



SECOND SUPPLEMENTAL NATIONAL
DEFENCE APPROPRIATION BILL
FOR 1943.

HEARING BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS.

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BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
SEVENTY-SEVENTH CONGRESS

SECOND SESSION

ON

H. R. 7672

A BILL MAKING SUPPLEMENTAL APPROPRIATIONS
FOR THE NATIONAL DEFENSE FOR THE
FISCAL YEAR ENDING JUNE 30, 1943,
AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations



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SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS

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**SECOND SUPPLEMENTAL NATIONAL DEFENSE
APPROPRIATION BILL, 1943**

SATURDAY, OCTOBER 10, 1942

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:30 a. m., in the committee room, the Capitol, Hon. Kenneth McKellar (chairman) presiding.

Present: Senators McKellar, Hayden, Overton, Thomas of Oklahoma, McCarran, Nye, Holman, and Brooks.

NAVY DEPARTMENT

NAVAL AVIATION

STATEMENT OF HON. JAMES V. FORRESTAL, UNDER SECRETARY OF THE NAVY ACCOMPANIED BY REAR ADMIRAL A. H. VAN KEUREN, UNITED STATES NAVY; REAR ADMIRAL J. S. McCAIN, UNITED STATES NAVY; REAR ADMIRAL E. G. ALLEN, UNITED STATES NAVY; AND REAR ADMIRAL R. E. DAVISON, UNITED STATES NAVY

Senator McKellar. Mr. Secretary, we have before us the second supplemental national defense appropriation bill for 1943, H. R. 7672, which has already been passed by the House, and in which your Department is very greatly interested. We will be glad to have any statement from you that you care to make.

I may state in the very beginning that I understand that the House has appropriated the amounts that you wanted and have recommended, and much of it is for airplanes and for my part, I am inclined to think that the sooner and the faster we build aircraft in this country, the better, and I am almost content to go sight unseen on the question of aircraft; but if there is that or any other question that you have that you want to bring before the committee, the committee will be glad to hear you.

Mr. Forrestal. I do not think that I ought to take your time, Mr. Chairman, unnecessarily.

AMOUNT IN BILL FOR NAVY DEPARTMENT AND AMOUNT FOR NAVAL
AIRCRAFT

As you know, the total amount of the cash requested in this bill is about \$5,600,000,000, of which, as you say, the major item is for aircraft.

Senator McKELLAR. Just what is for aircraft?

Mr. FORRESTAL. \$2,862,000,000, which represents in terms of planes, 14,611 airplanes. The balance is for current expenditures. In addition, the bill makes available for expenditure funds previously appropriated for the construction of 1,900,000 tons of combatant vessels, of which a substantial part is for aircraft carriers, and certain small craft and auxiliary vessels.

WHEN PLANES PROVIDED IN BILL WILL BE OBTAINED

Senator McKELLAR. By what time will you get the airplanes that will be appropriated for in this bill, what time do you estimate?

Mr. FORRESTAL. I think that is difficult to say. I am always reluctant to hazard a guess. I do not like to hazard a guess.

Senator McKELLAR. I would not ask you to do that, but merely to give us your best judgment as to about what time.

Mr. FORRESTAL. Well, you see, these airplanes are added on to our 27,500 current schedule of planes.

Senator McKELLAR. I understand.

Mr. FORRESTAL. I should doubt whether we would get these planes before—well, they would begin to come in about the end of next year.

Senator McKELLAR. 1943?

Mr. FORRESTAL. Yes.

Senator McKELLAR. And the major portion of them would be probably in 1944 and the first half of 1944?

Mr. FORRESTAL. Yes. This may be a very unsound guess, but that is my best present guess.

Senator McKELLAR. Yes.

Mr. FORRESTAL. The reason I have to guess is this: In order to produce the number of planes that we are shooting for next year, you will have to maintain the productive capacity to make planes. You will have to place orders to accomplish that and, by the end of next year, we will have productive capacity for a very large number of airplanes.

TYPES OF PLANES TO BE PROCURED WITH FUNDS IN BILL

Senator McCARRAN. What types of planes are these?

Mr. FORRESTAL. There are many types—dive bombers, observation planes, fighters, and some, I think, large land bombing planes, B-24's.

Senator OVERTON. And training planes?

Mr. FORRESTAL. Yes; of course, training planes.

STATUS OF PROCUREMENT SCHEDULE FOR NAVAL AIRCRAFT

Senator McKELLAR. Are you pretty well up with your time schedule?

Mr. FORRESTAL. Pardon me.

Senator McKELLAR. Are they being produced according to schedule?

Mr. FORRESTAL. The Navy schedule of production is about on time.

Senator McKELLAR. About on time?

Mr. FORRESTAL. That is because, of course, our total production is very much less than the army, as you know.

PURPOSE OF THE APPROPRIATION IN BILL FOR NAVAL AIRCRAFT

Senator HAYDEN. I think that the purpose of this appropriation is to insure those who are now making aircraft, for current deliveries that there will be business for them in the future if they continue to expand their facilities.

Mr. FORRESTAL. That is part of the purpose, Senator; yes.

Senator OVERTON. In addition to that, it takes some time—you have to get parts and material.

Mr. FORRESTAL. It takes time not only to assemble planes but also to create the parts that go into them. In other words, this is to be carried into and geared into the whole over-all aviation production program. We must get set now for manufacturing any planes we want to manufacture later.

Senator McCARRAN. You must be asking for funds in this bill for some time to come?

Mr. FORRESTAL. Yes.

Senator McCARRAN. Because we have been appropriating money for the last two and one-half years.

Mr. FORRESTAL. That is correct.

QUESTION AS TO PRESENT OUTPUT OF PLANES

Senator McCARRAN. What is your output now on this same type of planes that are contemplated in this bill?

Mr. FORRESTAL. Our production—I would like to have this off the record, if I might.

Senator McCARRAN. Yes.

(A discussion followed.)

AMOUNT OF UNEXPENDED BALANCES

[See p. 4]

Senator OVERTON. What unexpended balances do you have on hand?

Mr. FORRESTAL. Unexpended balances?

Senator OVERTON. Yes.

Admiral ALLEN. We put a statement in the House hearings showing that.

Senator OVERTON. You understand what I am asking for.

Admiral ALLEN. I understand the question; yes, sir.

Senator OVERTON. Because I looked through the House hearings, and I did not get any information as to the unexpended balances. There is a statement showing the unobligated balances, but I am asking about the unexpended balances.

Admiral ALLEN. I think I had a cash statement, that was put into the House record, which shows that.

Senator OVERTON. Maybe I overlooked it.

Admiral ALLEN. It is in there. I had a cash statement and unexpended balances were shown.

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Senator OVERTON. This shows—well, that shows \$36,000,000,000, approximately, cash expenditures of \$10,000,000,000. That would be a difference of about \$26,000,000,000.

PRESENT YEARLY RATE OF EXPENDITURE

Senator OVERTON. At what rate are you actually spending the appropriations now?

Mr. FORRESTAL. We are going at the rate of about \$20,000,000,000 per year. That is, for this fiscal year.

Senator OVERTON. So at that same rate you have about a year and a half ahead of you?

Mr. FORRESTAL. Yes.

Senator OVERTON. I assume though that that will be expended before a year and a half elapses, because of your accelerated rate of expenditures.

Mr. FORRESTAL. It will depend upon the productive capacity of the country.

Senator OVERTON. Is it a correct assumption that it is going faster than at the rate of \$20,000,000,000?

Mr. FORRESTAL. I think so. It is going faster now. Next year when we run into this raw material question and this manpower problem, I do not know what the production will be.

Senator OVERTON. Do you think that there ought to be that much ahead?

Mr. FORRESTAL. I think that we have got to have that much ahead in order to make the fullest use of productive capacity in building planes, so that you can get the fullest use out of material and supplies.

Senator MCKELLAR. Do you care to make a statement on the question of manpower?

Mr. FORRESTAL. I can make a statement on it.

Senator HAYDEN. I would like to ask about that.

AMOUNT OF UNOBLIGATED BALANCES

Senator OVERTON. I think before we go into that, Senator McCarran wanted to know what is the unobligated balances that you have. I think that that appears in the House hearings.

Admiral ALLEN. Yes; that is in the House hearings.

Senator MCKELLAR. You had better put it in this record.

Senator OVERTON. If you will put it in this record in answer to that query, what is the unexpended and unobligated balances.

(The statement referred to is as follows:)

Cash statement, 1943

| | |
|--|---------------------|
| 1943 appropriations prior to H. R. 7672..... | \$14, 254, 779, 974 |
| Reappropriations..... | 1, 960, 620, 500 |
| Unexpended balances prior years (estimated)..... | 12, 077, 777, 143 |
| | <hr/> |
| 1943 cash available..... | 28, 293, 177, 617 |
| 1943 estimated expenditures..... | 19, 388, 600, 000 |

Obligation statement, 1943

| | | |
|--|--------------------|--------------------------|
| Available for obligation for fiscal year 1943, prior to H. R. 7672 | | \$17, 303, 234, 256 |
| Made available in H. R. 7672 as it passed the House: | | |
| 1943 appropriations | \$5, 588, 568, 308 | |
| Ship authorization language | 9, 510, 000, 000 | |
| | | <u>15, 098, 568, 308</u> |
| Total available for obligation, 1943 | | 32, 401, 802, 564 |
| Already obligated, July-Sept. 15 | | <u>5, 302, 829, 331</u> |
| Available for future obligation | | 27, 098, 973, 233 |

MANPOWER PROBLEM

Senator McKELLAR. On this question of manpower, if I might address myself to that for just a moment, there is more and more talk about that every day, and there is a question as to whether a limit should be placed on the size of the Army.

NAVAL DEMAND FOR MANPOWER

Now, what will be the naval demand for manpower? Have you a million men yet?

Mr. FORRESTAL. We have about ——— officers and enlisted men in the Navy now. In addition there are about ——— in the Marine Corps and the Coast Guard.

Senator McKELLAR. What do you anticipate as to the size of the Navy and personnel concerned?

Mr. FORRESTAL. By next June, approximately ———; ultimately ——— plus.

Senator OVERTON. That is in combat forces; that has nothing to do with construction?

Mr. FORRESTAL. That is all military personnel.

SITUATION REGARDING NAVAL ENLISTMENTS

Senator McCARRAN. Are your enlistments coming up to expectations?

Mr. FORRESTAL. They are fine.

Senator McKELLAR. Are there any further questions?

BUREAU OF SUPPLIES AND ACCOUNTS

MESS ATTENDANTS

Senator OVERTON. I would like to ask about a few minor matters.

I notice a provision on page 3 of the subcommittee print of the bill I have before me that enlisted men may be employed in such bachelor's quarters and as mess attendants as may be specifically designated by the Secretary of the Navy.

Is that not a new provision?

Admiral ALLEN. Yes, sir. We have had a limitation, Senator up to the time that this came through. You have restricted us to a

specific number, but it is necessary to have more. It is not the intent to put these in private quarters. On account of aviation bachelor officers' messes and—

Senator OVERTON. Are those the same men that we call attendants?

RATING DESIGNATED AS MESS ATTENDANT

Admiral ALLEN. These are not enlisted men in the sense that you mean. They are enlisted in the mess attendants rating. We never detail what corresponds to a private in the Army to officers' quarters. We have a rating called mess attendants. These men enlist in the mess attendants branch. Aboard ship they attend mess in the officers' quarters and for the last 2 or 3 years you have had a restriction on the number of messmen ashore that could be detailed to private quarters of officers. For instance, at all of these bases in the Pacific, they are really land carriers.

WHEN MESS ATTENDANTS ARE USED

Senator OVERTON. They are used only where the ordinary labor is not available?

Admiral ALLEN. There is no labor available at many of these places. Midway has nothing.

Senator OVERTON. I understand that.

Mr. FORRESTAL. They are in the officers' messes.

Senator OVERTON. We will take a place say like New Orleans. Do they detail these men where there is plenty of labor to attend the officers' quarters and mess?

Admiral ALLEN. Only to bachelor officers' quarters, if there are bachelor aviation officers down there. The commandant of the district himself might have say two mess attendants detailed to him, but that would be the extent of it.

WORK OF MESS ATTENDANTS

Senator OVERTON. What sort of work do they do?

Admiral ALLEN. They do work which is similar to that done by servants in a household; cook and serve and keep the quarters in proper condition.

Senator OVERTON. And they are enlisted for that purpose?

Admiral ALLEN. Yes. They are enlisted in the mess attendant's rating.

BATTLE STATION OF MESS ATTENDANTS

Senator OVERTON. They do not belong to the fighting arm?

Admiral ALLEN. Well, in the ship's organization, they pass ammunition. The mess boys are always down in the ammunition supply.

Senator OVERTON. About how many of them are there?

Admiral ALLEN. Everybody on ship, when the ship goes into battle, has a job. Every man on the ship has got something that he has to do.

NUMBER OF MESS ATTENDANTS ATTACHED TO CAPTAIN OF A SHIP

Senator OVERTON. How many attendants are attached to a captain of a ship, we will say?

Admiral ALLEN. Well, normally it depends on the size. On a small ship there would not be anybody specifically assigned as an attendant to the captain but starting from, say a cruiser type, there would be three—steward, cook, and messboy.

Senator OVERTON. They would be assigned to the captain's quarters and to his mess?

Admiral ALLEN. Yes, sir. That would run about on that proportion all of the way up to the rank of admiral.

Senator OVERTON. They keep his quarters clean and serve his food?

Admiral ALLEN. Yes, sir.

Mr. FORRESTAL. I can assure you that there are not too many, sir, particularly when they are operating where they have to go.

Admiral ALLEN. The service on the ship is not easy. The galley is a long ways off. They have got to go up on the bridge, and so on.

Senator McKELLAR. What you do is to enlist a colored waiter in civil life and say, "You are going to do the same kind of work in the Navy"?

Admiral ALLEN. We do, Senator.

INCREASED PAY FOR AERIAL FLIGHTS TO OFFICERS ABOVE RANK OF CAPTAIN

Senator OVERTON. I notice in the bill an old friend of mine, that is, increased pay for aerial flights to officers, flag officers; officers above the rank of captain.

We have thrashed that out, I think, at every hearing pretty nearly.

FLIGHT SURGEONS' AND FLIGHT OFFICERS' INCREASED PAY

In the last regular appropriation bill of the Navy, we had that question up and it went to conference, and I thought it was satisfactorily adjusted. My recollection is that it was limited to 23; just what the Navy Department suggested at that time—no, I think that they suggested more than that and we limited it to 23.

PRESENT REQUIREMENT FOR CERTIFICATION THAT EXTRAORDINARY HAZARDS WERE INCURRED IN AERIAL FLIGHTS

And there has to be a certificate in connection with that?

Admiral ALLEN. Yes; a certificate—

Senator OVERTON. From the Secretary of the Navy that there was a hazard attending their flying?

Admiral ALLEN. The officers have to certify. The officer has to certify that he was engaging in a hazardous flight.

REASON LIMITATIONS ARE PROPOSED TO BE REMOVED

Senator OVERTON. That is it. I see here that the limitation as to number has been removed, and the certificate has been removed, and the question is wide open again. Why is that?

Admiral ALLEN. Well, the primary reason is that the aviation organization has been expanding so fast that we are continually running up against this limitation. You have raised it several times.

There are no restrictions on the Army Air Corps, on their officers of corresponding rank, general rank. So, we are asking again that during the emergency that we have no restrictions on flight pay.

Senator OVERTON. I know that.

Admiral ALLEN. Above the rank of captain.

Senator OVERTON. Is that restriction applied exclusively to the Navy?

Admiral ALLEN. To the Navy only; that is true.

I would rather have Admiral McCain discuss this question. It affects officers of the rank of admiral in the aviation organization in which a great number are being made.

QUESTIONS AS TO WHY AN ADMIRAL SHOULD RECEIVE INCREASED PAY FOR AERIAL FLIGHTS

Senator OVERTON. Why should an admiral who flies be paid one and one-half times his base pay. That is what he is paid?

Admiral McCAIN. Yes.

Senator OVERTON. Now, why should that be? He is a sailor in the armed service. He is there dedicating his life to his country, and why should he be paid one and one-half times the amount paid an admiral who is on board some vessel, perhaps subjected to as much danger, or more? Why should he be paid one and one-half times the base pay of an admiral?

Admiral McCAIN. Congress in enacting the basic law provided that flyers should be paid one and one-half pay.

Senator OVERTON. I think that that was done at the time when flying was really a very hazardous thing and you could not get in a plane without running a risk, but that day has passed. A man is about as safe in an airplane now as in a surface ship.

Admiral McCAIN. If you take the increase away from an admiral, a commander will be getting more pay than he does. That is, the admiral will draw less pay than captains and commanders serving under him.

Mr. FORRESTAL. I think that there is more continuous hazard in flying. There are still plenty of people in both branches of the armed service who do not like to fly.

Senator OVERTON. How many admirals have died during the last 2 months as a result of flying?

Admiral McCAIN. I do not think any have.

Mr. FORRESTAL. Admiral Nimitz came within about a half an inch of being killed.

Senator OVERTON. A miss is the same as a mile.

Admiral McCAIN. I do not think so; not on your nervous system, Senator.

Senator OVERTON. How many in the last 2 years?

Admiral McCAIN. That I could not say.

Admiral ALLEN. We have not had an admiral killed in the last 2 years.

Senator OVERTON. Has any admiral ever been killed in operations, or while flying in aircraft?

Admiral ALLEN. Senator, I cannot think of any. Rear Admiral I. C. Kidd was killed in Honolulu.

Mr. FORRESTAL. Admiral McCain was fired on.

Admiral McCAIN. I was fired on by a Zero, Senator.

Senator OVERTON. As I understand you, Congress inserted that provision in the law.

Admiral McCAIN. The provision has been in the law since flying first began.

Senator OVERTON. Well, in what way would the subordinate get more than the admiral?

Admiral McCAIN. He gets pay and one-half, Senator.

Senator OVERTON. Without any limitation?

Admiral McCAIN. There is no limit at all, sir. They all get pay and one-half. The flag officer who commanded would get less pay than the junior if this provision were stricken out.

Senator HAYDEN. I want to say that the argument made by the House in the report is that we have done it for the Army and, therefore, we should do it for the Navy.

Senator OVERTON. We could turn it around the other way and do away with it in the Army, and we could do away with it in the Navy.

Admiral ALLEN. I think it would be a very bad thing to do in the middle of a war, Senator.

Senator OVERTON. I have great confidence in your judgment. I will say that, Admiral Allen.

Admiral ALLEN. Thank you, Senator. I really think so. I think that these officers are exposed to hazards all of the time. Those in the fleet are at sea for long periods. I think during the war, you should let those officers have it. I would not change it.

PROPOSED NUMBER OF ADMIRALS IN THE FLYING SERVICE

Senator OVERTON. During the next fiscal year, you have in contemplation more than 50 admirals in the flying service, do you not?

Admiral DAVISON. It will rise to a total of 43 during 1943.

Senator OVERTON. Forty-three?

Admiral DAVISON. Yes, sir.

QUESTION AS TO PLACING LIMITATION IN BILL AS TO NUMBER OF ADMIRALS WHO CAN RECEIVE INCREASED PAY FOR AERIAL FLIGHTS

Senator OVERTON. Suppose—this is just a suggestion—suppose that a limitation of 43 be placed in the bill?

Admiral DAVISON. Yes, sir.

Admiral ALLEN. It could be down or up, Senator, on that figure.

REASON FOR REMOVING REQUIREMENT FOR CERTIFICATION OF HAZARDS
INCURRED IN AERIAL FLIGHTS

Senator OVERTON. Why remove or repeal the provision in reference to the certificate that is to be made by the admiral that he is subjected to increased hazards?

Mr. FORRESTAL. It puts a burden on him. I happened to be with Admiral McCain when he was just taking off to go to Guadalcanal, and I am very sorry to say that I did not go with him. But I know that on that day he was exposed for 500 miles to continuous hazards. I do not think it is proper to ask a man to say whether he was in danger. I mean, it is quite a test to put on any man to say that he was exposed to danger.

Senator OVERTON. Who will be the one to determine or say that the admiral is exposed to danger?

Senator OVERTON. Who will determine the limitation or the number of admirals to be made?

Admiral McCAIN. I should say that the Secretary of the Navy will determine that.

Admiral ALLEN. The way you had it before.

You see normally these officers get a set of flying orders, under the present regulations, and under the law, and then the President has a regulation that there must be a minimum of 4 flight hours a month and the officer has to certify that he has done this flight before he draws pay.

Now, the form of restriction you had was that the officer in addition to certifying that he had been in the air, had to certify that he had been exposed to special hazards during the period he is going to get this pay. Now that of course, places an officer in an embarrassing position. Some of them say, "I do not know what a special hazard is." The assumption is that a special hazard is combat flying. A man may go on a combat patrol and never see an enemy.

Mr. FORRESTAL. I assure you that any time they take the air in combat zones they are exposed to hazards.

Admiral ALLEN. They could have an accident when taking off, or have an accident when landing.

Senator OVERTON. Well, on any of these overseas flights, if anything goes wrong, you are out of luck. You can't land on those islands.

Senator HOLMAN. The record shows what I would think a tremendous number of crashes up in Alaska, for many reasons.

Admiral ALLEN. There will be, always. There will also be lots of ships lost. You cannot run a ship around Alaska without figuring on a percentage of losses on account of the strong tides and the seasonal continuous fog. The navigational aids do not permit of determination. You don't see the sun.

BUREAU OF AERONAUTICS

USE OF BLIMPS

Senator OVERTON. There was testimony adduced in the House with reference to the use of blimps. I don't care to go into that any further, except to undertake to bring out some information not developed in the House hearings, and that is as to the effectiveness of the use of blimps in patrol duty and in submarine warfare. Is there anyone here who can testify to that?

Mr. FORRESTAL. I can reply generally to that, but there have not been enough of them in action as yet to offer conclusive testimony to their effectiveness.

There have been, however, enough to indicate that they will be useful because they can hover, stay in the air, and throttle down to a low speed. That gives them the ability to consume somewhat less fuel and stay reasonably stationary over an area where the submarine is operating.

Senator OVERTON. You will recall that several years ago I was a strong advocate of the construction of more blimps.

Admiral ALLEN. They are being used in the coastal patrol for anti-submarine observation. They are the ideal observational craft;

NUMBER OF BLIMPS NOW IN SERVICE

Senator OVERTON. About how many have you now in service?

Admiral ALLEN. About 20 today, I think.

Senator OVERTON. You have about seven or eight stations, have you not, from which they operate?

Admiral ALLEN. Yes, sir.

Senator OVERTON. And there are about how many at each of them?

Admiral DAVISON. We have a total of 23 on hand.

Senator OVERTON. In all stations?

Admiral DAVISON. Yes, sir.

Senator OVERTON. In operation now?

Admiral DAVISON. Yes, sir.

NUMBER OF BLIMPS UNDER CONSTRUCTION

Senator OVERTON. And how many under construction?

Admiral DAVISON. There are 128 on order.

Senator OVERTON. Do you contemplate going ahead with the program?

Admiral DAVISON. Yes, sir.

PROPOSED ADDITIONAL NUMBER OF BLIMPS

Senator OVERTON. Is there any appropriation?

Admiral DAVISON. Yes, sir; there is an appropriation in here for that.

Mr. FORRESTAL. This estimate covers 96 additional.

RATE AT WHICH BLIMPS ARE BEING OBTAINED

Senator OVERTON. It does not take very long to build them, does it?

Admiral DAVISON. We are getting them at the rate of — a month. That will be raised within the next 2 months to — a month. We hope to get up to — by February of next year.

USE OF BLIMPS IN ANTI-SUBMARINE WARFARE

Senator HAYDEN. The use of the blimp is entirely in antisubmarine warfare?

Admiral DAVISON. Almost exclusively.

Senator HAYDEN. You would not think of sending them anywhere near the fighting front.

Admiral DAVISON. No, sir. They have been very valuable in submarine patrol duty.

Mr. FORRESTAL. They have made some attacks, I think.

Admiral DAVISON. Yes, sir; they have made a number of attacks. I don't know how many submarines have been credited to that activity, but they have made numerous contacts, and as the Under Secretary pointed out they have the great advantage of being able to hover over one locality, and with the special detecting devices they carry they can keep in contact with the submarine to a much greater degree than heavier-than-air craft.

Senator OVERTON. There are some equipped with depth bombs, are there not?

Admiral DAVISON. All of them are.

QUESTION AS TO ADEQUACY OF SUPPLIES OF MUNITIONS

Senator HOLMAN. Have you plenty of ammunition, bombs, and things like that?

Admiral DAVISON. No shortages, except in the aircraft torpedoes.

Senator HOLMAN. May I make this statement? I have a nephew who is now back home, with his head in a plaster of paris cast, both jaws broken, nose broken, and his ankles dislocated. He was in two crashes. In the first, he successfully landed when his engine stopped operating, down off Brownsville, Tex. On the second occasion, he was with another operator and a crash occurred on account of engine trouble. These were two patrol planes, they were on patrol duty, they had a certain beat. They observed a submarine making for a tanker off Brownsville, in the Gulf of Mexico. They radioed in about their observation, giving the location of this submarine, which dived, and they believe they saved the tanker from attack, but no bomber planes came out. When they got in—and this is verified by the two of them—they were told that while there were six bombers in the station they were without bombs, so none of them went out. That seemed to me to be a preposterous situation.

Admiral ALLEN. Senator, are you talking now about the Navy or the Army?

Senator HOLMAN. I think those are Army planes.

Admiral ALLEN. Those fellows probably were on a military flight.

Senator HOLMAN. They were of the civilian corps, but they were doing a war service, under Army jurisdiction.

Admiral ALLEN. You wouldn't have a plane out under military control without depth bombs, depth charges, if they were on anti-submarine duty.

STATUS OF PILOT-TRAINING PROGRAM

Senator McCARRAN. I should like to ask someone what is being done in the pilot-training program. How are you getting your pilots?

Mr. FORRESTAL. We are getting a very fine type of man. I can testify to that.

Admiral ALLEN. I think Admiral Davison can testify to that. We have a very extensive program.

Admiral DAVISON. We have an entrance rate now of prospective pilots of 1,900 a month.

SOURCE OF PROSPECTIVE PILOTS

Senator McCARRAN. Where are they coming from originally? Do they come from the civilian pilot training program?

Admiral DAVISON. Yes, sir. All of our people are coming through the civilian pilot training program.

Senator McCARRAN. Do they come to you fairly well trained for actual work?

COOPERATION WITH CIVIL AERONAUTICS ADMINISTRATION

Admiral DAVISON. Yes, sir. We have had the best sort of cooperation with the Civil Aeronautics Administration, who altered their curriculum to fit our needs, and while they are waiting induction these people take the civilian pilot training program course under our direction. In other words, the number of hours, the type of instruction they give, the ground instruction they give, are all prescribed by the Navy Department.

Senator McCARRAN. Is there an item in here covering that work?

Admiral DAVISON. No, sir. They get their own appropriation, as you know, but we are training, I should say, in the next year, at least 30,000 people through that medium. We also get some people who have had previous flying experience who do not go through that course.

BUREAU OF NAVAL PERSONNEL

INLAND NAVAL TRAINING STATIONS

Senator McCARRAN. Some time ago we heard testimony with regard to the institution of training bases, inland, on the lakes. One was out in Idaho, as I remember, and in some other Western States. Is there anything in here that touches on that program?

Admiral DAVISON. I think you are probably talking about the Navy training stations for general service.

Senator McCARRAN. That is what I mean. I notice there is an item in here for Seneca Lake.

Admiral ALLEN. Seneca is in here.

EXTENT TO WHICH INLAND NAVAL TRAINING BASES HAVE BEEN ESTABLISHED

Senator McCARRAN. How far has that gone along, in the way of putting in naval training bases, inland?

Admiral ALLEN. So far we have one at Memphis, Tenn., one at Peru, Ind., Norman, Okla., and there are two in Kansas. These are Naval Reserve aviation bases.

Senator McCARRAN. What is the one in Idaho?

Admiral ALLEN. That is for enlisted men for general duty in the Navy. There were three stations under contemplation at that time. One was put up here at Port Deposit, Md., and is about ready to take recruits; the other is at Lake Seneca, N. Y., around Rochester; and the other is out in Idaho.

Senator McCARRAN. Have you concluded selecting your sites on that program?

Admiral ALLEN. If you will allow me, I will put a statement in the record bearing on that. Our requirements for enlisted men change all the time.

(The statement referred to is as follows:)

There are now seven naval training stations in being for the general training of enlisted men. These are as follows:

Great Lakes, Great Lakes, Ill.; Sampson, Lake Seneca, N. Y.; Newport, Newport, R. I.; Norfolk, Norfolk, Va.; Farragut, Pend Oreille, Idaho; Bainbridge, Port Deposit, Md.; and San Diego, San Diego, Calif.

STUDY OF PYRAMID LAKE, NEV., SITE

Senator McCARRAN. I would like to know whether or not there can be another study made of the lake in Nevada. You know there was a study made of Pyramid Lake.

Admiral ALLEN. Yes, sir.

Senator McCARRAN. One study was apparently lost when a plane crashed at Salt Lake City.

Admiral ALLEN. Yes, sir. There were two civil engineers flying back, and the plane was lost. There was another survey made and that is in the possession now of the Bureau of Yards and Docks.

Senator McCARRAN. I wonder whether or not we could do anything toward another survey of that site. In whose hands would that be?

Admiral ALLEN. That would be, primarily, the Secretary, and, of course, the Chief of the Bureau of Personnel. The training of recruits is under him.

Mr. FORRESTAL. We follow the recommendations of Admiral Jacobs, who has charge of the Bureau of Personnel.

Senator McCARRAN. Apparently, you followed him too far in that respect.

Mr. FORRESTAL. Maybe. I have a lot of confidence in Admiral Jacobs.

Senator McCARRAN. I like Admiral Jacobs very much, but I don't like his judgment in some respects.

TRAINING OF PILOTS AND BOMBARDIERS AS RELATED TO TRAINING FOR FIGHTING PLANES

Senator HAYDEN. Your requirements for naval aviation, for training pilots and bombardiers, corresponds to the program of instruction for fighting planes; the two go right along together?

Admiral DAVISON. Exactly.

Admiral ALLEN. I think we are a little ahead.

Admiral DAVISON. Momentarily ahead. Our endeavor is to keep them constantly balanced.

TIME REQUIRED FOR TRAINING OF PILOTS

Senator HAYDEN. How long does it take to train a man who knows nothing about aviation until you can trust him to go out on a flight?

Admiral DAVISON. Including his vocational training, about 9 months.

Senator McCARRAN. That is without previous training at all, civilian pilot training program training?

Admiral DAVISON. That neglects the civilian pilot training program training.

Senator McCARRAN. If he had the civilian pilot training program training, then what?

Admiral DAVISON. It would take about 2 months more--11 months.

