occupants of the said farms absolutely lack resources, and, on account of the abnormal condition from which Puerto Rico is now suffering on account of the war emergency which is fatally prolonged, have no financial income nor work from which they might gain it, with the aggravating condition that the cost of living has become enormously high for them;

"Whereas the circumstances pointed out in the preceding paragraph determine, as an unquestionable fact, that the said occupants cannot hereafter pay the rent they are bound to pay, and it is to be considered that an expression of altruism on the part of Congress toward Puerto Rico, where the United States has only enthusiastic and decided cooperation in its democratic undertakings, would bring to the now-disturbed homes of those agricultural laborers tranquility of spirit and individual independence arising from the possession of a piece of land of their own which makes them free of all possible attempts at exploitation and oppression in labor: Now, therefore, be it

"Resolved by the Legislature of Puerto Rico:

"SECTION 1. That a feeling appeal be made, as it is made through this resolution, to the Congress of the United States of America that it resolve to direct, and do direct, the proper organization or authority to execute in favor of each and all of the occupants of the agricultural farms specified above in the second whereas, a deed of ownership for such sum as they may have paid, as rent, up to the present.

"SEC. 2. That a literal and authentic copy of this resolution be transmitted to the President, Franklin Delano Roosevelt; to the two Houses that compose the Congress of the United States; to the chairmen of the Committee on Territories and possessions of the Federal Senate and of the Committee on Insular Affairs of the House of Representatives of the United States; to the Honorable Harold L. Ickes; to the Honorable Claude E. Wickard, Secretary of Agriculture, and to the Honorable BOLIVAR PAGÁN, Commissioner for Puerto Rico in Washington, D. C., requesting the latter to render his full cooperation to the said purposes."

By Mr. CAPPER:

A petition, numerously signed, of sundry citizens of Aulne, Kans., praying for the enactment of legislation to prohibit liquor sales and to suppress vice around military camps and naval establishments; ordered to lie on the table.

By Mr. McCARRAN:

A resolution adopted by the Public Service Commission of the State of Nevada, protesting against any attempt by Congress to deprive the State of Nevada of its power to regulate intrastate commerce by aircraft, or otherwise; to the Committee on Commerce.

A joint resolution of the Legislature of the State of Nevada; to the Committee on Banking and Currency:

"Assembly Joint Resolution 6

"Whereas the Office of Price Administration, a Federal agency, has been organized to control inflationary forces by establishing ceiling prices upon many of the ordinary necessities of life; and

"Whereas the administration of such agency is centralized in the Capital of the United States, where all the regulations are promulgated; and

"Whereas many of these regulations are of such rigidity as to work an unnecessary hardship in certain Western States, including the State of Nevada; and

"Whereas modifications of such regulations could be properly entrusted to the representatives of the Office of Price Administration in the State of Nevada: Now, therefore, be it

*Resolved by the Senate and Assembly of the State of Nevada*, That the Congress of the United States be petitioned to pass suitable legislation reorganizing the Office of Price Administration so as to decentralize the administration and enforcement of the regulations, and to authorize State administrators to promulgate modifications of basic standards established by the National Administrator, when local conditions justify such changes, without the necessity of appearing before administrators or their advisers located 3,000 miles away and who have no first-hand information on the local condition; and be it further

*Resolved*, That duly certified copies of these resolutions be forwarded to the President of the United States, to our Senators and Congressman at Washington, D. C., and that copies of this resolution certified by the proper officers of the Senate and Assembly of the State of Nevada, be transmitted to the several Western States."

Two joint resolutions of the Legislature of the State of Nevada; to the Committee on Military Affairs:

"Assembly Joint Resolution 10

"Whereas this Nation is still engaged in a war, and while in the Pacific it is giving an excellent account of itself with the most ruthless enemy it has ever had to deal with, and there is still danger that this enemy will attempt to bomb Pacific coast points, if for no other reason than to destroy morale and retaliate for the Tokyo raid; and

"Whereas if such a raid is carried out it may take either the form of incendiary or gas bombs and result in a mass evacuation of coastal areas, with people flocking by any means possible to the inland areas of the country: Now, therefore, be it

*Resolved by the Assembly and the Senate of the State of Nevada, jointly*, That the Congress of the United States be, and it hereby is, memorialized to issue such orders as are necessary to such of the Army officials and other governmental agencies having responsibility to provide funds to immediately open and keep open all passes on the main highways leading from California points over the high Sierras to the inland areas of Nevada in order that in case of emergency which may develop, these routes will be available for the evacuation of the peoples of California in accordance with the plans developed by the Army and Office of Civilian Defense for use if and when an emergency arises; and be it further

*Resolved*, That certified copies of this resolution be transmitted to each of our Senators, our Representative in Congress, the Secretaries of War and Navy, Director of Civilian Defense, J. L. DeWitt, lieutenant general, United States Army, commanding western defense command and Fourth Army, and to the honorable Senate and Assembly of the State of California."

"Assembly Joint Resolution 13

"Assembly joint resolution memorializing Congress relative to enacting senate bill 450 regarding compensation to civilians

"Whereas the United States is engaged in a total war and many civilians are patriotically contributing their services in such necessary activities as civilian defense work; and

"Whereas many of these civilians, including the civilian defense workers, may be injured and become burdens on their families or society unless provision is made to protect them from financial loss caused by such injuries; and

"Whereas the members of the Legislature of the State of Nevada believe that the Federal Government should make provision to protect these citizens rendering invaluable service to our country: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of Nevada, jointly*, That the Congress of the United States be memorialized to enact Senate bill 450 introduced by Senator PEPPER which provides for compensation to civilians, including civilian defense workers; and be it further

*Resolved*, That the chief clerk of the assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives of the Congress of the United States, and to the Senators and the Representative from Nevada."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint resolution identical with the foregoing, which was referred to the Committee on Military Affairs.)

By Mr. GREEN:

A joint resolution of the General Assembly of the State of Rhode Island; to the Committee on Finance:

"Senate Joint Resolution 158

"Joint resolution requesting the Senators and Representatives from Rhode Island in the Congress of the United States to work for the passage of two important measures now pending in Congress, namely H. R. 886 and H. R. 1180, both relating to veterans, their wives and/or widows and orphans

"Whereas, there are at the present time pending in the Congress of the United States two extremely important pieces of legislation, namely, H. R. 886, a bill granting preference to veterans, their wives and widows, in defense industries working on war contracts and H. R. 1180, a bill to increase pensions payable to widows and orphans of deceased World War veterans who had service-connected disabilities, and to establish pensions for widows and orphans of deceased World War veterans, regardless of whether said veterans had service-connected disabilities: Now, therefore, be it

*Resolved*, That the Senators and Representatives from Rhode Island in the Congress of the United States be and they hereby are requested to give sincere consideration to these two outstanding measures in the interest of veterans and their kin, and to make every effort to have this proposed legislation enacted into statute; and be it further

*Resolved*, That duly certified copies of this resolution be transmitted by the secretary of state to the Senators and Representatives from Rhode Island in the Congress of the United States."

By Mr. WHEELER:

A joint memorial of the Legislature of the State of Montana; to the Committee on Indian Affairs:

"Senate Joint Memorial 18

"Joint memorial of the Senate of the State of Montana to the President and Congress of the United States, requesting a further extension of time to negotiate and approve an interstate compact under an act granting the consent of Congress to the States of Montana, North Dakota, and Wyoming to negotiate or enter into a compact, or agreement, for the division of the waters of the Yellowstone River

"Whereas the Congress of the United States has enacted an act, approved June 15, 1940 (Public, No. 632, 76th Cong., ch. 372, 3d sess., S. 1759), which act is in words as follows, to wit: 'An act granting the consent of Congress to the States of Montana, North Dakota, and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River,'

*"Be it enacted, etc.*, That the act of Congress, approved August 2, 1937 (50 Stat. 551), granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River be, and it is hereby, amended to provide that the consent of Congress is given to the State of North Dakota to negotiate and to enter into the compact or agreement therein authorized providing for an equitable division and an apportionment between the States of the water supply of the Yellowstone River and of the streams tributary thereto, upon condition that the representative appointed by the President of the United States under the act of August 2, 1937, to participate in said negotiations as the representative of the United States and to report to Congress of proceedings and of any compact or agreement entered into, shall continue to represent the United States, and to report under this act: *Provided*, That such act of August 2, 1937, is amended by striking out "June 1, 1939", and inserting in lieu thereof "June 1, 1943": *Provided*, That such compact or agreement shall not be binding or obligatory upon any of the parties thereto unless and until the same shall have been approved by the legislatures of each of the said States and by the Congress of the United States: *And provided, further*, That nothing in this act shall apply to any waters within or tributary to the Yellowstone National Park or shall establish any right or interest in or to any lands within the boundaries thereof"; and

"Whereas acting under the provisions of said act, representatives of the States of Montana, North Dakota, Wyoming, and the United States have proceeded in an endeavor to complete said compact and secure the approval of the legislatures of the States interested in same, and have made substantial progress in the negotiation of said compact; and

"Whereas the said States were not able to agree upon all terms of said compact and secure the approval thereof by the legislatures of all the States; and

"Whereas it appears that if the authority contained in said act of Congress were extended for a period of 2 additional years, a compact between said States might be agreed upon and approved by the legislature of each of said States: Now, therefore, be it

*Resolved*, That the Senate of the State of Montana does hereby respectfully petition and request that the Congress of the United States amend the foregoing act to permit and authorize the continuance of the authority contained in said act until June 1, 1945, to negotiate and approve such interstate compact by such legislation as may be deemed



necessary and appropriate, by the Congress of the United States; and be it further

*Resolved*, That copies of this memorial be transmitted, by the secretary of the State of Montana, to the President of the United States, the Senate and House of Representatives of the Congress of the United States, and to United States Senators BURTON K. WHEELER and JAMES E. MURRAY and Congressmen JAMES F. O'CONNOR and MIKE MANSFIELD.

"Approved March 5, 1943.

"SAM C. FORD, Governor."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint memorial identical with the foregoing, which was referred to the Committee on Indian Affairs.)

By Mr. LANGER:

A joint resolution of the Legislature of the State of Montana; to the Committee on Commerce:

"Senate Joint Resolution 2

"Joint resolution to the Congress of the United States to enact legislation to transfer the Fort Peck project to the Bureau of Reclamation of the Department of the Interior for operation and maintenance; and that adequate appropriations be made available to the Bureau of Reclamation enabling completion of plans and estimates to completely utilize the irrigation and power possibilities of the Fort Peck project

*Be it resolved by the Senate of the twenty-eighth Legislative Assembly of the State of Montana (the House concurring):*

"Whereas Fort Peck Dam and Reservoir on the Missouri River in Montana was authorized for construction by Executive order in the public works program under the National Industrial Recovery Act of 1933, and funds were allotted for such construction by order of the Public Works Administration Administrator under date of October 24, 1933, for water conservation and control of flow for navigation; and

"Whereas an act of Congress (Public, No. 529, 75th Cong., S. 2650) approved May 18, 1938, authorized completion, maintenance, and operation of the Fort Peck project for navigation and other purposes, including a power plant for the production of hydroelectric power and assigned the distribution and sale of all power to the Bureau of Reclamation; and

"Whereas section 6 of the act of May 18, 1938, requires rate schedules for Fort Peck power to be drawn having regard to the recovery of the cost of producing and transmitting such electric energy, including the amortization of the capital investment; and

"Whereas the northeastern portions of Montana have been distressed areas for the past 10 years because of drought and an unstable agricultural economy, which has caused an emigration from the State of 40,000 persons in search of better living conditions; and

"Whereas this distressed condition is continuing throughout the war period due to absence of defense industries or projects within the area, and the emigration of population is continuing at an accelerated rate; and

"Whereas during the past 2 years the Bureau of Reclamation has made public a preliminary report on an irrigation project to permit diversified irrigation farming on an area of over 300,000 acres in northeastern Montana; and

"Whereas the plan proposed requires the use of Fort Peck Dam and Reservoir primarily for irrigation and power purposes and the development of such an area appears to be the only plan by which the power output of Fort Peck can be sold at rates to comply with the conditions imposed by act of Congress; and

"Whereas current investigations of the Bureau of Reclamation disclose alternative plans for navigation purposes on the lower

Missouri River which can be effectively substituted for the Fort Peck project; and

"Whereas the benefits to Montana and the Nation as a whole by the use of the Fort Peck project primarily for irrigation and power probably outweigh by a large margin the benefits resulting from its use primarily for navigation; and

"Whereas the proposed project will stabilize the economy of a large portion of the State of Montana and furnish opportunities after the war for returning servicemen and defense workers: Now, therefore, be it

*Resolved by the Senate and House of the State of Montana, jointly*, That the Congress of the United States be urged to enact legislation to transfer the Fort Peck project to the Bureau of Reclamation of the Department of the Interior for operation and maintenance primarily in the interest of irrigation and power development and for other purposes; and that adequate appropriations be made available to the Bureau of Reclamation to enable completion of preliminary plans and estimates to fully utilize the irrigation and power possibilities of the Fort Peck project as outlined in its preliminary report on the Missouri-Souris project in Montana and North Dakota, so that a plan may be developed ready for immediate execution when post-war conditions justify an extensive public-works program; and be it further

*Resolved*, That copies of this resolution be forwarded by the secretary of state to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives in the Congress of the United States from Montana and North Dakota."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint resolution identical with the foregoing, which was referred to the Committee on Commerce.)

By Mr. McNARY:

A joint memorial of the Legislative Assembly of the State of Oregon; to the Committee on Agriculture and Forestry:

"Senate Joint Memorial 14

"Whereas the United States in acquiring a site for Camp Adair in the State of Oregon purchased and obtained many acres of valuable farm land; and

"Whereas the practices followed by representatives of the United States have resulted in many inequities and injustices to the owners some of which are:

"1. Appraisal of property at less than its value, taking into account increasing farm prices and current economic cycles; and a failure to make allowance for cost and loss involved in finding and moving to new farm;

"2. Use of the lowest of several appraisals rather than the average;

"3. Failure to give adequate notice so as to enable owners to locate on new farms in time to plant crops for the following season or a reasonable amount of time to vacate;

"4. Refusal for extended periods to make available the consideration stated in the options to purchase so as to enable the options to plan purchase of other farm property;

"5. Delay in making payment for land which forced paying interest on money borrowed to acquire new farms;

"6. Requiring the sellers to pay property taxes which had accrued but were not yet payable at the time possession was taken; and

"Whereas it is desirable that these injustices be corrected and the abuses be prevented in future property purchases by the Federal Government: Now therefore be it

*Resolved by the Senate of the State of Oregon (the House of Representatives jointly concurring therein):*

"That the Legislative Assembly of the State of Oregon does hereby make the following

request and recommendations to the Federal Government:

"1. That it cause a reexamination to be made of land purchased for Camp Adair and that necessary steps be taken to readjust any injustices discovered;

"2. That any errors in procedure found which have caused injustice to be done be carefully listed and corrected in future land purchases; be it further

*Resolved*, That the secretary of state of the State of Oregon hereby is directed to send a copy of this memorial to the President of the United States, the Vice President of the United States, the Secretary of Agriculture of the United States, the Speaker of the House of Representatives, and to each of the Senators and Representatives in Congress from the State of Oregon."