Senator HAYDEN. That confirms my recollection of the testimony we had here about a year ago, that it could not be done much under 11 months.

NEED FOR SURVEY OF AVAILABLE MANPOWER

Senator HOLMAN. I would like to revert, if I may, to the subject of manpower. Has anybody made a survey of the available manpower in the United States, with all the casualties for personal disqualification, and then allocated that manpower to the Navy and the Army and to essential industry, and so forth? Has there been any over-all study?

Senator HAYDEN. I can assure you there has not.

Senator HOLMAN. There should be.

Senator HAYDEN. That is what it is proposed to do with some of the money in this bill, to carry on those very studies. But that is a problem that I do not think can be determined in any other way except by an Act of Congress. That is my judgment.

Senator HOLMAN. I suggest that we expedite some such study, because nothing coordinates here.

Mr. FORRESTAL. There have been some studies, Senator, but there are no conclusions.

Senator HAYDEN. That is right.

TYPE OF PLANES USED FOR TRAINING PILOTS

Senator BROOKS. May I ask more about the pilot training. They are not trained in your own type of ships, but in commercial ships.

Admiral DAVISON. In the Civilian Pilot Training Program they are trained in little commercial ships, Piper Cubs, and planes like that.

Senator BROOKS. And there are a great many of those ships available that are not in use for training, are there not?

Admiral DAVISON. I imagine there are still large stocks of them in private hands. I am sure that the Civil Aeronautics Administration has all that it needs. It is gaged pretty largely by their training load, as to what they get, how many they get.

VALUE OF C. A. A. TRAINING

Senator BROOKS. Do you find those who have been trained in that way are accepted in greater numbers than those who are not?

Admiral DAVISON. Yes, sir. I understand, however, that an amazing paradox exists in that the Army has had the opposite experience.

Senator BROOKS. I had heard that.

Admiral DAVISON. We find that we are getting about 20 percent higher acceptance from that class than those starting ab initio in our own training.

Senator BROOKS. As I recall it, the Army was wanting to abandon that, and that was rather surprising to me, and it is doubly surprising to find that you find it advantageous.

Admiral DAVISON. Our problem was largely one of useful employment for the people between the time they were inducted and the time we could take them in our preflight schools. We thought it well, as long as a pilot signed up, to have him do some sort of flying in any sort of equipment, and we found the Civil Aeronautics Administration willing to accept our recommendation as to the type of training, so we went wholeheartedly into the thing.

Senator BROOKS. And there are about 20 percent more accepted because of that training?

Admiral DAVISON. Yes, sir.

Senator HAYDEN. If there are no further questions, we thank you.

COAST GUARD

STATEMENTS OF VICE ADMIRAL R. R. WAESCHE, COMMANDANT, AND REAR ADMIRAL F. J. GORMAN

SALARIES, OFFICE OF COMMANDANT

INCREASE IN NUMBER OF ENLISTED MEN FOR DETAIL TO DUTY AT COAST GUARD HEADQUARTERS

Senator HAYDEN. There is a letter here directing the attention of the committee to an item on page 6, line 9: substituting the words "one hundred and fifty" for the words "fifty-five." That is, I assume, what you desire to speak on.

Admiral WAESCHE. Yes, sir.

REASON INCREASE IN LIMITATION IS REQUESTED

Mr. CHAIRMAN. I assume the letter from the Secretary of the Navy will be put in the record, which I think explains the reasons about as well as I could. We, like other agencies, are having very great difficulty in getting competent and qualified Civil Service personnel. We are now short one hundred, and we are losing them faster than we can get satisfactory replacements.

REASONS CIVILIAN PERSONNEL IS BEING LOST

Senator BROOKS. Why are you losing them?

Admiral WAESCHE. Partly on account of the draft, and partly on account of higher wages elsewhere.

Senator HOLMAN. Which of those two elements affects you most?

Admiral GORMAN. The draft takes the more experienced Civil Service men employees between the ages of 20 and 45, and we are losing experienced women Civil Service employees to more lucrative employment outside or to other agencies. If we deny them a release to accept higher positions in other Government agencies they resign and get employment elsewhere, particularly those in the lower grades, stenographers, typists and clerks from \$1,440 to \$2,000.

Senator McCARRAN. I notice yesterday an order came out, with reference to another order that was put out day before yesterday closing down the gold mines of the country—an order came out of the Manpower Authority that those men who left the gold mines, by reason of the gold mines being shut down, should not get employment in any other agency of the Government except in the copper mines. I am wondering if an order of that kind would not work, perhaps, to solve your difficulty—an order that they should not get employment in any other governmental agency except one you might direct them to.

Admiral GORMAN. Senator, we deny them a release, but they simply resign and go outside, particularly in the lower grades, where the wages in industry are much higher.

HOW PERSONNEL PROBLEM WILL BE MET BY USE OF ENLISTED MEN

Senator HAYDEN. Will you state how you can meet the problem by detailing enlisted men?

Admiral WAESCHE. Senator, there has been a limit on the number of enlisted men at Headquarters since 1921. As a matter of fact, there had been until recently a limit on the number of men on similar detail in the Navy and Marine Corps. That limit has been lifted entirely due to wartime necessity. The same argument that applies to the Navy and the Marine Corps will apply to the Coast Guard.

REQUEST MADE OF BUDGET THAT LIMITATION BE REMOVED

We obtained the approval of the Bureau of the Budget to lift it entirely as to the Coast Guard, but the House saw fit to keep it in there. Now, we do not ask that the restriction be eliminated. We are not going back to our original request that it be lifted entirely and that the door be left wide open, but that the number be set at a figure which will permit us to properly administer Coast Guard Headquarters.

TYPE OF ENLISTED MEN WHO WILL BE USED AT HEADQUARTERS

Senator HAYDEN. What is the type of enlisted men you will use?

Admiral WAESCHE. We will make it a point to use enlisted men of the older age group, those with physical defects, who are not qualified for combat duty and sea duty, and retired personnel brought back to active duty. We are utilizing such personnel to the greatest extent possible in the shore establishment of the Coast Guard.

Senator HAYDEN. That is, the Beach Patrol?

Admiral WAESCHE. The Beach Patrol, Port Security duty, and administrative work on shore.

(The letter referred to by Senator Hayden follows:)

LETTER FROM THE ACTING SECRETARY OF THE NAVY

THE SECRETARY OF THE NAVY,
Washington, October 10, 1942.

Hon. CARTER GLASS,

Chairman, Committee on Appropriations,

United States Senate.

MY DEAR MR. CHAIRMAN: It is requested that the language under the appropriation "Salaries, Office of Commandant, United States Coast Guard, 1943," as carried in the Second Supplemental National Defense Appropriation Act, 1943, as reported to the House of Representatives, October 8, 1942, be amended as follows:

Under the heading "Coast Guard" on page 6, line 9, substitute for the word "fifty-five" the words "one hundred and fifty."

It was hoped that the House Appropriations Committee would remove the limitation on the number of enlisted men authorized to be detailed to duty at Coast Guard Headquarters, as recommended by the Navy Department and approved by the Bureau of the Budget, in view of the previous elimination of any such restrictions with respect to enlisted men of the Navy and the Marine Corps; particularly as that committee in its report on title VIII, Naval Appropriation Act, 1942, dated June 3, 1942, prescribed a general policy on page 5 thereof that "The same procedure should obtain in both services, particularly when serving together."

The House Committee on Appropriations, for apparently what appeared to it to be good and sufficient reason, continued the peacetime policy of limiting the number of enlisted men that may be detailed to duty at Coast Guard Headquarters to a specified number, and I, of course, am not disposed to question the action of the House committee. However, since the limitation is to be continued during the war, the ceiling prescribed should be such that the imposition of the limitation will not adversely affect the administration of the wartime functions of the Coast Guard, which will certainly occur, under existing conditions, if the number of enlisted men detailed to duty at Coast Guard headquarters is limited to 55.

In view of the extreme difficulty in obtaining qualified civil service personnel under existing wartime conditions, it is imperative that some remedial action be taken such as the assignment to Coast Guard Headquarters, at least temporarily, of enlisted personnel in advanced age groups, enlisted men who are not physically fit for combat duty and retired personnel brought back to active duty. This action is necessary to insure the continuity of the service administration required for the efficient conduct of the affairs of the Coast Guard, which is now seriously threatened by the rapid depletion of experienced civil service men between the ages of 21 and 45 at Coast Guard Headquarters through the operation of the Selective Service System, and the excessive turn over among women civil service employees due to advancements, transfers, and resignations, and inability to obtain qualified replacements.

The reason for the action of the House Appropriations Committee in continuing this limitation is not stated in its report on the bill, hence is unknown to me, but should it be based on any apprehension that the assignment of enlisted men to Coast Guard Headquarters would have any adverse effect upon the civil service employees, it would be wholly agreeable to insert a proviso in the language of the appropriation to meet any such misgiving. This could be accomplished by substituting in line 9, page 6 of the bill, as reported to the House, for the word "fifty-five" the words "one hundred and fifty, provided that this number shall be continuously reduced as qualified civil service employees become available for the performance of the duties of the enlisted men."

Sincerely yours,

JAMES FORRESTAL,
Acting Secretary of the Navy.

TOTAL NUMBER OF MEN IN THE COAST GUARD AND DIVISION AS BETWEEN
SEA AND SHORE DUTY

Senator HAYDEN. What is the total number of men in the Coast Guard?

Admiral WAESCHE. Something over ———.

Senator HAYDEN. Then you are asking for a very limited number when you ask for 150 to be subject to this detail.

Admiral WAESCHE. Very true, sir.

Senator HAYDEN. Of the ——— you have, how many are performing shore duty and how many are performing sea duty?

Admiral WAESCHE. At the present time, I think it is approximately half and half. Of course, that includes a large number of men in training on shore who will eventually go to sea.

Senator HAYDEN. The increase in the number of men performing shore duty must have been due largely to the beach patrol.

Admiral WAESCHE. That is true, the beach patrol and port security.

Senator HAYDEN. Are there any further questions?

ICE BREAKING IN THE ILLINOIS RIVER

Senator OVERTON. I have just one question. How are you getting along with the ice breaking in the Illinois River?

Admiral WAESCHE. We will be all prepared to keep the Illinois River and connecting waterways open, provided we do not have too heavy a winter. We are building four ice plows, and they will be completed before the ice season sets in. We are building one ice-breaking vessel to be fitted with an ice plow and we have made arrangements with the army engineers who are building a river boat at the same plant. We are making arrangements with them to get the use of that boat for a second ice plow, and we have already made arrangements to charter two boats to take the other two plows.

Senator OVERTON. They will be built in the immediate vicinity?

Admiral WAESCHE. They are being built out there in the Middle West, on one of the rivers.

Senator OVERTON. By plants that have the time and the opportunity to build them?

Admiral WAESCHE. That is true.

SUFFICIENT FUNDS PROVIDED IN PRESENT BILL

Senator OVERTON. Have you the necessary funds?

Admiral WAESCHE. Yes, sir.

Senator OVERTON. The appropriation is in this bill?

Admiral WAESCHE. Yes, sir.

Senator OVERTON. You desire no increase?

Admiral WAESCHE. No, sir; we will not need an increase.

TREASURY DEPARTMENT

OFFICE OF THE SECRETARY OF THE TREASURY

STATEMENT OF MR. EDWARD F. BARTELT, COMMISSIONER OF
ACCOUNTS, TREASURY DEPARTMENTEXPENSES OF ABSENTEE VOTING BY MEMBERS OF THE LAND AND
NAVAL FORCES

Senator HAYDEN. There is before the committee a supplemental estimate in Senate Document 264, dated October 7, which provides as follows:

OFFICE OF THE SECRETARY OF THE TREASURY

"Expenses of absentee voting by members of the land and naval forces, 1943: To enable the Secretary of the Treasury to make payments to States as provided by Public Law 712, approved September 16, 1942, entitled 'An act to provide for a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence,' the checks in payment thereof to be drawn in such form as may be requested by the Secretary of State or other duly authorized official of each State, fiscal year 1943, \$1,200,000, of which not to exceed \$5,820 may be expended for all salaries and expenses of the Treasury Department in the District of Columbia necessary therefor."

This supplemental estimate is necessary to enable the Secretary of the Treasury to make payments to States, pursuant to the provisions of Public Law 712, approved September 16, 1942, entitled "An act to provide for a method of voting, in time of war, by members of the land and naval forces absent from the place of their residence." The estimate is based on reports filed by the various States, indicating the amounts which will be required to carry out the purposes of the above-mentioned act. Estimates have not as yet been received from all of the States, but preliminary reports thus far received indicate the need for an appropriation of \$1,200,000.

The foregoing estimate of appropriation is required to meet contingencies which have arisen since the transmission of the Budget for the fiscal year 1943, and approval is recommended.

METHOD USED IN ARRIVING AT ESTIMATE

How did you arrive at the estimate of \$1,200,000?

Mr. BARTELT. Mr. Chairman, as soon as this act was passed we sent a night letter to each one of the States, calling attention to the act and requesting it to furnish the Secretary immediately with its estimate of the amount of expenses that it would incur under the act.

Under section 10 (a) of this Public Law 712, the estimates submitted by the Secretary of the Treasury must be based upon the estimates of the secretary of state of the various States. Recognizing, however, that they had not yet received copies of the act to know its provisions and also recognizing the time limit, we asked that estimates be submitted on a tentative basis so that we would have something to submit to Congress. Following that we wrote each State a letter, in which we requested a schedule of the various items to be included in the estimate.

RESPONSES RECEIVED FROM VARIOUS STATES

We have received replies from 44 States; 2 of the States have indicated that they would not need any funds; 42 of them indicated that they would need \$904,276. The other 4 States, namely, Louisiana, Mississippi, Michigan, and Rhode Island, we have not heard

from. Our estimate of \$1,200,000 is predicated upon the figures that the States submitted to us, to which we added an amount to take care of those States from whom we have not received reports.

PAYMENTS TO STATES WILL VARY

I would like to say, however, that the Treasury does not intend to make the payments necessarily in these amounts.

Senator HAYDEN. That is one thing I wanted to ask, whether you had taken the trouble to ascertain whether taking a State where there may be a million votes, with 100,000 absentee voters, as against another State with a million voters and the same 100,000 absentee voters whether the expenses approximately equal each other.

Mr. BARTELT. No, sir; they vary widely.

VARIATIONS IN COST OF HOLDING ELECTIONS

Senator OVERTON. It depends on the size of the ballot.

Mr. BARTELT. It depends on a number of factors. As a matter of fact, when this bill was pending in the Congress, we made some studies, trying to prepare for this situation, and we found that there is quite a wide variation in the cost of holding elections, even as between counties in the same State. I have figures here which show just what we have received from the States. I have them classified according to the estimated number of ballots, the money they are asking for, and the unit cost. You may be surprised to learn that they vary from 25 cents a ballot to \$5 a ballot. I think the estimate based upon a \$5 cost per ballot must be a mistake. But, as I started to say, what we expect to do now is to follow up on this and learn more about the items that are in the estimates. As I say, we do not intend necessarily to pay the States exactly what they estimate. The law requires us to estimate on the basis of the estimates made to us by the States, but what we are going to do now is to follow up and try to get more information. In the case of the State that estimated \$5 per ballot, naturally we will communicate with the State for more information.

STATES WILL BE PAID FOR AMOUNT OF EXPENSES INCURRED

Senator NYE. In final analysis, this is to level it off, and all the States will be dealt with about alike?

Mr. BARTELT. Except that you will have to keep this in mind: Under the law we are required to pay to the States the amount of the expense that they incur. If some States are more extravagant than other States, or if some States have items of costs which other States do not have, nevertheless, we will be required to pay each State the amount of its expenses. We can't say, "Well, we are going to pay you so much per ballot." That I do not believe was the intention of the Congress as expressed in the act.

Senator OVERTON. That could not be, could it? Because in some States they have more than one ballot, and in some States the ballots are much longer than in other States and the printing bill is more, and the postage is more.

Mr. BARTELT. Moreover, in some States they are already set up for this kind of a proposition, whereas in other States they are not.

Some states will probably have to buy equipment and things of that kind, and the expense that they incur on account of the purchase of that equipment will probably be in the amount we will be required to pay.

Senator HAYDEN. My recollection is that, during the course of the debate on the bill it was stated that a little more than half the States had at the present time absentee-ballot laws.

Mr. BARTELT. Yes, sir.

Senator HAYDEN. That the remainder did not.

Mr. BARTELT. Yes, sir.

Senator HAYDEN. Naturally, a State that has up to now made no provision for absentee voting must go to a greater expense than one that has adopted the system.

Mr. BARTELT. Yes, sir.

ESSENTIAL ELEMENTS OF COST IN ABSENTEE BALLOTING

Senator HAYDEN. What are the essential elements of cost? The Senator from Louisiana has mentioned the cost of paper and the printing of the ballots. What else is there?

Mr. BARTELT. Under the law the applications for the ballots must be furnished by the Army and the Navy, but the States will have to prepare the ballots. They will have to have them printed, and then they will have to prepare instructions to the voters. They have to furnish the voters booklets containing instructions. Then they have to have certain envelopes——

PREPARATION OF INSTRUCTIONS

Senator OVERTON. Are those instructions prepared here in Washington?

Mr. BARTELT. No, sir. They are prepared by the States.

Senator OVERTON. There is no uniformity about the instructions, then?

Mr. BARTELT. No; except that which the act itself sets out. For instance, in section 6 of the act there is a provision as to the form of the official war ballot for the general election. The law sets up certain standards, but there is no uniformity with respect to the instructions. Some of them may be in greater detail than others. Then, as I indicated, they will have to have envelopes for the use of the voters. There will be postage. And the law requires also the publishing of lists of applicants for ballots. So, there will be quite a variety of expenses.

Senator HAYDEN. That is publication in some local newspaper?

Mr. BARTELT. Section 4 of the act reads:

SEC. 4. (a) Each secretary of state, upon receipt of post-cards prepared pursuant to section 3, shall, from time to time, prepare for, and cause to be transmitted to each canvassing board or however the appropriate election official of that State may be denominated a statement containing the names and addresses of, and such other information appearing on the post-card as may be appropriate with respect to, the individuals making such requests who are subject to the jurisdiction of such board.

(b) There shall be prepared by each canvassing board a statement showing the names and residence addresses as shown on the statement of the secretary of state. Such statement shall separately list such names and addresses according to each election district or precinct. Such statement shall be open to public

inspection at the office of such board not later than two weeks prior to the holding of the election. Such statement shall be added to from time to time as additional names and addresses are received by the board. Each such statement shall be prepared in duplicate, and the duplicate copy thereof shall be mailed immediately to the secretary of state of the State and shall be open at all times to public inspection at the office of the secretary of state of the State, together with all additions made thereto.

DIFFERENCE IN COST BETWEEN STATES

Senator HAYDEN. It is perfectly obvious that the State that has an established system of absentee voting can carry this on in the normal way without any extraordinary expense.

Mr. BARTELT. That is true.

Senator HAYDEN. But the State that has made no provision by law, and has had no experience in it, can do it about as they please and the bill will be much higher than in the other States.

Mr. BARTELT. You are quite right.

Senator HAYDEN. This then means that we will appropriate what you believe to be a sum adequate to take care of what you believe the situation to be, and that you do not believe ultimately the sum of \$1,200,000 will be expended.

Mr. BARTELT. That is my opinion.

ACT REQUIRES THAT MONEYS NOT NEEDED BY STATES SHALL BE RETURNED TO SECRETARY OF THE TREASURY

Also, there is a provision in section 10 (b) of the act which directs that these moneys must be accounted for by the States, any and part of such amounts not needed shall be returned to the Secretary of the Treasury upon his demand.

For instance, if we should make a payment to a State, based upon the best estimate we could get from the States, supported by a justification, and then later it is found that the expenses do not actually amount to that sum of money, then under the law the Secretary of the Treasury is required to make a demand for the return of the money.

Senator OVERTON. Each State keeps a separate account of the money disbursed for this purpose?

Mr. BARTELT. Yes, sir.

Senator HAYDEN. What would be the effect if a State made a bad guess and did not estimate enough money?

Mr. BARTELT. This money would not be appropriated to the States separately. Some of the estimates will probably be more than is necessary, others less. But we thought \$1,200,000 was a conservative figure, and yet would be enough to take care of that contingency.

Senator HAYDEN. We thank you.

INTERSTATE COMMERCE COMMISSION

STATEMENT OF MR. W. P. BARTEL, SECRETARY, INTERSTATE COMMERCE COMMISSION

REMOVAL OF LIMITATION ON AMOUNT FOR EXPENDITURE IN MOVING HOUSEHOLD GOODS AND EFFECTS

Senator HAYDEN. We have a supplemental estimate in Senate Document 261, dated October 2, 1942, reading as follows:

"The limitation of \$5,000 on the amount which may be expended from appropriations made to the Interstate Commerce Commission for transfer of household

goods and effects appearing under this head in the Independent Offices Appropriation Act, 1943, is hereby removed."

Due to the fact that under present emergency conditions experienced employees of the Commission are leaving the Commission in unusual numbers for service in other branches of the Government, principally the military, and the inability to secure capable replacements, it is believed to be necessary to fill vacancies by transfers of experienced personnel from one station to another. The limitation of \$5,000 on the transfer of household goods of such transferred employees prevents the satisfactory accomplishment of this purpose. In view of the uncertainty as to the extent to which personnel transferred may become necessary, it is deemed advisable to eliminate rather than increase the restriction.

We will be pleased to hear from you, sir.

Mr. BARTEL. That statement, Mr. Chairman, is made by the Director of the Budget and it is about the answer and presents the problem in concrete form.

We are not asking for any additional money.

ESTIMATED AMOUNT THAT WILL BE EXPENDED IF LIMITATION IS
REMOVED

Senator HAYDEN. If the limitation of \$5,000 is removed, what is your estimate of the amount that will probably be expended?

Mr. BARTEL. The best figures we have now are about \$20,000.

Senator NYE. Would you consent to a limitation there of \$20,000?

BUDGET REQUESTED TO ALLOW REMOVAL OF LIMITATION OR FIXING OF
IT AT \$20,000

Mr. BARTEL. The way we put it up to the Budget, we suggested the deletion of the limitation entirely, or \$20,000. We put it in the alternative. But I notice in the independent offices appropriation bill, in connection with all other departments or agencies covered by that bill, the Interstate Commerce Commission is the only one that had a limitation. There is no limitation attached to the appropriation for any of the other departments. In other words, they just authorized them to expend the money for moving the household goods, without any limitation.

Senator HAYDEN. We can try it for a year. We can take the limitation off, and then when the bill comes up next year, we can determine whether you have spent \$20,000.

NEED FOR INCREASE IN LIMITATION

Mr. BARTEL. We have spent practically the \$5,000 now, and I have any number of requests for transfers from one place to another and we just simply do not have the money to transfer their household goods. We have the money available, but we cannot use it under this limitation.

ADDITIONAL APPROPRIATION NOT REQUIRED

Senator HAYDEN. Will this expenditure of \$20,000 more or less deplete your appropriation, so that you will have to come back for a deficiency to make up for it at a later time?

Mr. BARTEL. No, Senator, we will not come back for a deficiency. We will manage to take care of this out of lapses. In fact, we have set up quite a large reserve this year in all our appropriations and because of the difficulty we are having in filling positions we are even running in excess of the reserve we set up. So we will have no difficulty in taking care of this amount out of the current appropriation.

Senator HAYDEN. I think we understand it; thank you.

INTERIOR DEPARTMENT

BUREAU OF MINES

STATEMENT OF DR. B. R. SAYERS, DIRECTOR, BUREAU OF MINES

SUPPLEMENTAL ESTIMATE FOR CONSTRUCTION AND EQUIPMENT OF HELIUM PLANTS

Senator HAYDEN. This is a deficiency estimate, dated October 1. It provides for an appropriation of \$11,000,000 for the construction and equipment of helium plants under the Bureau of Mines, Department of the Interior.

The committee will be pleased to hear your justification of this appropriation.

Dr. SAYERS. This appropriation is for \$11,000,000, and you may recall that previously we have asked for sums which have been appropriated to us for the purpose of constructing plants and for increasing the capacity of the plant at Amarillo. The plant at Amarillo originally had a capacity of 24,000,000 cubic feet of helium per year, but the gas wells that had been drilled were not adequate for operation at that rate. The amount of money was appropriated; another unit was added to the Amarillo plant, bringing its capacity to 36,000,000 cubic feet of helium per year; and additional gas wells have been drilled. Also, funds have been appropriated for the construction of another plant in Texas, not far from the Amarillo plant. That plant is under construction. The total amount appropriated up to the present time is about \$5,575,000.

SOURCE OF HELIUM GAS

Senator HAYDEN. Are you still obtaining this helium gas by extracting it from gas—

Dr. SAYERS. From natural gas; yes, sir.

Senator HAYDEN (continuing). That is afterwards used for fuel?

Dr. SAYERS. That is correct.

Senator HAYDEN. You find that condition to exist in the Amarillo field and anywhere else in the United States?

Dr. SAYERS. Yes; several other places in the United States.

INCREASED NEED FOR HELIUM BY THE NAVY

Now, we are asked by the Navy to provide for production much greater than that previously estimated. In fact, the estimated demands will require a capacity about 2½ times the combined capacity of the Amarillo plant and the new one now under construction. The

amount we are asking for here is to construct plants to meet that greatly increased demand.

PLACES IN UNITED STATES WHERE A NATURAL GAS IS FOUND FROM WHICH HELIUM CAN BE EXTRACTED

Senator HAYDEN. In what parts of the United States do you find a natural gas from which helium can be extracted?

Dr. SAYERS. Texas is outstanding; Kansas is well known. Those are the two principal States. However, there is some in New Mexico, Colorado, Utah, Wyoming, Montana, and Oklahoma.

Senator HAYDEN. I recollect a statement here once that there was some gas of that kind in Kentucky.

Dr. SAYERS. No, sir.

Senator OVERTON. Is there any in Louisiana?

Dr. SAYERS. No, sir; none in Louisiana. Mr. Cattell knows better than I.

Mr. CATTELL. No helium-bearing gases of importance have been found in Louisiana or south Texas.

MILITARY USES OF HELIUM

Senator OVERTON. Helium is used in the blimps, is it not?

Dr. SAYERS. That is correct.

Senator OVERTON. Anything else?

Dr. SAYERS. That is the chief use from the military standpoint. However, helium is used in meteorological balloons, some barrage balloon operations, diving, especially by the Navy, in medical treatment, and in some important metallurgical activities.

INCREASE IN HELIUM SUPPLY COMPLEMENTARY TO INCREASE IN NUMBER OF NAVAL BLIMPS

Senator HAYDEN. I take it that this appropriation is complementary to the other appropriation in the bill?

Dr. SAYERS. That is correct.

Senator HAYDEN. Which provides for an increase in the number of Navy blimps, of about 100?

Dr. SAYERS. That is correct, Senator.

Senator HAYDEN. Since there would be no use to build blimps unless you could fill them with helium?

Dr. SAYERS. That is correct.

SAFETY VALUE OF USE OF HELIUM IN BLIMPS

Senator HAYDEN. It is considered, for military purposes, that hydrogen gas, which probably has greater lifting powers than helium, is utterly unsafe.

Dr. SAYERS. That is correct, sir.

Senator HAYDEN. If an incendiary bullet is fired into a blimp, what happens?

Dr. SAYERS. If helium is used a little of this gas escapes and that is all.

Senator HAYDEN. Whereas with hydrogen?

Dr. SAYERS. You have a fire or an explosion.

Senator NYE. For what reason does so little of the gas escape?

Dr. SAYERS. Because there is so little pressure, and the hole is very small in proportion to the size of the ship. The helium would escape gradually.

Senator NYE. Are not the bags built in sections, too?

Dr. SAYERS. Yes, in the larger ships. But even so, with the small hole the helium does not go out so rapidly. It is not under great pressure within the gas bag, as you know.

Senator NYE. The danger there does not compare with the danger from explosion where hydrogen is used?

Dr. SAYERS. That is correct, Senator.

QUESTION AS TO PROCESS OF SELF-SEALING OF HOLES SHOT
IN BLIMPS

Senator OVERTON. Have they invented any process of self-sealing of these holes in the blimp, where a bullet makes such hole?

Dr. SAYERS. I don't know whether there is a sealing compound or not; there certainly could be, but the weight of the ships would be increased.

Mr. CATTEL. I think they can repair holes in the rigid ships while the ship is in flight, and probably they can make some repairs in nonrigid ships.

Dr. SAYERS. It would depend on the size and location of the hole. On the rigid ship, I am quite sure they have means of repairing holes.

Senator HAYDEN. This appropriation, then, is asked to accommodate the Navy expansion program in blimps. That is all there is to it?

Dr. SAYERS. That is all there is to it.

Senator HAYDEN. Any other questions?

STRATEGIC MINERALS SURVEY

Senator NYE. Doctor, how are you proceeding with the survey throughout the country?

Dr. SAYERS. For helium?

Senator NYE. No, the general survey, the strategic minerals. I understand you have had great difficulty with personnel, and I can understand why.

Dr. SAYERS. We have some difficulty in obtaining personnel sufficiently qualified. However, it is not as great as one might think. People are glad to help; in general the public wants to help. We are getting along, I believe, with reasonable satisfaction. We are carrying on our examinations, examining properties that are submitted to us by the Geological Survey, by the State geological surveys, and by individuals. After an examination of a property has been made, it is followed by thorough exploration by drilling, trenching, and so forth, if the results of the examination warrant it.

TELEGRAM TO EMPLOYEES OF AMARILLO, TEX., HELIUM PLANT

I would like to insert a telegram to the employees of the Amarillo helium plant, at this point.

Senator HAYDEN. That may be inserted in the record.

(The telegram follows.)

WASHINGTON, D. C., October 3, 1942.

Employees of the Amarillo Helium Plant, Petroleum Division:

Helium-filled Navy blimps engaged in air observation and coastal patrol are proving a powerful defense against enemy submarines. More and more they are aiding in the vital watch for undersea raiders off our shores. Thus these lighter-than-air craft are relieving other needed units that are badly needed for duty elsewhere in this seven-ocean war. For this purpose sufficient supplies of helium must always be available and we are depending on you to do this. The Navy is confident you will keep them flying.

C. H. WOODWARD,
Rear Admiral, United States Navy, Retired,
Chief of Incentive Division.

Senator HAYDEN. We thank you.

GOVERNMENT IN THE TERRITORIES

TERRITORY OF ALASKA

STATEMENTS OF KENFIELD BAILEY, ASSISTANT TO ADMINISTRATIVE OFFICER, DIVISION OF TERRITORIES AND ISLAND POSSESSIONS, AND DAVID E. THOMAS, ASSISTANT SUPERVISOR, ALASKAN AFFAIRS

Senator HAYDEN. There are two items for the Department of Interior, under "Territory of Alaska"; the first one the "Care and custody of insane in Alaska," which carries an additional amount of \$1,500. Let us discuss that one first.

REASON FOR DEFICIENCY ESTIMATE FOR CARE AND CUSTODY OF INSANE IN ALASKA

Mr. BAILEY. That is to take care of a deficit that has been incurred by reason of the fact that there is a greater population load in the hospital than was estimated for at the time the 1942 estimates were put in. It is for the care and custody of those persons adjudged insane, from the Territory of Alaska, and in the Sanitarium Co.'s hospital in Portland, Oreg.

ADDITIONAL FUNDS FOR USE AT MORNINGSIDES HOSPITAL, PORTLAND, OREG.

Senator HAYDEN. According to the justification this estimate provides for additional funds for the care and custody of insane at Morningside Hospital, Portland, Oreg.

Mr. BAILEY. That is right. It is the Sanitarium Co. that runs that hospital.

INCREASE IN AVERAGE MONTHLY POPULATION

Senator HAYDEN. And there is an increase in the average monthly population.

Mr. BAILEY. That is right.

Senator HAYDEN. The amount of \$1,500 is proportionate to the number of patients?

Mr. BAILEY. That is right. I have a statement here that will indicate exactly the applications against our estimate, and I can give you that for the record.

PATIENT PER CAPITA COST PER ANNUM

Senator HAYDEN. The report I have here shows it is at the rate of \$648 per capita.

Mr. BAILEY. That is right.

Senator HAYDEN. Which amounted altogether to \$208,930 for all purposes, and this is an additional \$1,500.

Mr. BAILEY. That is right.

Senator HAYDEN. On the same per capita basis.

Mr. BAILEY. For 1942 the appropriation was \$209,080.

Senator HAYDEN. Let us put that statement you have in the record. (The statement follows:)

Care and custody of insane, Alaska

| Purpose | Estimates | Obligations as of June 30 |
|---|-----------|---------------------------|
| Personal services | \$5,600 | \$5,749.88 |
| Travel | 1,500 | 2,022.81 |
| Other contractual services | 200,880 | 201,450.71 |
| Grants, subsidies, and contributions: | | |
| Burials | 800 | 720.00 |
| Gratuities | 300 | 365.00 |
| Total | 209,080 | 210,308.40 |
| Travel and other expenses for which vouchers not yet received | | 271.60 |
| | 209,080 | 210,580.00 |
| Total estimated obligations | | \$210,580 |
| Less appropriation | | 209,080 |
| Estimated deficit | | 1,500 |

CONSTRUCTION OF PALMER-RICHARDSON ROAD

TEXT OF SUPPLEMENTAL ESTIMATE

Senator HAYDEN. All right; the next item is for the construction of the Palmer-Richardson Road. The item reads:

Construction of Palmer-Richardson Rd., Alaska (national defense):

For an additional amount to complete construction of the Palmer-Richardson Rd., Alaska, \$500,000, to remain available until expended, and the limitation of \$1,800,000 upon the total cost of such work contained in the Third Supplemental National Defense Appropriation Act, 1942, is hereby increased to \$2,300,000 (48 U. S. C. 321-337; 55 Stat. 827; 56 Stat. 559)..... \$500,000

This estimate is to provide funds for the completion of construction of the Palmer-Richardson Road in Alaska, and to authorize an increase in the limitation on the total cost of construction from \$1,800,000 to \$2,300,000. At the present rate of expenditure available funds will be exhausted by the end of the calendar year 1942. An acute shortage of labor together with delays in obtaining supplies and materials has greatly handicapped operations during the 1942 season and, in addition, the costs of construction, including materials and equipment, have risen greatly due to factors over which the Alaska Road Commission has had no control. They include increases in freight rates, difficulties and delays in securing road equipment, repair parts, and necessary supplies, and excessive labor turn-over, which to date has been over 100 percent.

LENGTH OF ROAD

How long is that road?

Mr. THOMAS. One hundred and forty-five miles.

Senator HAYDEN. And it goes from—

Mr. THOMAS. From Palmer to Copper Centre.

Senator HAYDEN. That is from the seacoast to the interior?

Mr. THOMAS. Not exactly from the seacoast. From near Anchorage, a place called Palmer, it goes across country and joins the Richardson Highway at Copper Centre.

PURPOSE OF ROAD BEING CONSTRUCTED

It is an access road to enable the War Department to transport troops and equipment from Anchorage across to the Richardson Highway, and up the Richardson Highway to Fairbanks, where there is an air base. It will also connect with the International Highway through Canada to Fairbanks, Alaska.

Senator HAYDEN. But it does give access ultimately to the coast and to Cook Inlet?

Mr. THOMAS. There is already a road from Palmer to Anchorage and Cook Inlet. It joins up with that road.

Senator HAYDEN. Apparently, from looking at the map, it is a highly strategic highway.

LETTERS FROM THE SECRETARY OF WAR AND THE ALASKA ROAD COMMISSION

Mr. THOMAS. It is; and I would like to leave to put in the record a letter from the Secretary of War to the Secretary of the Interior, endorsing the project as very valuable for war purposes. I would also like to leave with the committee a letter just received from the Alaska Road Commission, at Juneau, itemizing why the cost of this highway exceeds the original estimate. It gives a break-down of the increased cost, and the reasons therefor.

Senator HAYDEN. Those letters will be printed in the record.

(The letters follow:)

WAR DEPARTMENT,
Washington, November 12, 1940.

The Honorable the SECRETARY OF THE INTERIOR.

DEAR MR. SECRETARY: I am informed that you are considering the advisability of including in the budget for the Alaska Road Commission and item in the amount of \$1,500,000 to cover the cost of construction of a highway connecting the Anchorage road system with the Richardson Highway.

The War Department is convinced of the importance of such a highway solely from the viewpoint of its value to national defense. At the present time the great Army base being constructed at Anchorage receives all of its supplies, munitions, and personnel from Seward via the railroad to Anchorage. If the port facilities at Seward, or the railroad itself should be destroyed or damaged, the Anchorage garrison would be cut off completely. At least one alternate route should be available. An alternate port is available in the town of Valdez but Anchorage can be reached from that port only via the Richardson Highway north to Fairbanks and thence south to Anchorage by rail. It is imperative therefore that a highway connecting Anchorage and Valdez be constructed at the earliest practicable date and by the most suitable route from the standpoint of distance, maintenance and ability to keep open during the winter.

It is therefore requested that consideration be given to the inclusion in the budget of the Alaska Road Commission for the fiscal year 1942 of an item to cover the construction of a highway from Anchorage to Valdez.

Other road construction under consideration for Alaska is favored by the War Department but it is not of sufficient importance to national defense to warrant any action by this Department at the present time.

Sincerely yours,

HENRY L. STIMSON,
Secretary of War.

UNITED STATES DEPARTMENT OF THE INTERIOR,
ALASKA ROAD COMMISSION,
Juneau, Alaska, October 5, 1942.

Mr. GUY J. SWOPE,
Director, Division of Territories and Island Possessions,
Department of the Interior, Washington, D. C.

MY DEAR MR. SWOPE: Please refer to your radio of October 2 and my reply today with reference to estimate for additional funds for the Glenn Highway.

It is not possible to justify the increased cost of this job over the original estimate by detailed figures for the reason that there are many factors affecting the cost which it is not possible to evaluate, the principal item being additional work as a result of bad ground conditions which were not anticipated in our original estimates. The original estimates were prepared after only a preliminary reconnaissance as neither time nor funds were available for a detailed survey. These estimates were based on our experience with average ground conditions over interior Alaska and on normal working conditions; that is, an adequate labor supply including the necessary number of skilled operators and mechanics.

Actually labor conditions have been as bad as I have ever encountered. During the past two seasons there have been more jobs than men, resulting in a continual movement of men from one job to another. The Army and contractors on defense projects have been paying a higher scale than the Road Commission with the result that we were not able to obtain the best class of operators and mechanics. Work was delayed by lack of sufficient men and even after attempting to ship men from the States, we were unable to keep the crews up to full strength.

It is not possible to evaluate all these things but some items we can very definitely evaluate. Based on the original estimate of \$1,500,000 the following increases over our estimates have actually occurred:

| | |
|--|----------------|
| Increased cost of steel for bridges..... | \$33,600 |
| Increased cost of lumber..... | 10,500 |
| Increased cost of subsistence supplies..... | 35,000 |
| Increased cost of freight (including loss land grant and surcharge on Alaska rates)..... | 40,000 |
| Increased wages due to raising scale average of 40 percent..... | 250,000 |
| Transportation of labor from the States and from points in Alaska..... | 35,000 |
| Total..... | 404,100 |
| In addition to the above fairly definite increased costs, it is estimated that additional costs due to break-down of equipment and consequent labor and material to make repairs, also lost time of equipment from job would amount to at least..... | 100,000 |
| The balance of the \$800,000 now estimated over the original estimates can only be justified by the fact that the actual work required to be done was greater than anticipated in the original estimate by..... | 295,900 |
| Total..... | 800,000 |

In other words, had conditions remained normal in all respects it is evident that our original estimate should have been \$1,800,000.

I have given these increases for the total amount over the original estimate as we had justified a partial increase last year and these figures include those furnished at that time.

As to the status of the work, grading has been partially completed over the entire route. On approximately 80 miles the grading has been practically completed. The remaining 57½ miles are in various stages of completion, varying

from 90 percent complete to 50 percent complete. Surfacing has been placed only where required to afford a passible road on the sections where grading is completed. On approximately 40 miles no surfacing will have been placed this fall.

It is regretted that it is necessary to make this request for additional funds. We have made every effort to expedite the work but under existing conditions progress has been slow.

Very truly yours,

IKE P. TAYLOR, *Chief Engineer.*

BUREAU OF MINES

EMPLOYMENT OF CERTAIN PERSONNEL WITHOUT REFERENCE TO CLASSIFICATION ACT

Senator HAYDEN. In connection with the amendments submitted by the Interior Department in Senate Document 260, dated October 8, 1942, I wish to place in the record the following justification submitted by the Bureau of Mines of an amendment to broaden existing law relative to the appointment of certain personnel without regard to the Classification Act of 1923, as amended.

DRAFT OF A PROPOSED PROVISION PERTAINING TO EXISTING APPROPRIATIONS

The authority granted by the Interior Department Appropriation Act, 1943, to the Secretary of the Interior, or any official to whom he may delegate such authority, for the duration of the war and 6 months thereafter, to appoint skilled and unskilled laborers, mechanics, and other persons engaged in a recognized trade or craft, including foremen of such groups, employed at experimental plants and laboratories of the Bureau of Mines without regard to the Classification Act of 1923, as amended, is hereby extended to include appointment of such employees at helium plants and properties related thereto.

Estimates of demand for helium received by the Bureau of Mines from the Navy Department in April 1942 were approximately double those received in the preceding February. In July 1942, the Navy transmitted new estimates which are nearly double those of April. These latest estimates from the Navy, combined with estimates from the War Department and the Weather Bureau, indicate a consumption in August 1943—less than 1 year hence—that is about six times the capacity of the Amarillo, Tex., plant, which is the only one now in operation, and two and one-fourth times the combined capacity of that plant and the one at Exell, Tex., now under construction. Therefore, the Exell plant must be rushed to completion with all possible speed and other projects must be started immediately. This cannot be done unless the Bureau is authorized to employ workmen at rates equal to those paid by other employers.

Authority to employ workmen in experimental plants and laboratories of the Bureau of Mines without regard to the Classification Act of 1923, as amended, was inserted in the Interior Department Appropriation Act of 1943 because the Bureau could not employ and retain adequate personnel in competition with private and Government establishments paying prevailing wages with time and one-half for overtime. As the Exell plant is in the vicinity of several large war projects that are paying wages much higher than those provided by the Classification Act, and the Bureau will be confronted with similar situations in constructing plants in other locations, it is essential that authority be granted to make appointments at prevailing rates. The wording "experimental plants" makes it doubtful whether the authorization included in the Interior Department Appropriation Act for 1943 can be applied to helium plants, which are for production rather than experimentation, so language is requested to include helium plants specifically under the authority previously granted for experimental plants.

Senator HAYDEN. If that is all, we thank you, and the committee will stand adjourned until 10:30 Monday morning.

(Whereupon at 12:25 p. m. the committee adjourned to 10:30 a. m. Monday, October 12, 1942.)

SECOND SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1943

MONDAY, OCTOBER 12, 1942

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met pursuant to call at 2 p. m. in the committee room, the Capitol, Hon. Kenneth McKellar (chairman) presiding.

Present: Senators McKellar, Hayden, Thomas of Oklahoma, Overton, McCurtan, Bankhead, Nye, and Brooks.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF HON. ROBERT M. LA FOLLETTE, Jr., A UNITED STATES SENATOR FROM THE STATE OF WISCONSIN

FOREST PRODUCTS LABORATORY AT MADISON, WIS.

PURCHASE OF ADDITIONAL LAND

Senator McKellar. You may proceed, Senator.

Senator La Follette. Mr. Chairman, I desire to submit an amendment which I hope the committee will adopt. It relates to the Forest Products Laboratory at Madison, Wis. It provides that not to exceed \$30,000 of their existing appropriation may be used for the acquisition of additional land adjacent to the present site of the laboratory.

Senator McKellar. Is that the 20 acres that was up before the committee last time?

Senator La Follette. The Senate committee placed a similar amendment in the first supplemental national deficiency bill for 1943, but it went out in conference.

I ask leave, Mr. Chairman, to insert here that portion of the estimate which was provided for the first supplemental national defense appropriation bill for 1943.

(The document referred to follows:)

EXTRACT FROM HOUSE DOCUMENT No. 764, JUNE 3-4, 1942

SUPPLEMENTAL ESTIMATE OF APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE—COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES

"FOREST SERVICE

"Forest products: Not to exceed \$30,000 of the appropriation for experiments, investigations, and tests of forest products at the Forest Products Laboratory, or elsewhere, fiscal year 1943, shall be available for the acquisition of additional land adjacent to the present site of said laboratory at Madison, Wis."

The present space available in the permanent laboratory structure and the adjacent grounds owned by the Government at Madison is inadequate to take care of the greatly expanded war program already under way. Future expansion will necessitate an even greater land area in order to meet emergency requirements. There is immediate need for more yard space for logs, lumber, and other products, for additional wood buildings for kilns and drying equipment, and for shed storage space for other equipment and supplies. Anticipated needs in the near future include space for pilot plant installations to demonstrate possibilities of commercial production and uses of wood plastics, plastic wood, and compressed wood, and space will also be needed for fire-proofing work, humidity temperature control requirements, and for boiler-plant expansion.

Immediately adjoining the laboratory site is a tract of land of about 15 acres which is most desirable and large enough to accommodate all expansions at present required or contemplated. The assessed valuation of the land per acre is lower than other sites of comparable size in the vicinity, and its owners have recently offered it for sale at the same price at which it was acquired by them 15 years ago, or at \$2,000 per acre.

Acquisition of this property to meet urgent needs for additional land area, at a price not in excess of \$30,000, is recommended. It is felt, however, that the cost of acquisition should be met with funds provided for the fiscal year 1943.

NEED FOR ADDITIONAL LAND

I understand, although I am not officially advised, that there will be another estimate for this bill sent down today. I wish to point out to the subcommittee that the need now is far greater than it was last June when the committee voted to place this authorization or permission in the statute. Since then a greatly expanded program, aggregating over \$700,000 annually, and involving the doubling of the organization, has been undertaken for the War and Navy Departments by the Forest Products Laboratory. I sincerely hope that the subcommittee will see fit to reincorporate this amendment in the second supplemental national deficiency appropriation bill, and that the committee will be more successful in persuading the House that the need is now not anticipated but it is demonstrated. It is an actual fact that they are hampered in their war program by their inability to use this money to buy additional land, and I wish to re-emphasize that they are not asking for any additional money, but simply permission to use \$30,000 of funds already appropriated.

TEXT OF SUPPLEMENTAL ESTIMATE

Senator McKELLAR. We have the Budget estimate, and at this point I will insert it in the record.

(The estimate follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., October 10, 1942.

The PRESIDENT,
The White House.

SIR: I have the honor to transmit herewith for your consideration a draft of a proposed provision to authorize the acquisition, by the Forest Service of the Department of Agriculture, of additional land for the Forest Products Laboratory at Madison, Wis. The item is as follows:

FOREST SERVICE

"SALARIES AND EXPENSES

Forest products: Not to exceed \$30,000 of the appropriation for experiments, investigations, and tests of forest products at the Forest Products Laboratory, or elsewhere, contained in the Department of Agriculture Appropriation Act, 1943,

shall be available for the acquisition of additional land adjacent to the present site of said laboratory at Madison, Wis."

This provision was included among several supplemental estimates of appropriations transmitted to you under date of June 2, 1942, and by you to Congress on June 3, 1942 (House Doc. No. 764). Although considered in connection with the first supplemental national defense appropriation bill, 1943, it was not included therein when the bill was enacted.

The requested authorization is again submitted because of the more critical situation which has developed at the Madison laboratory during the past few months. The facts upon which the first submission was based still exist, and in addition thereto, the laboratory has been called upon to provide space for 150 to 160 inspectors detailed from various branches of the Army and Navy for training at the laboratory. Under plans proposed by the Army and Navy this number will reach 200 to 300 in the near future. Classroom space for these trainees is available neither at the laboratory nor at the University of Wisconsin. Nor is there hotel space in Madison to accommodate the additional numbers who will come to the laboratory for these courses. Provision will be made to have abandoned Civilian Conservation Corps buildings moved to the land to be acquired to serve for quarters and classrooms and to provide for needed additional storage facilities.

Acquisition of the property proposed for purchase is urgently necessary to meet the present critical situation caused by the expanded war program and, I am informed, is strongly recommended by the War Department. It will provide, also, for the future land requirements of the research program at this laboratory.

The foregoing proposed provision is made necessary by reason of contingencies which have arisen since the transmission of the Budget for the fiscal year 1943. I recommend that it be transmitted to Congress.

Very respectfully,

(Signed) HAROLD D. SMITH,
Director of the Bureau of the Budget.

TEXT OF PROPOSED AMENDMENT

Senator LA FOLLETTE. I thank the members of the subcommittee and the other witnesses for permitting me to proceed, and I will submit my amendment for the record.

(The amendment follows:)

FOREST SERVICE

Forest products: Not to exceed \$30,000 of the appropriation for experiments, investigations, and tests of forest products at the Forest Products Laboratory, or elsewhere, fiscal year 1943, shall be available for the acquisition of additional land adjacent to the present site of said laboratory at Madison, Wisconsin.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF CIVILIAN DEFENSE

STATEMENTS OF JAMES M. LANDIS, DIRECTOR OF CIVILIAN DEFENSE; COL. G. M. PEEK, REPRESENTATIVE, SECRETARY OF WAR, CHIEF, FACILITY SECURITY BRANCH; JOHN B. MARTIN, ASSISTANT TO THE DIRECTOR OF CIVILIAN DEFENSE; AND SAMUEL T. PARELMAN, BUDGET OFFICER, OFFICE OF CIVILIAN DEFENSE

AMOUNT OF ADDITIONAL FUNDS REQUESTED

Senator McKELLAR. All right, Mr. Landis, we are ready for you. You have several items, aggregating \$1,042,000, which the House took out altogether. Do you wish to address yourself to that?

Mr. LANDIS. Yes; that is what I would like to do. I appreciate the courtesy of being allowed to restate this case before the committee, inasmuch as the House turned down this entire appropriation.

PURPOSE OF FUNDS REQUESTED

The appropriation is for four agencies, the Office of Defense Transportation, Department of the Interior, Public Health Service, and Department of Agriculture. It is intended to carry out the duties entrusted to those agencies by Executive Order 9165, in which the President charged these agencies, among other Federal agencies, to concern themselves with the specific duty of preventing sabotage and other destructive acts in regard to the facilities under the control of those various agencies.

These agencies are charged with, first, conducting surveys to ascertain what the security status of the various facilities is, and then to determine what deficiencies there are in that security status; then to make recommendation for action to the owners and operators of those facilities; then to make recurring inspections to see that those recommendations have been carried out, and to take all other necessary steps that may be required for preventing sabotage and other destructive acts.

EXTRACT FROM HOUSE REPORT

Senator MCKELLAR. Mr. Landis, the House committee, in making its report, had this to say in part:

The rejection of the Budget estimate does not indicate any lack of sympathy or interest in the objective sought. The committee is of the opinion that the private and local public management of these projects is aware of the situation and in many instances amply qualified by technical experience to take remedial steps if fully advised of the necessity. The committee feels that, instead of the employment of a large group of traveling technicians whose visits in many cases may be long delayed in reaching all plants, an educational campaign directed to the ownerships calling forcibly to their attention the need for examination of their protective measures and advising them to secure technical advice and following that up with a requirement to report their action with respect thereto would have an effect almost as wholesome as the proposed program. * * *

What have you to say to that? Address yourself to that.

Mr. LANDIS. I will be glad to. That argument in the House report is also followed by the suggestion that thus far there has not been much in the way of sabotage occurring in this country, and I think it wise to grasp that situation first because, while subversive activities to date have not appeared to be coordinated, or of a joint character, there have been a number of incidents that are highly suspicious.

You will recognize, of course, that the test of the act itself, of sabotage, is to make the thing look like an accident and, consequently, the only clues to the existence of sabotage may be in the steadily rising fire, explosion, break-down, or accident rate in this country. We have had a substantial increase in those rates, and naturally anything that can be done to reduce the rate of accidents and fire is itself a measure of conservation and is itself a measure of protection against sabotage.

NATURE OF WORK PROPOSED TO BE CARRIED ON

Senator McKELLAR. What do you propose to do to remedy what you say is a bad situation?

Mr. LANDIS. Specifically, what is proposed under this program is in connection with these facilities, such as railroads, public water supplies, farm products processing plants, private irrigation plants, and the like. The agencies that have a familiarity with those plants will first survey the important facilities or plants in each category and determine what shall be done to preserve the security of those facilities, which, as yet, has not been done, and make recommendations to the owners and operators for doing that kind of work.

The House committee took the position that that could be done through an educational campaign without the employment of any considerable force. In the first place, the suggestion of the House committee is of grave concern to me because it is such an important thing, as I see it, to improve the security condition of those facilities. One would hesitate to leave it simply to a sort of correspondence method, such as the House committee suggests.

The cost involved in a program of this nature is, I think, quite small as against the chance of preserving facilities against sabotage and other destructive acts.

METHODS THAT WOULD BE FOLLOWED IN FACILITIES SECURITY PROGRAM

Senator McKELLAR. The question is, What methods are you going to adopt? Are you going to employ men to go to the plants, or what are you going to do?

You have \$1,042,000 proposed to be appropriated. What is that for? What are you going to do with it?

Mr. LANDIS. Senator, the Office of Civilian Defense will not employ any of those men. Those men will be employed by the four agencies mentioned here.

Senator McKELLAR. Oh, yes. We just pay for it. For instance, if a railroad company wants additional men to look after their protection your argument is to let them employ additional men and the Government pay for it.

Mr. LANDIS. No.

Senator McKELLAR. Just how will it work?

SERVICE THAT WOULD BE RENDERED RAILROADS

Mr. LANDIS. Let me take the railroads as a specific illustration.

Senator McKELLAR. Yes.

Mr. LANDIS. Our railroads today are not, in the judgment of the Army, and as shown by such surveys as we have made, as well guarded as they should be. What we are asking for specifically in this appropriation is 14 men in the Office of Defense Transportation to survey the railroad situation; bring out these critical points that exist; bring them to the attention of the owners and operators of the railroads; and the guarding will be done by the regular force of the railroads.

Senator McCARRAN. In the West the railroads are being guarded by the Army now.

Mr. LANDIS. At some points. But there are more critical points where no guarding is being done.

BREAK-DOWN OF AMOUNT REQUESTED FOR RAILWAY PROTECTIVE PROGRAM

Senator HAYDEN. That is a point I want to get at. What part of the \$102,000 you have here is required to employ 14 men to make a survey and what part of it would be subsequently used? There are two features to your program; one, the survey. Then what are you going to do after the survey?

Mr. LANDIS. After the survey there will be recurring inspections.

Senator HAYDEN. But it can be broken down into two parts; one, the actual survey—

Mr. LANDIS. Yes.

Senator HAYDEN. And the other is what you do afterwards. Does it take the whole \$102,000 to make this original survey of the railroad situation, that money to be expended by Mr. Eastman's organization?

Mr. LANDIS. Yes; his organization will spend the money.

Senator HAYDEN. Does it require that much?

Mr. LANDIS. His estimate is \$77,000 for personal services over the year. I should imagine that cost would go down as the actual survey is completed, and the duties that now rest upon the organization would be those of an inspectional character on the basis of the survey that had previously been made.

Senator HAYDEN. That is, \$77,000 is for salaries, and the remainder for expenses. How do you break it down?

Mr. LANDIS. Travel, \$11,200; transportation of things, \$1,000; communications, \$2,376; rents and utility services, \$3,484; printing and binding, \$500; other contractual services, \$500; supplies and materials, \$1,320; and equipment, \$4,620.

Senator HAYDEN. A total of \$102,000?

Mr. LANDIS. A total of \$102,000.

PURPOSE OF FUNDS FOR RAILWAY PROTECTIVE PROGRAM

Senator HAYDEN. Then, this sum of money will merely provide for the initial survey of the railroad situation in the United States.

Mr. LANDIS. And the making of recommendations for acting on the basis of the survey.

Senator McCARRAN. After that \$102,000 comes the expense of maintenance.

Mr. LANDIS. You mean the expense of the actual guarding?

Senator McCARRAN. Yes.

Mr. LANDIS. That is borne by the railroads. There is no suggestion that the actual expense of introducing security measures shall be borne by the United States.

Senator McKELLAR. Wouldn't the railroads know more about their property than untried civil-service employees?

Mr. LANDIS. Unquestionably they know a great deal about it.

Senator McKELLAR. They have every interest—they have a self-interest, which is a tremendous force. They have every reason in the world to protect their own properties. Why would a force of civil-service employees, selected by the Civil Service Commission down here, know more about protecting a railroad company's property than its own employees?

TYPE OF PAST PROTECTION PROVIDED BY PRIVATE INDUSTRY

Mr. LANDIS. In that connection, I would like to make this point, not only with reference to the railroads, but with reference to these other facilities as well—that the type of protection that private industry has been affording over the past years has not been directed toward the incidence of sabotage. We have done most of that particular type of thing.

Senator MCKELLAR. The railroads, especially, have been more troubled with sabotage than any other class of business in the country.

USE OF ARMY IN GUARDING RAILROADS

Mr. LANDIS. You will recall, as Senator McCarran has mentioned, that the Army has moved in on many critical situations on the railroads. The Army is also anxious to move out of some of these situations and turn them over to civilian agencies.

Senator McCARRAN. But the Army, in my observation, is better equipped and better trained to take it over than any civil agency you will be able to put in in the next several years. The Army has discipline and knows how to organize these things. The railroads know their weak points better than anybody else in the world, and the railroads can guide the Army to where those defense activities are necessary.

Mr. LANDIS. I would not question for a moment the efficacy of the Army. The only consideration of the Army today is that it is not anxious to deploy troops that might be used for offensive warfare on police work.

Senator McCARRAN. As a matter of fact, it is not employing those, who would be available for first-line warfare. They are using, largely the military police and certain divisions that belong to that outfit, and they can utilize a certain group of men and a certain class of men that they would not take abroad or into active service. They can and are doing effective work wherever they are installed. You say they are not used all over the country, but I know they are in my State.

POWER AND IRRIGATION WATER PROGRAM

Senator HAYDEN. Take these other branches, Bureau of Reclamation, \$126,000. In that case, Mr. Page, the head of the Bureau of Reclamation, would employ personnel to perform the same kind of surveys you have mentioned for the railroads?

Mr. LANDIS. Yes; for the private irrigation plants.

Senator HAYDEN. In other words, he would make a study, not on Government projects, which he has already cared for, but this is to study the private power and irrigation projects of the country?

Mr. LANDIS. Yes.

DOMESTIC WATER SUPPLIES PROGRAM

Senator HAYDEN. Then, Public Health Service, domestic water supply, \$214,000. Is that to be expended only on private water works, or public and private?

Mr. LANDIS. On public and private; although not federally owned.

Senator McCARRAN. Municipal water works?

Mr. LANDIS. Municipal water works.

Senator HAYDEN. Under the Department of Agriculture you have forest products industry, \$250,000. Would that mean an examination of sawmills?

Mr. LANDIS. Sawmills, veneer plants, all the logging operations, all those processes that are concerned with forest products.

FOODSTUFFS AND STORAGE PROGRAM

Senator HAYDEN. Then you have the largest item of all, \$350,000 for foodstuffs and storage plants. That would, I assume, mean the inspection of flour mills, granaries and other plants where—

Mr. LANDIS. Vegetable oil processing plants, which are enormous and, today, of course, the storage warehouse plants in connection with lease-lend operations are of great importance.

NEED FOR LOCAL INSPECTIONS IN CARRYING OUT PROGRAM

Senator HAYDEN. Frankly, Mr. Chairman, I don't see how you are going to attack this problem and do it by having somebody in Washington write a letter. Somebody should go on the ground and look at these plants, or else we should not do it at all.

PERSONNEL WOULD BE OBTAINED THROUGH CIVIL SERVICE

Senator McCARRAN. Is this all to be done through civil service?

Mr. LANDIS. Yes; and they are to be trained—we have already been training some men for our own staff in the Fort Oglethorpe school, which has been instituted to train men.

Senator McCARRAN. Just let me follow up one thought there. My information is, and the information is borne out by experience and observation, that the Civil Service is so far behind that it cannot furnish men for the United States at the present time. Now, if you are going to unload an additional burden on them, I would like to know when this actual work will ever get started, with men on the job. If we need it, we need it now, because we are going to win this war after a while.

FUNDS REQUESTED NOT FOR EMPLOYING GUARDS

Senator HAYDEN. There are two propositions here. Not one dollar of this money is to be expended to guard private saw mills, or to guard a mill or a railroad or to guard any private irrigation or power plant.

Mr. LANDIS. Not at all.

Senator HAYDEN. This is to hire nobody to do the guarding.

Mr. LANDIS. Not at all.

PURPOSE OF FUNDS REQUESTED

Senator HAYDEN. This is purely an examination to determine whether or not a facility is in such condition that it could be readily sabotaged, and then to recommend to the owners or managers how they can protect it.

Mr. LANDIS. That is it.

Senator HAYDEN. That is the end of it.

Mr. LANDIS. That is it, exactly.

Senator HAYDEN. Then, on the recurring proposition. Is it your opinion that once this investigation was made, additional sums of money would be needed, or as much money would be needed?

Mr. LANDIS. I should doubt whether as much money would be needed, because then the problem is one of recurring inspection which can be done in very short time as distinguished from the original plant survey. That is a point I would like to make in connection with the House suggestion.