A joint memorial of the Legislature of the State of Oregon; to the Committee on Military Affairs:

"Senate Joint Memorial 12

"Whereas during the present war emergency the United States has acquired vast areas of land within the State of Oregon and within other States for military purposes, particularly for cantonments, artillery and bombing ranges, and for similar purposes; and

"Whereas the influx of population resulting from the activities incident to the war program has resulted in greatly increased costs of local government, in the field of police protection, traffic control, road construction and maintenance, and school facilities; and

"Whereas in certain counties and other taxing subdivisions the tax base has been severely reduced by these Federal land acquisitions, while the costs of government have been increased as aforesaid, so as to gravely threaten the proper functioning of such governmental agencies; and

"Whereas the Honorable CHARLES L. McNARY has introduced in the Senate of the United States S. 249, which provides generally that all property acquired by the United States for military purposes during the present emergency shall remain subject to local taxation to the same extent as privately owned property; and

"Whereas the enactment of S. 249 will permit in great measure local government in the several States to continue to function under the heavy handicap arising as a result of the Federal acquisitions and the increase of local governmental costs aforesaid: Now, therefore be it

*Resolved by the Senate of the State of Oregon (the House of Representatives jointly concurring therein)*, That the Congress of the United States be and it hereby is memorialized to enact S. 249 to the end that local government may continue to function unimpaired and the total costs of the war efforts may be evenly distributed; and be it further

*Resolved*, That a copy of this memorial be transmitted to United States Senators CHARLES L. McNARY and RUFUS B. HOLMAN, and that the secretary of state of the State of Oregon be and he hereby is instructed to forward a certified copy of this memorial to the President of the United States and the President and the Chief Clerk of the United States Senate."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint memorial identical with the foregoing, which was referred to the Committee on Military Affairs.)

By Mr. GILLETTE:

A concurrent resolution of the Legislature of the State of Iowa; to the Committee on Agriculture and Forestry:

"House Concurrent Resolution 18

"Whereas apparently there has been no determination made by responsible officers of

the Government of the total required production of essential food and fiber for the duration of the war and for the reconstruction period following the war; and

"Whereas food and fiber goals have thus far been established only on a short-time basis; and

"Whereas the War Manpower Commission was created for the purpose of analyzing and giving proper weight to the minimum manpower requirements of all war industries, including agriculture, the armed forces, and the necessary civilian economy; and

"Whereas although several months have elapsed since the creation of said Manpower Commission, the drain of agriculture's trained manpower into industry and the armed forces through the Selective Service System continues at substantially the previous rate, notwithstanding the fact that thousands of auction sales have been held and that breeding herds of sheep, hogs, and both beef and dairy cattle continue to be reduced through shipment to market as a result of the manpower shortage already existing throughout this area; and

"Whereas notwithstanding the fact that agriculture in the Great Plains area normally renews completely its mechanized equipment every 10 years, and the further fact that the whole Middle West has just come through a 10-year period of depressed times which made normal replacement difficult, thus multiplying the minimum requirements for both new machinery and repair parts; and

"Whereas, notwithstanding the recent increase over previous allocations of iron and steel for farm equipment granted by the War Production Board, there may reasonably be reduced acreage as compared to 1942 for the combined reasons of manpower shortage and inadequate machinery and repair parts; and

"Whereas Iowa now has thousands of its young men serving in the armed forces and being almost wholly an agricultural State it is self-evident that a very large percentage of any subsequent drains on our manpower have and must come from our farms; and

"Whereas, if Iowa is to contribute her best in this prosecution of this total war, it can only be done through maximum utilization of its one great resource, namely, agriculture; and

"Whereas this can be done only if immediate and realistic consideration, followed by positive action, be given to minimum requirements of our farmers in the fields. Manpower, machinery, repair parts, tires, gasoline credit availability, credit cost, non-recourse production, loans, equitable relationship between price floors and ceiling to production costs to the added risks incident to the efforts to meet expanding production goals under wartime conditions, the apparent necessity for lifting all acreage restrictions on wheat and other commodities as has been done for corn: Now, therefore, be it

*"Resolved by the house of representatives (the senate concurring),* That we earnestly recommend and ask that the Senate Committee on Agriculture and Forestry make an immediate and thorough investigation of all the agricultural "musts" to the end that the requirements of sufficient manpower, sufficient current credit, proper price relationship between production costs, ceilings and floors, sufficient farm machinery and repair parts, gasoline, rubber, fertilizer, and other necessary supplies be definitely determined on a long-time basis, not only for the war years, but for the reconstruction period following the war, and allotted to agriculture so that sufficient food and fiber may be forthcoming to meet increasingly expanding goals and to supply the requirement of our armed forces, the civilian population, the lend-lease commitments to the Allied Nations and food for occupied countries and that such investigation include the careful weighing and consideration of the interrelationship and division of authority and responsibility among the following

agencies in connection with such determination: United States Department of Agriculture, Office of Price Administration, War Production Board, War Manpower Commission, Office of Petroleum Coordinator; be it further

*"Resolved,* That a copy of this resolution be transmitted to each Member of Congress from Iowa, presiding officer of the Senate, Speaker of the House of Representatives, Secretary of the United States Department of Agriculture, Office of Price Administration chairman of the Senate Committee on Agriculture and Forestry."

A concurrent resolution of the Legislature of the State of Iowa; to the Committee on the Judiciary:

#### "House Concurrent Resolution 26

*"Be it resolved by the House (the Senate concurring),* That the Congress of the United States call a convention, in pursuance of the provisions of article V of the Constitution of the United States, for the purpose of proposing an amendment to the said Constitution, prohibiting the President of the United States from serving more than two terms of 4 years each; unless, in lieu thereof, the Congress, in its wisdom, shall elect to submit to the several States a proposed amendment to the said Constitution, providing for the said limiting of the tenure of office of any President of the United States to two terms of 4 years each, subject to ratification by three-fourths of the States in manner provided; be it further

*"Resolved,* That copies of this resolution be transmitted to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of Congress, and to the Iowa Members in the Senate and House of Representatives of Congress."

A concurrent resolution of the Legislature of the State of Iowa; to the Committee on Military Affairs:

#### "House Concurrent Resolution 25

*"Concurrent resolution memorializing the Congress of the United States to lift the priorities and restrictions on dry-cell batteries*

"Whereas telephones and radios in rural and farm communities are of great convenience and of practical necessity in securing information relative to farm work, livestock marketing, and community affairs necessary in the war effort and conserving rubber; and

"Whereas the restrictions and priorities placed on these commodities by the Federal Government have resulted in great inconveniences to farmers and residents of rural communities, thereby retarding the war effort: Now, therefore, be it

*"Resolved by the House of Representatives of the State of Iowa (the Senate concurring),* That we respectfully urge and memorialize Congress to lift the priorities and restrictions on batteries used for rural telephones, radios, and electric fences, to the end that a sufficient supply of such commodities may be made available to rural communities.

"That copies of this resolution be transmitted to the President of the Senate and the Speaker of the House of Representatives, the War Production Board, and to the Iowa Members of the Senate and the House of Representatives in Congress."

By Mr. BONE:

A joint memorial of the Legislature of the State of Washington; to the Committee on Agriculture and Forestry:

#### "House Joint Memorial 15

*"To the Honorable Franklin D. Roosevelt, President of the United States, and to the Senate and the House of Representatives of the United States in Congress assembled:*

"We, your memorialists, the Senate and the House of Representatives of the State of

Washington, in legislative session assembled, most respectfully represent and petition Your Excellency and honorable bodies as follows:

"Whereas the production of an adequate supply of synthetic rubber to meet military and civilian needs is vital to the successful prosecution of the war and to the people of the United States and of the State of Washington; and

"Whereas the production of synthetic rubber has been greatly delayed by concentration on petroleum-base methods of production, which concentration has been fostered by agents of the oil industry who are desirous of establishing a monopoly in the synthetic-rubber industry in post-war years: Now, therefore, be it

*"Resolved,* That we, the Senate and the House of Representatives of the State of Washington, do hereby respectfully memorialize and petition the President of the United States and the Congress of the United States to do all in their power to facilitate the immediate construction of plans designed to produce butadiene from farm and forest products; and be it further

*"Resolved,* That we express our approbation of the efforts of Rubber Coordinator William M. Jeffers to break the bottlenecks in our synthetic-rubber program and urge that all Government agencies extend to him their full support; and be it further

*"Resolved,* That copies of this memorial be immediately transmitted to the President of the United States and to the Senate and the House of Representatives of the United States and to each Senator and Representative in Congress from the State of Washington."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint memorial identical with the foregoing, which was referred to the Committee on Agriculture and Forestry.)

A joint resolution of the Legislature of the State of Washington; to the Committee on Commerce:

#### "House Joint Resolution 11

*"Be it resolved by the House of Representatives and Senate of the State of Washington, in legislative session assembled:*

"Whereas it is the established policy of the State of Washington, since statehood, supported by law and custom, that the waters within the State belong to the public under the control and jurisdiction of the State; and

"Whereas in the State of Washington rights to the use of water of immense importance have been acquired under this policy and in accordance with State laws; and

"Whereas differences of opinion recently have arisen regarding the respective rights and powers of the Federal and State Governments to control and administer the use of waters within the several States, with the result that doubt is cast upon the authority of his State to exercise control over such use, and the stability of existing property rights and the future development of the water resources of this State are threatened; and

"Whereas in order to remove all causes, present and future, which might lead to litigation, the welfare of this State requires full cooperation among the States in the use of water, and the promotion of joint action by the States and the United States in the efficient use of water and the control of flood waters to the end that litigation be avoided and the use and control of water be continued in the manner and under the laws as heretofore exercised: Now, therefore, be it

*"Resolved by the senate and house of representatives in session assembled,* That it is the policy of the State of Washington to maintain its jurisdiction and control over the rights to the use of the waters in this State, and to protect such rights as have been established under the laws thereof, and that constituted authorities of this State take such



action as may be necessary to resist attempts to invade the rights of this State in the control of the waters of the State; be it further

*Resolved*, That copies of this resolution be immediately transmitted to all Members of the Senate and House of Representatives of the United States from the State of Washington."

A joint memorial of the Legislature of the State of Washington; to the Committee on Finance:

"House Joint Memorial 11

*"To the Honorable Senate and the House of Representatives of the United States in Congress assembled:*

"We, your memorialists, the Senate and the House of Representatives of the State of Washington, in legislative session assembled, respectfully represent and petition your Honorable Bodies as follows:

"Whereas the national emergency has brought about the necessity for new and additional tax levies; and

"Whereas the formation of new Federal tax policies is in many instances threatening the very existence of local governmental units whose continued functioning is essential in this national emergency and in the return to normal economic conditions thereafter; and

"Whereas no real satisfactory tax reform can be achieved without readjusting the Federal, State, and local fiscal relationships; and

"Whereas an agency created by Congress would be best fitted to study tax structures and make recommendations; and

"Whereas in the Seventy-eighth Congress, the Honorable JOHN M. COFFEE, Congressman from the Sixth Washington Congressional District, introduced House Joint Resolution 56, by the terms of which there is proposed a Federal Commission on Tax Integration, for the purpose hereinbefore set forth: Now, therefore, be it

*Resolved*, That we the Senate and the House of Representatives of the State of Washington do hereby respectfully memorialize and petition the Congress of the United States to cause to be enacted proper legislation, creating a Federal agency to study tax structures to the end that inequitable burdens be avoided and the financial stability of the various local governmental units assured; be it further

*Resolved*, That copies of this memorial be immediately transmitted to the Senate and the House of Representatives of the United States and to each Senator and Representative in Congress from the State of Washington."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint memorial identical with the foregoing, which was referred to the Committee on Finance.)

A joint memorial of the Legislature of the State of Washington; to the Committee on Military Affairs:

"House Joint Memorial 16

*"To the Honorable Franklin D. Roosevelt, President of the United States, and the Honorable Senate and the House of Representatives of the United States in Congress assembled:*

"We, your memorialists, the House of Representatives and the Senate of the State of Washington, in legislative session assembled, most respectfully represent and petition your excellency and honorable bodies as follows:

"Whereas the War Production Board is a body of far-reaching importance; and

"Whereas there are located in the industrial centers of the Pacific Northwest many war activities employing thousands of workers engaged in such war activity; and

"Whereas there is great need that the War Production Board establish a regional board in the Pacific Northwest, for the transaction

of such business as might arise in said territory; and

"Whereas the city of Seattle is the metropolis of the State of Washington and is the center of large war activities totaling more than \$2,000,000,000 of contracts and is the logical place at which a regional office of the War Production Board should be established: Now, therefore, be it

*Resolved*, That we, the House of Representatives and the Senate of the State of Washington do hereby respectfully memorialize and petition the President of the United States and the Congress of the United States to cause to be established a regional office of the War Production Board in the city of Seattle, Wash., as speedily as possible; and be it further

*Resolved*, That copies of this memorial be immediately transmitted to the President of the United States and to the Senate and the House of Representatives of the United States and to each Senator and Representative in Congress from the State of Washington."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint memorial identical with the foregoing, which was referred to the Committee on Military Affairs.)

A joint resolution of the Legislature of the State of Washington; ordered to lie on the table:

"House Joint Resolution 25

*"Be it resolved by the Senate and the House of Representatives of the State of Washington in legislative session assembled:*

"Whereas the State of Washington from the year 1933 to date has received the benefits from the expenditure of large amounts of Federal funds through the Works Progress Administration, Civilian Conservation Corps, National Youth Administration and the development of the Coulee and Bonneville Dams and many other Federal programs; and

"Whereas all of these programs have contributed immensely to the welfare, happiness and well-being of the citizens of this State; and

"Whereas, these programs have done much to add to the peace and security of the State during this period of war by providing forest protection, airports, improvements to schools, Army and Navy improvements, and many other worth-while and beneficial programs: Now, therefore, be it

*Resolved*, That the citizens of this Commonwealth do hereby commend the efforts of our President and Members of Congress for their foresight in sponsoring these programs; and be it further

*Resolved*, That we take this means of acknowledging and thanking the President of the United States and the Members of Congress for the fair and liberal consideration given the State of Washington from the year 1933 to date; and be it further

*Resolved*, That a copy of this resolution be immediately sent to the Honorable Franklin D. Roosevelt, President of the United States, the Secretary of the Senate of the United States, and the Clerk of the House of Representatives of the United States, and to all Members of the Senate and the House of Representatives of the United States from the State of Washington."

(The ACTING PRESIDENT pro tempore laid before the Senate a joint resolution identical with the foregoing, which was ordered to lie on the table.)