Senator McCARRAN. May I interrupt before you do that? The atmosphere of that does not strike me very forcibly, for this reason: I will take one of the outstanding reclamation projects we know of. Take the Central Valley project.

Senator HAYDEN. That is a Government project. He said this would apply only to private projects.

Senator McCARRAN. They are all the same in structure, and anyone can see at a glance, and would know without being told, without sending out a group to investigate, that they are subject to sabotage. They are vulnerable all the time. Take Boulder Dam, or any one of those dams, they are all vulnerable. In other words, a bomb, or a few bombs, would greatly damage any one of them. You don't have to have an inspection to know that. That just stands out like a wart on the end of your nose. We all know it.

Mr. LANDIS. Yes; but there are things that can be done to make them less vulnerable.

PROTECTIVE MEASURES FOR LUMBER COMPANIES

Senator OVERTON. Take a lumber company; what would you do there?

Mr. LANDIS. Several things would have to be done with regard to a lumber company.

Senator OVERTON. What are they?

Mr. LANDIS. The fencing of the plant, for instance.

Senator OVERTON. There are few of them fenced.

Mr. LANDIS. I was thinking, perhaps, of the private plants. We had the other day a fire at one of the largest private plants in this country, which interrupted very seriously the program of airplane production. A check on personnel is another matter.

Senator OVERTON. You intend to check the personnel, the employees, to see what kind of men they are?

Mr. LANDIS. Yes.

Senator OVERTON. That would take quite a number of men.

Mr. LANDIS. We would not do that.

Senator OVERTON. You would recommend to them that they do it?

Mr. LANDIS. Recommend methods of checking so as to eliminate the potentially dangerous ones.

Senator OVERTON. What method of check would you have?

Mr. LANDIS. The methods of checking against records, the thumb-print method, checking through fingerprints, and checking against all existing records that there are.

Senator OVERTON. Don't you think they do it now? Do you think you are giving them a new thought?

ILLUSTRATIONS OF LACK OF PROPER PROTECTIVE MEASURES

Mr. LANDIS. I have a few illustrations here of the kind of things that we have turned up in the course of preliminary surveys. Here, for example, is an operator who was desirous of protecting his facility against subversive action, who put up a 9-foot fence. But the survey disclosed that 9-foot fence was built in such a manner that it was impossible for fire fighters to reach the plant in case of fire.

Senator McKELLAR. Well, if somebody could get into that plant with a wagon or a truck, certainly the fire apparatus could go in where that truck went in. Otherwise, the plant would be absolutely useless.

Mr. LANDIS. But the problem was in getting to the hydrants.

Senator McKELLAR. If the hydrants are near the plant and there is an opening into the plant—and a man always has to have an opening into his lumber mill. If he doesn't have an opening, he doesn't sell any lumber. I am just as familiar with lumber as I am with cotton or anything else that grows in our part of the country—and in a plant such as you suggest, to tell the man to tear his fence down would add to his troubles rather than help him.

Colonel PEEK. This particular plant was not a lumber plant, it was a gas plant. The hydrants were on the road, and they built the fence along the road with the hydrants on the other side, and it was impossible for any one to go around the plant to get to the hydrants. This plant was inspected by the Office of Defense Transportation.

Senator McKELLAR. Do you think the Government, under those circumstances, should go there and move those hydrants and put them where they ought to be on this private property, or move the fence?

Senator McCARRAN. That is not the objective. The objective is to tell the owner he put his fence in the wrong place.

Mr. LANDIS. Exactly.

Senator McKELLAR. You would have a lot of trouble telling the owner what to do, because he is interested in that plant more than you are—more than your representative would be.

Colonel PEEK. In this particular case there was a paid inspector of the Defense Transportation, which agency has already received its appropriation for this work. He surveyed the plant, found the fence in that condition, pointed it out to the managers and they made changes in their fence so as to leave openings so that the fire equipment could get in. But, unless the Government inspector had been there, it is doubtful whether he ever would have done it.

Senator McKELLAR. This seems to be a lot of money here. I notice the salary range here is from \$7,500 to \$1,620. It looks to me as if it would be very expensive, with doubtful results.

Colonel PEEK. There are other instances that could be cited.

Mr. LANDIS. There are other instances along this line that we have handled that would show you the kind of things that turn up.

Senator HAYDEN. Let us hear two or three of them.

Mr. LANDIS. All right. In one section of the country, in a comparatively small area, there are a number of plants and shops which make essential war materials, airplane parts, and the like. There is about \$750,000,000 of war construction going on in that area. All the water for that area is obtained from wells, 80 percent of which

are operated by electricity brought in by overhead transmission lines. The increase in population in that area naturally causes a great drain on the water supply, and there is very little left in the event of fire. Moreover, the destruction of any of those high-tension wires would completely paralyze the water supply of that community and leave it a prey to fire, if a fire got started. Obviously, there is a situation that needs correction if we want to safeguard, in any effective way, over \$750,000,000 of war construction.

Senator McKELLAR. What would you do in a circumstance like that?

Mr. LANDIS. We would—

Senator McKELLAR. Would you just recommend that a canal be cut from some river to furnish the necessary water, or that additional wells be dug? What would you do?

Mr. LANDIS. Sometimes, in a situation of this nature, you cannot recommend anything except extensive construction. It so happens here that there is possibility of interconnection with a large municipal water supply system. The cost of that is negligible beside the protection that would be afforded, not only to the community, but to that enormous amount of war construction that is going on.

Here, for example, is another situation, which is a very striking one. It was brought into the office day before yesterday. The key valve of a natural gas line that moves into one of our large eastern cities is in an exposed position along a very frequently traveled highway. The other day an automobile ran off the road and damaged the valve and set fire to the escaping gas. That valve is marked conspicuously. The line itself is owned by a company which has its offices in another State. No one really recognizes the danger in things of that nature until you do get people who have this particular interest in mind to survey a property of that character.

Senator McKELLAR. I can't follow your reasoning. Why would a civil-service employee, with or without examination, who was sent up there, say from another State, have more interest in it than the owner of that plant?

Mr. LANDIS. It is not that he has more interest, but he has a different focus, and a different training along this line.

Senator McKELLAR. Why would he have a different training? Because, in the first place, you say he would have to be trained by you.

Mr. LANDIS. Not by us.

Senator McKELLAR. Your organization. How would you train them? You can't train them for that particular instance, because that probably might not occur again anywhere in the United States. And if you trained him for that, you might send him to a place where they would not need any such thing, there might be a wholly different situation. It is a worthy project, and I would like to help, but I can't see where merely looking into it, and seeing these accidents, is going to do any good.

Why should this Government undertake here to set up an organization to advise men about their private business? It seems to me we ought not do it.

EXTENSION OF SECURITY PROGRAM TO FACILITIES

Mr. LANDIS. It may make this point, Senator. Today in our very important war plants the Army has in existence a program under which surveys of these plants are made by trained inspectors and recommendations for installation of security measures are made. The plant owners are interested in those plants, but the Army, and we, as a Nation, are more interested in those plants, because we dare not lose the productive capacity those plants represent. The efficiency of those plants depends upon water supply, upon gas supply, railroad transportation, highway transportation. All this program suggests is that a concern similar to that exhibited for the operation of the war plants be extended to the facilities upon which those war plants depend.

Senator THOMAS. Mr. Chairman, let me give a concrete illustration. I understand this program is to protect existing war-production plants.

Mr. LANDIS. Facilities rather than war-production plants.

Senator THOMAS. And to keep them going.

Mr. LANDIS. Yes.

TULSA AND WEST TULSA FLOOD CONTROL PROJECT

Senator THOMAS. This Congress years ago started to build a levee to protect a lot of factories and residences down in my State, between Tulsa and Sandy Springs. Before the levee was completed they ran into difficulty with a right-of-way at one point. They could not get the right-of-way settled and the levee was never completed. More recently these plants up and down the river there are making war goods. The Sheffield Steel Co. has a plant there; there is a cotton mill, a bag mill, a tank factory, box factories, all engaged in making war equipment, and this year already they have had two big floods on the Arkansas River. When the Arkansas gets up, it floods those plants up about halfway, and the residences in which the people live who operate those plants are flooded, so that the people are run out of their homes. Congress this year has made an appropriation to complete that levee at a cost of \$513,000. The Budget says it is not necessary to build that levee now. Do you feel, if we give you this money, you can go down and tell those people at the Budget to build this levee?

Mr. LANDIS. I think it would be our duty to suggest that to the Government. The Office of Civilian Defense can't spend money to build a levee.

Senator THOMAS. The money is appropriated; it is impounded by the Bureau of the Budget. All you have to do is to get them to unfreeze it.

Senator McKELLAR. I am afraid we can't settle it that way.

Senator THOMAS. That is what we are up against there.

Senator McKELLAR. Is there anything else you wish to say about it?

Mr. LANDIS. I think that substantially states the case. I just would like to make one more point along this line.

Senator McKELLAR. Yes.

Mr. LANDIS. That is, the seriousness of the situation, as it stands today. Because sabotage has not been widely advertised and has not

been deemed widely to occur, I think it tends to breed a feeling of confidence that may not be justified.

(A discussion followed off the record.)

Senator McKELLAR. Does anybody else want to be heard in connection with this?

Colonel PEEK. In connection with what Director Landis has just said, I would like to cite this instance.

(A discussion followed off the record.)

Senator McKELLAR. We had the same thing just the other day and lost a great number of lives, which is much more serious than tank cars.

Colonel PEEK. An oil train was wrecked on the Atlantic coast, reported to have been caused by the failure of a coupling. Sabotage is suggested because of the number of safety devices now in use in connection with these couplings. This program is designed to call the attention of the railroads to these things which might occur. For instance, the guarding of railroad yards, sorting yards. They are very badly lighted. The railroads have been running that way for years and years, and they do want to look after their equipment, but they are just not trained to look after those points.

Senator McCARRAN. Is it not true that the railroads throughout the country have maintained safety organizations and have given prizes and cups and recognition all over the country for the greatest degree of safety? They have safety organizations in every main line organization that I know anything about, and it has been going on for years.

Colonel PEEK. That is correct, Senator, but that is a different kind of safety.

Senator McCARRAN. I don't know about that one, but there are guards on other tunnels. I know, because I have seen them.

Colonel PEEK. There is a main line railroad carrying a great deal of equipment for our armed forces and a great deal of lend-lease equipment that does not maintain guards in their railroad yards and sorting yards. The Army maintains guards at many places, but there are requests from the Army asking to be relieved from the duty of guarding those things.

Senator McCARRAN. But you are not going to relieve them with this program.

Colonel PEEK. Yes, sir; there is going to be found a way to relieve them. They have been relieved in a number of cases.

Senator McKELLAR. Is there anything further? If not, we are obliged to you.

NATIONAL HOUSING AGENCY

DEFENSE HOUSING

STATEMENT OF JOHN B. BLANDFORD, JR., ADMINISTRATOR: HERBERT EMMERICH, COMMISSIONER, FEDERAL PUBLIC HOUSING AUTHORITY

LETTER FROM ADMINISTRATOR OF NATIONAL HOUSING AGENCY REGARDING ADDITIONAL APPROPRIATION REQUESTED

Senator McKELLAR. Mr. Blandford, we had a letter from you about this matter, and without objection I will have that put in the record at this time.

(The letter follows:)

NATIONAL HOUSING AGENCY,
Washington, D. C., October 9, 1942.

HON. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR SENATOR MCKELLAR: May I comment upon the action taken by the House of Representatives yesterday, following a recommendation from its Committee on Appropriations, in reducing from \$600,000,000 to \$500,000,000 the funds to be appropriated for war housing. It is my hope that the Senate Committee on Appropriations will see its way clear to recommend to the Senate the restoration of the \$600,000,000 amount, in order that the House conferees may have an opportunity to reconsider this in terms of the urgency of the housing situation.

As you know, the \$600,000,000 amount was recommended by the President in a special message to the Congress on May 27. The need for this amount was supported, in lengthy hearings before the House Public Buildings Committee, by the War Department, the Navy Department, the Maritime Commission, the War Production Board, the War Manpower Commission, and various business and labor groups whose effective war production depends upon sufficient war housing. There was no substantial opposition, and the \$600,000,000 amount was authorized by both houses of the Congress and signed by the President.

I want to stress the fact that the War and Navy Departments, and other agencies of Government immediately concerned with the war effort, as well as war plants throughout the country, have adjusted their plans to the need for \$600,000,000 worth of additional war housing in critical war production areas for use by the 1,600,000 to 2,000,000 war workers in migrating to these centers during fiscal 1943. Furthermore, it is a matter of record that these agencies know and have said that full war-production schedules cannot be met in the face of a continuing and mounting housing shortage.

It is rather encouraging to note that the report of the House Committee on Appropriations in all respects accepts the estimates of housing need supported by the various war agencies. The House committee, however, has taken the viewpoint that a reduction of \$100,000,000 would not hamper or delay the provision of necessary housing, since the most urgent needs could be met now and the situation again reviewed by the Congress later on.

With respect to this viewpoint, I feel obligated to make two comments. First, the whole \$600,000,000 estimate was based upon satisfying only the most urgent needs. If needs of secondary urgency had been considered at all the estimate would have run to at least \$1,000,000,000. Secondly, the planning and construction of a housing project, particularly under the stress of the war economy, involves a period of from 4 to 6 months depending upon the type of accommodation provided. In view of the more than 4 months which have elapsed since the President recommended the urgent need for \$600,000,000 worth of war housing, it will be impossible to get that amount of housing completed anywhere near the end of this fiscal year unless the whole amount is made available now. And as I understand that there will be no additional appropriation measures at this session of Congress, if the \$100,000,000 reduction is allowed to stand now, it will stand for at least 3 and perhaps 4 or 5 months. This would mean that \$100,000,000 worth of war housing, or a full one-sixth of the total minimum critical need, would not be provided until at least 4 months and perhaps a half year after the time when the in-migration of workers takes place. The consequences, in terms of labor turn-over, retarded plant employment, and reduced war production, are most serious to contemplate.

Finally, I should like to point out that we are prepared to get the entire \$600,000,000 allocated, programmed, and under way without any delay. In fact, while we have not counted upon funds not yet secured, we have made the necessary studies, prepared the necessary plans, and made the necessary preliminary arrangements to get more than half of the new funds under way the day after they are made available. The remainder would follow week by week.

I hope that you will kindly present to the Senate Committee on Appropriations the urgency of this situation.

I am taking the liberty of sending a copy of this letter to the chairman of the Committee on Appropriations.

Very sincerely yours,

JOHN B. BLANDFORD, JR.,
Administrator.

Senator McKELLAR. The House allowed you \$500,000,000, and you want \$100,000,000 more. Will you tell us about that?

Mr. BLANDFORD. Yes, sir; I shall be very happy to.

AMOUNT OF ADDITIONAL AUTHORIZATION

As you know, the President sent up this recommendation to Congress on May 27, and shortly thereafter we had rather extensive House hearings, lasting over a period of many weeks. A very considerable record was built up, with entirely favorable reports and recommendations from the Army, Navy, Maritime, War Production Board, War Manpower Commission, labor and business organizations, and the National Association of Real Estate Boards. As I recall, the hearing was entirely favorable, as was the House report, which concluded that there really was a need for this \$600,000,000.

Senator McKELLAR. The bill passed.

Mr. BLANDFORD. Yes; the authorization bill.

NONE OF ADDITIONAL FUNDS REQUESTED FOR USE IN DISTRICT OF COLUMBIA

Senator McKELLAR. Before you get into the subject, let me ask you one or two general questions that I have on my mind. What part of this housing is to be built here in the District of Columbia?

Mr. BLANDFORD. None with this new appropriation.

WHERE ADDITIONAL HOUSING WILL BE CONSTRUCTED

Senator McKELLAR. Where is it to be built?

Mr. BLANDFORD. All over the country, Senator, in the critical areas where shipyards and war plants are located. It is for the in-migrant war workers.

Senator OVERTON. Around Army camps?

Mr. BLANDFORD. Yes; around arsenals and air depots and military reservations. But only, in those cases, for civilian workers.

Senator McKELLAR. In instances like this—and I am not sure about this and if I am wrong, I want you to correct me—the Navy has built a big training depot in Shelby County. Don't they build the housing for their own people?

Mr. BLANDFORD. Only for the enlisted personnel—not for the civilians.

Senator McKELLAR. These people live largely in Memphis, or that vicinity. The workers are largely there.

Mr. BLANDFORD. We would not build if the workers are there.

Senator McKELLAR. Why is it necessary to build under those circumstances?

Mr. BLANDFORD. We would not build under those circumstances. What we do in a typical community—

Senator McKELLAR. I would like to hear that.

ESTIMATED NUMBER OF IN-MIGRANT WORKERS DURING NEXT 12 MONTHS

Mr. BLANDFORD. We consult with the War Manpower Commission, with its knowledge of the employment in the war plants, and its knowledge of the intent to use local labor supply and to shut down the less

essential plants. We finally get from the War Manpower Commission a firm figure as to the minimum in-migration of new workers—those are the workers who are needed in the plants and who are not available locally. That figure for the next 12 months is estimated at 1,600,000.

Senator McKELLAR. You mean in-migrant workers?

Mr. BLANDFORD. Yes, sir. There are to be about 12,000,000 additional workers in war plants, according to the Manpower Commission, and 1,600,000, it estimates, will not be available locally, and will have to move in from other centers.

SOME OF LOCALITIES IN WHICH ADDITIONAL HOUSING IS NEEDED

Senator McKELLAR. They have made estimates for specific places. Where are those places? Tell us some of them.

Mr. BLANDFORD. There are four or five hundred communities, sir, that have some form of war industry. The ones that present a problem to us now are particularly shipyards at Portland, Vancouver, Oakland, Alameda, Richmond, Calif., Mobile, Brunswick, Ga., Charleston. Those are a few of the acute spots at the moment. Detroit is another area, and Buffalo. I could go on indefinitely, sir, as to the communities, but the point is that for a particular community we get from the War Manpower Commission a figure on the labor that has to come in, that is not there locally, after there has been utilization of all local labor, including large estimates for women. In Detroit, for example, they are currently planning to get 80,000 women. After the War Manpower people have made all these allowances, they give us the figure for in-migration. Then we take that figure and determine how many of these in-migrant workers can be absorbed in existing housing.

We make, I am afraid, rather optimistic allowances. We are estimating that these 1,600,000 in-migrants will require 1,320,000 accommodations, because sometimes we get more than one war worker in a family unit. We expect to obtain almost half of these through use of existing dwellings, either by a home owner taking in a roomer, or by modernizing or altering their homes so that they can perhaps take in a married couple in a small apartment. That is, perhaps, an optimistic estimate, and we have started, in the last several weeks, a campaign to encourage families to take in what we call war guests and we are encouraging families to modernize or alter their homes so that they have additional accommodations. We are going all out on this, in the interest of conserving materials.

Then, the typical approach in any community is to assume that the single workers who cannot find rooms will be accommodated in dormitories, and that the two-person families who cannot find accommodations will be accommodated in dormitory apartments, and that the remainder of the workers who come with their families will be housed to the extent that the need is temporary in temporary family-dwelling units.

Senator McKELLAR. Are they to pay rent?

Mr. BLANDFORD. Yes, sir. To the extent that there is permanent need in a community for these houses after the war, we encourage private enterprise to do as much as it possibly can.

That is pretty much the program that is in process.

DEFENSE HOUSING NEEDS IN ARIZONA

Senator HAYDEN. Right in connection with the private enterprise, I have a specific question in mind. There is a town in Arizona, of about 3,000 people. Adjacent to it they are building a plant to train pilots, that is give them their final training before they go to a combat organization. It houses about 5,000 soldiers and men in training. They say they have to have, to operate that plant, about 1,200 civilian employees. There are barracks and everything provided there, but the question is, How are you going to find places to take care of the 1,200 people that will come there to operate the plant? They have gone to the citizens of the town and asked them to apply to the Housing Authority for loans, estimating that there could perhaps be built in the town, on vacant lots, some three or four hundred houses to take care of that situation.

Mr. BLANDFORD. Yes, sir.

Senator HAYDEN. Then you come to the question of dormitories. Dormitories, naturally, would not be located in the town. They would be located at the camp, a mile or two away, because when the war is over they would not be needed.

Mr. BLANDFORD. That is right.

Senator HAYDEN. They tell me that up to date the only thing in sight are some dormitories; that there is no money for housing; that they canvassed the town and could not find 400 people who are willing to build a house and mortgage it. They found maybe a hundred willing to do it. What are you going to do to take care of that situation?

Mr. BLANDFORD. If private enterprise cannot do it, then we will have to go in there with public funds and build temporarily.

Senator MCKELLAR. There is no provision for it in this appropriation, because Arizona is one of the eight States left out entirely.

Mr. BLANDFORD. No, sir—

Senator HAYDEN. What I am getting at is: If you are going to build family dwellings, they are built in or adjacent to the towns, where they can be supplied with water, light and heat, gas, and all the other facilities. They would be of use after the war. If you build dormitories out at the camp, away from the town, when the war is over they will be sold for junk. How do you integrate the thing with the future uses of the town? Can you go in and buy a vacant lot in the town and put family dwellings on it?

POLICY FOLLOWED WHERE PRIVATE ENTERPRISE CANNOT UNDERTAKE
CONSTRUCTION OF DEFENSE HOUSING

Mr. BLANDFORD. In the case of public dwellings, we would have to buy up a substantial tract of land. We are relying on private enterprise to utilize these existing lots and facilities. Where there is a need for three or four hundred units, which private enterprise is not willing to undertake, because, presumably, they do not think there is a permanent need for it, then we do public construction of a temporary character, using less critical materials—about 2,000 pounds per unit, as compared with 9,000 pounds per unit in a pre-war house—and resort to salvage after the war is over.

BASES OF ESTIMATE

Mr. Chairman, the \$600,000,000 was based on an in-migration of 1,600,000, which the War Manpower Commission tells us is a conservative estimate. It might run up to 2 million. They may not be able to get all the women that they hope to get, so that the in-migration will be larger, and in that event \$600,000,000 will not meet the need.

SURVEY MADE OF DEFENSE HOUSING NEEDS

We also surveyed the need, community by community, independently of the War Manpower Commission estimate, with our staff and our records here, and we tried to form our best judgment as of today as to what that need would be, and working it out on that basis we get a total of some \$667,000,000.

REFERENCE TO BASIS FOR HOUSE ACTION

I think it has been quite clear, all through our hearings in the House Appropriations Committee, that there was recognition of the need. Certainly, the House and Senate authorization reports clearly recognized it, and I believe the House Appropriations Committee raised no question as to the need for at least \$600,000,000. The only point that came up, and perhaps because we did not make our need clear enough, was as to whether we would need \$600,000,000 between now and the next session of Congress.

You will notice the House committee report says they thought \$500,000,000 would carry us until the next session. I don't know what the plans are, but there was an indication that there would not perhaps be another appropriation measure until maybe January or February. Our point there is—

TIME REQUIRED TO CONSTRUCT HOUSES

Senator McKELLAR. When do you expect to build these? Suppose we allow you \$600,000,000, how long would it take you to build these houses? It would take you a year at least; would it not?

Mr. BLANDFORD. Here is the important point on that. It takes us, in these times when it is difficult to do anything, about 6 months from the time we program a unit until the time we get the house completed.

Senator McKELLAR. You want to build in 40 States in the Union. I should think a very hopeful estimate would be that you might build them within a year.

Mr. BLANDFORD. We build them faster than that. Mr. Emmerich, the Federal Public Housing Authority, has decentralized his organization into 12 field offices, and has given them authority to select sites and let contracts. That estimated 6 months means that in order to house these in-migrant workers and have most of these houses completed by July, which is the goal we are shooting at, we have to program by the first of the year, and we just cannot indicate to a community that we hope to be able to provide some housing unless we have money. We have to tell the plant manager or the Army or the Navy 6 months ahead that we really have the money on hand and that they can rely on having this housing within 5 or 6 months. Then they plan their production schedules.

TYPES OF DWELLINGS BEING CONSTRUCTED

Senator THOMAS. Place in the record at this point some idea of the kind of house you are building.

Mr. BLANDFORD. Mr. Emmerich is building those houses.

Mr. EMMERICH. This appropriation, Senator, calls for approximately 90 percent of the temporary type.

Senator McCARRAN. Is that prefabricated?

Mr. EMMERICH. A great many of them are prefabricated. We are building, to some extent, dormitories for single workers. These are large, barracks-like structures with central plumbing facilities, and usually a mess hall, because they are isolated from cities. We are also building the temporary family dwelling unit type, which is more or less a row group of houses containing a living room, kitchen, and one, two, or three bedrooms. They are quite economical type houses.

COST OF DWELLINGS CONSTRUCTED

Senator McCARRAN. What do they cost as a rule, that type of house?

Mr. EMMERICH. Including the land, utilities, and structure, all complete, we are estimating an average of \$3,300.

Senator McCARRAN. For what size house?

Mr. EMMERICH. The average two-bedroom, kitchen, and living room, sir. A four-room house.

Senator McCARRAN. They run a little less than \$1,000 per room; is that right?

Mr. EMMERICH. Yes, sir.

DURABILITY OF HOUSES CONSTRUCTED

Senator THOMAS. How long would they probably last if they were used continuously?

Mr. EMMERICH. Well, the houses are built well enough to stand up. They ought to have a life of 10 or 15 years.

NUMBER OF DWELLINGS BEING CONSTRUCTED OUT OF PRIOR APPROPRIATIONS

Senator McKELLAR. How many are you building under appropriations already made? How many are you building this year?

Mr. EMMERICH. We have that figure, sir. I think it is in the folder supplied the members of the committee.

Senator McKELLAR. It may be here, but can you tell us how many?

Mr. EMMERICH. There are 424,000 programmed.

Senator McKELLAR. How many?

Mr. BLANDFORD. There are 424,000.

Senator McKELLAR. Houses?

Mr. BLANDFORD. Yes, sir, programmed. That includes accommodations for single persons and couples. One hundred and fifty-six thousand of those were completed as of October 2.

Senator McKELLAR. How many million dollars were appropriated for that purpose?

Senator NYE. Might I suggest to the members of the committee, you will find this information, as of August 28, at subsection 13 of the folder that has been supplied.

Senator McKELLAR. What appropriation are you building with this year?

Mr. BLANDFORD. The figures as to the available funds, sir, are at tab 14.

Senator McKELLAR. On that table you have 424,023 programmed, and 141,680 completed.

Senator BROOKS. What is a unit?

Mr. EMMERICH. In the case of a dormitory, that is accommodation for a single man; in the case of a family unit, it is for a family.

Senator BROOKS. It is a single person in a dormitory, or the family type?

Mr. EMMERICH. Yes, sir.

Senator McKELLAR. Your table shows that 141,690 are completed, and 168,883 under construction, and 133,450 at various stages prior to the letting of contract. My question is, How much money did you have for building houses? What was the last appropriation made, and how much of that has been expended. What was your appropriation last year?

Mr. BLANDFORD. Tab 15 shows the status of funds as of August 28.

Senator McKELLAR. Where is that?

Mr. BLANDFORD. Tab 15.

HOW WORK OF NATIONAL HOUSING AGENCY IS CARRIED ON

Senator McCARRAN. How do you coordinate with F. H. A., or do you coordinate? What is the association?

Mr. BLANDFORD. The National Housing Agency, Senator, contains the Federal Home Loan Bank Administration, Federal Housing Administration, and Federal Public Housing Authority. They are all in the one agency. We do the programming in the Administrator's office, as to both public and private, and F. H. A. pushes through the private program and Mr. Emmerich, of F. P. H. A., the public. That is the set-up.

AVAILABLE FUNDS TO DATE FOR DEFENSE HOUSING PURPOSES

Senator McKELLAR. According to this table 8, you received \$101,000,000 under Public, 671, Defense Home Corporation, \$60,000,000; \$55,000,000; Public, 781, \$55,000,000, in round figures; Public, 849, \$684,000,000; Public, 522, \$15,000,000; Public, 9, \$320,000,000; Public, 649, \$12,000,000; United States Housing Authority, low rental projects converted to war use, \$217,000,000; New York State Housing Authority, \$22,000,000; Boulder Canyon project, \$400,000.

All of that amounts to \$1,439,588,000.

Mr. BLANDFORD. That is right.

STATUS OF DEFENSE HOUSING FUNDS

Senator McKELLAR. My question is, how much of that has been expended and how much is unexpended?

Mr. BLANDFORD. As of September 30, the latest figures we have, there are \$1,182,100,000 obligated.

Senator McKELLAR. How much is unspent? How much money have you now got on hand that has not been spent?

Mr. BLANDFORD. We have spent, as of September 30, \$788,000,000.

Senator McCARRAN. Actually paid out?

Mr. BLANDFORD. Yes, sir.

Senator McKELLAR. Then there is about half of your appropriation for this year that has actually been spent?

Mr. BLANDFORD. Yes, sir, one half of all funds made available to date.

NEED FOR ADDITIONAL FUNDS AT THIS TIME

Senator McKELLAR. How could you economically spend more money if you had it?

Mr. BLANDFORD. Here is the picture—

Senator McKELLAR. And that is not all of it, because here are sources of other funds down here of \$1,304,000,000.

Mr. BLANDFORD. No; that is included in the \$1,439,000,000.

Senator McKELLAR. Well, now, if you have been able to expend only half of that sum—

Mr. BLANDFORD. Senator, let me explain it.

Senator McKELLAR. I want you to explain it.

Mr. BLANDFORD. Yes, sir.

Senator McKELLAR. I want you to explain, but I want to put my question. If you have been able to spend only half that sum and still have on hand six or seven hundred million dollars, it is doubtful whether you can get the labor and the material to do that work in 6 months. You say you want to spend this \$600,000,000 in the next 6 months. You would actually be doing double what you did in the last 6 months.

Mr. BLANDFORD. And we will have to do it. The picture is this, Senator; we, of course, cannot let a contract without having the funds to obligate. We have about \$250,000,000 unobligated as of September 30.

Senator McKELLAR. Yes, sir.

ALL OF PRESENT FUNDS WILL BE OBLIGATED BY NOVEMBER 15TH OR 30TH

Mr. BLANDFORD. We obligated around \$113,000,000 in September. We will have completely obligated, let all our contracts out of existing funds, between the 15th and 30th of November. We will then have no more money to let contracts against.

Senator McKELLAR. How do you build houses? Do you let them all out by contract?

Mr. BLANDFORD. Yes, sir.

PROCEDURE FOLLOWED IN BUILDING DEFENSE DWELLINGS

Senator McKELLAR. For instance, suppose you were building a hundred houses in Dover, Del., for a plant which might be going up there. How would you build those houses, what steps would you take?

Mr. EMMERICH. After Mr. Blandford certifies these houses are needed, he assigns the building of them to us in the Federal Public Housing Authority.

Senator McKELLAR. How do you build them?

Mr. EMMERICH. Our regional agent will go out and find a site. Whenever possible, a site that has public improvements and we will

then acquire that site, usually by purchase or lease. Today since we have thoroughly standardized designs, there is comparatively little designing work to be done. We then, as a rule, let those houses competitively to a private contractor for construction.

Senator McKELLAR. "As a rule." Do you have any rule about it?

Mr. EMMERICH. Yes. We have the right, sir, under the bill, to use the so-called cost-plus-a-fixed-percentage fee method.

EXTENT TO WHICH COST-PLUS-A-FIXED-FEE METHOD IS USED

Senator McKELLAR. What portion of your work is done by letting a contract out, and what percent by the cost-plus-fixed-fee method?

Mr. EMMERICH. I would say not in excess of 10 percent has been let under the cost-plus-a-fixed-fee method. These have been where there were unusual conditions—either we could not get competition, or there was such a demand for speed from either the Navy, the Army, or the Maritime, that there was no time to go out for competitive bids. We prefer the lump-sum method and we have been able to get bids in most cases.

Mr. BLANDFORD. Senator, as I think I indicated, there are about \$250,000,000 unobligated, which will be all obligated between the 15th of November and the 30th.

QUESTION AS TO FUTURE NEED FOR DEFENSE DWELLINGS

Senator McKELLAR. You are building an enormous number of houses all over the country. Is there a necessity for continuing this program? Here in Washington they built and built, until they ran clear out of the District over into Virginia and Maryland. I don't know where we are going to stop.

Mr. BLANDFORD. We are programming only for the minimum number in in-migrants that the War Manpower Commission, after consultation with the War Production Board, determines is coming into those cities. We are programming extremely tightly. In the typical community we are probably programming about half what the Army, the Navy, or the plant operators want to have, and we are programming 90 percent on the temporary side. We have gotten down to the minimum use of critical materials, and we are considerably behind. That is why we are speeding up. We put 50,000 units under contract in September.

EXTENT OF OCCUPANCY OF DWELLINGS

Senator McKELLAR. How many were occupied during September?

Mr. BLANDFORD. We have over 90 percent occupancy of our houses as of August 28, and that, you must remember, is just taking the occupancy as of a single day. If we just opened up a project a few days or a week before, we don't get complete occupancy immediately. In fact, we are rather tight on occupancy, to be sure they are in-migrant workers, to be sure we are holding them for the in-migrant workers.

AVERAGE RENTAL OF DWELLINGS

Senator McCARRAN. What is the average rental of these houses? Do they run in districts as to rental charges, or is there a uniform charge all over the country?

Mr. EMMERICH. They vary some, based on cost, Senator. They average around \$33 a house, rental.

Senator McCARRAN. That would be a house of two bedrooms?

Mr. EMMERICH. Yes, sir.

Senator McKELLAR. How much have you received in the way of rental and has that gone back into the Treasury?

Mr. EMMERICH. We are obliged, under the act, to pay into the Treasury everything over and above the actual cost of operation of the house.

AMOUNT RETURNED TO THE TREASURY

Senator McKELLAR. How much has gone back into the Treasury up to date?

Mr. EMMERICH. I haven't got the complete figure with me, but I will be glad to supply it. Approximately 50 percent of the housing rentals, we estimate, is going back into the Treasury.

Senator McKELLAR. That does not give us a very good idea about it. What I would like to have you do is to give us a statement showing how many houses you have built, how many of them are occupied, what rentals you have received on those that are occupied and how much has been paid back into the Treasury.

Mr. EMMERICH. Very well, sir.

(The statement follows:)

NET ANNUAL RETURN FROM RENTS ON PUBLIC WAR HOUSING PROGRAMMED

With respect to the total number of units available for occupancy and those occupied, all of this material is set forth in detail in table 5-B appearing on page 255 of the hearings before the subcommittee of the Committee on Appropriations of the House of Representatives. This table shows that there was a total of 132,849 units available for occupancy in continental United States on August 28, of which 122,055 were occupied. The balance of about 10,000 generally represents units which have just been completed and on which tenant selection is now in progress.

With respect to actual deposits in the Treasury representing a net annual return from rents, there had been deposited up to June 30, 1942, a total of \$10,662,210, with respect to projects operated under the Lanham Act, Public No. 849, which is one of the acts making funds available for housing. This amount, however, merely represents the net annual return on those projects under the Lanham Act, which had been completed and in operation prior to June 30, 1942. This covers a total of 76,822 units, but many of these were in operation only for a month or two. Thus, the deposits made to date do not in any way represent an accurate picture as to the net annual returns to be derived from rentals of all of the war housing programmed to date.

The following table sets forth the net annual return from rents which is anticipated as a result of 1 year's operation of all projects included in the public war housing programmed to date:

| | Units under Federal Public Housing Authority jurisdiction ¹ | Estimated cost of units as programmed | Total income from shelter rents | Annual expense ² | Net annual return from rents ³ |
|---|--|---------------------------------------|---------------------------------|-----------------------------|---|
| Family dwelling units: | | | | | |
| Public, No. 781..... | 5,500 | | | | |
| Public, No. 849..... | 131,839 | | | | |
| Public, No. 9..... | 62,500 | | | | |
| | 199,839 | \$847,040,000 | \$67,146,000 | \$30,575,000 | \$36,571,000 |
| Accommodations for single persons: | | | | | |
| Public, No. 849..... | 850 | | | | |
| Public, No. 9..... | 34,337 | | | | |
| | 35,187 | 17,593,000 | 7,600,000 | 6,756,000 | 844,000 |
| Trailers: Public, No. 9..... | 18,687 | 28,030,000 | 4,933,000 | 2,960,000 | 1,973,000 |
| Total..... | 253,713 | 892,660,000 | 79,679,000 | 40,291,000 | 39,388,000 |

¹ Does not include units transferred to the jurisdiction of the War or Navy Department. Does not include units constructed by the Defense Homes Corporation, units constructed under Public, No. 671, or units in Federal Public Housing Authority low-rent housing projects which have been converted for occupancy by war workers during the emergency, all of which are financed by borrowings of the Defense Homes Corporation and the Federal Public Housing Authority.

² Does not include the administrative expenses of Federal Public Housing Authority in connection with the projects.

³ Estimated net annual return from rents in first year after initial occupancy of all projects programmed as of June 9, 1942, is completed. It does not include charges for or cost of utility services.

Senator BROOKS. I notice you are asking \$600,000,000. Is that included in the 424,000?

Mr. BLANDFORD. No; that is additional.

NUMBER OF ADDITIONAL UNITS PROPOSED

Senator BROOKS. And how many additional are there?

Mr. BLANDFORD. Two hundred and five thousand additional units.

Senator MCKELLAR. When those are completed, will that be all?

Mr. BLANDFORD. If we stop building plants, Senator, and our present plants do not expand and get new contracts, or do not exceed their present estimated employment, we will be through. But we are programming up to July 1, 1943, for 1,600,000 in-migrants.

Senator OVERTON. Do you build right near the plants?

Mr. BLANDFORD. We try to, in all new construction, in the interest of saving gas and rubber.

Senator OVERTON. That is what I am thinking about.

NEED FOR ADDITIONAL FUNDS AT THIS TIME

Mr. BLANDFORD. Yes, sir. The point is, the money we now have will be completely pledged in November. It will be all spent by next April. As to the new program of \$600,000,000, which is long delayed—I mean in terms of plants already operating and already built—we will be able to program about \$300,000,000 of that as soon as we get the appropriation. We have been working all summer on

this need, and there is that much backlog accumulated. About \$300,000,000 of it will go out immediately.

Senator McCARRAN. That is for construction?

Mr. BLANDFORD. It will be programmed and then put out for construction. In order to meet that in-migration the whole thing will have to be programmed by January, because it takes 6 months to finish, and that means it will be next July or August before we get it completed and the workers will be there.

NUMBER OF IN-MIGRANT WORKERS ALREADY CARED FOR

Senator BROOKS. How many in-migrant workers have been taken care of by the units already constructed?

Mr. BLANDFORD. In our previous program we estimate there have been about 1,800,000 in-migrants, cared for by private and public housing, new and existing structures.

Senator BROOKS. Up to now?

Mr. BLANDFORD. Up to July 1.

Senator BROOKS. And you are planning on 1,600,000 more?

Mr. BLANDFORD. About a million and a half.

Senator BROOKS. A million and a half before?

Mr. BLANDFORD. Yes, sir. It is a total of about 3,000,000 in-migrants over the period.

USE OF REGIONAL OFFICES

Senator McCARRAN. Let me ask you something about your process. You told us you had regions established. That is correct?

Mr. BLANDFORD. Yes, sir.

Senator McCARRAN. What is the function of the head of a region?

Mr. BLANDFORD. We have regional offices for the Administrator's office, and the responsibility of those regional offices is programming. Those regional offices have the responsibility of working with local governments and real-estate boards and labor and all the local community groups, with the War Manpower Commission and the War Production Board in the field, the Federal Works Agency, where community facilities are involved; and then they have the responsibility of recommending a program.

Senator McCARRAN. To whom do they make those recommendations?

Mr. BLANDFORD. They make those recommendations to my office. And that program is a rather elaborate document. It works out in great detail all the war plants in the communities, what their estimated employed is going to be, whether single workers or workers with families, male or female. There is a considerable amount of detail that comes through, and finally it shows the net in-migrant figure, less any existing accommodations they hope to get. That program is then broken down in my office and goes to F. H. A. for private construction, and to Mr. Emmerich for public construction.

Senator McCARRAN. Does not the F. H. A. make recommendations to you?

Mr. BLANDFORD. The F. H. A. has field offices, too, and my representatives work with them in determining how much private enterprise can do in a particular community.

QUESTION AS TO DUPLICATION OF WORK IN LOCAL AREAS

Senator McCARRAN. That is what I was trying to figure out. Is there a duplication of authority, or duplication of action between F. H. A., in a given locality, and your organization?

Mr. BLANDFORD. No, sir. In fact, the F. H. A. is part of N. H. A. It performs the function of determining how much private industry can do.

Senator McKELLAR. If these agencies were all under one management and control couldn't you get along a great deal better?

Mr. BLANDFORD. They are all now under one control.

Senator McKELLAR. It is, ultimately, but if it were all under one head—it seems to me there is some duplication. You just put these organizations together, but they are all being run as they were before.

COOPERATION IN THE FIELD

Senator McCARRAN. They don't get together until they get to his office.

Mr. BLANDFORD. Oh, yes, sir. Our regional man in the field works with the local F. H. A. office in the State.

Senator McCARRAN. But each have their own method of working.

Mr. BLANDFORD. The F. H. A. handles all the mortgage insurance, and is also the agent for the War Production Board in issuing priorities. It has a very considerable job. Now, when it comes to programming, we use the local F. H. A. man for his knowledge of a particular community. There is no duplication.

PERSONNEL OF CONSTITUENT UNITS OF NATIONAL HOUSING AGENCY

Senator McKELLAR. I don't know whether you have the figures with you, but I am sure you can easily get them. How many people do you have on your pay roll in all of these various organizations which were consolidated last year? How many did you have then, and how many have you now? We were told that by consolidation there would be an immense saving in the matter of employee's salaries. Have you got more under this consolidation than you had then?

Mr. BLANDFORD. What has to be taken into consideration, Senator, is the volume of work—

Senator McCARRAN. I know, but that does not go to the Senator's question.

Mr. BLANDFORD. I know, but that is a consideration. For instance, on our programming job, we have not only had to figure out new programs, but because of the tightness of critical materials we have had to go back and reprogram. We canceled a lot of projects where there really was not a need. So it really has been a big job, keeping up with the new load and going back over the old load. In the same way, Mr. Emmerich's operations are constantly expanding as he has more jobs to operate.

NUMBER OF EMPLOYEES IN AUGUST 1942, AND NUMBER IN FEBRUARY 1942

At the present time, we have about 13,000 employees, as of August. Senator McKELLAR. How many did you have previously?

Mr. BLANDFORD. There were 15,000 as of February.

Senator McKELLAR. What did you have the previous August?

Mr. BLANDFORD. I don't have that figure. February is the date of reorganization.

Senator McKELLAR. How many are there now?

Mr. BLANDFORD. Thirteen thousand.

PERSONNEL OF CONSTITUENT UNITS OF NATIONAL HOUSING AGENCY

Senator McCARRAN. Of those, how many belong to F. H. A.?

Mr. BLANDFORD. F. H. A. had 4,553, as of August.

Senator McCARRAN. And how are the others divided up, as to organizations?

Mr. BLANDFORD. F. H. A., 4,553; Federal Home Loan Bank, 5,085; Federal Public Housing, 3,440; Administrator's Office, 351.

NUMBER IN ADMINISTRATOR'S OFFICE

Senator McKELLAR. You have a lesser number directly under you?

Mr. BLANDFORD. In my immediate office I have 351, but they are all under my direction and supervision.

Senator McCARRAN. But you have three thousand and something there in your organization.

Mr. BLANDFORD. The Administrator's Office has 351. Then there are three constituent agencies in National Housing: Federal Public Housing Authority, 3,440; Federal Housing, 4,553; and Federal Home Loan Bank, 5,085.

FUNCTION OF NATIONAL HOUSING AGENCY

Senator McCARRAN. Will you tell us why your own agency could not perform all the functions performed by Federal Housing and the other agency you mentioned?

Mr. BLANDFORD. They are all being done by one agency—the N. H. A. Our job is one of supervising our three constituent units—Federal Public Housing Authority, Federal Home Loan Bank Administration, and Federal Housing Administration, plus this wartime job of programming, on which our entire personnel is working.

Senator McCARRAN. I may have misunderstood you, but I thought the programming was done by F. H. A.

Mr. BLANDFORD. No, sir. We do the programming in the Administrator's office. The three constituent units carry out the program.

EMPLOYEES OF FEDERAL HOME LOAN BANK ADMINISTRATION

Senator McKELLAR. Let me ask you—take the Home Loan Bank, how many employees did you have last February, and how many have you now?

Mr. BLANDFORD. There were 6,500 in February, and there are 5,085 now.

Senator McKELLAR. That is just a reduction of how many?

Mr. BLANDFORD. More than 1,400.

Senator McKELLAR. The Home Loan Bank is doing practically nothing now but a collection business, is it?

Mr. BLANDFORD. Partly; and partly renovation and rental.

Senator McKELLAR. Is it possible you need as many people to collect what you put out in previous years—as you needed to put out those loans and look after them and everything of that sort?

Mr. BLANDFORD. There has been a reduction of 1,400.

Senator McKELLAR. But 1,400 is a very, very small item, comparatively, with the tremendous load taken off the Home Loan Bank, since they do not make any more loans.

Mr. BLANDFORD. A good part of this reduction is due to the gradual liquidation of the Home Owners' Loan Corporation.

Senator McKELLAR. I should think it would be liquidated a great deal more rapidly than that—just 1,400 employees out of how many?

Mr. BLANDFORD. Out of 6,500.

Senator HAYDEN. Is it not true that several years ago there were more than 6,500?

Mr. EMMERICH. I think that point ought to be cleared up. The H. O. L. C. stopped making loans in 1936 or 1937, about there.

Senator McCARRAN. And at that time this committee was advised they were going to liquidate, and that all that would be necessary would be a skeleton organization to collect.

Senator HAYDEN. How many did they have then? What was the peak? I wish somebody would put that in the record.

Mr. BLANDFORD. There was a very considerable number.

OUTSTANDING LOANS OF HOME OWNERS' LOAN CORPORATION

Senator McKELLAR. How much money have you got out in the Home Owners' Loan Corporation?

Mr. BLANDFORD. I don't have that.

Senator McKELLAR. I would like you to give that amount. I should think that 5,000 people in the Home Loan Corporation to help liquidate it is a top-heavy organization. That is the way it strikes me.

Mr. EMMERICH. They made a tremendous volume of small home loans aggregating about \$3,000,000,000.

Senator McKELLAR. You can get that figure?

Mr. BLANDFORD. Yes, sir.

Senator McKELLAR. It is probably not half that now, is it? They stopped in 1936, which is 6 years ago. I should think at least half of it would be paid, at least, especially in the last year or two.

Mr. EMMERICH. Those loans were made typically, as I recall, for 15 years, so it is probably not that much.

Senator McKELLAR. Perhaps not quite that much. But you have 5,000 people looking after the collection of about \$1,800,000,000. It seems to me that is absolutely indefensible as a Government project.

Mr. BLANDFORD. I would like to go into that with you, Senator.

Senator McKELLAR. I want you to do it. I am asking you to get the information.

Mr. BLANDFORD. We will be coming up before many weeks on our regular appropriation. I didn't bring the material along in connection with that.

Senator McKELLAR. You can probably get it without trouble. We want to be careful with the Government's money. We are in the worst war that this country was ever in, or any other country was ever in.

Mr. BLANDFORD. That is right.

Senator MCKELLAR. And we need to save every dollar we can, and if we have got 5,000 people engaged in collecting a billion eight hundred million dollars, or a billion and a half dollars, we have an organization which we cannot possibly defend, in my judgment.

PROCEDURE FOLLOWED IN CONSTRUCTING DEFENSE DWELLINGS

Senator McCARRAN. I would like to ask you a little more about local operation. When your regional man makes a recommendation to you on a program, from there on what happens?

Mr. BLANDFORD. Then it comes into the Washington office and we review it, and we confer with War Manpower Commission here in Washington as a final check to be sure we are not over-programming.

Senator McCARRAN. I have in mind a matter that you may have had brought to your attention, a local matter, a magnesium plant in southern Nevada, where some eight or ten thousand people were just thrown in by the Government all of a sudden to build that plant. I am wondering what you have done to house those people. They were living out under the mesquite bushes the last I heard of them.

HOUSING NEEDS AT LAS VEGAS, NEV.

Mr. BLANDFORD. What was the location, Las Vegas?

Mr. PHILLIPS. In Las Vegas we have about 1,500 houses allocated to private builders of which about seven or eight hundred are under construction. It was apparently too big a load for private builders.

Senator McCARRAN. Entirely too big.

Mr. PHILLIPS. Although private industry insisted they could handle it. Just this week we have an order to replace about 800 of that private with public housing.

Senator McCARRAN. Are you taking steps to go forward with that housing? The winter is coming on down there, and while the winters are not severe, it is scarcely proper that these people should live out under the mesquite bushes as they have done all summer. I am wondering if they are really taking steps to relieve that situation.

Mr. PHILLIPS. I believe so. There is a volume of housing under construction. Some has already come on the market, and these others can be put under construction in time to take the rest of them.

HOUSING NEEDS AT PIOCHE, NEV.

Senator McCARRAN. Would you mind sending me a report on that, to show what the present status of it is? There is one other matter, Pioche, in which the Government is interested in the construction of a zinc mill. There is an overpopulation down there. I am advised your regional man advised or recommended a project to go in there. Will you look into that and give me a report on it?

Mr. PHILLIPS. Yes, sir.

HOUSING NOT PROVIDED FOR MEN ON A CONSTRUCTION PROJECT

Senator HAYDEN. There is another town in Arizona, about 6 miles from which they are constructing an ordnance depot. About 5,000 men at the moment are employed on the job of construction, which

will be completed, we will say, in 3 or 4 months. After that there will probably be a thousand or twelve hundred people resident there. There was a lot of confusion in the public mind in that locality about what kind of housing you were going to provide. You do not anywhere attempt to provide housing for men on a construction job?

Mr. BLANDFORD. No, sir.

Senator HAYDEN. They have to get along the best they can?

Mr. BLANDFORD. We found that necessary, because of the shortage of funds and shortage of critical materials. We are not housing construction workers.

Senator HAYDEN. The only people you take care of is where they cannot find in a community enough housing for the permanent crew of civilian workers required to operate?

Mr. BLANDFORD. That is right, sir, and on the minimum basis.

Senator McKELLAR. All right, if there is nothing further, we are obliged to you gentlemen.

EXECUTIVE OFFICE OF THE PRESIDENT

BOARD OF ECONOMIC WELFARE

STATEMENT OF MILO PERKINS, EXECUTIVE DIRECTOR, AND DAVID VAUGHAN, ADMINISTRATIVE OFFICER

Mr. PERKINS. Senator, I have a statement here. I know there are a great many people waiting outside and I do not want to take any more of the committee's time than the committee wants me to take. This statement is an explanation of the language we have asked to be included in the bill.

RESPONSIBILITY OF BOARD FOR IMPORTING COMMODITIES OF WHICH THERE IS A SHORTAGE IN UNITED STATES

The responsibility of the Board for importing commodities that are in short supply in this country is of vital importance to the war effort and impediments that hinder the advancement of this program will result in delaying or reducing the production of war materials required in successfully prosecuting the war. The nature of the program requires operations in widely scattered areas over the world and some problems tending to retard the work have been experienced which we believe can be alleviated by a proposed amendment to the appropriation language for the Board which was included in a communication addressed to the Speaker of the House by the President.

The bill, as passed by the House of Representatives, provides authority for the payment of living allowances to foreign personnel in accordance with regulations prescribed by the President and advances of money in such sums as the Executive Director of the Board shall direct. However, authority for other objects appearing in the proposed amendment were omitted.

DRAFT OF AMENDMENT AS RECOMMENDED BY PRESIDENT

The proposed amendment as submitted by the President to the House is as follows:

The appropriation to the Board of Economic Warfare contained in the First Supplemental National Defense Appropriation Act, 1943, shall, in addition to

the objects specified under this head in said act, be available for the payment, when specifically authorized or approved by the Executive Director of the Board or such other official as he may designate for the Board, of travel expenses of employees of the Board and the cost of transporting their dependents and household goods and effects, not exceeding 5,000 pounds gross, to their first post of duty in a foreign country or when transferred from one official station in the United States or elsewhere to a foreign country or return; reimbursement to employees of the Board for loss of household goods and effects in the case of marine or aircraft disaster; payment to employees with official headquarters located outside the continental limits of the United States, in accordance with regulations prescribed by the President, of living and quarter allowances (including heat, fuel, and light); advances of money, upon the furnishing of bond, to employees of the Board traveling in a foreign country, in such sums as the Executive Director of the Board shall direct; and payment of actual transportation and other necessary expenses and not to exceed \$6.00 per diem in lieu of subsistence of persons called to Washington for interviews in connection with their prospective employment with the Board of Economic Warfare in a foreign country.

LANGUAGE OMITTED BY HOUSE PROVIDING FOR PAYMENT OF CERTAIN TRAVELING EXPENSES

As you will note the following items were not included in the bill passed by the House:

1. Payment of traveling expenses of employees of the Board and the cost of transporting their dependents and their effects to their first post of duty in a foreign country, or when transferred from one official station in the United States or elsewhere to another in a foreign country and return.

EXPLANATION OF AMENDMENT REQUESTED

At the present time, the Board is authorized to pay the traveling expenses of its employees in connection with foreign travel under two circumstances: (1) For purposes of specific missions for temporary periods of time by employees stationed in Washington, and; (2) where their official station, originally in Washington, is transferred to a foreign country. Consistent with this authority, the Board is also authorized at this time to pay the cost of transporting the effects of such employees, incident to changes of official stations, in the manner provided by the act of October 10, 1940.

Subsequent to the enactment of the First Supplemental National Defense Appropriation Act, 1943, it became evident that the Board of Economic Warfare must have employees stationed in foreign countries for the duration of the war if the Board is to effectively carry out its responsibilities for the development and importation of critical and strategic materials and commodities. As already indicated, authority exists to pay the transportation expenses of employees whose official stations might be transferred from Washington, D. C., to a post in a foreign country. But no such authority exists when new personnel are employed specifically for foreign assignment.

This is occasioned by somewhat of a technicality which should be explained. Employees recruited for foreign assignment are brought to Washington first for a period of training which involves 30 to 45 days. Literally, their first post of duty is Washington, D. C. However, when they are recruited, they are recruited specifically for foreign assignment and are therefore certified for employment by the Civil Service Commission in a foreign country only. Consequently, the employee's initial appointment indicates the foreign

post as his headquarters, and technically speaking, the employee has not reached his post of duty until he arrives at the foreign country in which he will ultimately be stationed. Since the expenses of travel to a foreign post are substantial, it is only fair that these expenses be paid by the Government in all cases, that is for indefinite as well as temporary assignments abroad.

It follows also that where the employee is to be absent from the United States for an indefinite period of time, probably for the duration, he can serve the Government more efficiently if his family accompanies him. This is an established practice which has been recognized by Congress since other agencies, including the Office of Inter-American Affairs and the State Department, have been given similar authority which is now being requested by the Board of Economic Warfare.

When the Board was first confronted with this problem, the Bureau of the Budget was consulted. Inasmuch as other Government agencies, confronted with the same problem, had been authorized by Congress to pay traveling expenses of an individual and transportation costs of his dependents to foreign countries, an allocation from the emergency fund for the President was made available to the Board to meet this emergency until such time as appropriate amendments to the appropriation language of the Board could be submitted to Congress and enacted. Simultaneously with this allocation, a reserve of an equal amount was established against the Board's appropriation by the Bureau of the Budget in order that the effect of the allocation from the emergency fund for the President would not be to increase the total amount of funds available to the Board for the fiscal year 1943.

From the standpoint of over-all administrative costs, it is likely that stationing employees of the Board in foreign countries indefinitely may increase our total operating costs to a small degree. Nevertheless, it is contemplated that this action will reduce the number of personnel which it will be necessary to send out on temporary assignments. This, of course, cannot be determined exactly until the employees stationed abroad have been sent to their respective posts and we have the benefit of actual operating experience. Also, by having an over-all representative charged with administrative responsibility for all activities of the Board in the more important countries, it is believed that the necessity for sending supervisory personnel from Washington will be reduced and accordingly additional savings will be effected in this manner.

AMENDMENT TO PROVIDE FOR REIMBURSEMENT TO EMPLOYEES FOR CERTAIN LOSSES

2. Reimbursement to employees of the Board for loss of effects in case of marine or aircraft disaster.

EXPLANATION OF AMENDMENT REQUESTED

Under present war conditions, the hazards of marine and aircraft transportation are greatly increased and losses of personal effects resulting from disasters are more than likely to occur. Employees being sent to various parts of the world are subjected to these added

hazards in the performance of their official duties and it is believed they should be reimbursed for losses which might be occasioned thereby.

AMENDMENT TO PERMIT PAYMENT OF EXPENSES TO WASHINGTON, D. C.,
OF PROSPECTIVE EMPLOYEES

3. Payment of actual transportation and other necessary expenses and not to exceed \$6 per diem in lieu of subsistence, of persons called to Washington for interview in connection with their prospective employment with the Board of Economic Warfare in a foreign country.

EXPLANATION OF AMENDMENT REQUESTED

The selection of employees for the more important foreign assignments must, under existing arrangements, be concurred in by officials of the three operating offices of the Board as well as the Department of State and other agencies cooperating in the Board's foreign programs. It necessarily follows that a number of individuals must be asked to come to Washington for interviews without any reasonable assurance of employment. To secure the most competent specialists in the various fields of the Board's activities, particularly in foreign-trade operations, it is necessary to recruit personnel from every available source, particularly from private business. During the past several weeks, difficulty has been experienced in securing qualified personnel for our field jobs because individuals, appearing to have the necessary qualifications, do not consider it reasonable that they should be asked to bear the expense of coming to Washington for interviews when, even if they are selected, it is necessary to return and arrange their personal affairs before reporting for duty. This authority would, of course, be used prudently and only in unusual circumstances.

TEXT OF LANGUAGE OMITTED BY HOUSE

Senator MCKELLAR. You have this language:

when specifically authorized or approved by the Executive Director of the Board or such other official as he may designate for the purpose, of traveling expenses of employees of the Board and the cost of transporting their dependents and their household goods and effects, not exceeding 5,000 pounds gross, to their first post of duty in a foreign country, or when transferred from one official station in the United States or elsewhere to another in a foreign country, and return; reimbursement to employees of the Board for loss of household goods and effects in case of marine or aircraft disaster; and payment of actual transportation and other necessary expenses, and not to exceed \$6 per diem in lieu of subsistence, of persons called to Washington for interviews in connection with their prospective employment with the Board of Economic Warfare in a foreign country.

Now, will you give us the amount of money you expect to use for that purpose, and then tell us why?

Mr. PERKINS. We hope the amount of money, Senator, will not exceed \$600,000. Our work is almost entirely in foreign fields, controlling exports from this country and developing new sources of supply of imports to the country. We feel that, obviously, we must pay the travel expenses of these people to a foreign land if they are going there to work. We are trying to get all the rubber we can from every country in the world where we can still get some; we are developing sources of mica in Brazil—some 50 or 60 strategic

materials in all throughout the world—and we feel that this language will enable us to take care of our employees in such fashion that we can get them to work for us.

I would like, if I may, to break it down into two parts.

Senator McKELLAR. I wish you would.

Mr. PERKINS. First, that part of our request which was not approved by the House committee, after we had cleared the Budget: The authorization to enable us to pay the travel expenses of our employees and their families that are going to be located abroad. We think this is essential if we are going to be able to get good men and have them go out there. They have, most of them, to make a financial sacrifice to work at Government salaries.

Senator McKELLAR. Do they take their families with them at a time like this?

Mr. PERKINS. Yes, sir.

(A discussion followed off the record.)

Mr. PERKINS. I feel if this committee would reinstate the language we asked for originally it would help us in our work.

PLACING OF LIMITATION ON AMOUNT FOR TRANSPORTING DEPENDENTS, INCLUDING THEIR EFFECTS

Senator McKELLAR. Could we put a limitation on it?

Mr. PERKINS. You mean a limitation of no wives outside the Western Hemisphere?

Senator McKELLAR. No, a limitation on the amount of money available for that purpose. I can see where, occasionally, you might have to send their families, but I don't see why they should take 5,000 pounds of stuff with them, under any circumstances.

Mr. VAUGHN. If I may interrupt there, it is unlikely that we would send any furniture at all, or any household effects or that sort of thing, because the priority on transporting this type of goods is so far down on the list that, in many instances, we would not be able to get any shipping space either by airplane or by boat.

Mr. PERKINS. It would help if you put the original language back in and permitted us to pay the expenses of our men—it is obvious that we cannot send these men out without including the travel expenses.

Senator McKELLAR. I know, but the \$600,000 was for taking their dependents and household effects, not exceeding 5,000 pounds, across to their first place of duty in a foreign country, or when transferred from one official situation in the United States or elsewhere to another in a foreign country and return, and reimbursement to employees of the Board for loss of household goods. In the case of a great war like this, when you can't get space it seems to me it is utterly indefensible.

Mr. PERKINS. Well, of course, the State Department is doing it.

Senator McKELLAR. I doubt very much if State is doing it, and I am certainly going to get after the State Department and Mr. Rockefeller, too, when he comes here.

Mr. PERKINS. If, in the judgment of the committee it is decided to put a monetary limitation on the amount we can spend for the travel of families, but you leave us the right to send out our men, we can still operate. We have to do this work abroad. But if the committee wanted to put a reasonable limitation on the amount we could spend in extraordinary cases for moving the families of our people, very frankly I think that would not hurt our work.