RESOLUTION OF KANSAS LEGISLATURE—  
LOCATION OF ALCOHOL PLANTS AND  
PRODUCTION OF SYNTHETIC RUBBER

Mr. REED. Mr. President, I ask unanimous consent to present and have printed in the RECORD and appropriately referred, House Concurrent Resolution No. 11, State of Kansas, memorializing

Congress and the United States War Production Board to change their policy in regard to the location of alcohol manufacturing plants.

There being no objection, the concurrent resolution was received, referred to the Committee on Agriculture and Forestry, and, under the rule, ordered to be printed in the RECORD, as follows:

House Concurrent Resolution 11

Concurrent Resolution memorializing Congress and the United States War Production Board to change their policy in regard to the location of alcohol manufacturing plants

Whereas this Nation's economy and its successful war program are so fundamentally based on rubber that any break-down which may occur might seriously endanger or postpone victory for the United Nations; and

Whereas it is generally agreed that the only solution to the Nation's rubber problem is in volume production of synthetic rubber, and from the reports of the press, this volume must be between 200,000 and 300,000 tons during 1943 to produce the over-all tonnage from all sources, including natural rubber and synthetics, of more than 775,000 tons; and

Whereas this total requirement includes the working stock and natural rubber backlog which rubber companies must maintain, and the present Government program for synthetic rubber, again relying on the reports of the Nation's press, is overwhelmingly dependent on the production of butadiene, which is produced from either petroleum or alcohol; and

Whereas the recommendations of the Baruch report are for 40 percent of the butadiene to be made from alcohol processes, and present War Production Board tabulations show that this process is now used in about 30 percent of the production, and to the end of January 1943, only 5 percent of the butadiene program was in production; and

Whereas the Baruch report points out, needs for aviation gasoline, fuel for merchant vessels and ships of the Navy conflict with the needs of butadiene for synthetic rubber; and

Whereas agricultural alcohol has been proved superior both in terms of speed of production and in availability of raw materials, and the Gillette committee findings of last year established the fact that plants for making rubber out of agricultural products can be built with one-third of the amount of critical materials required by the petroleum plants and one-third of the cost in about one-half of the time; and

Whereas the United States War Production Board has recently designated certain locations for alcohol plants, three in Iowa, one in Nebraska, one in Missouri, two in Illinois, one in Wisconsin and none in the State of Kansas; and

Whereas the State of Kansas, being one of the greatest grain-producing States of the Nation, has, and will have, an adequate supply of grain and other raw materials necessary in the manufacture of alcohol; and

Whereas the War Production Board has adopted the policy contained in the so-called Baruch committee report of locating alcohol plants on navigable streams and as a result has precluded the placing of such a plant in the State of Kansas; and

Whereas the State of Kansas has the largest gas field in the world, the gas from which could be utilized in the manufacture of alcohol: Now, therefore, be it

*Resolved by the House of Representatives of the State of Kansas (the Senate concurring therein)*, That we respectfully urge and request Congress and the United States War Production Board to consider the factors

mentioned in the preamble of this resolution, namely, the abundance of grain, the abundance of gas, and the abundance of water as offsetting the advantage of a navigable stream and change their policy so that the State of Kansas would be eligible to be designated as a place where an alcohol plant, or any of the related plants required in the production of synthetic rubber should be located; and be it further

*Resolved*, That a copy of this resolution be transmitted to each Member of Congress from Kansas, including both Senators and Representatives; the President of the Senate; the Speaker of the House; the President of the United States; the Vice President of the United States; the Chairman of the War Production Board; Mr. William M. Jeffers, Rubber Director; Mr. James F. Byrnes, Economic Stabilizer; and Mr. Bernard Baruch.

(The ACTING PRESIDENT pro tempore laid before the Senate a concurrent resolution identical with the foregoing, which was referred to the Committee on Agriculture and Forestry.)

#### RELEASE OF RADIO SUPPLIES—RESOLUTION OF NEBRASKA LEGISLATURE

Mr. WHERRY. Mr. President, during the past few months my office has been deluged with requests from farmers in my State advising that they have been unable to purchase B-batteries for their radio receiving sets. I have also received information from WOW radio station, at Omaha, Nebr., to the effect that there is an acute situation existing in the radio field because of a shortage of B-batteries for farm radio receiving sets. While I have been advised by the War Production Board that they have been cognizant of the shortage of farm radio batteries for several months and that at this time there is a considerable decrease in military requirements and that the Board is working closely with the Zinc Division to determine if a substantially greater number of farm radio batteries can be produced, nevertheless I feel that the seriousness of this shortage is such as to warrant having the attention of the Senate called to this particular problem.

As we enter the agricultural production season, it seems to me to be vitally necessary that our farmers and ranchers keep informed on markets, weather conditions, and agricultural instructions and suggestions as carried on various radio programs, and inasmuch as it is also highly important that all citizens be advised, I feel this shortage warrants more than merely the continued consideration of the War Production Board as their letter to me indicates. This problem needs adjustment now; in fact, the Legislature of the State of Nebraska in its fifty-sixth session, considered this problem sufficiently serious to warrant their consideration, and on March 16, 1943, Mr. H. G. Greenamyre, of Madison, Nebr., introduced Legislative Resolution No. 12 on the subject of release of radio supplies, which resolution was adopted on March 24, 1943.

In behalf of my colleague, the senior Senator from Nebraska [Mr. BUTLER], and myself, I ask unanimous consent to present the resolution for appropriate reference and to read it into the body of the RECORD at this point as a part of my remarks on this subject.

The resolution is as follows:

#### Legislative Resolution 12

Resolution relating to release of radio supplies

Whereas it is vitally necessary in the rural areas of this State that farmers and ranchers be informed of weather conditions for the protection of crops and livestock; and

Whereas the rural residents of the State of Nebraska are at the present time suffering a serious shortage of B batteries for radio-receiving sets, and nearly all of the radio-receiving sets on the farms and ranches of Nebraska are dependent upon B batteries; and

Whereas the United States Government is urging farmers and ranchers to increase production of food, and relies heavily upon radio to disseminate news and programs with reference to measures and steps to be taken to aid in carrying on the present World War: Now, therefore, be it

*Resolved by the Legislature of Nebraska:*

1. That we earnestly commend to the War Production Board of the United States that it release a sufficient supply of B batteries and other farm-radio-receiving-set supplies to permit farmers and ranchers in this State to maintain existing radio-receiving sets.

2. That a copy of this resolution, suitably engrossed, be transmitted to the War Production Board of the United States, and to each Senator and Representative from Nebraska in the Congress of the United States.

The ACTING PRESIDENT pro tempore. Without objection, the resolution presented by the junior Senator from Nebraska (for himself and Mr. BUTLER) will be received and referred to the Committee on Military Affairs.

#### SERVICE OF TWO HUNDREDTH AND FIVE HUNDRED AND FIFTEENTH REGIMENTS OF COAST ARTILLERY IN DEFENSE OF BATAAN AND CORREGIDOR

Mr. CHAVEZ. Mr. President, I ask consent to present and to have printed in the RECORD as part of my remarks a resolution adopted by the Bataan Relief Organization, of Albuquerque, N. Mex., regarding the services of the heroes of the Two Hundredth and Five Hundred and Fifteenth Regiments of Coast Artillery.

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

*Be it resolved and demanded*, That the Two Hundredth and Five Hundred and Fifteenth Regiments remain at all times, separate and apart, in deference to the defense and noble example of self-denial and effacement of these heroes who wrote history with their own blood, meeting all emergencies with dauntless courage and supreme sacrifices; that the entire world bow its head in homage and reverence to these men whose tenacity has rendered them immortal.

Let the memory of our defenders of Bataan and Corregidor live unsullied and unique, that memory to be held in reverence, sacred, and honored forever and forever.

M. LOIS BRADLEY.  
J. ALPHA BERGQUIST.  
P. W. McCAHON.  
HAROLD HUBBELL.  
HELEN S. REARDON.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STEWART, from the Committee on Claims:

H. R. 1468. A bill for the relief of Mr. and Mrs. Samuel Azer; with an amendment (Rept. No. 144).

By Mr. REYNOLDS, from the Committee on Military Affairs:

S. 899. A bill to amend the act approved January 2, 1942, entitled "An act to provide for the prompt settlement of claims for damages occasioned by Army, Navy, and Marine Corps forces in foreign countries"; with amendments (Rept. No. 145).

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

S. 879. A bill to amend the act entitled "An act authorizing a reduction in the course of instruction at the Naval Academy," approved June 3, 1941 (55 Stat. 238); without amendment (Rept. No. 146).

Mr. CONNALLY. Mr. President, as in legislative session, I report back from the Committee on the Judiciary, favorably, without amendment, Senate bill 796, a bill introduced by me relating to strikes.

The ACTING PRESIDENT pro tempore. As in legislative session, without objection, the report submitted by the Senator from Texas will be received and placed on the calendar.

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

S. 796. A bill relating to the use and operation by the United States of certain plants in the interests of the national defense; without amendment (Rept. No. 147).

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

S. 832. A bill relating to the sale of horse meat or food products thereof in the District of Columbia; without amendment (Rept. No. 148).

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

S. 716. A bill to provide for the appointment of an additional circuit judge for the seventh judicial circuit; with an amendment (Rept. No. 149).

By Mr. VAN NUYS, from the Committee on the Judiciary:

S. 734. A bill to provide for the transfer of Granville County to the middle judicial district of North Carolina; without amendment.

#### REPORT ON THE DISPOSITION OF EXECUTIVE PAPERS

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

#### REPORT OF SPECIAL COMMITTEE TO INVESTIGATE THE NATIONAL DEFENSE PROGRAM—RENEGOTIATION OF WAR CONTRACTS (PT. 5 OF REPT. NO. 10)

Mr. HATCH. Mr. President, from the Special Committee to Investigate the National Defense Program, commonly referred to as the Truman committee, pursuant to Senate Resolution 71, Seventy-seventh Congress, I submit an additional report on the renegotiation of war contracts which I shall not discuss at this time because of the lateness of the hour. However, I should like to discuss it later. For the present, I ask that the report be printed.

The ACTING PRESIDENT pro tempore. Without objection, the report submitted by the Senator from New Mexico will be received and printed.



BILLS AND JOINT RESOLUTION  
INTRODUCED

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

By Mr. O'MAHONEY:

S. 929. A bill for the relief of Dr. Douglas E. Lawson; to the Committee on Claims.

By Mr. WALLGREN:

S. 930. A bill to assure conservation of and to permit the fullest utilization of the fisheries of Alaska, and for other purposes; to the Committee on Commerce.

By Mr. STEWART:

S. 931. A bill to amend section 20 of the Interstate Commerce Act, as amended; to the Committee on Interstate Commerce.

By Mr. GUFFEY:

S. 932. A bill to provide for the appointment of an additional district judge for the eastern district of Pennsylvania; to the Committee on the Judiciary.

By Mr. RUSSELL:

S. 933. A bill for the relief of Lee S. Bradshaw; to the Committee on Claims.

By Mr. WHEELER:

S. 934. A bill granting the consent of Congress to the States of Montana, North Dakota, and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River; to the Committee on Indian Affairs.

By Mr. LANGER:

S. 935. A bill to establish service records for persons who served in the Students' Army Training Corps during the World War; to the Committee on Military Affairs.

By Mr. McCARRAN:

S. 936. A bill to provide that laws applicable with respect to the District of Columbia shall also be applicable with respect to certain additional territory over which the United States has jurisdiction; and

S. 937. A bill to end trafficking in taxicab licenses in the District of Columbia by providing that such licenses shall be nontransferable; to the Committee on the District of Columbia.

By Mr. HATCH:

S. 938 (by request). A bill to provide for the acquisition of lands for grazing purposes; to the Committee on Public Lands and Surveys.

By Mr. PEPPER:

S. 939. A bill to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure; to the Committee on Education and Labor.

S. 940. A bill for the relief of W. P. Richardson, as successor and assignee of W. P. Richardson & Co., of Tampa, Fla., a partnership composed of W. P. Richardson, George W. Hessler, and L. C. Park, by reason of certain claims arising within the World War period; to the Committee on Claims.

By Mr. STEWART:

S. J. Res. 46. Joint resolution to provide a simple, effective, and uniform method of evaluating the charges for freight transportation on Government bids by small business enterprises; to the Committee on Interstate Commerce.

HOUSE BILL REFERRED

The bill (H. R. 1896) to amend sections 1 and 2 of the act approved June 11, 1940 (54 Stat. 262), relating to the establishment of the Cumberland Gap National Historical Park in Tennessee, Kentucky, and Virginia, and to grant the consent of Congress to such States to enter into a compact providing for the acquisition of property for such park, was read twice by its title and referred to the Committee on Public Lands and Surveys.

EFFECT OF LIMITED MANUFACTURE OF  
TRUCKS AND TRAILERS UPON TRANS-  
PORTATION ECONOMY AND WAR  
EFFORT

Mr. GILLETTE submitted the following resolution (S. Res. 121), which was referred to the Committee on Interstate Commerce:

*Resolved*, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation as to what extent the civilian economy and the war effort of the Nation are affected by the limitation placed upon the manufacture of trucks and trailers for the transportation of products over the public highways of the United States, including the activities of the various regular and special agencies of the Federal Government to determine whether the maximum use is being made of the public highways of the Nation for the transportation of such products.

The committee shall report to the Senate, as soon as practicable, the results of its study and investigation, together with its recommendations.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-eighth Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to make such investigations, to administer such oaths, to take such testimony, and to incur such expenditures as it deems advisable. The committee is authorized to utilize the services, information, facilities, and personnel of the departments and agencies of the Government. The expenses of the committee, which shall not exceed \$2,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

PRINTING OF MONOGRAPHS OF SPECIAL  
COMMITTEE TO STUDY AND SURVEY  
PROBLEMS OF AMERICAN SMALL BUSI-  
NESS ENTERPRISES

Mr. MURRAY submitted the following resolution (S. Res. 122), which was referred to the Committee on Printing:

*Resolved*, That, in accordance with paragraph 3, of section 2, of the Printing Act approved March 1, 1907, the special committee who are directed by Senate Resolution 298 (agreed to October 8, 1940, and continued by Senate Resolution 66, Seventy-eighth Congress) to study and survey by means of research all of the problems of American small business enterprises and to obtain all facts possible in relation thereto which would not only be of public interest but which would aid the Congress in enacting remedial legislation be, and is hereby, empowered to procure the printing of not to exceed 10,000 additional copies of each monograph published by said committee.

CONSTRUCTION OF PIPE LINE FROM  
TINSLEY OIL FIELD, MISSISSIPPI, TO  
CHARLESTON, S. C., AND SAVANNAH,  
GA.—SHORTAGES OF GASOLINE AND  
FUEL OIL

Mr. MAYBANK. Mr. President, I ask unanimous consent to submit a resolution, and request that it be referred to the committee in charge of the investigation with respect to shortages of gaso-

line and fuel oil. I may say that today I spoke to the chairman of that committee regarding the resolution, which refers to a pipe line. I should like to have it distinctly understood that it has no connection whatsoever with the proposed pipe line in opposition to the Florida Canal, which I hope will be built as soon as possible.