Senator HAYDEN. How much do you think it would take to take care of such a family?

Senator McKELLAR. There wouldn't be but three or four families, would there?

Mr. PERKINS. We shall have several hundred people abroad. It might run more than that. The thing I am most concerned about is being able to pay travel for our employees. If you put a limitation of, say \$50,000, on any travel for families, I will promise you we will not use that unless it is absolutely necessary. I really don't think we will spend over \$50,000 on this.

Mr. VAUGHN. No; I should not think so.

QUESTION AS TO TRANSPORTATION OF HOUSEHOLD GOODS

Senator OVERTON. Including household goods?

Mr. PERKINS. Including household goods.

Senator McKELLAR. I don't think we should include household goods.

Mr. VAUGHN. You see, household goods covers a lot of things.

Senator McCARRAN. Personal effects.

Mr. PERKINS. It is their clothes—a trunk, perhaps.

Senator McKELLAR. We could provide for that, but not household goods. We will work it out some way that will be satisfactory.

NEED TO PAY TRAVEL EXPENSES OF PERSONNEL GOING ABROAD

Mr. PERKINS. If you can, it certainly will be helpful. The chief need is that we be able to pay the travel expenses of our men going abroad. As Senator Hayden pointed out off the record, most of the men do not have their families with them, but there are cases where you can lose a very good employee by not permitting him to take his family abroad with him.

Senator McKELLAR. Well, we will work it out some way.

Mr. PERKINS. I promise you we will not use this authority if there is any way to avoid it. In some cases, however, we shall need it.

PAYMENT OF TRAVEL EXPENSES TO WASHINGTON, D. C., OF PROSPECTIVE EMPLOYEES

Senator McKELLAR. And we would like to have a report on what you do in the next appropriation bill. Is there anything else?

Mr. PERKINS. There is one other thing. The House committee left in the cost-of-living allowance language and left out something that we think we need, and that is the right to pay the expenses to Washington and back of persons whom we want to consider for employment on foreign assignment. Obviously we cannot employ persons blindly; we want to look at them.

Senator McKELLAR. There is a Commission here that has all knowledge all power, all sagacity. When that Commission passes on an employee for you, do you dare question that? You are committing lese majeste against this Government.

Senator NYE. When you need an employee, you ask the Civil Service Commission for a list of those qualified for that position?

Mr. PERKINS. Yes.

Senator NYE. You want the opportunity to enjoy a chance to interview them?

Mr. PERKINS. As a matter of fact, Senator, we must do that. We are so careful about trying to get good people, that I don't like to have just one of our people pass on a man. I would rather have that man visit with three or four of our folks. What we are up against at the moment is this: We frequently have to send our own people out to interview a person. I would rather, in a businesslike way, be able to ask a person on whom we have a good recommendation on paper, to come to Washington and see personally three or four of us who are involved in a particular phase of the work; then we can make a decision as to whether we are going to employ that person or not.

Senator MCKELLAR. All right, we will give it consideration. Is there anything further?

Mr. PERKINS. No, sir; I think that is all. We feel the language originally cleared by the Budget Bureau is quite necessary in carrying out our work.

RAISING OF PRICE LIMITATION ON AUTOMOBILES PURCHASED BY
GOVERNMENT AGENCIES

STATEMENT OF THE HON. JAMES E. MURRAY, A UNITED STATES
SENATOR FROM THE STATE OF MONTANA

Senator MURRAY. Mr. Chairman, the Sixth Supplemental National Defense Appropriation Act of 1942 contains a provision which limits the price that the Army or Navy can pay for automobiles. As a result of this provision it is impossible for the Army or Navy to get automobiles that they need.

The President sent a message to Congress on October 9, in which he transmitted a message from the Bureau of the Budget, calling attention to this situation, and it contains a provision which should be incorporated in this bill, changing the language of section 405 of the Sixth Supplemental National Defense Appropriation Act, which would make it possible for the Army and the Navy to get these cars.

Senator McCARRAN. At what price?

Senator MURRAY. At a price fixed by the Office of Price Administration. So that you are protected by the Price Administrator in the price they would pay for them. I have a bill pending before this committee, S. 2793, which was designed to effect that purpose, and if this provision which I have mentioned is put in this bill, it will obviate the necessity of acting on that.

It is recommended by the President.

Senator HAYDEN. The gist of your proposal is that the limit of \$925 which is now the law be lifted?

Senator MURRAY. Yes.

Senator HAYDEN. And that in no event shall the price so paid for such vehicle exceed the maximum price for such vehicle established by the Office of Price Administration?

Senator MURRAY. That is right.

Senator HAYDEN. Does the Office of Price Administration establish two prices for the same automobile, a wholesale price and a retail price?

Senator MURRAY. The primary purpose of Price Schedule 85 issued by the Office of Price Administration for new passenger automobiles is to place a maximum price limit on sales to the various agencies of the Government and the various classes of purchasers who are made eligible by the Office of Price Administration to buy new passenger automobiles which are rationed. It is true, that the maximum price order also places a limit on the prices that can be charged by manufacturers, wholesalers, and exporters, but the maximum prices established by the Office of Price Administration, as that language is used in the President's message and in my bill S. 2793, does not refer to that limitation but refers to the prices established for retail sales. As established by the Office of Price Administration, that amounts to the factory established list price, plus freight, plus a delivery charge, plus a small monthly allowance for carrying the car in storage. Dealers cannot sell below that price on the greatly reduced volume without going broke.

Senator MCKELLAR. Does that pay the interest on borrowed money also?

Senator MURRAY. Yes, it takes into consideration his costs of carrying that car.

Senator BROOKS. There are no more cars being made?

Senator MURRAY. No, they are all in the hands of dealers, and if they don't get them from the dealers, they can't get them at all. And the dealer's price is fixed by the Office of Price Administration. This is designed to protect these automobile dealers and prevent them from going broke. They are limited enough by the exigencies of war, and if they can get this fair price that the Office of Price Administration fixes—

Senator MCKELLAR. I saw by the paper of yesterday that Mr. Henderson had raised the price on a great number of things. What is the difference between the dealers themselves raising the price and having Mr. Henderson raise it for them?

Senator HAYDEN. My understanding of that is that Mr. Henderson was compelled to raise the price because of the ceiling we fixed. In other words, you have the old story of the pears here. He fixed the price as of March on pears, which the dealers then rolled back on the producers so that the producer got \$15 per ton less for his pears. He had to raise the price on canned pears so that the producer could get a fair price.

Senator MCKELLAR. But he raised the price not only on pears, but on a lot of things.

Senator MURRAY. This ceiling has been fixed for some time by the Office of Price Administration. There will not be any increase, because these cars were already in the hands of the dealers, and in many instances they have been there for a long time. They are carrying them, and not being able to make any sales, many of them will be going broke, and if they can sell a few of these cars now and then to the Government it would keep them alive.

Senator HAYDEN. Have this apply to the type of car they could buy at \$925 at the time we adopted this. Would you modify it to that extent?

Senator MURRAY. That would be all right. We are not interested in selling these cars. The Navy and the Army are interested in

getting them, but when they go and take them from the dealers, the dealers want to get a decent price.

Senator McKELLAR. And \$925 is the limit that they can pay?

Senator MURRAY. Now.

Senator McKELLAR. What would make them move? What would you increase that amount by? Maybe we can do a little price fixing ourselves.

Senator MURRAY. I don't know. I have got a man out here that was counsel for the automobile dealers who appeared as a witness before us, and he is very familiar with this.

Senator McKELLAR. Here is a statement I have: Ford and Dodge sedans, \$1,178; Ford sedan, \$1,003; Ford Deluxe 8, \$1,044; Mercury, \$1,256; Plymouth, \$1,050; Plymouth Deluxe, \$1,103; Chevrolet, \$1,009.

Senator MURRAY. You see that is only \$75 or \$80 more than this.

Senator HAYDEN. Every month the dealer has that car, the more his expenses are, and so forth. What I was trying to get at was a base price.

Senator MURRAY. How would this be incorporated in the bill? Would that go in as another title?

Senator McKELLAR. There won't be any trouble about that.

Senator NYE. What you rather hope to do is to accomplish here in this appropriation bill what the bill on its own would accomplish?

Senator MURRAY. Yes; that is right.

Senator McKELLAR. All right, we will look into it and see what we can do.

OFFICE FOR EMERGENCY MANAGEMENT

WAR MANPOWER COMMISSION

STATEMENTS OF HON. PAUL V. McNUTT, CHAIRMAN; A. J. ALTMAYER, EXECUTIVE DIRECTOR; A. R. ROSEMAN, ASSISTANT EXECUTIVE DIRECTOR; L. W. A'HEARN, SPECIAL ASSISTANT TO CHAIRMAN; J. J. CORSON, DIRECTOR, UNITED STATES EMPLOYMENT SERVICE; AND LEO WERTS, ASSISTANT TO DIRECTOR OF OPERATIONS

LETTER FROM CHAIRMAN OF WAR MANPOWER COMMISSION

Senator McKELLAR. We have a letter from Governor McNutt to Senator Glass, chairman of the committee, which will be put in the record at this point.

(The letter follows:)

OFFICE FOR EMERGENCY MANAGEMENT,
WAR MANPOWER COMMISSION,
Washington, D. C., October 12, 1942.

HON. CARTER GLASS,

*Chairman, Appropriations Committee,
United States Senate, Washington, D. C.*

DEAR SENATOR GLASS: The supplemental estimate which the President transmitted to Congress for the War Manpower Commission on September 29 in the amount of \$17,166,000 included not to exceed \$14,767,000 for the performance of work relating to the United States Employment Service. Reductions made by the House of Representatives total \$6,862,320, the individual items being the elimination of \$2,058,333 for extension of the Farm Placement Service, \$3,273,000

for adjusting United States Employment Service salaries to the Federal classification level, and a reduction of \$1,131,049 in our request for funds to complete the selective service occupational inventory. The estimate for the Commission proper was reduced by \$399,938.

I feel very strongly that the total amount approved by the President is needed for proper operations of the War Manpower Commission, and particularly I solicit your assistance in having restored to the bill the first two items referred to above, and in having the third item restored to the original amount requested.

With regard to the Farm Placement Service, this part of the work of the Employment Service is becoming increasingly difficult. Unless funds are provided enabling the service to determine farm labor requirements and to make arrangements for obtaining the labor needed, we may not be able to produce in 1944 the food needed for our own people and the United Nations. As stated in the hearings, there is a positive danger that farmers may reduce their plantings unless they are assured that the Government is going to do everything possible to obtain the labor required for harvesting.

The House committee in its report on this item stated: "Until a clearer policy with reference to assuring manpower for agriculture is determined, the committee feels that the Budget estimate should be withheld." Frankly, the Commission cannot establish complete policies which would set forth the methods by which farm workers would be obtained until it is placed in a position where it can determine reasonably exact farm needs by localities. I cannot too strongly urge the restoration of this item.

Likewise, I feel that the \$3,273,000 requested for adjusting salaries of field employees of the Employment Service should be provided. The turn-over of employees which is now excessive would be substantially reduced if funds were available for the adjustment of salaries. Most of these employees have now completed their probationary service of Federal employment and are eligible for transfer to other Federal agencies. In case of transfer, and there are many, the employees are paid salaries established by Congress in the Classification Act of 1923 and its various amendments. Furthermore, the increased hours which these employees are required to work as Federal employees is in itself ample justification for any increase in salary which might be received. When on the rolls of the States, these employees worked an average of 38 hours. By an administrative order they are required to work 44 hours per week, an average increase of more than 15 percent.

I hope that your committee will appreciate the necessity for this adjustment, which merely places these employees on an equal footing with other Federal employees, and that you will give this request favorable consideration.

The reduction from \$6,131,049 to \$5,000,000 in our request for funds for the completion of the Selective Service occupational inventory will make it difficult, if not impossible, for this important task to be completed during this fiscal year. The information to be derived through this project will furnish the only complete record of the skills of our men between the ages of 18 and 65. Consequently, this information is urgently needed by the War Department, the Selective Service System, and the War Manpower Commission at the earliest possible moment. Accordingly, the \$6,131,049 required for the completion of this project should be made available if this important task is to be completed this year.

Sincerely yours,

PAUL T. McNUTT, *Chairman.*

INCREASED WORK OF COMMISSION

Mr. McNUTT. When I appeared before this committee on July 7, I stated that the Commission was just getting under way and the estimates being considered were limited to needs then foreseen. Since that time the Commission has established its regional offices. When these offices were opened it immediately became evident that the situation was critical and that it would be necessary to expand the staff and provide for labor-utilization inspectors as soon as approval could be obtained from Congress.

Also since then the President has, by Executive Order No. 9247, dated September 17, transferred the United States Employment

Service, the National Youth Administration, the Apprentice-Training Service, and the Training Within Industry Service from the Federal Security Agency to the War Manpower Commission. He also transferred to the Commission by this order all functions, duties, and powers of the Federal Security Administrator relating to defense training matters administered by the Office of Education. These transfers should facilitate the work of the Commission.

In July I pointed out that, as we had an opportunity for further study of problems relative to the utilization of manpower, the Commission would probably find it necessary to ask for additional funds.

ADDITIONAL FUNDS REQUESTED

I am now making that request, based upon the President's recommendation to the Speaker of the House of Representatives under date of September 29. In his message the President recommended an additional \$17,166,000. This amount was reduced to \$10,303,680 by the House. Details of the amounts recommended by the President and the allowance made by the House are as follows:

| Item | Recommended by President | Approved by House | Reduction |
|---|--------------------------|-------------------|-----------|
| War Manpower Commission..... | \$2,213,000 | \$1,813,062 | \$399,938 |
| U. S. Employment Service: | | | |
| National Occupational Survey..... | 6,131,049 | 5,000,000 | 1,131,049 |
| Collection of labor market data..... | 501,658 | 501,658 | |
| Extension of Farm Placement Service..... | 2,058,333 | | 2,058,333 |
| Additional facilities for orderly recruiting..... | 2,802,960 | 2,802,960 | |
| Cost of adjusting salaries to Federal classification level..... | 3,273,000 | | 3,273,000 |
| | 14,767,000 | 8,304,618 | 6,462,382 |
| Apprentice-training service..... | 186,000 | 186,000 | |
| Grand total..... | 17,166,000 | 10,303,680 | 6,862,320 |

While I feel that the total amount recommended by the President is needed for the operation of the Commission, in particular I wish to appeal the action of the House in eliminating the item of \$2,058,333 for extension of farm placement and the \$3,273,000 for adjusting United States Employment Service salaries to Federal classification levels.

SITUATION REGARDING FARM PLACEMENT

With regard to farm placement, frankly I don't see how the Employment Service can meet next year's farm labor needs without additional funds. After careful consideration of the farm labor problem, the Commission determined that something must be done to alleviate the situation; therefore, a directive was issued in which the Employment Service was instructed to establish and maintain such agricultural labor recruitment and placement services and facilities as might be necessary. In response to this directive, the Social Security Board last June requested funds for the establishment of essential facilities. The President approved the program, but Congress failed to make an appropriation.

AMOUNT ESTIMATED FOR FARM PLACEMENT SERVICE

When the Employment Service was transferred to the Commission, I instructed the Director to prepare a new estimate of funds needed for farm placement. This is the item of \$2,058,333 which the House rejected, although from the language contained in the committee report, it is evident that they were familiar with the existing shortage of farm labor. The committee stated that "until a clearer policy with reference to assuring manpower for agriculture is determined, the committee feels that the Budget estimates should be withheld."

How can we determine exact policies if we do not have complete facts regarding requirements? If funds are provided for additional offices to be established in agricultural areas, the placement load in most instances will not be heavy during the next few months. Therefore, the employees of such offices will be able to make surveys of labor requirements, analyze the available labor supply and the extent to which such supply is being utilized. We must have reasonably exact information before we can determine how the demand is to be met.

FARM LABOR PROBLEM

You all know that the labor situation is becoming more critical each month and that at the peak of the harvest season the agricultural labor situation always becomes particularly acute. This year portions of some crops have been lost; however, sufficient workers were found to harvest the bulk of all crops. I would be overoptimistic if I agreed that without additional funds for an expanded service we could hope to harvest most of next year's crops. Further, I am very much afraid that in certain areas farmers may reduce acreage planted unless they have some assurance that we are on the job and prepared in advance to do everything possible to assist them in meeting their labor needs.

Senator McKELLAR. Now, Governor.

Senator McCARRAN. Do you mind an interruption?

Mr. McNUTT. No, sir.

Senator McCARRAN. That one statement struck me forcibly. You say that manpower was marshalled sufficient to harvest the bulk of the crop.

Mr. McNUTT. That is right.

Senator McCARRAN. Do you think that is true?

Mr. McNUTT. That is right; the bulk. There have been spots where there were losses.

Senator McCARRAN. By and large, the bulk?

Mr. McNUTT. By and large. I repeat, there have been losses. But that is this year. Now all of us are attempting to foresee what the demands will be next year. Increased demands of lend-lease, increased demands for supplying our own services, increased demands for manpower in the armed service. Farmers are wondering what they are going to do, and they must have help.

Senator NYE. As to the farm labor, it is considerably more than just a matter of harvesting; is it not?

Mr. McNUTT. Oh, yes; it is a matter of planting, of cultivating, and harvesting.

Senator NYE. It is a serious question now as to whether the farm population is going to be able to plant what is required next year.

Mr. McNUTT. Precisely, and therefore we should be losing no time on solving the problem.

DRAFTING INTO MILITARY SERVICE OF FARM LABOR

Senator NYE. Governor, has the Manpower Commission made any recommendation with respect to the continuing draft of farm labor?

Mr. McNUTT. One of the first directives we issued listed agriculture as one of the essential occupations.

The CHAIRMAN. Throughout the country, as a rule, they do not defer anyone for work on the farm, whereas they do defer, when it is necessary, those engaged in manufacture, in war work. It is believed by some that if we gave the local draft boards specifically the power in cases where they are needed on the farm, to defer induction into the service for a reasonable time, that that would help the situation.

Mr. McNUTT. Mr. Chairman, they have that power today.

Senator McKELLAR. They have it, maybe.

Mr. McNUTT. Then why don't they exercise it?

Senator HAYDEN. I can give you an answer as to why they don't exercise it. I have seen it in mining camps and in farm communities. The draft is apportioned throughout the United States according to population, and a State must raise so many men for that draft. The local board then has its quota of the State quota assigned to it.

Now, it has the choice of taking a young, unmarried man off the farm or taking a young, unmarried man out of a copper mine, or drafting somebody with a wife in the town, and they simply will not draft a married man when they can find a single man, although the young miner or young farmer is engaged in an absolutely essential industry. Local boards simply will not do it, because the sentiment in the community is, "Here is a young fellow that has no family. Why don't you send him to war?" They don't go beyond that.

EFFECT ON FARM LABOR PROBLEM OF INDUSTRIAL WAGES

Senator McKELLAR. How would you, as head of the Manpower Commission, get young men, farm labor, at a very much lower price than is paid by industry, out on the farm? It looks to me like you are up against a tough proposition.

Mr. McNUTT. Of course, it is tough. You can do this; you can give deferment protection through the draft boards, if they will do it, if they will follow directives.

Senator McKELLAR. I introduced a bill like that and it is before the Department now. They haven't sent an answer to it. I suppose it went to you.

Mr. McNUTT. No, it did not. I expect they sent it to the Department of Agriculture or to Selective Service.

DRAFTING INTO MILITARY SERVICE OF FARM LABOR

Senator McKELLAR. I think they ought to be given specific authority. Draft Boards in my State—and I expect you know the man who wrote me about it. He used to be head of the Tennessee

American Legion, the State organization, and I believe he held a high place in the national organization. He has been head of the draft board in that part of the State since the draft came, or since this act went into effect. He says that the rule is, in his department, that farm boys shall not be deferred.

Mr. McNUTT. That is not true.

Senator MCKELLAR. He feels that way and all the boards feel that way, and they draft the farm boys and leave the others who go into industry.

Mr. McNUTT. That is not true. They are on the same list.

Senator MCKELLAR. They may be on the same list, but his instructions are not to defer those on farms.

Mr. McNUTT. If those are his instructions from his State director, his State director is not following the instructions he receives from the national headquarters of Selective Service.

Senator MCKELLAR. In other words, we can easily make that plain by passing a law that gives the draft board that power.

Senator HAYDEN. In my judgment, Mr. Chairman, it will not do a bit of good to leave that discretion in the hands of the local boards, because they are simply going to take the young, unmarried men before they take the man with a family—if the discretion is left in their hands.

QUESTION AS TO FURLOUGHING DRAFTEES

I want to ask this, as a practical suggestion, Governor, because I haven't followed it through. Suppose they receive a quota that they must provide for the Army, and they are needed in essential industries, such as copper mining, or on the farm. Could that young man be inducted into the Army—we now furlough them for 2 weeks to get ready—

Mr. McNUTT. Yes.

Senator HAYDEN. Could he be inducted and then you give him a furlough that he could remain at home as long as he stays on the job he had and was doing the same kind of work he was doing?

Mr. McNUTT. You could, but the Army is very much against that.

Senator HAYDEN. That is what I want to follow through and find out why.

Mr. McNUTT. Because then the cry would come from every occupation to furlough men, and we wouldn't have any Army.

Senator HAYDEN. But there must be a directive that would go with it, of course.

Mr. McNUTT. The only place that has been done is where the Army ordered these men back to the copper mines. They furloughed to the enlisted reserve 4,000 hard rock copper miners.

QUESTION AS TO DEFERMENT OF THOSE ENGAGED IN FARMING

Senator OVERTON. I can understand very well how you can defer those engaged in mining. But how are you going to defer those engaged in farming? You can't defer everybody working on the farm.

Mr. McNUTT. Of course not, and the Draft Act itself forbids blanket deferments.

Senator OVERTON. Can you save enough labor for the farms?

Mr. McNUTT. One would think, with these local boards right in the midst of it—some of them are farmers—that they must see the need as well as anybody else.

Senator OVERTON. They may do it in some localities, but in other localities they do not.

Mr. McNUTT. Well, after all, we are dealing here, in the selection of our armed forces, with the democratic process. I believe in it. I believe the local boards, on the whole, have done a good job. They are under tremendous pressure. We all realize that. And the smaller the community, the more tremendous the pressure, because the smaller the community, the more that community feels that it is the draft board, and that it will pass on the eligibility of any individual for service in the armed forces. We have had 150 years of background in this country, a background of feeling that in time of war the place to serve is in the armed forces. In years gone by, I may have been guilty of contributing to that thought. But this is total war, and this is a time when each person should serve where he can make the greatest contribution to speedy victory.

Senator MCKELLAR. That comes right up to, the question I asked you a while ago. Let us assume that things go along as they are, and there is no deferment of the farmers. How are you going to get what you call manpower on the farm, without force?

Mr. McNUTT. Just to show you that a direct channel was opened by the Director of Selective Service, he did send out a special directive to all his State directors on the employment of agricultural labor.

Senator BROOKS. Isn't it a fact that the reason they have deferred them is the Army itself has had the greatest influence with the Director of Selective Service, and they have indicated the essential worker in industry should be deferred and that farm labor was problematical and the decision was with the local board?

Mr. McNUTT. Senator, I don't think that is justified. While these men wear the uniform and receive their pay from the Army, nevertheless the Selective Service is an independent establishment. Independent to this extent; the Army gives its order for so many men, and it is the business of Selective Service, under the law, to go out and get that many able-bodied men, within the age limits set by the draft. But I have seen no indication of what you suggest. Selective service officials are as aware as anyone else of the necessity of maintaining agricultural production.

Senator NYE. But it is fair to say that until more recently they have not realized how dangerously near they were to destroying agricultural production?

Mr. McNUTT. Will you let me say one other thing? As I take a look at this from an over-all viewpoint, I must say that up to the present time, the impact has been pretty evenly distributed.

Senator NYE. You mean as between industry and agriculture?

Mr. McNUTT. Between every essential occupation. The halls of our building are full of employers who say, "I have been given a job to do in this war. I am 100 percent engaged in war production, and look what the draft and enlistment are doing to me." Once in a while I find the happy example of the employer who is also a member of the draft board, and then I put the question right back to him. He usually appreciates what has happened. We have always gone on the assumption, Mr. Chairman, that we had unlimited manpower in

this country, but now, with the kind of a war we are in, we are going to have to ration our manpower as we are rationing some other things.

Senator McKELLAR. If you ration it, how are you going to keep—not keep—how are you going to place the necessary men on the farm under present conditions? I don't see how you can do it.

GIVING UP OF SUBMARGINAL AND SUBSISTENCE FARMING

Mr. McNUTT. I will tell you one source. I think we are going to have to give up submarginal and subsistence farming.

Senator BROOKS. What do you mean by giving it up?

Mr. McNUTT. I mean they are going to have to leave their present places and go—

Senator BROOKS. Under orders?

Mr. McNUTT. Well, persuasion first. Here is the whole point—this must be done.

Senator McKELLAR. We have a constitutional provision against slavery. You can't very well do that.

Mr. McNUTT. I won't argue that question right now with you, Mr. Chairman, but this has to be an orderly development. We have never done anything of this kind before in our entire history. People have been entirely free to do what they pleased, when they pleased, with the exception of violating the criminal code. At any rate, they feel that sense of freedom. Just now, what we do is by way of persuasion. Try to tell the people, "This is why and where you should go." We try to persuade them to go, or try to persuade them to stay, as the case may be. It may be that for a while, a short while, the needs can be met, but I am sure that that will be for no great period of time because of the demands we see ahead on the manpower of this country. As I have said, one thing is the matter of deferment of those already on the farms, and another is an orderly recruitment of those we feel should be going into productive farming instead of just feeding their own mouths.

Senator NYE. You mean we are approaching the end, for the moment at any rate, of this experiment which found us trying to provide a healthier farm unit?

Mr. McNUTT. No; not that.

Senator NYE. The Farm Security Administration has been doing quite a job in that direction.

Mr. McNUTT. That is right.

Senator NYE. Do you feel that must be abandoned now, in part, at least?

Mr. McNUTT. In so far as it affects subsistence farming and submarginal farming, yes, for the duration. In other words, anyone who can make a contribution in that field should make it where it will be productive.

QUESTION AS TO WHEN RECOMMENDATIONS FOR LEGISLATION ON MANPOWER PROBLEM WILL BE SUBMITTED TO CONGRESS

Senator HAYDEN. The issue before the committee is whether to appropriate \$2,058,333 for this Farm Placement Service. The House apparently took the view that the whole manpower problem ought to be studied and Congress ought to act upon that problem before this

money would be needed. Let us look at it this way; how long do you think it is going to be before concrete recommendations for legislation will be submitted to Congress?

Mr. McNUTT. The timing of that, of course, will be in the hands of the President of the United States. He is going to say something about it tonight.

Senator HAYDEN. Do you anticipate that within a month or 2 months, or sometime soon, that will be done?

Mr. McNUTT. Once again, I say the decision as to the time will be made by the President. The preparatory work will have been done.

Senator HAYDEN. The next question is, How long will it take Congress to pass that kind of a law after the recommendations are made? It will probably require some debate.

Mr. McNUTT. I agree.

Senator HAYDEN. That is what I am trying to get at. It is your contention that in order to know what is necessary to be done you need some money.

Mr. McNUTT. That is right.

FUNDS NEEDED NOW FOR FARM PLACEMENT SERVICE

Senator HAYDEN. And that regardless of whether a broad plan is worked out or not that the expenditure of this money in determining whether a shortage exists is essential.

Mr. McNUTT. That is right, and furthermore, if it did nothing more than reassure these people that they would be able to plant and harvest their crops next year, such expenditures would be repaid manyfold. But if they are going to say, "I am not going to plant this crop, because I don't know whether I can cultivate it or harvest it," you are going to have some real losses.

DEFERMENT OF FARM LABOR

Senator McKELLAR. The bill I have introduced would do this; where a man had put in a crop and was working it in good faith, honestly, and could make that appeal to the draft board, he would be entitled to deferment until that crop was gathered. Why would not that be a better way than to try to force a young man, or any man, to work at a particular place, or in a particular field, or in a particular county, or in a particular area? Why would not that be better?

Mr. McNUTT. In the first place, Mr. Chairman, that is an amendment to the Selective Service Act. And if you start singling out essential occupations, you cannot stop at farming.

Senator McKELLAR. That is true, but we could include farming as an essential occupation.

Mr. McNUTT. It is already so designated.

Senator McKELLAR. Have they been so advised?

Mr. McNUTT. Yes; they have.

Senator McKELLAR. They are not deferring those boys on the farms. They are sending those boys to the Army.

Mr. McNUTT. The problem is still one for the local boards.

Senator McKELLAR. They don't think they have the power.

Mr. McNUTT. They do have the power, and there is no reason in the world why any one of them should fail to accept it. The power is there in fact and in writing. Furthermore, Selective Service has

made an effort to bring about uniformity of practice. Of course, when you are dealing with as many autonomous boards as you are dealing with in Selective Service, you are bound to have differences of treatment. You may have such differences in the same town, on one side of the tracks and the other.

Senator MCKELLAR. There are probably a hundred boys deferred to go into industry where one is deferred to go on to the farm, and that is why your farms are being denuded of help.

QUESTION AS TO RETURNING FARM LABOR TO FARMS FROM MILITARY TRAINING

Senator NYE. Governor, has there been an abandonment of this thought, under reorganization of manpower, of bringing the purely agricultural people back from the training camps and putting them back on the farm?

Mr. McNUTT. I am not saying, Senator, that we may not come to it. I would much rather not make a mistake at the outset, if we can prevent it. Britain did. Britain had to call back 40,000 coal miners, after getting them in the Army, equipping them, and training them. That was pure loss.

Senator McCARRAN. Do they not now furlough them back for certain periods of the year to the farms?

Mr. McNUTT. In Britain; yes. Don't forget, without going into the whole background of that thing, that Britain has had a great many men in uniform there for a long time after they have gone through their period of strenuous training. There just wasn't much for them to do. That is one situation. But we are taking men without previous military experience and trying to train them.

PROPOSED USE OF FUNDS REQUESTED FOR FARM PLACEMENT SERVICE

Senator OVERTON. Governor, what are you going to do with the wo-million-and-odd-thousand dollars?

Mr. McNUTT. We are going to go out into the farm areas—

Senator OVERTON. Personally?

Mr. McNUTT. Yes. And we are going to try to find out what the needs are, and meet them.

Senator OVERTON. Now, then if the Manpower Commission, after that kind of survey was made, found there were thousands of farm boys in camp who could do a better job of agricultural production than they could make contribution in the military ranks, it might follow that there would be a return of some of those boys, might it not?

Mr. McNUTT. That might follow, but it would be against the very strong resistance of those who make the policy for the armed forces.