The ACTING PRESIDENT pro tempore. The Chair is advised by the Parliamentarian that the special committee would have no right or authority to act upon the resolution. It should be referred to some standing committee.

Mr. MAYBANK. Under those circumstances, I ask that it be referred to the Committee on Commerce.

The resolution (S. Res. 123) was referred to the Committee on Commerce, as follows:

*Resolved*, That the committee appointed pursuant to Senate Resolution 156, Seventy-seventh Congress, as extended and supplemented (providing for an investigation with respect to shortages of gasoline, fuel oil, and other petroleum products and solid fuels), is hereby authorized and directed to make a full and complete study and investigation with respect to the practicability and desirability of constructing the crude-oil pipe line from the Tinsley Oil Field in the vicinity of Yazoo, Miss., to Charleston, S. C., and/or Savannah, Ga., which was authorized by Public Law 675, Seventy-seventh Congress, approved July 23, 1942, and with respect to the reasons why such pipe line has not heretofore been constructed. The provisions of this resolution shall not be deemed to increase the limit of expenditures heretofore authorized for such committee.

REPORT ON STUDY OF INTERTERRIT-  
ORIAL FREIGHT RATES (H. DOC. NO. 145)

Mr. OVERTON. Mr. President, the Board of Investigation and Research which was created by the Transportation Act of 1940 to study and report on transportation problems has submitted today to the Senate a report on a study of interterritorial freight rates. I understand the report is to be printed as a House document and will be available to Senators.

PURCHASES OF ALUMINUM FROM CANADA

Mr. TRUMAN. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD a letter from Mr. Jesse H. Jones, Secretary of Commerce, in reply to an inquiry which I made to him about purchases of aluminum from Canada by the Metals Reserve Company.

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

THE SECRETARY OF COMMERCE,  
Washington, March 24, 1943.

DEAR SENATOR TRUMAN: In reply to your inquiry about Metals Reserve Company's purchases of aluminum from Canada, beg to advise that May 2, 1941, at the request of Office of Production Management, Metals Reserve Company contracted with the Aluminum Co. of Canada for the purchase of 170,000 metric tons (374,680,000 pounds) of aluminum at 17 cents per pound, the then prevailing price of aluminum in this country. This contract and all subsequent contracts in this program were approved by the President.

In connection with the purchase, the Aluminum Co. required an advance of \$25,000,000,

which we agreed to make at 2 percent interest. Such advances are authorized in connection with the purchase of critical and strategic materials under section 5d of the Reconstruction Finance Corporation Act, as amended, and do not require interest. The interest was computed to equal 0.295 cent per pound of aluminum, and in drawing the contract this was deducted from the price of 17 cents. The advance was to be amortized at the rate of 6½ cents per pound of aluminum delivered.

Substantial advances on purchase contracts of critical and strategic materials have been made to China and Russia, and in connection with purchases in some Latin-American countries.

May 13, 1941, Office of Production Management requested that the initial contract be doubled. This was concluded at the same price. The company asked for an advance of \$25,000,000 against this contract, and a loan for this amount was made to it by the Export-Import Bank at 3 percent interest.

In negotiating contracts with the Aluminum Co. of America to build and operate aluminum plants in the United States for our account, we secured a reduction from Alcoa in the price of aluminum in the United States from 17 cents to 15 cents per pound, thereby saving the Government a great many millions of dollars.

After getting the reduced price from Alcoa, we asked the Aluminum Co. of Canada to reduce their price from 17 cents to 15 cents, notwithstanding we had contracted to pay 17 cents. The company was reluctant to reduce the price since they were getting 17 cents from the British and Canadian Governments. However, we finally prevailed upon them to reduce the price to 15 cents on 80 percent of the shipments. To get this reduction in price we waived the interest on the advances and made a reduction in the amortization requirements. The reduction from 17 to 15 cents saved Metals Reserve Co. \$16,000,000, while only \$2,500,000 was waived in interest. This revision of the previous contracts provided for an increase in our purchases of aluminum from Canada to 1,000,000,000 pounds.

February 23, 1942, we were requested by War Production Board to increase the purchase of Canadian aluminum by an additional 370,000,000 pounds. These purchases were made at the reduced price schedule. The latter contracts also provided for advances against deliveries.

Total loans and advances to date in connection with all purchase contracts aggregate \$69,500,000, and repayments have been \$15,919,477. Total amount of aluminum contracted for is 1,370,000,000 pounds, and deliveries to date have been 368,000,000 pounds.

The contracts made provision for a fixed basis of cancellation on any part of the aluminum that we might determine not to buy.

Metals Reserve Co. has had no control over the expenditure of the loans and advances, that is, whether they were to be used for working capital, plant expansion, or otherwise.

Sincerely yours,

JESSE H. JONES,  
Secretary of Commerce.

HON. HARRY S. TRUMAN,  
United States Senate,  
Washington, D. C.

**NEW CROP OF WAR MILLIONAIRES UNLIKELY UNDER FEDERAL CURBS—ARTICLE BY CHARLES G. ROSS**

Mr. McKellar. Mr. President, in the Sunday Star of date March 28 there is an article entitled "New Crop of War Millionaires Unlikely Under Federal Curbs." The article, which is written by Charles G. Ross, undertakes to show, and does show, that due to taxation and to

the law known as the renegotiation-of-contracts law, approved April 28, 1942, which law was an amendment attached to an appropriations bill on my motion and actively advocated by me, there will be no such number become millionaires as was the case during the last World War.

It is certainly very gratifying for me to know that the renegotiation-of-contracts law has resulted so well. It was the first law putting a limitation upon war contracts and safeguarding against excessive war contracts ever passed by the Congress, I am informed, and believe, in all our history. It has been estimated that during the last World War 23,000 new millionaires were created by reason of excessive profits derived from war contracts, and that none shall be created this time is highly desirable. I am very proud of this renegotiation-of-contracts law.

I ask unanimous consent that the entire article by Mr. Ross may be published in the RECORD, as a part of my remarks.

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

**NEW CROP OF WAR MILLIONAIRES UNLIKELY UNDER FEDERAL CURBS—CONTRACT RENEGOTIATION AND EXCESS-PROFITS TAX SERVE TO HOLD DOWN EARNINGS DESPITE HUGE CONSTRUCTION PROGRAM**

(By Charles G. Ross)

There was a new crop of American millionaires after the last war. Will there be another crop after this war?

The answer is "No," and for two reasons: First, the high income and excess-profits taxes; second, the new contract renegotiation law.

Fabulous profits were made out of the last war. J. P. Morgan & Co., who floated loans for the Allies and acted as the purchasing agent for Great Britain and France in the United States, made \$30,000,000 in the latter capacity alone. There is no remotely comparable opportunity for profits open to the international bankers of today.

The du Pont Co. paid a dividend of 100 percent on its common stock in 1916; its average earnings for the 4 war years were over \$58,000,000, as compared with \$6,000,000 for the 4 preceding years. Bethlehem Steel paid a stock dividend of 200 percent in 1917. The United States Steel Corporation reported earnings for 1916 greater by \$70,000,000 than the combined earnings of 1911, 1912, and 1913. General Motors averaged \$21,700,000 for the 4 war years, as compared with \$7,000,000 for the 4 previous years. The example of colossal earnings could be multiplied.

What is the case today?

**PROFITS FAIL TO RISE**

The latest report on profits from the United States Department of Commerce is significant. From the data now available, the Department says, it appears that corporate profits after taxes were about the same in 1942 as in 1941, when the total was \$7,668,000,000. Profits, that is to say, have remained stationary despite the enormous increase in production.

The renegotiation law is the Government's new antiprofitting club behind the door—and it's not being kept behind the door. Passed in April 1942, the law requires renegotiation provisions to be written in all war contracts exceeding \$100,000. That means that whenever the heads of the respective agencies covered by the law—War, Navy, and Treasury Departments and the Maritime

Commission—believe that excessive profits are being or are likely to be realized, they can require the contractor to scale down his price or make a cash refund.

The law is being firmly administered, and with spectacular results.

The War Department's Adjustment Board has reexamined contracts in the amount of \$8,600,000,000. About 23 percent of this amount has been given clearance with no refund or other adjustment. The balance has been whittled down, either through price changes or cash refunds, by \$1,045,000,000, or, roughly, 12 percent of the total examined.

Here are some of the concrete results of renegotiation from the Adjustment Board's files:

Company A under its original contract stood to make \$1,183,000, after taxes, on its 1942 business. After renegotiation it made \$496,000.

Company B would have cleared \$5,964,000. The amount was cut to \$1,500,000.

Company C would have made \$1,454,000. It was permitted to make \$839,000.

Among the cash refunds to the Government on 1942 contracts was one for \$76,000,000. There have been refunds of such amounts as \$24,300,000, \$13,500,000, \$12,200,000, \$9,150,000, \$8,700,000, \$6,500,000.

**BIG SAVINGS TO GOVERNMENT**

Adjustments are of two kinds. Cash refunds, of which the foregoing amounts are samples, and price changes. When a manufacturer starts making a new and unfamiliar item, he is likely to have only a rough idea of his costs. He protects himself in his contract. As he gains experience, he finds—in many instances—that he can cut his costs below his estimates. His profits soar, and renegotiation steps in and readjusts the price to the Government on the basis of the lowered unit costs.

General Motors is relating proudly that through price reductions in 1942, the result of its manufacturing skill, it saved the Government \$169,178,141, or the equivalent of 450 interceptor planes, 1,000 medium tanks, 200 torpedo boats and 2,000 37-millimeter antiaircraft cannon.

The experience of the Western Cartridge Co. of East Alton, Ill., is typical. It received the first contract for the manufacture of the Garand rifle in a commercial plant. As the company got the knack of making this type of rifle, it found that its unit costs sank materially under estimates. Accordingly, it offered to return to the Government \$1,500,000 of the profits earned on the manufacture of the Garand in 1941.

Comparable to the Army's saving of over a billion dollars on its contracts is the Navy's saving, up to February 28, of \$785,000,000, about a third of this being due to cash refunds and the balance to price changes. Both the services expect further large savings on 1943 business, and the Army estimating that on its contracts alone there will be a reduction, through refunds and price changes, approximating \$4,000,000,000.

Maritime Commission savings through renegotiation are estimated to run \$158,000,000 for this and the next fiscal year.

**COST-PLUS ON WAY OUT**

Eighty-five percent of the renegotiated contracts have been handled by the Army, 13 percent by the Navy, 2 percent by the Maritime Commission. These figures leave out the Treasury, which has been covered by the renegotiation act only since October; the Treasury's interest is in contracts under lease-lease.

Incidentally, all cost-plus-fixed-fee war contracts are being changed over as fast as possible to a straight fixed-fee basis. No new cost-plus-fixed-fee contracts are being made except on new jobs where it is impossible to arrive at an accurate estimate of costs.



Col. Albert J. Browning, who was at one time director of heavy purchasing for Montgomery Ward & Co. and later the president of the United Wall Paper Co., heads the War Department's Purchases Division, under which contract renegotiation is handled. Men who have dealt with him call him a "tough cookie." Immediately in charge of renegotiation, as head of the Department's price-adjustment board, is a civilian, Maurice Karker, formerly president of the Jewel Tea Co. On Karker's staff are 25 officers, all drawn from civilian life.

The members of this adjustment board—and equally their conferees in the Navy and the other interested departments—are on constant watch for signs of excessive profits on war contracts. They are businessmen themselves, and they know the ropes. Say they have reason to believe a manufacturer of gun mounts is getting more than a reasonable profit. They ask him for a breakdown of his contract—how much of his work is for the Navy, how much is for the Army. If the Army proportion is the larger, the Army takes over and tells him to put his cards on the table. This may be done at the home office of the company, or Colonel Browning may telephone the president and other officers and ask them to call on him at a given hour on a given day at his office on the fifth floor of the Pentagon Building for a check-up of their profits. They may protest, they may even write angry letters to their Congressmen, but they show up, and if Browning thinks they are making an excessive profit, the contract is rewritten.

#### POTENT ARGUMENTS AVAILABLE

Two or three arguments are used by the adjustment boards in talking to a contractor whose profits appear excessive. One is the argument of his self-interest. It is suggested to him that he may want other contracts in the future. Again, he is made to understand that nothing would be better calculated to wreck the whole private-enterprise system than a belief on the part of the public that a few favored individuals were getting rich out of the war. There is, finally, the appeal to patriotism.

In 97 percent of the cases dealt with, say members of the adjustment boards, the contractors have proved reasonable. And the troublemakers have been or will be brought around in the end, for the contract-adjustment law has plenty of teeth. If any profiteers escape the ministrations of the boards, it will be because of the successful concealment of fraud.

Mr. Karker made it clear at the outset that he would be guided by the determination of Congress, with which he was in complete sympathy, "that no one shall be allowed to make an excessive or exorbitant profit out of this war."

"One of the worst things that could happen to American industry, from the industry standpoint," said Karker, "would be to have the word 'profiteer' come into the language of this country as it did after the last war."

"The private-enterprise system could very well be seriously jeopardized by even an apparent willingness to make what the general public would regard as excessive profits out of their war activity. The reduction of that jeopardy is one of the services that can be performed by this board."

#### REPORTS SHOW EFFECTS

Karker's opposite number on the Navy's adjustment board is K. H. Rockey, a New York businessman. For the Navy the top man in charge of renegotiation, doing the work that Colonel Browning does for the Army, is Frank Folsom, who, like Browning, came from Montgomery Ward. Donald M. Nelson, who was with Sears, Roebuck, brought both Browning and Folsom to Washington.

"We used to cut each other's throats in Chicago," said Colonel Browning of the War Production Board chief.

The annual report of corporations for 1942, now coming out, show the effect of the new tax rates. Under the Revenue Act of 1942 corporations pay a combined normal and surtax rate of 40 percent; this compares with 6 percent for 1917 and 12 percent for 1918. In the last war the excess-profits tax was graduated up to 60 percent for 1917 and 80 percent for 1918, as compared with the flat 90 percent imposed by the act of 1942. Against the 80 percent there is a 10 percent post-war rebate, making the net excess-profits tax 81 percent.

Corporations generally, despite a tremendous expansion of production, made no more in 1942 than in 1941. They may have made less. Seven hundred and ten leading corporations, with aggregate capital and surplus of \$12,585,000,000 at the beginning of 1942, had a combined net income in 1942 of \$1,210,000,000 after taxes, as compared with \$1,397,000,000 in 1941. There was thus a decrease in their earnings, after taxes, of 13.4 percent from 1941 to 1942. Taxes took 48.5 percent of net income in 1941, 66.4 percent in 1942. (Excess-profits taxes are figured here with the post-war credits deducted.)

Taxes were one great factor in holding down net income; another was increased labor costs. Manufacturing industries as a whole reached new heights last year both in employment and pay rolls the respective increases over 1941 being 13 percent and 42 percent.

#### LABOR FEELS BETTER

Labor was better off than ever before, and it felt, according to a Fortune Magazine survey in January and February of this year, a sense of recent personal betterment. Fortune's statistics showed 51.8 percent of factory workers voting that they felt better off than last year at the same time, and 35.1 percent that they felt about the same.

Redistribution of the national income is being accomplished at what the Department of Commerce calls, conservatively, a striking rate. A huge increase in the national income between 1941 and 1942 brought it to \$119,300,000,000. The largest percentage increase went to farm owners, whose gain was 55.5 percent over their net income of 1941 and more than 100 percent over that of 1939. Salary and wage payments, including the pay of the armed forces, increased 32 percent over 1941 and 80 percent over 1939. The increase in payments by private enterprises alone was 27 percent between 1941 and 1942. At the same time, the Department says, total corporate profits after taxes remained about the same.

There are doubtless wage inequities that remain to be cured, as there always are; there are doubtless industries here and there that made more money after taxes in 1942 than in 1941; there are doubtless instances where corporate accounting practices have been used to reduce profit showings; but the over-all picture can leave no doubt that this is neither a bankers' war nor an industrial profiteers' war. No semblance of justification exists for such charges as that by John L. Lewis, in seeking a wage increase for his coal miners, that the Government is permitting "cost-plus millionaires to continue to loot the public purse."

#### EXAMPLES SHOW TREND

A few examples will show the trend:

Though the sales of the Douglas Aircraft Co. rose in 1942 to \$501,781,985 from \$180,940,110 in 1941, its net earnings were down 39.7 percent. Net profit for 1942, after taxes and a \$3,500,000 deduction for contingencies, was equal to \$18.32 a share, as compared with \$30.29 the previous year.

Earnings of the Monsanto Chemical Co. per share were \$3.75 in 1942 as compared with

\$4.90 in 1941. Out of a net income of \$16,588,738 Monsanto paid income taxes of \$11,001,000; these taxes were the equivalent of \$8.75 a common share as compared with \$7.71 in 1941.

The report of the United States Steel Corporation, issued Thursday, shows that it received \$1,865,951,692 from the sales of its products and services in 1942. Of this sum, employment costs were \$782,661,701, or 25 percent higher than the previous year, and taxes were \$203,755,157, or 21 percent higher. Dividends to stockholders remained the same.

The Southwestern Bell Telephone Co. reports that its 1942 earnings were lower, compared with the amount of money invested in telephone plants, than in the worst years of the depression. The rate of return on the company's plant was 4.4 percent in 1942, compared with 4.96 percent in 1941 and 5.58 percent in 1940. Federal taxes increased 40 percent from 1941 to 1942. Net income fell \$1,143,012 short of covering the dividend paid.

The du Pont Co. had an over-all 4-percent increase in sales and other operating revenues in 1942, as compared with 1941, and a 29-percent decrease in profits. The company reports that its net profit on products manufactured for the Government at Government-owned plants has netted it 1 percent of the cost of these products. For erecting plants for the Government it has received fees netting it 15 one-hundredths of 1 percent of the cost of the construction. It's an interesting point that between the two World Wars the du Pont Co. cut down its military production to a figure that represented less than 2 percent of its total sales.

#### RAILS IN SPECIAL CLASS

The railroads, with mounting profits, are in a special category. Their operating revenues (revenues before payment of fixed charges) rose from \$693,000,000 in 1940 to \$1,481,000,000 in 1942—an all-time high record. But only a third of the 136 class I roads paid dividends on preferred or common stock in 1941, and the number of dividend payers in 1942 was still less than half.

In preparation for the lean days after the war the railroads are using their present profits, in large measure, to buy up their bonds and provide funds for new equipment. About one-fourth of the class I roads, representing 27 percent of all railroad mileage, are still in receivership or trusteeship.

To repeat: There won't be a new crop of millionaires after this war. The country has gone a long, long way toward taking the profit out of war—a goal which, as the President has pointed out, is in accord with the "solemn pledges" of both the Republican Party and the Democratic Party in their platforms. The conclusion with respect to profits applies to industry generally, and not alone to that part of it which is doing war work.

Primarily, the job is being done through taxes. The corporation rates tell their own story. And apart from the corporation taxes there are the 1942 rates on individual incomes, the highest in history, ranging up to 88 percent (82 percent surtax plus 6 percent normal) when income hits the level of \$200,000. In addition 32 of the States impose income taxes.

Can any individual get rich out of war profits? The writer put the question to private tax experts, congressional and Treasury tax experts. The answers ranged from "most unlikely" to "impossible, except through fraud." And the contract adjustment boards and the regular agencies of the Government charged with fraud prevention—to say nothing of such useful watchdogs as the Truman committee—are keeping a sharp eye out for shady practices. It would be a miracle if none were attempted in connection with a production program which, at \$240,000,000,000, is more than 10 times that of the last year.

There are some who think that it would have been better to rely on high taxes alone to prevent exorbitant profits on war contracts. Congress as a whole disagreed, and passed the Renegotiation Act, making it applicable not only to new contracts but to existing contracts on which the final payment had not been made.

This act is valuable, says Chairman Karker, quite apart from the direct saving it has enabled the Government to make on war contracts. It is, he says, "helping industry to keep itself lean and efficient and low-cost in its production," and thus helping industry to get itself into fighting trim for the competitive struggle after the war. Further, the act tends to safeguard contracting companies against criticism by Congress and retaliation by the people after the war.

"There will be much less 'meat' for a congressional investigation," Karker says, "if excessive profits haven't been realized than would be the case had they been realized, even though they were completely taken by taxation."

#### PLANNING FOR THE POST-WAR WORLD—ADDRESS BY SENATOR GUFFEY

[Mr. HATCH asked and obtained leave to have printed in the RECORD a radio address entitled "Planning for the Post-War World" delivered by Senator GUFFEY on March 27, 1943, which appears in the Appendix.]

#### OUR WAR AIMS—ADDRESS BY SENATOR TAFT

[Mr. TAFT asked and obtained leave to have printed in the RECORD an address entitled "What Are Our War Aims?" delivered by him before the Commonwealth Club of Cincinnati, Ohio, March 26, 1943, which appears in the Appendix.]

#### ADDRESS BY SENATOR WILEY BEFORE WISCONSIN SOCIETY OF CHICAGO

[Mr. McNARY (for Mr. WILEY) asked and obtained leave to have printed in the RECORD an address entitled "A Three Point Blueprint for Congress" delivered by Senator WILEY before the Wisconsin Society of Chicago on March 26, 1943, which appears in the Appendix.]

#### AMERICA AND LASTING PEACE—STATEMENT BY SENATOR BURTON

[Mr. BURTON asked and obtained leave to have printed in the RECORD a statement on the subject of America and lasting peace, made by him at the Pan-European Conference held in New York City March 27, 1943, which appears in the Appendix.]

#### ABSENTEEISM—EDITORIAL BY FLOYD E. MATTESON

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an editorial entitled "Absenteeism—Smoke Screen!" from the Potwin (Kans.) Ledger, written by Floyd E. Matteson, which appears in the Appendix.]

#### OUR RIVER OF POWER FLOWING TO WAR—ARTICLE BY R. L. DUFFUS

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an article entitled "Our River of Power Flowing to War," written by R. L. Duffus and published in the New York Times magazine of March 28, 1943, which appears in the Appendix.]

#### ELIMINATION OF WAR PROFITEERS—EDITORIAL FROM THE SATURDAY EVENING POST

[Mr. WALSH asked and obtained leave to have printed in the RECORD an editorial entitled "How We Take the Profiteer Out of War," published in the Saturday Evening Post for March 27, 1943, which appears in the Appendix.]

#### LOSS OF MAIL ADDRESSED TO MEMBERS OF THE MILITARY FORCES

[Mr. HATCH asked and obtained leave to have printed in the RECORD a copy of a War Department release dated March 26, 1943, entitled "Two Thousand Sacks of Army Mail Lost Through Enemy Action at Sea," which appears in the Appendix.]

#### THE SMALL-PLANT PROBLEM—ARTICLE FROM THE NEW YORK TIMES

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article concerning a solution of the small-plant problem, published in the New York Times of March 25, 1943, which appears in the Appendix.]

#### FILIPINO DEFENDERS OF BATAAN—ARTICLE FROM FILIPINO REPORTER

[Mr. CHAVEZ asked and obtained leave to have printed in the Appendix of the RECORD an article entitled "We're Going Back to Bataan," published in the September 1942 issue of the Filipino Reporter, of Chicago, Ill., which appears in the Appendix.]

#### NEW MEXICO NATIONAL GUARD—MESSAGE FROM GENERAL MAC ARTHUR

[Mr. CHAVEZ asked and obtained leave to have printed in the RECORD an article entitled "MacArthur Says He'll Free Members of New Mexico Guard," under the date line of Albuquerque, N. Mex., March 4, 1943, which appears in the Appendix.]

#### PAYMENT OF 1942 AND 1943 TAXES—EDITORIAL FROM TAMPA SUNDAY TRIBUNE

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an editorial entitled "Forget 'Forgive,'" published in the Tampa Sunday Tribune for March 21, 1943, which appears in the Appendix.]

#### ORGANIZATION AND COLLABORATION OF UNITED NATIONS—NEWSPAPER COMMENT

[Mr. BURTON asked and obtained leave to have printed in the RECORD an article by Ernest Lindley entitled "Post-War Influence—What Will Our Role Be?" published in the Washington Post of March 17, 1943, and an editorial entitled "The Four Senators' Plan," published in the Cleveland Press of March 16, 1943, which appear in the Appendix.]

#### MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 17) to provide for a temporary increase in compensation for certain employees of the District of Columbia Government and the White House Police Force, and it was signed by the Acting President pro tempore.

#### ELIMINATION OF LIQUOR AND VICE FROM ARMY CAMPS

Mr. REYNOLDS. Mr. President, I ask to have printed in the body of the RECORD a letter addressed to me by R. B. Chapman, Jr., and W. C. McGarity, of Bushnell, Fla., under date of March 22, 1943, regarding the protection of military camps from liquor and vice.

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

BUSHNELL, FLA., March 22, 1943.

Hon. ROBERT R. REYNOLDS,  
Washington, D. C.

SIR: We are writing to you not personally, but officially as the Chairman of United States Military Affairs Committee. At a Union service held at Bushnell, Fla., March 10, 1943, the congregation assembled requested the pastors present to write you stating that the congregation strongly urges the Congress of the United States to pass protective legislation for our armed forces from liquor and vice traffics, similar to that of 1917 which Secretary of War Baker and Secretary of the Navy Daniels declared to be effective.

The congregation also requested that you read this action on the floor of the Senate that it may be incorporated in the CONGRESSIONAL RECORD.

Respectfully yours,

R. B. CHAPMAN, JR.  
W. C. MCGARITY.

#### INVITATION TO VISIT ABERDEEN PROVING GROUNDS

Mr. REYNOLDS. Mr. President, yesterday most of the members of the Committee on Military Affairs of the Senate, and some members of the Committee on Military Affairs of the House of Representatives, together with a number of members of the Truman committee, and various other Senators and Representatives, were the guests of the Ordnance Department, which is under the able direction of Maj. Gen. L. H. Campbell, Jr. We had the opportunity of viewing some of the latest models and manufactured implements of war.

I wish to state in this connection that tomorrow the Committee on Military Affairs of the Senate, and, according to my understanding, the Military Affairs Committee of the House, and members of the Truman committee, will make a trip to the Aberdeen Proving Grounds for the purpose of watching in operation some of the implements of war which have been developed and which are now being distributed by the Ordnance Division of the War Department. I am authorized to say that General Campbell, the very able Chief of Ordnance of the Army, has stated that if there are other Members of the Senate, not members of the Committee on Military Affairs, or of the House of Representatives, or of the Truman committee, who desire to do so, they are cordially invited to take advantage of the opportunity of viewing some of these instruments in operation.

Mr. TYDINGS. As I understand, there will be an exhibition of the bazooka tomorrow.

Mr. REYNOLDS. The bazooka will be there, too. We will have the pleasure of seeing it, and we hope that it will actually be operated as the reports state it has been operated in many engagements in the north African area.

At the time of the visit to the Ordnance Department, upon invitation of Maj. Gen. L. H. Campbell, Jr., we listened with interest to many of his experiences. One of those who spoke to us was Mr. Lewis H. Brown, president of the Johns-Manville Corporation, and consultant to Major General Campbell. He made some extemporaneous remarks, notes of which I made, and I ask permission that the notes



be printed in the RECORD at this point as a part of my remarks.

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

NOTES ON EXTEMPORANEOUS REMARKS MADE BY LEWIS H. BROWN, PRESIDENT, JOHNS-MANVILLE CORPORATION AND CONSULTANT TO MAJ. GEN. L. H. CAMPBELL, JR., CHIEF OF ORDNANCE AT PRESENTATION OF THE ORDNANCE DEPARTMENT PROGRAM BEFORE THE MEMBERS OF THE SENATE COMMITTEE ON MILITARY AFFAIRS, SPECIAL COMMITTEE TO INVESTIGATE THE NATIONAL DEFENSE PROGRAM, AND SUBCOMMITTEE ON APPROPRIATIONS, HELD AT THE PENTAGON, WASHINGTON, D. C., MARCH 29, 1943

General Campbell, Members of the United States Senate, and gentlemen: When I came to this meeting this morning I had no idea that General Campbell would ask me to speak to you. During this very impressive presentation of the great job that is being done by the ordnance-industry team, he sent a note down the table asking me if I would not comment upon the work of the Ordnance Department from the viewpoint of an outside businessman. I am sure that it will be difficult for me to present extemporaneously as able a summary as have these generals who have told you with such simplicity the fundamentals of the job they are doing in helping to win this war.

In order to understand my position here today, I think it necessary that I clarify two points:

First, let me explain my status in relation to the Ordnance Department. When General Campbell was made Chief of Ordnance on June 1, 1942, he asked me to serve as one of a committee of four industrialists, to act in a consulting capacity as his advisers. After careful consideration I told him that I would, upon certain conditions. First, I was not to be a dollar-a-year man; second, I did not want to receive any expense money of any kind; third, I did not want a title or an office; fourth, I did not want any responsibility. General Campbell met those conditions and specified them in the letter appointing me. My purpose in stipulating such conditions was that I wanted to be able to be in a completely independent position; to be able to say to General Campbell at any time whatever I thought needed to be said in the interest of doing a good job and of helping to win this war. Having served as an officer for over 2 years in the last war, both here and in France, I know that when you are "in the Army" you have to "be a good soldier." I could not be a good soldier and a good adviser, in this position, at one and the same time.

Second, because of my independent status I am able to look at this whole problem from the outside. Moreover, I may well say things about it that these generals and other officers here could not say and still continue to "be good soldiers." By that I mean that when they make recommendations to higher authority and decisions are made on those recommendations, they must proceed to carry out those decisions, no matter whether they think them right or wrong. They must try to carry them out to the best of their ability even if they die trying. However, I am in a different position and so are the other advisers to General Campbell. We can and do tell him the truth as we see it. He is under no obligation to take our advice.