USE OF REGIONAL OFFICES

Senator THOMAS. What is your set-up in this matter, do you have regional offices?

Mr. McNUTT. Yes.

Senator THOMAS. How many?

Mr. McNUTT. Twelve. We operate by regions and areas, not by State offices.

EXTRACT FROM HOUSE REPORT

Senator HAYDEN. This is what the House committee report says:

The committee has rejected in full the amount of \$2,058,333 requested for the extension of the Farm Placement Service. There is full realization of the existing shortage of labor on the farms and the further shortage that will result from more inductions into the armed forces, and migrations from farms to industries as well as the additions which should be made to the normal agricultural labor supply to meet the demands of the enlarged food program. It is the committee's view that the approach proposed by the estimate of \$2,058,333 does not supply the solution of the problem. The Budget estimate contemplates the establishment of 320 additional placement offices to serve critical farm areas, 1,500 additional personnel in existing placement offices in urban areas also serving rural areas, the placement of an interviewer in each of 89 Farm Security Administration migratory labor camps and the establishment of 6 mobile placement units, each with a supervisor and 8 interviewers. The Employment Service now has a total of 1,425 offices throughout the country and the bulk of these are in industrial centers. Despite the facilities which are already available the farm labor situation daily has grown more critical and amelioration will not be attained by further staffing of these offices and the opening of others, even though the new ones may be in rural areas. Until a clearer policy with reference to assuring manpower for agriculture is determined the committee feels that the Budget estimate should be withheld.

The only way I can follow through on that reasoning is that it is the desire of the House Committee that the general manpower policy for the United States be determined before any appropriation is made.

Mr. McNUTT. There was such a determination immediately after the War Manpower Commission was created, and it is flying in the face of the fact to intimate that such a determination was not made at the very outset.

NEED FOR AMOUNT REQUESTED

Senator HAYDEN. The next question, of course, is as to the full amount of \$2,058,333 being necessary. Could you get along with less?

Mr. McNUTT. It is, sir, and I never was more earnest in my life when I say we must have these tools to work with.

Senator OVERTON. When you expend this money and send your men out into the field, you will make a report?

Mr. McNUTT. Oh, yes; I am available at any time.

Senator OVERTON. But you expect to make a report. To whom, and how?

Mr. McNUTT. If this committee wants me to come here, I will be glad to do so.

Senator McKELLAR. How long will it take these men to make their report?

Mr. McNUTT. These men have to go out into the field. They will have to make an investigation of the need, and their next job will be to get people to meet the need.

Senator McCARRAN. Conditions change from time to time in a given locality?

Senator McKELLAR. How will they be able to fill the need, unless there is a law passed to force people to go on the farm at less salary or wages than they are getting in industry? It just does not make sense to me.

Senator OVERTON. I look at it this way, Governor. We all know there is a shortage of farm labor. You will send your men out, and they will report that there is a shortage.

RECRUITMENT AND PLACEMENT

Mr. McNUTT. You are passing up the second part of it. The next step is recruitment and placement.

Senator OVERTON. Who is going to do that?

Mr. McNUTT. These people I am asking for.

Senator OVERTON. Who can they recruit?

EXTENT OF AGRICULTURAL PLACEMENTS

Mr. McNUTT. They have done a fair job thus far. The agricultural placements in 1940 were 1,366,000; in 1941, 2,024,000.

Senator HAYDEN. This same Placement Service aid that?

Mr. McNUTT. Yes.

Senator McCARRAN. It was not the same Placement Service. It is a comparable Placement Service. I don't think you can answer fairly it is the same one you propose to put in now.

Mr. McNUTT. Well, we are simply extending the Placement Service this time. It will be much larger.

FUNDS OF EMPLOYMENT SERVICE

Senator McKELLAR. How much do you add? How much is this Placement Service, now, for the whole Placement Service, how much money do you add?

Mr. McNUTT. There is no separation in the Budget.

Senator McKELLAR. Well, how much did you spend, then, for it? We are obliged to know how much you spent up to this date, because you keep books, I know.

Mr. McNUTT. We keep books, but we cannot separate and we do not have separate records as to the various phases of the employment service.

Senator McKELLAR. Take the whole employment service, how much did you spend?

Mr. CORSON. For the 20,000 people the Budget is \$40,000,000.

Senator McCARRAN. Which is very low.

Mr. CORSON. That is the total for all industrial and agricultural placements.

Senator McKELLAR. How much have you spent of that amount, to date?

Mr. CORSON. We are now running slightly in excess of the program.

Senator McKELLAR. Yes.

Mr. CORSON. You are required to divide that up by months.

Mr. McNUTT. Mr. Chairman, we are in this kind of a situation and I am going to take a chance. We have to do the job, and we are going to do it no matter what limitations are placed, and if I am wrong then I will answer that way when you ask me about it later.

Senator McKELLAR. I don't know that that covers it.

Mr. McNUTT. The pressures are simply tremendous.

Senator McKELLAR. You know about what is industrial and what is agricultural, don't you?

Mr. McNUTT. You mean to take our total placements and the total agricultural placements and see what the proportion is.

Senator McKELLAR. That is about it.

Mr. McNUTT. But whether that proportionate cost would be exact, no one could tell.

Have you a list of the total placements for 1941?

Mr. CORSON. Yes.

TOTAL PLACEMENTS IN 1941

Mr. McNUTT. The total placements in 1941 were 7,451,472.

Senator McCARRAN. In agriculture?

Mr. McNUTT. No; that is the total.

Senator McCARRAN. The total.

TOTAL PLACEMENTS FOR AGRICULTURE IN 1941

Mr. McNUTT. For agriculture the figure was 2,024,395.

Senator OVERTON. Two to seven.

Mr. McNUTT. As 2 is to 7.

Senator McKELLAR. Two-sevenths of it.

PROGRAM WOULD BE ADMINISTERED BY LOCAL OFFICES

Senator THOMAS. That is all to be operated out of the regional offices?

Mr. McNUTT. Oh, no.

Senator THOMAS. This program?

Mr. McNUTT. This program will be in local offices.

Senator THOMAS. Where will they be located; in large cities or scattered around?

Mr. McNUTT. They will be scattered.

Senator McKELLAR. That is about \$11,000,000.

Senator McCARRAN. That is, using your present employment offices?

Mr. McNUTT. That is right, and it has to be at the top level out in the country.

Senator McKELLAR. All right; is there anything else?

Mr. McNUTT. Shall I continue, Mr. Chairman?

Senator McCARRAN. Mr. Chairman, there are quite a number of angles to this thing, and I would like to be here while the Governor is on. I wondered how far you are going tonight?

Senator McKELLAR. I am just making a drive to get this bill out.

Senator McCARRAN. I know, and I am anxious to aid in it.

Senator McKELLAR. Are there any more witnesses out there? Couldn't you go ahead with Governor McNutt now?

Senator McCARRAN. All right; I will stay a while longer.

Mr. McNUTT. May I finish my statement, then? Of course, I can be interrupted at any time.

FARM LABOR PROBLEM

In the agricultural areas they are experiencing difficulties in getting the necessary labor to harvest their crops, and this difficulty has already begun in some places. For example, in the canning areas, where they usually start to make contracts, now I understand some of the farmers are refusing to make contracts for next year. They say, "We are not certain we can get the labor supply to harvest our crops."

NEED FOR FUNDS REQUESTED FOR FARM PLACEMENT SERVICE

Under any circumstances, we will do our best, as you well know, but I am afraid our best with present facilities will not be adequate. I cannot emphasize too strongly the need for the restoration of the \$2,058,333 requested for this purpose.

RE ADJUSTMENT OF UNITED STATES EMPLOYMENT SERVICE SALARIES OF FORMER STATE EMPLOYEES TO FEDERAL CLASSIFICATION LEVEL

Mr. McNUTT. Another item which should receive your special consideration is the \$3,273,000 required for salary adjustments. The 1943 Labor-Federal Security Appropriation Act requires the maintenance of salaries of Federal employees in local offices of the Employment Service at State compensation levels. State salary levels are generally lower, and in some instances substantially lower, than those provided for in the Classification Act of 1923 as amended, which governs the salaries of other Federal employees.

As a result of this limitation—

Senator McKELLAR. Let me interrupt you and let me ask you this: How will this set-up compare with the recent order of a ceiling on salaries?

Mr. McNUTT. I think if you will allow me to give the justification here that even under this order this recommendation should be carried out.

Senator McKELLAR. It is not an order; it is an act of Congress.

Mr. McNUTT. Well, under the act of Congress.

Senator McKELLAR. I wish you would refer especially to that. My recollection is this was brought up before and we thought that to raise these salaries to such an extent over the salaries paid by the States would be very unjust, probably, and unfair to different kinds of employees doing the same thing.

Now, go ahead with your argument about it.

TURN-OVER OF PERSONNEL IN LOCAL OFFICES

Mr. McNUTT. Well, as a result of the limitation the turn-over in local offices is excessive. Most of the employees we received by transfer from the States have completed their period of probation and are now eligible for transfer to other Federal agencies where they receive the higher salaries paid by those agencies. We are limited by the appropriation act and the other agencies are not.

In fairness to these employees, I cannot object to their transfer when it means a salary increase of \$5 to \$20 a month, particularly since the majority are in the lower-salary brackets.

Senator THOMAS. Others do, and get away with it.

Mr. McNUTT. How is that?

Senator THOMAS. Others do, and get away with it. Others won't let their employees leave them. You can't get anybody out of the Comptroller's Office, or the War Department or Navy Department, even though the employee has a chance to double his or her salary. They won't let them go.

Senator McKELLAR. There was no amendment offered prohibiting them.

Senator THOMAS. I have had personal experience on those matters with those three departments.

Mr. McNUTT. But they are all getting the standard salary, and our people are not.

Senator HAYDEN. What happened was we had this matter under consideration before the committee and the State administrators appeared here and insisted that whatever the normal pay was in their State it should not be raised. Now, we complied with their request. Their motive could be readily understood. They said, "You are just going to take this over for the war, and it is going to be a short war and won't amount to anything, and then you are going to hand it back to us."

TURN-OVER OF PERSONNEL

Now, what I want to know is what you are going to have to do. What is your turn-over?

Mr. McNUTT. The turn-over is simply tremendous.

Mr. CORSON. Governor, may I answer that?

Mr. McNUTT. Yes.

Mr. CORSON. During the month of September, we lost 7.6 percent, and at that rate during the year we will lose 91.2 percent.

Senator MCKELLAR. I have lost more out of my own office; over 50 percent.

Senator THOMAS. They are under civil service?

Mr. McNUTT. Yes; but we have to be fair with these people.

Senator THOMAS. Don't you have to give them a release before they can go?

Mr. McNUTT. Yes; we can stop it.

Senator THOMAS. The others are doing it.

Mr. McNUTT. But not on a basis of this kind. Their employees are getting the standard salaries. Our people are singled out by law as the only ones on the Federal pay roll that have any such limitation upon them. It is not just; it is not fair to them.

Senator BROOKS. How much lower than the others?

Mr. CORSON. They vary from one State to the other. I can give typical figures. In Atlanta last week the average salary for stenographers would be \$90 a month, and since the Office for Emergency Management has opened up they have cleaned us out. The same thing in Albany, Ga., when the War Department extended the air base. The same thing in Charleston when the navy yard comes along. There the salaries for stenographers and typists will start at \$75 and go up to a maximum of \$90.

Manifestly, we are just a referral office, where people just go through the office.

I would like to state this off the record.

(A discussion followed off the record.)

Senator Hayden. Well, as a practical matter, you could not prevent an employee from resigning?

Mr. McNUTT. Oh, no.

Senator HAYDEN. He can quit; he is not your slave.

Mr. McNUTT. That is right.

Senator HAYDEN. And when he quits there is nothing to prevent him going some place else if he can get more money.

Mr. McNUTT. That is true.

Senator HAYDEN. That is your problem. Are they going into private employment or to other agencies?

Mr. CORSON. Both.

Mr. McNUTT. These people are good people and outside employers are taking the best personnel people because they need personnel people, too. They have an opportunity to see our group in action. They pick out the best ones, and pay them.

DIFFERENCE IN HOURS OF WORK

Now, here is another unfair part, Mr. Chairman: The average State employee works 38 hours per week as compared with a minimum of 44 hours for those on the rolls of the Employment Service. These employees, in my opinion, are the unfortunate victims of circumstances beyond their control. The Employment Service was federalized at the request of the President. Shortly thereafter, by administrative order, the hours of Work of these employees were increased to 44 per week. The small increase in wages which they will receive if paid in accordance with Classification Act schedules would in most instances only compensate them for the 15 percent increase in hours of work.

Now, it is not necessary for me to point out the injustice of requiring one group of Federal workers to work at wage scales less than those paid other Federal workers performing comparable duties. In fairness to these workers, as well as to save the Employment Service for the vital job it must do—because if it ever did have a vital job to perform it is going to have to do its principal one now, and it is in existence and getting ready to do it—I must request, with all of the sincerity I can bring before you that you give this matter careful consideration.

AMOUNT REQUESTED FOR ANALYSIS OF SELECTIVE SERVICE OCCUPATIONAL QUESTIONNAIRES

Mr. McNUTT. And finally, I urge that our original request for \$6,131,049 for the analysis of the selective service occupational questionnaires be approved. This amount was determined by the Commission to be the minimum necessary to perform this very important task. The \$5,000,000 allowed by the House of Representatives will permit us to process only a portion of these questionnaires this year. The job should be done all through, and we need it very badly.

Senator HAYDEN. Those questionnaires were sent out pursuant to an act of Congress?

Mr. McNUTT. That is right.

Senator HAYDEN. Which directed that the information be obtained?

Mr. McNUTT. That is right.

Senator HAYDEN. And until it is compared and classified, it is worthless?

Mr. McNUTT. Yes. We have been able to process some.

Senator HAYDEN. And it is going to cost so much to do the job sometime?

Mr. McNUTT. That is right. The Army is very much in favor of it. When I was before the House Appropriations Committee, everybody concerned testified, with one voice and without urging—the War Production Board, the Army, the Navy, and the Department of

Agriculture, they were all there—and there was not a single dissenting voice. They all urged that this be done.

There is no padding in this request; it was carefully worked out and we had to satisfy the Budget before we came to the Congress with the Presidential letter.

The information derived from these forms will furnish the only complete record of the skills of our available manpower between the ages of 18 and 65 years. It is there; let us use it. The information is urgently required by the War Department, the Selective Service System and the War Manpower Commission, and it should be available at the earliest possible moment.

Senator HAYDEN. Well, can you do all of this processing of those questionnaires for \$6,131,049?

Mr. McNUTT. It is our estimate that we can do it for that.

Senator McCARRAN. For how much?

Mr. McNUTT. \$6,131,049.

PROCESSING OF QUESTIONNAIRES

Senator BROOKS. By "processing," tell us what you are going to do.

Mr. McNUTT. Our principal problem right now is to find skilled workers employed in nonessential occupations and to move them out of the nonessential into the essential occupations.

Senator MCKELLAR. Suppose they don't want to be pulled out?

USE OF INFORMATION IN QUESTIONNAIRES

Mr. McNUTT. If we find out they are there, we will do our best to get them into the proper places. It is an effort to get the right man in the right place at the right time.

Now, we are depending on his patriotism. At the moment this is not very effective. I think as this whole thing goes on, and it is going to go on, that the patriotic urge will be stronger.

Senator McCARRAN. That applies mostly to those not yet in the military service, I take it?

Mr. McNUTT. Oh, yes. The list will be useful, likewise, to the Selective Service, in the event calls are made for special skills.

Mr. CORSON. May I cite two additional illustrations I think would be illustrative of what they are used for: One is the effort now to get seamen to go back to sea. With the rapidly expanding merchant marine, the need for seamen is very great. As a consequence, the only way we have to find seamen is to go to those questionnaires, to go through the files of these questionnaires in our local offices and find out who have had seafaring experience and endeavor to persuade them they are needed now to go to sea. That is one illustration.

Another at the moment is copper miners. We need copper miners desperately, and the only way to find out is through these questionnaires in the local office. These forms are now frequently found piled on chairs because we have not had enough personnel even to file them.

Senator THOMAS. Gold miners will be available presently.

Senator MCKELLAR. Senator McCarran, have you any questions?

Senator McCARRAN. No; not now. There are some other phases, but I don't care to detain him at this time.

AMENDMENTS REQUESTED

Mr. McNUTT. I have set forth here what it would mean in terms of the act. The restoration of funds can be accomplished by, on page 15, line 25, striking out \$10,117,680 and substituting \$16,980,000.

Senator McKELLAR. There won't be any trouble about putting it back.

Mr. McNUTT. In the event the committee agrees to provide funds for salary adjustments, it will be necessary to strike out the period on line 7 of page 16, substitute a colon, and add the following:

Provided, that, notwithstanding any other provision of law, moneys herein or heretofore appropriated for employment service activities or for the operation of the national system of public employment offices shall be available to pay the compensation of any person engaged in such employment service activities in accordance with the provisions of the Classification Act of 1923, as amended.

Senator McKELLAR. You have that in your statement; it is on page 6.

READJUSTMENT OF SALARIES OF CERTAIN PERSONNEL OF EMPLOYMENT SERVICE

Senator McCARRAN. One thing in your discussion, as I caught it as you went along, Governor, was very urgently opposed by the State representatives when they came before us at the time of the consideration of the prior appropriation bill.

Senator McKELLAR. Last spring.

Mr. McNUTT. That is right.

Senator McCARRAN. And their State organizations, as I recall—and I am thinking back in my memory and will state it from memory—passed resolutions against it and they brought the resolutions before us; and the committee voted to sustain them in their resolutions. And I am just wondering whether or not they have been advised now of your proposed proposition?

Mr. McNUTT. May I answer that off the record?

(A discussion followed off the record.)

Senator McCARRAN. What I have in mind is that at the time the original appropriation bill was up they had notice and they came before us and were heard. Now, they are not here when this is brought up and they have no notice of it at all. It does seem to me in all fairness they should be heard, and yet the time will not permit.

TEXT OF PROVISION INCLUDED IN LABOR-FEDERAL SECURITY APPROPRIATION ACT, 1943

Senator McKELLAR. If you will allow me, I recall from my own State we had one of the best men in it before us; I have known him all his life, and after hearing them we put this in the law:

Provided further, That pending the return to State control after the war emergency of the Employment Service facilities, property, and personnel loaned by the States to the United States Employment Service, no portion of the sum herein appropriated shall be expended by any Federal agency for any salary, to any individual engaged in employment service duties in any position within any local or field or State office, which substantially exceeds the salary which would apply to such position and individual if the relevant State merit system applied and if State operation of such office had continued without interruption.

Now, that is the law as it is today, and that is what your amendment would defeat.

Mr. McNUTT. Yes, sir; and I was just saying that if you leave it that way it will hamstring this operation, but the enactment of the proposed amendment will enable the Employment Service to carry out its function as one of the principal operating arms of the Commission.

Senator McKELLAR. I am looking at it from the standpoint of this Appropriations Committee, whether we ought to defeat that law without hearing the people who opposed it before. I am rather like Senator McCarran on that, that we ought to hear both sides.

Mr. McNUTT. Senator, there is no doubt in my mind that they knew everything which took place in the House Appropriations Committee.

Senator McCARRAN. I don't know.

Mr. McNUTT. They maintain an office here; they have somebody here all the time.

Senator McKELLAR. I don't know anything about it.

Mr. McNUTT. But I plead with you gentlemen, give us a chance to do this job, which gets more difficult every day and will continue to become more difficult every day as this war progresses.

REASON FOR AMENDMENT REQUESTED

Senator McCARRAN. Now, is your sole reason for the change based on what you have stated, that the turn-over is destructive of the Service; is that your only reason?

Mr. McNUTT. That is my primary reason, that is from the standpoint of the Service. But there is also the sense of fairness to these employees. These people are suffering because of things that are beyond their control.

Senator McKELLAR. Gentlemen, you see, we sit here day after day, and have been since last January, just for illustration, listening to the departments, and in some services of the Post Office Department—with which I am very very much attached, because I am chairman of the Post Office Committee and have been for many years, and have been on the committee for a quarter of a century—there are certain of their employees, quite a large number of them, that are by the accident of legislation having to suffer from a like inequality of salaries.

Now, that is the only one I am acquainted with just at this moment, but I imagine in each department there are certain employees that are thus apparently discriminated against; and maybe they are discriminated against. But just after we had passed a law providing for salaries to be retained as they were on September 15—

Senator BROOKS. But there was a provision to provide for gross inequities. This is a gross inequity.

Senator McKELLAR. If this is a gross inequity, it would come within that law.

Mr. McNUTT. Yes.

Senator McKELLAR. But unless it is such, we have all got to submit to inequities.

(A discussion followed off the record.)

Mr. McNUTT. But we are here faced with a practical matter. This is a very important operating arm of the War Manpower Commission, and it will become more important day by day. If the

situation is going to be such as to reduce our efficiency it is going to be reflected in the progress of the war effort.

ARGUMENT THAT TAKING OVER OF STATE EMPLOYMENT OFFICES WAS
STEP TOWARD FEDERALIZATION

Senator McCARRAN. Governor, there is one very forceful argument presented by the group that was here, and I want to repeat it as best I can from memory. It is a general argument, and that is that this is one more step toward federalization. And to get right down into it, federalization means of everything. Those States are going to be restrained more and more as we go along. It may be that this is an emergency of the hour, and these other matters should be overlooked; but they are basic. The objection is basic to the whole proposition.

Mr. McNUTT. The objection may be basic, Senator, but it is not justified.

Senator McCARRAN. I don't know; we are getting federalized pretty strong.

Senator BROOKS. How do you explain it is not justified? We certainly are federalizing in every detail.

Mr. McNUTT. There wasn't any question but that the Employment Service had to be handled in a direct-line operation. There could not be anything in between. The transfer to Federal operation was made in order to get a job done as quickly and as well as possible.

Senator BROOKS. Not to prolong it, because I think the Senator is right, but we are federalizing in this country. We have had testimony here today there are going to be over 3,000,000 people in-migrate from one place to the other because of the necessity of the hour, and we are going to have 13,000,000 federalized in this Employment Service. You are going to have to get federalized more and more. That is why I favor what you are stating. It is essential to be federalized now.

Mr. McNUTT. It was clearly indicated that it had to be done in order to meet the emergency situation.

Senator BROOKS. As I say.

Mr. McNUTT. I don't think the argument was justified that this was a step in that direction and that other steps would be taken.

Senator McCARRAN. Let me read you the statement; it is short, made by Mr. Williams before the committee of which I was chairman:

So that the thing we are trying to do is this, that when we see a move in a direction that would tend to federalize these State unemployment compensation agencies, to try to do our dead level best to head it off, because we believe that if we let them get the camel's nose under the tent it won't be long before the whole hump will be under the tent.

Are you trying to get the hump under the tent?

Mr. McNUTT. No; I am not, Senator. I am just trying to get a job done now that must be done now, to expedite the war effort.

Senator McCARRAN. I believe that.

Senator HAYDEN. Gentlemen, are there any further questions of the Governor or his organization? If not, we will call the next witness. Thank you very much.

Mr. McNUTT. Thank you very much.

THE JUDICIARY

SALARIES AND EXPENSES OF CLERKS, UNITED STATES COURTS

STATEMENTS OF H. P. CHANDLER, DIRECTOR, ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS, AND ELMORE WHITEHURST, ASSISTANT DIRECTOR

COMPENSATION OF TEMPORARY EMPLOYEES

Senator McKellar. What have you here?

Mr. Chandler. What I have here, Senator, is just this: A request for a deficiency appropriation of \$75,000 to provide for the compensation of temporary employees in the clerks' offices for the present fiscal year, who are made necessary by the very great increase in the number of condemnation proceedings which are brought in the courts.

Salaries and expenses of clerks, United States courts, 1943

Salaries and expenses: For an additional amount for salaries and expenses of clerks, United States courts, fiscal year 1943, including the objects specified under this head in the Judiciary Appropriation Act, 1943 (56 Stat. 503)..... \$75,000

Personal services, field

The additional appropriation requested is to provide for the extension of the appointments of temporary deputies and clerical assistants in clerks' offices for the remainder of the current fiscal year and the appointment of additional temporary assistants where urgently needed during this period.

Estimated additional requirements, fiscal year 1943..... \$75,000

JUSTIFICATION

The regular appropriation acts for the fiscal years 1942 and 1943 have carried an allotment of \$41,200 for the employment of temporary personnel in clerks' offices in the various district courts. The increased volume of work in clerks' offices due to naturalization and condemnation proceedings made it necessary for the Administrative Office to apply for a supplemental appropriation of \$25,000 for temporary personnel during 1942, which was approved February 21, 1942 (Public Law 463).

Condemnation and naturalization proceedings in the district courts are still increasing steadily and it has been necessary during the current fiscal year to authorize additional temporary appointments in approximately half of the district courts to enable clerks' offices to keep their work from falling in arrears. The obligation for temporary personnel as of September 3, 1942, was \$43,034. As of that date 72 temporary appointees for emergency work covering periods from 30 days to 6 months were employed in clerks' offices in 34 districts. The amount necessary to continue these appointments to the end of the fiscal year is \$51,374.

Requests for temporary assistance are still being received and it is requested that an additional amount of \$75,000 be appropriated for the fiscal year 1943. This amount will make it possible to continue on the rolls the temporary employees now employed in 34 clerks' offices and provide sufficient funds for the appointment of 24 additional deputies or clerical assistants where it is anticipated they will shortly be needed. The amount requested will also provide \$6,500 which is needed to cover military leave with pay granted under the provisions of Public Laws 202 and 517 (77th Cong.), to employees entering the military service. In many instances it has not been possible to absorb the cost of accrued leave of employees entering the military service due to the fact that successors had to be appointed to keep the work current prior to the expiration of the accrued leave.

CONDEMNATION WORK

The Administrative Office has been informed by officials of the Lands Division of the Department of Justice that condemnation litigation in the Federal courts is still increasing and that no decline in this type of litigation is anticipated during the fiscal year 1943.

The number of condemnation suits filed in the district courts during the fiscal year 1942 was more than double the number of such suits filed in 1941. The records indicate that the number of condemnation suits filed during the last three fiscal years was as follows: 1940, 1,158; 1941, 1,835; 1942, 3,964.

These suits arose out of the acquisition of lands for public use and largely all the land acquired was for military and naval purposes. The increase in this type of litigation has brought about a corresponding increase in the volume of work and responsibilities of the clerks' offices. Each suit filed requires a considerable amount of clerical work in clerks' offices in connection with the filing and docketing of the case, the receiving, recording and disbursing of moneys deposited into the registry of the court, the issuance of summons and notices, and the recording, copying and verifying of the orders and pleadings in the case. His work must necessarily be accomplished with a minimum of delay and it is essential that adequate staffs be provided in each office in order that it may be handled accurately and efficiently.

NATURALIZATION WORK

There has also been a steady increase in the naturalization work of the courts during the past 5 years. The naturalization earnings during this period were as follows:

| | |
|-------------------|------------------------|
| 1938..... | \$747, 072. 50 |
| 1939..... | 886, 807. 50 |
| 1940..... | 1, 224, 078. 50 |
| 1941..... | 1, 271, 540. 50 |
| 1942..... | 1, 548, 631. 50 |
| Total..... | 5, 678, 130. 50 |

In many of the district courts located in large metropolitan areas it has been necessary to authorize the appointment of temporary deputy clerks to assist in keeping the large volume of this work current. In order to save time and travel funds, some judges are now holding naturalization proceedings at nearby military camps in order that alien soldiers and sailors in the service may be naturalized. It is expected that naturalization work in the courts will continue at a rapid pace as long as the war exists and it is desired to give the clerks' offices additional help where it is urgently needed in order that this work may be kept current.

The regular appropriation for 1943 shows for personal services in the clerk's offices \$2,412,100, and of that \$41,200 was allocated for temporary services. Now we are asking for an additional sum for temporary personnel of \$75,000 and it is made necessary by the increase in condemnation and naturalization business.

INCREASE IN CONDEMNATION PROCEEDINGS

I can give you in a word some indication of what this has amounted to: The number of condemnation proceedings brought in 1941, the fiscal year 1941, was 1,783, and in 1942 it was 3,880, which was more than twice as much.

But an even better indication of the increase is furnished by the number of tracts involved in condemnation proceedings. The Department of Justice has given me the latest information that they have in reference to the number of tracts involved in condemnation proceedings, and there is really a striking increase from 1940 to 1942. In 1940 there were 14,704 tracts involved; in 1941, 23,899 and in 1942 46,681. In other words, in 1942, that fiscal year, more than twice as many tracts of land were involved in condemnation proceedings as in the fiscal year 1941.

NUMBER OF TEMPORARY EMPLOYEES NEEDED

Senator McKellar. How many clerks do you want to appoint out of this \$75,000?

Mr. Chandler. Well, at the present time, Senator, there are approximately 65 temporary deputy clerks throughout the country—

Senator McKellar. I know; I am not asking that question at all.

Mr. Chandler. I beg your pardon.

Senator McKellar. How many are you going to appoint out of the \$75,000 that you ask for?

AMOUNT REQUIRED TO RETAIN PRESENT TEMPORARY EMPLOYEES

Mr. Chandler. Well, we propose to continue these 65 for the remainder of the year. They are temporary appointments, you realize, and the present authorization will run to about the end of this year, on the average. And it is estimated that it will take \$51,000 more to carry the present number to the end of the fiscal year.

Senator McKellar. Why that, when you were given the amount of money necessary to employ these clerks before?

Mr. Chandler. There present appointments are subject to expire at varying dates.

Senator McKellar. When?

Mr. Chandler. Well, practically all of them will expire on the 31st of December; a few before that and possibly a very few may run a month or two longer.

DISTRICTS TO WHICH TEMPORARY EMPLOYEES ARE ASSIGNED

Mr. Whitehurst. These are all temporary.

Senator McKellar. Where are they?

Mr. Whitehurst. They are in 44 different districts.

Senator McKellar. Give us the districts; I want them, to know where you are going to place them.

Mr. Chandler. Well, Senator, one district in which assistance is being earnestly asked is the middle district of Tennessee.

Senator McKellar. It don't make any difference where it is; I want to know where it is.

Mr. Chandler. I should say this, that some appointments have been made which have terminated. I have here a list of the temporary appointments that have been made, showing the dates that some have ended. The greater majority are continuing.

Senator McKellar. Just put that list in the record and tell us which ones you are going to continue and at what salaries.

Mr. Chandler. I will be glad to state the salaries. The overwhelming proportion of them are \$1,440; there are a few at \$1,260 and also a few at \$1,620.

Mr. Whitehurst. Shall I read the districts? I can read the list.

Senator McKellar. I want to know in which districts you are going to hire them.