To General Campbell and his very able staff of officers goes the credit for the accomplishment of this great organization.

With that brief preliminary I would like to summarize in the simplest way and in the briefest time a few of the high spots of this program as I have watched it develop.

We, in America, can be proud of the job being done by the industry-ordnance team for victory.

Long before Pearl Harbor the Ordnance Department had laid out a comprehensive plan of action, giving us an over-all plan of procurement and supply even before we were in the war.

For the first 5 months following Pearl Harbor the Ordnance Department operated on very broad general directives from the General Staff to build plants and procure supplies, but without any specific coordination between this program and a specific table of organization for an Army, Navy, and Air Force planned to do numerous specific jobs.

By the spring of 1942 the General Staff was reorganized. A plan of war was developed, and the first tables of organization, which are essential to any balanced program of procurement, began to be available.

The new Chief of Ordnance was installed June 1, 1942, and upon the day of his induction, announced a complete plan and program of action. The keynote of these plans and policies was the completing of an industry-ordnance team for victory.

With the first meeting of the new organization two important policies were put into effect.

(a) Review of the whole ordnance plant building program to head off overbuilding, and

(b) Production scheduling started to bring about control and balance within the \$54,000,000,000 program.

As a result, months before other departments were conscious of the need, the Ordnance Department had borrowed experts from the automobile industry and had installed a complete production scheduling program.

Months before the controlled materials plan of the War Production Board was adopted the Ordnance Department was begging for an allocation of critical materials instead of confused priorities.

Today, whatever mistakes were made in procurement in the first months of the war are being worked out against a balancing point in the fall of 1942 and another in the spring of 1943.

In the first part of June the Ordnance Department protested against the unnecessary red tape involved in Government accounting, auditing, and inspection. By the middle of August the authorities higher up issued regulations permitting changes for greater efficiency. The Ordnance Department again took the lead in simplifying this type of red tape by eliminating large numbers of auditors and inspectors, while at the same time securing higher efficiency and maintaining quality.

By July it became apparent that there would be a shortage of manpower. The Chief of Ordnance started a program to reduce unnecessary overhead and officer personnel. By October this program was moving rapidly, and in November and December, when the manpower shortage was fully recognized as a critical problem, the Chief of Ordnance received commendations from those high officials interested in manpower reduction.

The new Chief of Ordnance, knowing that quantity of production and quality of matériel was not only essential but also that we must get lower costs, put a program into effect of having committees of manufacturers making the same item come together for comparative study of efficiency and cost. With every month these committees have made remarkable progress, because it is done not by bureaucrats in Washington but by experts who know every detail of the job, and who come together at the nearest common point where the actual production is taking place.

Recognizing the possibility of getting increased efficiency outside of Washington, the

Chief of Ordnance early decided to decentralize. The entire organization handling tanks and motorized equipment was moved to Detroit, the center of the industry. The organization for handling all the explosives plants, and the bomb and shell-loading plants, was centered in St. Louis. Similar decentralizations were made where the industry-ordnance team could work close to the job at hand.

The vast problem of warehousing and storage, and the issuance of supplies, was put on an efficient basis comparable to that found in the most up-to-date industrial plants. A model warehouse at St. Louis was used as a training school for officers in this activity. This whole warehouse system, with modern cyclic inventories and plant storage and order filing, could well serve as a model.

The big problem of training men from civil life to be trained specialists in problems of supply and maintenance is something that the Senators will learn about at Aberdeen, where, too, they will hear the story of design of new fighting tools to keep our troops equipped with fighting apparatus equal to or better than anything the enemy has.

While the procurement of supplies was under way the Chief of Ordnance was also strengthening the Field Service Division, whose job it is to get the finished matériel to the soldiers in the front lines, keep it in repair, and keep the supplies flowing to the front. This is one of the most difficult jobs imaginable, but it is being done in a way to meet every requirement to date.

While the Chief of Ordnance's direct authority ends at the port where the matériel is shipped to the troops overseas, and while the ordnance troops are under direct command of the overseas commanding general, the Chief of Ordnance has nevertheless set up liaison contact with the front line whereby he can be informed immediately of any deficiencies in quantity, quality, or service of ordnance supply.

Starting with a handful of officers and enlisted personnel, the Ordnance Department in less than 2 years has built an organization twice the size of the entire Army of the United States prior to the outbreak of the war in Europe.

The essence of achievement in this vast operation, successfully conducted has, in my opinion, been due to the policy of securing cooperation from industry. It has followed in principle the program that grew out of the experiences of World War No. 1. It has brought up to date and streamlined a machine to meet the requirements of World War No. 2.

During this whole period since Pearl Harbor, and even before, we have heard a great deal about the War Production Board. In my humble opinion that organization has a very important job to do in any war in which we are engaged. But it is also my opinion that the War Production Board, from its inception, was never given a clear-cut assignment as to what its job really was to be. Out of that failure to make a proper assignment of responsibility has grown much confusion and many heartaches.

The job which should have been assigned to the War Production Board was to reconcile the demands of the war machine with the supplies of materials, men, and machines available. Its history might have been different if it had been called Reconciliation, Allocation, and Priorities Board."

Its task would have been easier if our basic organization for war was one Secretary for War under whom there was an Assistant Secretary for the Navy, an Assistant Secretary for the Army, and an Assistant Secretary for Air, and one General Staff. Its job should have been the reconciliation of the fundamental demands of the Army, Navy, Air Force, Maritime Commission, lease-lend,

and civilian requirements. If the sum total of all of these came to more than there was available of raw materials or machines or of manpower, then they should force a revision of the program until a balance could be reached between demand and supply. Once reached, their next function should have been to allocate to each of the above-named groups their portion of the supplies of critical materials, machines, and manpower available, and then within such allocation issue where necessary whatever priorities were required.

Had such a basic fundamental program been followed, which in its essentials (with the exception of manpower) is what the War Industries Board did in the last war, and which was augmented as a result of 20 years of study, much of our confusion and at least some of our inefficiencies would have been obviated.

The simple, fundamental fact is that Congress does make the appropriations available to the procurement sections of the armed forces and not to the War Production Board. In this Congress is on sound ground. Buying of supplies can only properly be done by men who know intimately the specifications and requirements that those supplies must meet in actual field test.

Nor would it be possible to separate the appropriation, the procurement, and the production scheduling from the responsibility of those who design the instruments of war, write the specifications for them, distribute them, and keep them repaired clear up to the front lines.

Now, I have tried to clarify these simple elemental things, not with the object of criticizing our friends who are trying to do their very best under a very difficult assignment but with the idea of registering with you one important fact that should be given consideration in attempting to improve our whole record of procurement and supply for the duration of the war.

The Ordnance Department has back of it 131 years of experience and know-how. Its principles, learned in our previous wars, have been streamlined to meet the requirements of this global war. If there are other branches of the armed service forces that are having difficulties, then here is a pattern that they might well study.

The Ordnance Department has not hesitated to study the procurement methods of Great Britain, but I can assure you that right here is the pattern of the most efficient wartime military procurement organization in the world today.

In spite of all arguments, investigations, and contentions, the simple fact remains that the ordnance-industry team has delivered the goods. Nowhere since Pearl Harbor have our front-line troops supplied by this organization failed to have the tools of war of the highest quality delivered in sufficient quantity on time.

Moreover, the entire ordnance program is today ahead of schedule. Barring what the subs may do to it in transit, the pipe line from the multitudinous fronts in every section of the world back to our ports, back to the depots and warehouses and to the factories are adequately filled with a stream of supplies that are flowing to the front. Our reserve warehouses are filling up. The simple fact is that the Ordnance Department today is holding back production, shutting down production lines and contemplating closing some plants because we cannot utilize at the front as rapidly as we can produce at home.

The Ordnance Department and industry have built a team based on cooperation, and have turned out successfully one of the most stupendous jobs ever undertaken by any country at any time in all history. The record speaks for itself.

But the Ordnance Department is not complacent. They are not satisfied. General

Campbell's policy for his organization is "Eternal dissatisfaction with things as they are—No matter how good they are." This organization is determined to keep ahead of our enemies in the production of quality weapons; to produce any quantity of matériel that may be demanded, and to produce all this and more at lower cost.

I can assure you that American industry is pleased with the relationship that it has with the Ordnance Department, and the Ordnance Department program is over 80 percent of the entire program of the Army service forces. They are not perfect, but they are marching steadily toward their goal.

The War Department is awarding Army-Navy E pennants to industrial plants throughout the country, mainly with the objective of stimulating the rank and file of the workers in industry to do a still better job. If it were within our power I am sure industry would award a very large and exceptional pennant for "excellence" to General Campbell and the Ordnance Department, for the outstanding job they have done. The highest officials of our war organization and Congress might well consider some such action as an indication of the great contribution they have made toward the ultimate winning of this global war.

Mr. REYNOLDS. Mr. President, I extend congratulations to General Campbell for the very excellent and progressive work he is doing. I agree with many Members of Congress who have expressed the opinion that he is doing as fine a job as is being done anywhere in the Government service.

#### INDICTMENTS IN CERTAIN CONSPIRACY CASES IN THE DISTRICT OF COLUMBIA

Mr. NYE. Mr. President, I hesitate at this late hour to require even so little time as the 10 minutes I shall want to give expression to a thought which I feel is deserving of consideration at this time.

The desire to win the war, shared by all of us, ought to be accompanied by an equally strong desire for unity on our American front and for confidence in our governmental, including judicial, proceedings.

There has been discussion in the Senate and in the other House with respect to certain court proceedings in the District of Columbia, proceedings which had their inception prior to our entry in the war, which allege conspiracy and involve more than 30 individual Americans. The manner in which the cases were investigated, the manner in which the cases were presented to grand juries, the manner in which certain of the cases were tried, and the action of appeal courts and of the Supreme Court in one of the cases, are all matters of public knowledge.

In a discussion in the Senate on January 14 of this year, I submitted that—

I would not deny for one moment that I entertain grave doubts concerning the merit of the charges which have resulted in the indictment of some 30 Americans by a District of Columbia grand jury. To me, as to others in the Senate, there has been representation of alleged practices before the grand jury when left one wondering concerning the issue of personal liberty. I would hold no brief in any quarter for anyone guilty of contributing to the undermining of our defense, or undermining the morale of our armed forces, but I submit that with respect to the indictments returned against most of those involved in this alleged conspiracy they are no more guilty of

conspiracy than I am, and have seemingly done nothing more than I, and others of us here, have done time and time again. Thus I am brought to the conclusion that possibly many of those who are facing trial under these indictments are no more guilty than are millions of other Americans, who, prior to Pearl Harbor, were giving voice to their feelings respecting possible involvement in this war. I am driven at moments to feel that the indictment about which we have been reading through these many months is not an indictment of 20 or 30 individuals, but is an indictment of 75, 80, or 90 percent of the people of the United States.

This language of mine has been distorted by certain writers who love to continue the smearing processes they started long before Pearl Harbor, writers such as Albert E. Kahn, who, in the March issue of *New Currents*, a new Jewish monthly, attacks the Senator from Montana [Mr. TAFT], the Senator from North Carolina [Mr. REYNOLDS], and myself and others as aiding "pro-Axis propagandists," and inviting "a wave of anti-Semitism in the United States." This sort of attack I can afford to ignore in the interest of avoiding the very thing the writer alleged to be my purpose. But I cannot ignore this writer's will to ignore completely the true text of what I said here in my place on January 14. He writes in this magazine that of those indicted I had solemnly observed that "they are no more guilty of conspiracy than I am." By refusing to quote a complete sentence of mine, and quoting it only in part, Author Kahn succeeds in giving his readers a rather completely false report of what I did say.

But, coming back to the indictments to which I have referred, I feel it necessary to call attention to certain developments in the case. A Federal court in the District of Columbia has recently tossed out one of the two counts returned in a grand jury indictment of the 30 or more defendants. Now the Government prosecutors are returning to the grand jury to procure new indictments. About this continuing proceeding something should be said to the end that there may be assurance of fair play and the building of confidence in judicial procedure, a confidence sorely tried by practices which have recently been condemned.

A grand jury is a most ancient and unusual body. Supposedly it is constituted for the purpose of examining into evidence relating to asserted violations of law, and one of its particular duties is to protect citizens against unwarrantable prosecutions. The Federal Constitution requires an indictment from a grand jury in order to prosecute a citizen for a felony, but in many of the States such prosecution may proceed under information filed by the prosecuting officers, without the necessity of a grand jury proceeding. Under the modern practice in the Federal courts, prosecutors properly authorized by law are entitled to appear before grand juries, present witnesses, and offer testimony concerning alleged violations of law. Under statutes recently enacted, stenographers may be present to take a transcript of the testimony. The prosecuting officers are not permitted by law to make an argument to the grand jury, to attempt to urge or influence the grand



jury to take or not to take any particular action. Any such attempt by a prosecuting officer may, if established, vitiate the indictment returned.

The courts have, however, strictly protected the inviolability of evidence or proceedings had before a grand jury. Grand jurors are forbidden in the District of Columbia to disclose at any time what has transpired in the grand jury room, and the Government has consistently refused to permit any inspection of the stenographer's transcript, possession of which is retained by the Government, although frequent use is made of the transcript by the Government in connection with the interrogation of witnesses upon the actual trial, after an indictment has been secured. Grand jurors are not permitted to make affidavits as to what has occurred before them, and consequently there is no way by which a defendant against whom an indictment has been returned may disclose in court what actually transpired before the grand jury in connection with the return of the indictment. The result is that the only protection the citizen has against unfair or illegal procedure before the grand jury is, either through the informed wisdom and independence of the grand jury, or the fairness and scrupulousness of the prosecuting attorney, or the full exercise by the presiding judge of his right and duty to instruct the grand jury as to its rights and duties.

Obviously the grand jury itself offers but little protection because it has become a common saying that a prosecutor, by reason of the secrecy of the proceedings, can secure practically any indictment from a grand jury which he wants, since most grand jurors are inexperienced and not fully informed as to the legal proprieties in grand jury procedure. The second protection in the scrupulousness of the prosecuting attorney likewise becomes a slender reed of defense, since the zeal of the prosecutor is almost certain to overcome his desire to be fair to a prospective defendant.

It does not require a great stretch of the imagination to contemplate the scrupulousness of the prosecutor before the grand jury which returned the pending indictments in the conspiracy trial now under consideration before Judge Adkins, in view of what the same prosecutor did in open court upon the trial, which was made the subject of the denunciation presented by Chief Justice Stone in the recent decision in the Viereck case. Consequently the only remaining protection of the citizen lies in the fullest of discussions and instructions on the part of the district court of the grand jury with respect to what the prosecuting officers may and may not do before the grand jury.

It is commonly asserted that in practically all cases presented to a grand jury in the District during recent years, where the Department of Justice is anxious to secure indictments, particularly in controversial situations, the practice has been to have the prosecuting attorney not only present the evidence of witnesses and to abuse, threaten, and intimidate such wit-

nesses in the giving of their testimony, but to argue with and harangue the grand jury throughout the presentation of testimony, as well as after the introduction of testimony has ceased, to urge, coerce, and persuade the grand jury to return the desired indictment. Appeals to passion, prejudice, the interest of the jurors and other similar intimidations are reported to be the common practice before grand juries in the District of Columbia, and since, as has been pointed out, there is no practical way of making proof of this condition, the citizen is left without any decent protection and the Department of Justice is permitted to run riot in conducting what has been frequently characterized as a series of "witch hunts."

In the present conspiracy case now pending in the district court the trial court has seen fit to nullify the first count of the indictment and to limit severely the introduction of evidence under the second count. The result is that the indictment remaining seems unsatisfactory to the Department of Justice, and its representative in court as special prosecutor has asserted that the Government intends to secure a new indictment, amended to cure the defects which seemingly exist in the present indictment. Supposedly, this new indictment is to be secured from the same grand jury which returned the present indictment. The present indictment was obtained from this grand jury by the prosecutor whose acts have been condemned by the Supreme Court and the proceedings before the grand jury are asserted to have been conducted in the improper, unfair, and prejudicial and illegal manner. Consequently, a more prejudicial and tainted grand jury can hardly be conceived, and yet it seems this is the grand jury from which the Department of Justice proposes to seek the new indictment.

There is on call in the district court, today, or any other day, a panel of jurymen from which a grand jury may be at any time impaneled under order of the court so that the securing of a new grand jury, made up of persons who have not been biased and prejudiced by the unwarrantable and illegal acts of the prosecutors representing the Department of Justice, awaits simply the order of the proper judge without the incurring of any additional expense or the waste of any additional time. The new grand jury could be impaneled and could proceed in its duties just as conveniently and expeditiously as could the old grand jury.

Obviously under the ruling of Judge Adkins the great bulk of the proof offered before the old grand jury would be legally inadmissible since the court has so held under the present indictment. Nevertheless, all this inadmissible and highly prejudicial testimony has been received, heard, and considered by the old grand jury, and it is simply ridiculous to suppose that such a body of jurors could proceed to the consideration of evidence upon which a new indictment is to be returned, free from the bias and

prejudice resulting from their connection with the present indictment. The fact is that it is precisely this prejudice and bias of the old grand jury, created by the improper and illegal practices of the prosecutors, which the Department of Justice apparently desires to retain and use in getting the new indictment.

Mr. President, if this is to be the proceeding, then the result will be that a further scandalous chapter in the local witch hunt is about to be accomplished and the only apparent escape therefrom would seem to lie in the prompt, impartial exercise by the presiding judge of the duty of the court, first to call a new grand jury instead of submitting the matter to the old grand jury; and second, so to advise and instruct the new grand jury that the grand jury will not and must not permit the prosecutors to exceed their rights and violate the law in connection with the presentation of testimony to the grand jury. The court should and must instruct the grand jury that the prosecutors must confine themselves to the presentation of testimony, stop badgering, threatening, coercing, and intimidating witnesses, and that they must stop attempting to influence, prejudice, and persuade the grand jurors as to whether they should or should not return an indictment. If the trial court so instructs the grand jury, there is a fair presumption that the final action of the grand jury will be in accordance with law and the proprieties. If this is not done, the existing persecuting debauch now being carried on in the district court will probably proceed to unfold another unsavory chapter.

ADDRESS BY ANTHONY EDEN BEFORE MARYLAND GENERAL ASSEMBLY

Mr. GEORGE. Mr. President, I realize that the hour is late, but I desire to obtain unanimous consent to have printed in the RECORD the address delivered on March 26 by Hon. Anthony Eden, British Secretary of State for Foreign Affairs, before the General Assembly of the State of Maryland. If I may do so, I desire to call attention to two or three of the statements made in Mr. Eden's very noteworthy address.

I quote from the address the following:

It was in this same spirit that, on behalf of our Chinese allies, we reopened the Burma Road in 1941. Let China not misdoubt us. We shall not forget how for years she resisted aggression single-handed. The Japanese brought her all the terrors of mechanized warfare, and she had little with which to oppose them. They burnt her cities. They tore from her large tracts of territory. They forced her armies inch by inch into the interior. But never for a moment did her resolution falter. Never has there been a thought of parley, and China no longer stands alone. The day will come when the Burma Road will once again be open. It will carry to China an ever-increasing volume of supply, which the efforts of your country and mine are turning out daily from the assembly lines.

Again, Mr. President, Mr. Eden said:

We shall never find security or progress within heavily defended national fortresses. We shall only find them by the greatest possible measure of cooperation. The United

Nations, and in particular the United States, the British Commonwealth, China, and the Soviet Union, must act together in war and in peace.

Mr. President, since I shall ask to have the whole address printed in the RECORD, I shall not read further from it.

I think the reference by Mr. Eden to China was most timely and most reassuring. So far as the United States is concerned, I think it would be difficult for any responsible leader in this country to visualize the termination of this war except in complete and final victory for China as well as for all the other Allied Nations; and it would be difficult, if not impossible, for any responsible leader in America to visualize whatever efforts may be made to preserve the peace and security of the world without complete recognition of the large contribution made by China, her magnificent leaders, and her brave, courageous people. Indeed, Mr. President, if there is set up any edifice to which mankind may be able to repair against future world wars and the insecurity which the outrages of the present time are causing, China must be one of the great pillars upon which that edifice shall rest, along with the United States, the British Commonwealth of Nations, and Russia.

So, Mr. President, I take pleasure in offering for printing in the RECORD the altogether worthy address of the British Secretary of State for Foreign Affairs.

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

First let me say that I feel at home here. From my earliest years I have been steeped in the atmosphere of Maryland. It is a keen personal pleasure to stand in Annapolis, on the spot where Robert Eden once stood.

A few miles away, in the city hall at Baltimore, now hang the pictures of the Calvert family from whom I am proud to be descended. They are friendly faces, which I recognize from my childhood days, when they looked down on me from the walls of my father's house. I am even prouder of the fact that one of the Calverts, the third Lord Baltimore, was the prime mover in the Great Act of 1649, by which the early settlers were assured of full freedom to worship God according to their conscience. That was nearly 300 years ago, but our times have given new significance to that event.

Four and a half years have passed since I last stood on American soil. They are years that have changed the face of the world, and brought much suffering to the human race. Some of us in Europe thought we saw the catastrophe approaching and felt the chill of the coming storm, while many, both of my countrymen and yours, were still clinging to the precarious hope of peace. This was, no doubt, excusable enough. There is always a strong temptation for countries to try to preserve their own peace of mind by turning a deaf ear to the first warnings of danger from abroad.

#### END OF VAIN HOPES

We know now how vain were these hopes and efforts. So far as we were concerned, Hitler finally destroyed any possibility of illusion by his repeated violation of treaties, by his open repudiation of any rule but that of force. It was plain beyond argument that not Poland, not Europe itself, would satisfy his mad ambitions. His purpose was the conquest and domination of the world.

Thus for the second time within a generation we are at war to redeem our pledged word.

The decision to take up the challenge was a decision of a united people at home. It was endorsed at once by the Parliaments and peoples of the great overseas dominions—Canada, Australia, New Zealand, and South Africa, and by all parts of the British Empire. From that day in early September 1939 there has been no turning back, there will be no turning back until victory is won.

We are not yet at the climax of the struggle. And I must repeat the warning I uttered when I first arrived here a fortnight ago. We have yet far to travel before the final triumph over our enemies in the west and in the east. In the interval there will be strains and stresses, set-backs and disappointments.

But if we nerve ourselves to meet these; if we work to the utmost of our strength, the result is not in doubt. In a struggle of this nature it is clearly desirable that those upon whom the responsibility lies in each of the Allied belligerent states should meet in personal conference as often as they can. There is, in truth, no substitute for such meetings. Men who do not know each other well cannot exchange views by dispatch or cable to best advantage.

I was therefore happy to accept the invitation of your Government to pay this visit to the United States. Nothing could have exceeded the kindness and hospitality that has been shown to me by everyone—by the President, by Mr. Hull, by the Members of Congress, and by all with whom I have been privileged to work. We have done much together and we are both well pleased at the result. For myself I can only say this: In my life it has fallen to my lot on many occasions to visit foreign capitals, and I am sure that never in my experience has a journey been more worth while. You will not expect, I trust, sudden and sensational developments. For there will be none. But there has been a meeting of minds between us about the present and the future that will, we are sure, bear fruit.

During my brief visit it has been my good fortune to spend some days in visits to your Army and Navy. I can assure you in all sincerity that I have never known a more inspiring experience. It is at once evident that your methods and organization are thoroughly well planned, but there is much more to it than this. Wherever I went from the deep South to the neighborhood of Washington, I found the same virile spirit of dauntless determination. Your young men are truly splendid. You have every cause to be proud of them, and they to be proud of the country and the cause they serve.

Let me now for a moment look back to our experience in this war and see if we may gain from it guidance for the future. I have said that we declared war to defend the sanctity of treaties, and we have tried in the ebb and flow of battle to keep this high purpose clear and constant before our eyes. There have been some dark moments, the darkest probably being those of Dunkirk and the weeks that followed. Then for the first time in our remembered history we, as a people, faced national extinction. Every horror seemed possible. We walked through the fire. Yet that ordeal strengthened us and brought us a new spirit of fellowship and of endurance and of simple living, which I pray may remain with us long after the peril is passed. We gained then, I believe, a new sense of what our national life could be. Nor shall we ever forget your sympathy and your active help in the days when it needed an act of faith to believe even in our survival.

One incident in particular will be vivid in my recollection to my dying day. It had been my duty as Secretary of State for War at that time to call upon the nation to enroll in a new force the local defense volunteers, since renamed by the Prime Minister the home guard. The men responded in numbers far exceeding our calculation. They

were eager to drill and to fight but we had no weapons for them. We had not equipment enough for the divisions of our Regular Army saved from Dunkirk. Our industry, though working as it had never worked before, could not meet this demand. It was then that you made your first great gesture. In a brief span you sent us more than a million rifles, guns, machine guns, and other weapons from your arsenals to arm our volunteers. I can recall today the anxiety with which we watched the voyage of those ships, and the relief with which we signaled each consignment safely brought to port by the gallant men of the Royal Navy and the merchant marine. Those weapons might well have meant the difference between life and death for us. Such acts of generosity and faith mean more in the history of two nations than all the speeches of statesmen or the labors of diplomacy.

In that year when we stood alone against Germany and Italy we had to take great risks. The collapse of France, with her overseas empire, had laid bare our strategic positions, not only in Europe, but over the whole of that area loosely called the Middle East, and in the Far East also. As a result, perilously weak as we were at home, we had to take armed divisions from our undermanned citadel of Britain and send them around the cape to reinforce our threatened defenses. Even so, we tried to keep faith with our friends.

#### PLEDGE TO GREECE

We had given our pledge to the people of Greece, and the world will not forget their epic resistance. We, for our part, did all in our power to help them. We failed, but that was not a failure of which we shall ever feel ashamed.

It was in this same spirit that, on behalf of our Chinese allies, we reopened the Burma Road in 1941. Let China not misdoubt us. We shall not forget how for years she resisted aggression single-handed. The Japanese brought her all the terrors of mechanized warfare, and she had little with which to oppose them. They burnt her cities. They tore from her large tracts of territory. They forced her armies inch by inch into the interior. But never for a moment did her resolution falter. Never has there been a thought of parley, and China no longer stands alone. The day will come when the Burma Road will once again be open. It will carry to China an ever-increasing volume of supply, which the efforts of your country and mine are turning out daily from the assembly lines.

As I have explained, with the fall of France we lost our reserves of material which had been transported there. If we were to rearm our trained divisions and to expand our forces and equip them, our own production could not suffice.

It was in such an hour that lend-lease was born, that great conception by which once again the mighty resources of the New World were called in "to redress the balance of the Old." In that hour we knew, finally and beyond a doubt, that we were not alone in the cause for which we stood.

Lend-lease began as a one-way traffic. It brought American tanks and guns and aircraft to the battlefields of north Africa and for the defense of Britain. It brought American ships to strengthen the Atlantic lifeline. It brought American supplies of every kind, wherever they could be carried and the need was greatest.

Today the picture is changing. Lend-lease has become the machinery for pooling the war effort of the United Nations, the material equivalent of the combined strategic planning of our armies and navies. It is no longer a one-way traffic. Each nation gives to the others what it can send and what they need. The United States will remain the greatest



arsenal of democracy, but Britain in her turn is sending supplies to Russia, to her other allies, to the American forces abroad and even to the United States itself. But if we are glad to take our part in this common effort, we are nonetheless grateful for what we have received.

#### LIFE HARD IN BRITAIN

Life is hard for many people in Britain today. Shortages, discomforts, privations even, have been accepted by our people in a spirit of which they have a right to be proud. Yet we have still to insure that they have a minimum of rations required for total war. We have to supply our fighting men with weapons to wage war to best advantage. We could not do these things without the food produced by your farms and industries and exported to us by your ships.

You have been generous to our people who have come among you. Today we in our turn are happy to welcome your sons, brothers, husbands, and your daughters, too, in our cities and in our homes. We are learning from them how alike are our peoples on both sides of the ocean in the things that matter most. London, scarred and seared and blacked out though it is, yet presents an inspiring sight today. The youth of the world is there, united in the common garb of war. Your young men and ours rub shoulders with each other and with the young men of the nations united against a common enemy. There they achieve in a short span that national sympathy and understanding which years of diplomatic exchanges could never give. On five continents and seven seas, soldiers and sailors of the United Nations are living and fighting side by side. May they cherish in peace the friendship that they learnt in war. May our young airmen who have renewed an old comradeship of the air, carry that spirit with them on errands of peace. Upon them and their like, upon their friendship with one another, rests both the burden and the hope of mankind. Where our generation failed, I pray that theirs may succeed. It may be our last chance. It may be in very truth "the last best hope of earth."

In the period between the two wars, the intentions of the peace-loving nations were excellent, but their practice was weak.

If there is one lesson we should have learned from the distresses of those years, it is surely this, that we cannot shut our windows and draw our curtains, and be careless of what is happening next door or on the other side of the street. No nation can close its frontiers and hope to live secure. We cannot have prosperity in one country and misery in its neighbor, peace in one hemisphere and war in the other. And if we try to have these things, we shall be back on the old road to world war. We shall never find security or progress within heavily defended national fortresses. We shall only find them by the greatest possible measure of cooperation. The United Nations, and in particular the United States, the British Commonwealth, China, and the Soviet Union, must act together in war and in peace.

#### GREATEST PEACE AIM

The greatest of all peace aims is to insure that never again shall unscrupulous leaders be able to carry their peoples into war and bring tragedy on the world. We shall accordingly take steps for the physical prevention of this danger by the enforced disarmament of these gangster nations. We must insure that this protection of peace-loving peoples is maintained in full effectiveness for whatever period may be necessary. We must therefore be ready to protect and maintain whatever settlement we devise. And one thing, I am sure, is, above all, essential. Never again must the civilized world be ready to tolerate unilateral infraction of treaties. For that would be to

sap the whole foundation of the secure international life which it is our principal purpose to restore.

We must prosecute the war to a final victory. We must determine together to take steps to insure that neither Germany nor Italy nor Japan can commit a like aggression again. We can do this if we will. If we do, we will fulfill the first condition of peace.

And I take this opportunity once again to make plain that we have no secret engagements with any country, nor do we seek as a result of this conflict to extend our boundaries or increase our possessions.

We in the British Commonwealth have grown up in the thought of cooperation. Some parts of the Commonwealth—the self-governing dominions—enjoy complete independence, while others are moving toward this goal. Our enemies have looked to this war, as they looked to the last great war, to sound the death knell of this great association. Nothing in the world is more unlikely. The Commonwealth is a voluntary union. Its bonds are the will of peoples and races with a common purpose to travel the same way. There is no static society, shrinking from change or fearful of the future. On the contrary, the British Commonwealth is capable of continuing development. We have sought to learn by our mistakes. The British Empire is the first in history to evolve the idea of self-governing dominions. That is an entirely new conception in the world. We believe that it can help us to reach our common aim, man's freedom and self-government under the rule of law. It is in this spirit that we shall administer our trust for the peoples in our Empire, whom it is our duty and our pledge to lead to full membership of our community of nations.

I maintain that these principles of our Commonwealth are not of limited application. They are inseparable from the kind of world for which we are fighting, the kind of world we hope to see. That hope is today gathering strength, in north Africa, the Pacific, China, through enslaved Europe, and on the wide plains of Russia.

Today more than ever war is one and indivisible. The enemies of your country are our enemies. A danger to us is a threat to you, as it is a threat to China and to Russia. Let there be no mistake, we shall not rest upon our arms until every one of our enemies has unconditionally surrendered. We, no less than you, and our partner China, have a score to settle with the Japanese; nor shall we cease fighting until that evil growth in the Pacific has been cut back. We shall be with you in this to the end.

When the defense of one is the defense of all, security and peace have no frontiers. Our common safety demands that overwhelming force be brought to bear against the aggressor wherever he may be. And what applies to war applies even more, to the peace that is to come. I can say with confidence that today the men and women of Britain are alive to the fact that they live in one world with their neighbors. Only within an international system which is backed with sufficient force, can the enterprise and liberty of the individual find protection. After the last war the lack of power behind the international system led to the triumph of the dictators. This has more often been said than understood or heeded.

On one side we have the idea of a narrow and covetous nationalism which destroys the life of its own people first, and then the life of its neighbors. On the other we have the idea of a close-knit framework of free nations—free as we in Britain and you here understand the word. We believe that it is only within such a framework as this that the individual can rise to the full height of his powers and call his soul his own.

And we believe that it has been the world's failure to create such a framework which has twice led to war in our time. This, at least, is certain: If we do not find the common ground on which to build this time, we shall not have deserved victory.

Any new international authority that we may agree to set up can succeed only if it is backed by sufficient strength. It will not be enough for one country, or even two, to display the qualities necessary to protect the peace. The work will take all that America and Britain, Russia, and China, and the United Nations can offer.

Your country is justly proud of the wide vision and the boldness and youthful vigor with which it thinks and acts. You will not find my countrymen bound by any narrower horizon. In the common performance of this task you will find the peoples of our Commonwealth, for I am sure that in this I can speak for them all, full and worthy partners. You will find in them a toughness, a resolution, an unsuspected fund of energy, a vitality of spirit, such as have more than once surprised the world. Our joint task will be hard. But, for our part, we are proud of the company with which we march. No one flag, no one government, no one language unite the peoples of our great alliance. We have one passport, freedom; one objective, victory, total and unmistakable; and one purpose, a just and lasting peace.

#### ADJOURNMENT TO FRIDAY

Mr. BARKLEY. Mr. President, if there is no further business to be transacted, I move that the Senate adjourn until 12 o'clock noon on Friday next.

The motion was agreed to; and (at 6 o'clock and 5 minutes p. m.) the Senate adjourned until Friday, April 2, 1943, at 12 o'clock noon.

#### NOMINATIONS

Executive nominations received by the Senate March 30 (legislative day of March 23), 1943:

##### THE JUDICIARY

Edmund J. Brandon, of Massachusetts, to be United States attorney for the district of Massachusetts. (Mr. Brandon is now serving in that office under an appointment which expired March 4, 1943.)

Irving J. Higbee, of New York, to be United States attorney for the northern district of New York, vice Ralph L. Emmons, term expired.

##### DIRECTOR OF THE MINT

Nellie Tayloe Ross, of Wyoming, to be Director of the Mint (reappointment).

##### UNITED STATES PUBLIC HEALTH SERVICE

The following-named surgeon to be temporary medical director in the United States Public Health Service, to be effective from April 1, 1943:

Richard B. Holt

The following-named senior surgeons to be temporary medical directors in the United States Public Health Service, to be effective from April 1, 1943:

Calvin C. Applewhite Frank V. Meriwether  
Lynne A. Fullerton Winfield K. Sharp, Jr.  
William Y. Hollingsworth

The following-named surgeons to be temporary senior surgeons in the United States Public Health Service, to be effective from April 1, 1943:

Alfred J. Aselmeyer Franklin J. Halpin  
George W. Bolin Claude D. Head, Jr.  
Edwin H. Carnes George G. Holdt  
James A. Crabtree Ernest E. Huber  
Joseph O. Dean Gerald M. Kunkel  
Ralph Gregg John R. Murdock

William W. Nesbit  
Edgar W. Norris  
Edward R. Pelikan  
Adolph S. Rumreich  
James B. Ryon  
Mark P. Schultz

The following-named passed assistant surgeons to be temporary senior surgeons in the United States Public Health Service, to be effective from April 1, 1943:

Warren P. Dearing  
Alexander G. Gilliam  
Victor H. Haas

The following-named passed assistant surgeons to be temporary surgeons in the United States Public Health Service, to be effective from April 1, 1943:

James C. Archer  
Richard C. Arnold  
Llewellyn L. Ashburn  
Theodore J. Bauer  
Fred J. Black  
Bert R. Boone  
Frederick J. Brady  
Ralph R. Braund  
Lawrence W. Brown  
Leroy E. Burney  
Roy E. Butler  
Don S. Cameron  
John W. Cronin  
Dorland J. Davis  
Thomas R. Dawber  
Austin V. Deibert  
Anthony Donovan  
Virgil J. Dorset  
John E. Dunn  
Harry Eagle  
David C. Elliott  
Robert H. Felix  
Howard D. Fishburn  
Robert H. Flinn  
Havelock F. Fraser  
Michael L. Furcolow  
Edward B. Gall  
Kenneth E. Gamm  
Alfred B. Geyer  
Eugene A. Gillis  
William H. Gordon  
James A. Grider, Jr.  
Robert L. Griffith  
Leland J. Hanchett  
Floyd A. Hawk  
Roger E. Heering  
John R. Heller, Jr.  
Clifton H.

Himmelsbach  
Henry A. Holle  
John B. Holt  
John W. Hornibrook  
George H. Hunt  
Benjamin F. Jones  
Marion K. King  
Harry C. Knight

The following-named dental surgeons to be temporary senior dental surgeons in the United States Public Health Service, to be effective from April 1, 1943:

David Cooper  
Frederick W. Harper

The following-named passed assistant dental surgeons to be temporary dental surgeons in the United States Public Health Service, to be effective from April 1, 1943:

James O. Blythe, Jr.  
Mark E. Bowers  
William W. Calhoun, Jr.  
Henry F. Canby  
Edward J. Driscoll  
Joseph J. Dunlay  
Leonard R. Etzenhouser  
Bruce D. Forsyth  
John M. Francis  
Donald J. Galagan  
Charles B. Galt

The following-named assistant surgeons to be temporary passed assistant surgeons in the United States Public Health Service, to be effective from April 1, 1943:

William H. Sebrell, Jr.  
Homer L. Skinner  
Fletcher C. Stewart  
Joseph F. Van Ackeren  
Gregory J. Van Beeck  
Langdon R. White

Robert H. Onstott  
Calvin B. Spencer

Harold L. Lawrence  
Benton O. Lewis  
Albert G. Love, Jr.  
Robert K. Maddock  
Charles R. Mallary  
Hollis U. Maness  
Ralph W. McComas  
John R. McGibony  
Thorburn S. McGowan  
Thomas B. McKneely  
Charles T. Meachem, Jr.  
Seward E. Miller  
Ralph J. Mitchell  
Edgar W. Moreland  
Ward L. Mould  
Marion B. Noyes  
John W. Oliphant  
Carroll E. Palmer  
Donald W. Patrick  
Jonathan B. Peebles, Jr.  
Michael J. Pescor  
Arthur B. Price  
Thurman H. Rose  
Leonard A. Scheele  
Walter E. Sharpe, Jr.  
Leslie McC. Smith  
Wilson T. Sowder  
Charles G. Spicknall  
James G. Telfer  
Thomas H. Tomlinson, Jr.  
George G. Van Dyke  
Seymour D. Vestermark  
Victor H. Vogel  
Paul E. Walker  
James Watt  
Waldemar J. A. Wickman  
Oliver C. Williams  
John L. Wilson  
William G. Workman  
John T. Wright  
Francis T. Zinn  
Jonathan Zoole

James S. Miller  
Allen M. Perkins

George E. Jones  
John W. Knutson  
William P. Kroschel  
Frank E. Law  
Ralph S. Lloyd  
Clovis E. Martin  
Oscar Mikkelsen  
Robert H. Moore  
Walter J. Pelton  
Robert A. Scroggie  
Dwight K. Shellman  
Leland E. Weyer

Frederick K. Albrecht  
William S. Baum  
Buell S. Bindschedler  
William G. Budington  
Wayne W. Carpenter  
Nunzio J. Carozzo  
Michael J. Clarke  
Bruce Cominole  
John C. Cutler  
Selwyn H. Drummond  
Henry D. Ecker  
George F. Ellinger  
James A. Finger  
Vernon W. Foster  
Timothy J. Haley  
Jesse D. Harris  
William S. Hotchkiss  
Dean B. Jackson  
Linden E. Johnson

The following-named assistant dental surgeons to be temporary passed assistant dental surgeons in the United States Public Health Service, to be effective from April 1, 1943:

Vernon J. Forney  
Francis J. Walters

The following-named passed assistant pharmacists to be temporary pharmacists in the United States Public Health Service, to be effective April 1, 1943:

Thomas C. Armstrong  
Clarence H. Bierman  
Raymond D. Kinsey

The following-named passed assistant sanitary engineers to be temporary sanitary engineers in the United States Public Health Service, to be effective from April 1, 1943:

Allen D. Brandt  
Mark D. Hollis

The following-named sanitary engineers to be temporary senior sanitary engineers in the United States Public Health Service, to be effective from April 1, 1943:

Henry A. Johnson  
Charles T. Wright

#### IN THE NAVY

Capt. Francis S. Low to be a rear admiral in the Navy, for temporary service, to rank from the 27th day of July 1942.

Capt. Joseph R. Redman to be a rear admiral in the Navy, for temporary service, to rank from the 1st day of July 1942.

#### IN THE MARINE CORPS

The below-named citizens to be second lieutenants in the Marine Corps from the 15th day of May 1942:

Clyde A. Brooks, a citizen of North Carolina.  
Maxie R. Williams, a citizen of Tennessee.  
Harry O. Buzhardt, a citizen of South Carolina.

John C. Lundrigan, a citizen of Pennsylvania, to be a second lieutenant in the Marine Corps from the 15th day of July 1942.

The below-named citizens to be second lieutenants in the Marine Corps from the 6th day of August 1942:

Houston Stiff, a citizen of Texas.  
John C. Sheffield, Jr., a citizen of Arkansas.  
William P. Oliver, a citizen of Missouri.

Staff Sgt. John Lovell, a meritorious non-commissioned officer, to be a second lieutenant in the Marine Corps from the 20th day of January 1943.

The below-named citizens to be second lieutenants in the Marine Corps from the 20th day of January 1943:

William M. Graham, Jr., a citizen of Maryland.

William P. Nesbit, a citizen of Pennsylvania.  
Roland H. Makowski, a citizen of New York.

Edward H. Greason, a citizen of North Carolina.

Andrew Andeck, a citizen of Texas.  
James P. Young, Jr., a citizen of Texas.  
Albert F. Topham, a citizen of Massachusetts.

William H. Clark, a citizen of New York.  
Harry L. Givens, Jr., a citizen of Texas.

Arnold B. Kurlander  
Stephen J. Lange  
John L. Lincoln  
Robert N. Lord  
Paul W. Lucas  
Joseph A. Moore  
Douglas S. Nisbet  
Raymond S. Roy  
Albert N. Sarwold  
David W. Scott, Jr.  
Richard C. Siders  
James A. Smith  
Randall W. Snow  
James L. Southworth  
William H. Stimson  
Evert A. Swenson  
Ray H. Vanderhook  
Verne C. Waite  
Roy E. Wolfe

Platoon Sgt. William E. Maiser, a meritorious noncommissioned officer, to be a second lieutenant in the Marine Corps from the 27th day of January 1943.

First Sgt. Horace C. Reifel, a meritorious noncommissioned officer, to be a second lieutenant in the Marine Corps from the 10th day of February 1943.

#### CONFIRMATION

Executive nominations confirmed by the Senate March 30 (legislative day of March 23), 1943:

#### UNITED STATES MARITIME COMMISSION

Rear Admiral Emory S. Land, United States Navy, retired, to be a member of the United States Maritime Commission for the term of 6 years from April 16, 1943.

## HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 30, 1943

The House met at 12 o'clock noon.

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

O Lord, our Lord, who hast set Thy glory above the heavens, open our spiritual eyes that we may behold Thy continence. With patience and fortitude, wherever duty leads, may we go forward, making a record upon which our country will look with approval. Let there be something in our hearts which will echo back to these hours with justification and the ultimate peace of a good conscience void of offense.

We pray that in others we may see divine sonship with no feelings of indifference or scorn in our breasts. In humility may we come into accord with our fellows where Thou canst pour forth the strength and the splendor of brotherly relationship, like a sympathetic sun rejoicing in the summer it creates. Almighty God, give us to understand that in united effort there is a fortress, the walls of which no assaulting column can scale and whose garrison cannot be starved out—a nation's soul whose trust is in the Lord. Our future is of measureless concern and we beseech Thee that these history-making days shall be so concluded that we shall be worthy to stand with those who serve without fear and with personal abandonment. In our Saviour's name. Amen.

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

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and a bill of the House of the following titles:

On March 25, 1943:

H. J. Res. 83. Joint resolution to permit additional sales of wheat for feed.

On March 26, 1943:

H. R. 1692. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.