Mr. Whitehurst. Northern Alabama, western Arkansas, northern California, Connecticut, District of Columbia, southern Florida, northern Georgia, southern Georgia, northern Indiana, southern Indiana, southern Iowa, Kansas, western Kentucky, western Louisiana,

Maine, Maryland, Massachusetts, eastern Michigan, western Michigan, northern Mississippi, eastern Missouri, Nebraska, New Jersey, eastern New York, southern New York, middle North Carolina, Oregon, middle Pennsylvania, western Pennsylvania, Puerto Rico, Rhode Island, eastern South Carolina, western South Carolina, middle Tennessee, western Tennessee, northern Texas, eastern Texas, southern Texas, Vermont, eastern Virginia, eastern Washington, Western Washington, and southern West Virginia.

Senator MCKELLAR. Well now, how many of them are to be new clerks and how many of them that are now in existence?

Mr. CHANDLER. Say 65 are now serving.

Senator MCKELLAR. Sixty-five, and how many new ones are you going to put on?

NUMBER OF ADDITIONAL TEMPORARY CLERKS TO BE APPOINTED

Mr. CHANDLER. We contemplate that we can employ approximately 20.

Mr. WHITEHURST. Twenty to twenty-four.

Senator MCKELLAR. How many?

Mr. CHANDLER. Somewhere from 20 to 24. You see, we cannot tell precisely what the demand is going to be.

Senator MCKELLAR. Now, I want to know where those 20 to 24 are going to be used?

Mr. CHANDLER. We cannot tell you, sir, at this time, because condemnation proceedings are filed frequently without notice.

Senator MCKELLAR. If you cannot tell where you want to place the clerks, I don't think the committee can tell where you are going to get the money, in my judgment. I think you ought to come here and tell us what you are going to do, and I am going to insist on it, Mr. Chandler, from now on when you ask money of this committee I am going to ask every time what you are going to do with it.

NEED FOR ADDITIONAL TEMPORARY EMPLOYEES IN EASTERN DISTRICT OF MISSOURI

Mr. CHANDLER. The point is, Senator, that the requests for additional assistance come to us from week to week and month to month. Now at the present time there are in the eastern district of Missouri, four, I think, clerks of the Department of Justice, the Lands Division, who have been doing part of the work in preparing some of the data and doing some of the work that otherwise would have to be done by the clerk of the court. The Lands Division has informed us that they think that is properly part of the work of the clerk of the court; and I cannot deny it. We shall need authority to employ four persons, to make that adjustment.

Senator MCKELLAR. Now, I tell you what you do; you prepare a list of those you are going to appoint and where you are going to appoint them; make it a part of your testimony and let it be put in tomorrow, and we will give it consideration.

Mr. CHANDLER. Senator, might I say this, that at the present time we do not have 20 additional appointments that we intend to make.

Senator MCKELLAR. Then if you haven't, why not wait until then?

Mr. CHANDLER. I am perfectly willing to take the judgment of the committee on that. We have made the best estimate we can of what the demands are likely to be.

Senator McKELLAR. We are not going to turn over to you, if I can help it, the money to use as you see fit in the future, not any more. I want to be perfectly frank about it; I am very straight forward and I am telling you straight from the shoulder.

If you will bring us the places you want to make the appointments with this \$75,000, we will give it most careful consideration.

Mr. CHANDLER. Very well. I presume you have had a long hearing this afternoon. Would it be permissible for me to write a very brief statement on it?

Senator McKELLAR. Yes, sir; and give us a list of the places where you expect to fill these and the amount you are going to pay each one.

Mr. CHANDLER. But, Senator, might I ask this question, because I have no desire here except to provide for the efficient service in the clerk's offices, if I can. Now, there is this condition—

Senator McKELLAR. Well, you don't provide it, my dear sir; you happen to be our employee. I think you have forgotten it in the past.

Mr. CHANDLER. Well, I have no desire except to secure—let me say I have the utmost respect for this committee.

Senator McKELLAR. That is remarkable; I am glad to hear it. All right, sir; if you have anything else to say.

Mr. CHANDLER. I would just like to say this, Senator: I want to inform you of the condition with which we are confronted, because it is this: That these condemnation proceedings are being filed, and under the present practice the Government is in a position, and it is proper that it should be in a position, to take the land that is needed for military purposes almost instantly. And very few days elapse between the time when the Government develops its need—

Senator McKELLAR. Now, do you think it is necessary to tell us? Senator Thomas and I are both lawyers and understand it, a good deal better than you do.

Mr. CHANDLER. I know you do.

Senator McKELLAR. Yes, sir.

DELAYS IN PAYMENT TO OWNERS OF PROPERTY TAKEN BY THE GOVERNMENT

Mr. CHANDLER. But there is this condition that follows. You realize that unless the work of the courts is done promptly following the institution of the suits, steps for the payment of the owners who are dispossessed cannot be taken; and it is the desire of the courts—

Senator THOMAS. I have a lot of complaint on that now, that lands have been taken and they don't know where to go to get their money; and they appeal to us and cause us a lot of trouble.

Mr. CHANDLER. I know that. I should be glad to know of any specific place in which there is delay, Senator.

Senator THOMAS. We approve, I think in every instance, the bill for the money to pay the awards that have been made by the courts.

Mr. CHANDLER. Of course the payment of the awards is not a matter that comes under us; but it is for the courts to see that the work that has to be done is done by the clerks, to make the records.

Senator THOMAS. This money has not been appropriated to pay the awards in the amounts that have been granted by the courts, and the courts don't have the money. But they do come to us to get these deficiency judgments paid. Now you don't know about that.

Senator MCKELLAR. I want to give you an illustration of what you don't seem to know about: There have been a great many lands taken in Tennessee, in all three divisions. You have got temporary clerks in two of the divisions.

Mr. CHANDLER. Yes, sir.

Senator MCKELLAR. And in the other division, in which I understand the War Department is now taking scores of thousands of acres—I am afraid to give the number, but it is something like 100,000, or it may be 200,000—that is in the eastern portion of the State; I should think that as much land has been taken in the eastern portion of the State as in the other two divisions of the State, and yet you make no provision for that.

Which indicates to my mind, Mr. Chandler, that you don't know what the necessities are.

Mr. CHANDLER. Of course, we have—

Senator MCKELLAR. I think the judge, probably, or the court or some official or the clerk of the court would probably be able to make an estimate better than you.

Mr. CHANDLER. All right; our estimate is absolutely based on the requests that come from the clerks.

Mr. WHITEHURST. The clerk for the eastern district of Tennessee has not requested additional assistants.

Senator THOMAS. In my State we are taking over vast numbers of tracts.

Mr. CHANDLER. Surely.

Senator THOMAS. And there is no request for additional service there. I am glad to hear that. That indicates to me that our folks are—

Senator MCKELLAR. Doing their work.

Senator THOMAS. Doing their job to your satisfaction. Maybe they don't know if they are entitled to it or know they could get extra clerks. I am glad to know they are not listed for my State.

Mr. CHANDLER. We are corresponding with the clerks from time to time, and I have written to the clerks that in this time it was incumbent on us to try to be just as economical as we can. At the same time we wanted to have adequate service rendered in the clerks offices, and if any clerk needed additional personnel and he would write us, we would authorize it if we could.

Of course, the provision for the appropriation comes from Congress, I realize that, but we are responsible for the administration of the appropriation.

Then I will send you that information.

Senator MCKELLAR. Yes, sir; for the record.

Mr. CHANDLER. And if I may—accompany it with a very brief statement?

Senator MCKELLAR. Anything you wish.

Mr. CHANDLER. Thank you very much.

Senator MCKELLAR. All right.

(The information requested by Senator McKellar is as follows:)

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS,
Washington, D. C., October 13, 1942.

HON. KENNETH MCKELLAR,

*Chairman of the Subcommittee on Deficiency Appropriations of the
Committee on Appropriations, United States Senate,
Washington, D. C.*

DEAR SENATOR MCKELLAR: IN accordance with your request at the meeting of your subcommittee yesterday I append to this statement (1) a schedule of the present temporary positions in the offices of clerks of the Federal courts, and (2) a schedule of additional temporary positions now known to be needed in order to handle efficiently the work of the clerks' offices during the current fiscal year.

Request is made by the supplemental estimate submitted by this office and transmitted to your committee through the Bureau of the Budget for the additional amount of \$75,000 for salaries and expenses of clerks for the United States courts for the fiscal year 1943. This is to permit the employment of temporary deputies to meet the greatly increased work devolving upon the clerks' offices during the present war emergency principally by reason of the extraordinary increase in the volume of condemnation business and the marked increase in the naturalization business. Of the total sum of \$75,000, \$51,374 is estimated to be necessary to continue the employment of present temporary deputies who have been engaged for terms expiring on short dates long prior to the end of the fiscal year indicated on the first schedule, \$6,500 is estimated to be necessary to provide for the overlapping compensation of temporary deputies engaged to take the place of deputies entering into military service who will be entitled to considerable leaves with pay following the time when they cease work, and \$17,126 is estimated to be necessary to provide for the employment of between 20 and 25 additional temporary deputies who it is virtually certain will be needed before the close of the fiscal year for the condemnation and naturalization work which continue to increase. Of this number 5 listed in the second schedule are needed at this time.

It is not necessary to elaborate to your committee on the great increase in the number and scope of condemnation proceedings brought by the United States in the Federal courts. The number of such proceedings in the 84 districts within the 48 States (excluding the District of Columbia) increased from 1,783 in the fiscal year 1941 to 3,850 in the fiscal year 1942, or more than doubled. The number of tracts involved also more than doubled, rising from 20,839 on July 1, 1941, to 48,681 on July 1, 1942, according to data furnished by the Lands Division of the Department of Justice. Apparently the increase is continuing because the Department of Justice states that during the first month and a half of the present fiscal year the Lands Division received 5,160 cases and matters, an increase of 195 percent over 1942. The condemnation proceedings brought by the Government which were pending on August 1, 1942, involved an aggregate acreage of nearly 10,500,000 acres, more than 15,600 square miles of land, which is nearly twice the size of the State of Massachusetts.

Condemnation cases require a large amount of clerical work in the clerks' offices in connection with the filing and docketing of the cases, the issuance of summonses and notices which frequently run to large numbers in single cases because of the large number of tracts involved, the recording and disbursing of moneys running into millions of dollars deposited into the registry of the court, and the recording, copying, and verifying of the orders and pleadings. The time required under present condemnation procedures for the Government to get possession of land condemned for war purposes is, as known to this committee, exceedingly short, frequently only a few days. It is highly important in order to minimize the hardship to the owners of lands who are dispossessed that the condemnation proceedings should be carried through with the utmost expedition in order that the owners may receive their awards to help tide them over the transition and set them up in new locations. For this purpose the courts are properly laying stress on having the work of the clerks done without delay. This can be accomplished only if the clerks have additional assistance temporarily to meet the emergency.

Although the great volume of condemnation proceedings is the principal factor in the added burden of the clerks' offices, a substantial additional factor is the increase in the naturalization business. The number of petitions for naturalization filed in the last fiscal year was 240,597 as compared with 185,408 the year before, an increase of 29.8 percent. The naturalization earnings of the clerks'

SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION, 1943 97

offices rose from \$1,271,540.50 in the fiscal year 1941 to \$1,548,631.50 in the fiscal year 1942. The naturalization cases require a large amount of time and attention from the clerks' offices, particularly in the larger cities. The Immigration and Naturalization Service is making every effort to speed up the examination of pending petitions, and in order to keep pace and make possible prompt court action after the Immigration and Naturalization Service has done its work the clerks' offices must have sufficient personnel.

The sum of \$75,000 for which an additional appropriation is requested is believed to be a very conservative estimate of the amount necessary in order to enable the clerks' offices to do their part in meeting the present extraordinary war needs with reasonable efficiency. This sum will provide for a small number of additional deputies beyond those now known to be necessary, as indicated in schedule 2, but the experience of recent months makes it certain that the bringing of new condemnation proceedings in areas which cannot be known in advance will create additional demands upon the clerks' offices for which they will need additional assistance. Additional employees are not authorized in any office except upon express request of the clerk and then only when supported by a statement of facts showing the necessity. This office in its correspondence with the clerks has urged them to exercise the utmost economy and to make every effort to hold down as far as possible consistently with good service the expenses of their office. I am satisfied that they are doing so. The additional appropriation asked is in my judgment essential to enable the clerks to do properly the additional work cast upon them by the war and I trust that it may be granted.

Respectfully submitted.

HENRY P. CHANDLER.

Schedule of temporary positions in the clerks' offices of United States courts as of Oct. 12, 1942

| District | Number of positions | Salaries | Present limit of employment |
|-------------------------|---------------------|----------|-----------------------------|
| Alabama, northern | 2 | \$1,440 | Oct. 15, 1942 |
| Arkansas, western | 1 | 1,440 | Jan. 4, 1943 |
| California, northern | 3 | 1,200 | Dec. 31, 1942 |
| Do | 1 | 1,440 | Oct. 31, 1942 |
| Connecticut | 1 | 1,440 | Do. |
| District of Columbia | 1 | 1,440 | Dec. 7, 1942 |
| Do | 1 | 1,440 | Dec. 31, 1942 |
| Florida, southern | 2 | 1,440 | Do. |
| Georgia, northern | 1 | 1,440 | Do. |
| Do | 1 | 1,620 | Do. |
| Georgia, southern | 1 | 1,620 | Do. |
| Indiana, southern | 4 | 1,440 | Do. |
| Kansas | 1 | 1,440 | Oct. 25, 1942 |
| Kentucky, western | 1 | 1,440 | Mar. 31, 1943 |
| Louisiana, western | 1 | 1,440 | Jan. 15, 1943 |
| Maryland | 1 | 1,440 | Dec. 31, 1942 |
| Massachusetts | 4 | 1,440 | Do. |
| Do | 1 | 1,500 | Do. |
| Michigan, eastern | 3 | 1,440 | Do. |
| Missouri, eastern | 1 | 1,440 | Do. |
| Nbraska | 1 | 1,440 | June 30, 1943 |
| New Jersey | 4 | 900 | Dec. 31, 1942 |
| Do | 1 | 1,440 | Do. |
| New York, eastern | 1 | 1,440 | Do. |
| Do | 1 | 1,620 | Do. |
| New York, southern | 4 | 1,440 | Do. |
| North Carolina, middle | 1 | 900 | Do. |
| Oregon | 2 | 1,500 | Do. |
| Do | 1 | 1,620 | Do. |
| Do | 1 | 1,800 | Nov. 14, 1942 |
| Pennsylvania, middle | 2 | 1,440 | Dec. 31, 1942 |
| Puerto Rico | 1 | 1,200 | Do. |
| Rhode Island | 1 | 1,440 | Do. |
| South Carolina, eastern | 1 | 1,440 | Do. |
| South Carolina, western | 1 | 1,440 | Do. |
| Tennessee, middle | 2 | 1,440 | Do. |
| Tennessee, western | 1 | 1,200 | Do. |
| Texas, northern | 1 | 1,440 | Do. |
| Texas, eastern | 1 | 1,200 | Do. |
| Texas, southern | 1 | 1,440 | June 30, 1943 |

Schedule of temporary positions in the clerks' offices of United States courts as of Oct. 12, 1942—Continued

| District | Number of positions | Salaries | Present limit of employment |
|--------------------------|---------------------|----------|-----------------------------|
| Vermont..... | 1 | 1,260 | Apr. 7, 1943 |
| Virginia, eastern..... | 1 | 1,440 | Dec. 31, 1942 |
| Do..... | 2 | 1,620 | Oct. 20, 1942 |
| Washington, eastern..... | 1 | 1,200 | Do. |
| Washington, western..... | 2 | 1,440 | Dec. 31, 1942 |

NOTE.—There have been appointed also since July 1, 1942, 33 temporary deputies who are no longer on the temporary rolls, in the following districts: Florida (southern), Georgia (southern), Indiana (northern), Indiana (southern), Iowa (southern), Kentucky (western), Maine, Michigan (western), Mississippi (northern), Nebraska, New Jersey, New York (eastern), New York (southern), Pennsylvania (western), Tennessee (middle), Texas (southern), Texas (western), Washington (western), and West Virginia (southern).

Extension of the temporary appointments of 2 positions in northern Alabama, 1 position in Oregon, and 1 position in eastern Virginia is not contemplated.

Schedule of additional temporary positions in the clerks' offices known on Oct. 12, 1942, to be needed for the remainder of the fiscal year

| District | Number of positions | Salary rate |
|------------------------|---------------------|-------------|
| Missouri, eastern..... | 4 | \$1,440 |
| Utah..... | 1 | 1,440 |

RAISING OF PRICE LIMITATION ON AUTOMOBILES PURCHASED BY GOVERNMENT AGENCIES

STATEMENTS OF LT. COL. ROBERT S. MOORE, COL. G. R. RICHARDS AND COL. HAROLD E. EASTWOOD, WAR DEPARTMENT

Colonel RICHARDS. Colonel Eastwood, Senator, will give you the information.

Senator McKELLAR. All right, sir.

CEILING PRICE ON CARS FIXED BY OFFICE OF PRICE ADMINISTRATION

Colonel EASTWOOD. Senator, the automobiles that we are purchasing to which this price limitation applies are those that have been frozen on January 1 in the hands of dealers all over the country. We are purchasing a part of those cars in order to avoid the production of other cars, and thereby the consumption of materials.

Generally when we purchase a car under the production scheme we purchase it from the manufacturer f. o. b. the factory and maybe move it either by driveway or ship by government bill of lading.

The dealers that hold these cars today are by O. P. A. regulations and War Production Board regulations permitted to charge the list price plus the transportation costs, plus a 5 percent handling charge, plus 1 percent per month addition. That is all in accordance with certain laws that are now in force under the limitation of the war program.

Senator THOMAS. That is just simply to make up the expense the dealer has been put to in carrying the cars?

Colonel EASTWOOD. Yes, sir.

Senator THOMAS. The Government has provided it as a basis to finance their rents and insurance and interest charges.

Colonel EASTWOOD. Yes, sir.

Senator THOMAS. And it is quite necessary that we do that and make that provision for them to receive it.

Colonel EASTWOOD. That is correct.

Senator MCKELLAR. But it is a subsidy, just the same, for the automobile dealer.

Senator THOMAS. Otherwise he would go broke, Senator, if we did not do it, without being well-financed or have an accumulation of money to carry him. I think it is only fair.

Senator MCKELLAR. It is a problem; no doubt in the world about that.

But with this amendment you could pay almost any price you pleased and buy any kind of a car you choose?

Colonel EASTWOOD. Well, sir, what this amendment would permit, it would permit us to pay the same price to the dealer he can get from a civilian.

Senator MCKELLAR. Now, let us take the 4-door Dodge; what would you pay for it if this amendment were to pass?

Colonel EASTWOOD. I could not quote on that particular car. We are not buying Dodges. We are buying Fords and Plymouths, and Chevrolets.

Senator MCKELLAR. Well, take a Chevrolet. That is \$1,009?

Colonel EASTWOOD. Senator, we have a Ford figured out. I am not familiar enough with the Chevrolet.

Senator MCKELLAR. Well, let us take a Ford. A Ford deluxe, have you got, or just an ordinary Ford? Ford sedan, \$1,003. What would you pay for it?

Colonel EASTWOOD. \$1,045.20, with certain assumptions.

Senator MCKELLAR. Mr. Morrison's testimony was that it is \$1,003.

Colonel EASTWOOD. That, sir, does not take into account, I believe, a freight charge.

Senator MCKELLAR. So this Ford now is a thousand and what?

Colonel EASTWOOD. \$1,002.20.

Senator MCKELLAR. \$1,002? That is less.

Colonel EASTWOOD. For instance, it lists at \$885, sir.

Senator MCKELLAR. A sedan would be \$1,003, and you would pay how much?

Colonel EASTWOOD. We would have to pay, because we have to pay the transportation charge—may I give the break-down of the price?

Senator MCKELLAR. Yes.

Colonel EASTWOOD. The Ford deluxe 4-door lists at \$885. Assume that the dealer has paid the transportation—

Senator MCKELLAR. It is \$1,044 here.

Colonel EASTWOOD. The list price?

Senator MCKELLAR. I am giving Mr. Morrison's.

Colonel EASTWOOD. The over-all price.

Senator MCKELLAR. That is the ceiling price, it seems.

Colonel EASTWOOD. The ceiling price. We don't go above the ceiling.

Senator MCKELLAR. You would not pay on all of these charges anything more than that. It says here in the tabulation, I will read

some of the parts, that these will be the prices that would apply as of June 1943. If we bought them today it would be somewhat less; that would be 6 percent or 8 percent less than these prices.

Now, a 4-door Dodge sedan, the ceiling price of June 1943 would be \$1,178. A Ford sedan would be \$1,003. A Ford deluxe sedan would be \$1,044. A Mercury would be \$1,256. A Plymouth would be \$1,050. A Plymouth deluxe would be \$1,103. A Chevrolet would be \$1,009.

Colonel EASTWOOD. Yes, sir; but I doubt that transportation charges are included in those ceiling prices, because the transportation charges vary from the different points. So I think that must have not been taken into consideration in this tabulation.

Senator McKELLAR. Then what you want to do would be, then, to fix a ceiling, take these several cars just like Mr. Morrison gave, and add to that the transportation charge?

Colonel EASTWOOD. Yes, sir; where there was a transportation charge.

Senator McKELLAR. Of how much?

Colonel EASTWOOD. Only where there is a transportation charge.

Senator McKELLAR. What would be the transportation charge, about what?

Colonel EASTWOOD. The transportation charge is governed of course by the location where the car now is.

Senator McKELLAR. What about the amount of the charge?

Colonel EASTWOOD. Which would again be indicated, sir, by the present location of the car and the location of the dealer. In one State it might be only \$20 and in another it might be a hundred dollars. Then the transportation is figured by the precise distance in carload lots. It is a minimum figure, you see; a minimum transportation charge.

Senator THOMAS. Well, all you are asking for is to have this limitation so raised or raised in such amount that you can get these cars?

Colonel EASTWOOD. Yes, sir; and in accordance with the present laws and ceilings.

Senator McKELLAR. Do you want an unlimited authority to buy cars?

Colonel EASTWOOD. The prices of the cars, Senator, are advancing every month by 1 percent under present regulations. You see, the dealers are all permitted a 1 percent additional charge every month.

Senator McKELLAR. Now, we have just passed a law to provide a ceiling as of September 15 on everything. Now, we don't want to change that law.

Colonel EASTWOOD. At no time do we expect to or intend to or wish to go over the ceiling price. All the prices we pay will be under or equal to the ceiling, but not exceeding.

Senator McKELLAR. Now, your ceiling prices on these cars, for instance what is a Ford sedan, what is the ceiling price?

Colonel EASTWOOD. \$885 list, plus 5 percent service and handling charge of \$46.40, and then 1 percent per month based on 8 months would be \$70.80 more; which would, exclusive of transportation, indicate a ceiling price at this time of \$1,002.20.

Senator McKELLAR. Well, that is about what it is here.

Colonel EASTWOOD. Next month that will go up by 1 percent on \$885, or \$8.85.

Senator THOMAS. You stated a while ago you wanted to get these cars on the same basis of cars that civilians could get; is that correct?

Colonel EASTWOOD. Yes, sir; because dealers will not deliver to us at the present statutory limitation. And in our efforts to procure these cars, some dealers would dispose of them at that figure, but it would be obviously unfair to take a willing dealer and penalize him later by paying an unwilling dealer a higher price.

ALL AUTOMOBILES NOW IN HANDS OF DEALERS

Senator THOMAS. Formerly you were able to get your cars on what might be termed a wholesale basis for wholesale prices. Have conditions changed so you cannot do that any more?

Colonel EASTWOOD. Yes, sir; we cannot get cars any more that are held by the manufacturer; they are all held by the dealers.

Senator THOMAS. That explains my question.

Colonel EASTWOOD. Yes, sir.

Senator THOMAS. Are there plenty of cars available?

Colonel EASTWOOD. Yes, sir. We receive our cars by allocation of the War Production Board.

Senator McKELLAR. Let me ask you this: Is it proposed to buy any high-priced cars under this amendment?

Colonel EASTWOOD. No, sir.

Senator McKELLAR. Could we confine it to a certain class of cars and put a ceiling on them? We are inclined to let you buy the cars; that is the way we feel about it, or I say that is the way I feel about it and I expect from what Senator Thomas has said he feels the same way. But at the same time we don't want any high-priced cars bought.

Colonel EASTWOOD. Senator, we endeavor to buy Fords and Chevrolets and Plymouths, because it simplifies our maintenance program.

Senator McKELLAR. Couldn't we confine the amendment to this kind of cars?

Colonel EASTWOOD. There have been a very few medium-weight cars purchased. I think this amendment should be confined to light-weight and medium-weight cars.

Senator McKELLAR. Colonel, would that be satisfactory?

Colonel RICHARDS. Yes, sir; we did not ask for any others.

Colonel EASTWOOD. If we could be granted a ceiling price for light and medium weight cars, that is all we ask.

Senator McKELLAR. Could we put in here "Fords and Plymouths and Chevrolets"?

Colonel RICHARDS. Wouldn't it be better not to mention them, but to say "light car"?

Senator THOMAS. It would be sort of a slam against the cars not named.

Senator McKELLAR. That is true.

Colonel EASTWOOD. And we may be forced to buy those others.

Senator McKELLAR. Then we could add a provision that the 1 percent could be added.

Colonel RICHARDS. That is already taken care of.

Colonel EASTWOOD. If you say "ceiling."

Senator McKELLAR. Is that all?

Colonel RICHARDS. Yes, sir.

Senator McKELLAR. Much obliged to you.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENTS OF C. L. FORSLING, ASSISTANT CHIEF, FOREST SERVICE, AND R. W. MAYCOCK, OFFICE OF BUDGET AND FINANCE

PURCHASE OF ADDITIONAL LAND FOR THE FOREST PRODUCTS LABORATORY

Senator McKELLAR. Is the need as great as it was last spring?

Mr. FORSLING. Even greater, Senator.

Senator McKELLAR. Why is it greater?

Mr. FORSLING. Since that time we have been assigned additional work by both the War Department and the Navy, which has greatly increased the needs—

Senator McKELLAR. What kind of work?

Mr. FORSLING. It includes work for the Army and Navy on use of wood and other related materials in aircraft, and for other military purposes.

Then one of the big jobs we now have is on ordnance and other packaging, and that includes the training of 150 to 160 inspectors each month, which might under plans now under consideration be increased to 200 or 300 men who would be trained as Army and Navy inspectors of various kinds for packaging ordnance and aircraft and for work going into aircraft.

We are short of space for storage of materials and we are short of space for classrooms and quarters for training purposes.

Senator THOMAS. Where are these schools?

Mr. FORSLING. At the Forest Products Laboratory at Madison, Wis. It is carried as part of the laboratory program.

Senator THOMAS. Is this supplementing Senator La Follette's presentation this afternoon?

Senator McKELLAR. Yes.

Senator THOMAS. The same item?

Senator McKELLAR. The same item we put in the bill last year and the House would not accept it at all. We don't know whether we can get it. We can put it in the bill, but we cannot give any promise of what would happen to it. You better see about the House.

Mr. FORSLING. We appreciate this, but did not learn of the new urgency in time to present the item before the House. I have here a letter from the War Department on the matter.

WAR DEPARTMENT,
OFFICE OF CHIEF OF ORDNANCE,
Washington, October 6, 1942.

CHIEF, FOREST SERVICE,

United States Department of Agriculture,
Washington, D. C.

DEAR SIR: With reference to the expanded work at the Forest Products Laboratory for and with and financed by the Ordnance Packaging Section at the present rate of about \$300,000 annually:

I understand that to carry out this work it has been necessary for the Laboratory not only to use its assembly hall and conference rooms to handle the instructional packaging courses for some 120 of our inspectors monthly, but that the laboratory has also converted its main storage building into a container testing laboratory now operated on a two-shift basis; and further that this work, superimposed upon

its other war work, including a large program for the Army and Navy Air Services is already causing congestion and difficulty in its present quarters and storage and yard facilities.

It is obviously of great importance to us, and I assume to other war agencies for whom the Laboratory is doing work, that it be carried out as expeditiously as possible.

If additional land contiguous to the Laboratory's operation is needed to insure and expedite satisfactory progress and development of the work I feel that it should be acquired. If this requires new legislation it is urged that the necessary action be taken to procure it.

For the Chief of Ordnance.

R. S. CHAVIN,
Colonel, Ordnance Department,
Assistant.

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

COMBINED FOOD BOARD

STATEMENTS OF JAMES L. BUCKLEY, ASSISTANT DIRECTOR OF PERSONNEL AND R. W. MAYCOCK, OFFICE OF BUDGET AND FINANCE

Senator McKellar. Is there another item?

Mr. Maycock. Just one other item, on "Foreign Agricultural Relations," page 22 of the bill.

Senator McKellar. There is a letter here from Secretary Wickard and that probably ought to go into the record.

Mr. Maycock. Yes, sir; we will appreciate it going in.

(The letter is in full as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, October 12, 1942.

Hon. KENNETH MCKELLAR,
Chairman, Deficiency Subcommittee of the
Committee on Appropriations, United States Senate.

DEAR SENATOR MCKELLAR: The second supplemental national defense appropriation bill, 1943, passed by the House of Representatives on October 8, 1942, provides, under the heading "Department of Agriculture, Office of Foreign Agricultural Relations," for financing the operations of the joint Great Britain-United States board, known as the Combined Food Board, as authorized by the President June 9, 1942. When this item was under consideration in the deficiency subcommittee of the House of Representatives, I requested, with the approval of the Bureau of the Budget, that the appropriation language be amended to authorize the payment of the salary of the Director of the Office of Foreign Agricultural Relations at \$9,200 per annum. This matter is so urgent that I would appreciate consideration of this point by your subcommittee.

The responsibilities of the Office of Foreign Agricultural Relations have increased immensely during the past several years, and this is particularly true since I am looking to its Director to serve as United States executive officer and to be primarily responsible to me for the administration of the United Nations Combined Food Board created by the President on June 9, 1942. Since the position of the Director has become one with considerably more responsibility than heretofore due to his vital and direct participation in essential war programs, the position should definitely carry a classification comparable to such added responsibility.

The salary of the Director sets a ceiling within the organization which will have a direct bearing on the classification grades to be assigned to other positions. As the organization is now contemplated, in addition to the Director, two keymen are necessary, and because of the responsibilities connected with their positions competent personnel cannot be obtained for these two positions at less than a salary of \$8,000 per annum. These keymen will be in charge of the two main branches of the United Nations Combined Food Board, namely, the International Commodity Supply and Allocation Branch, and the International Food Distribution Branch. I am looking to the International Commodity Supply and Allocation Branch to keep informed of the world situation in respect to specific

commodities within the purview of the Board; to keep the Board currently informed in respect to specific commodities; to prepare for the Board periodic surveys of the world situation in regard to specific commodities; and to perform such special analyses as the Board may direct. It will establish any necessary contacts with appropriate agencies of the Governments of the United States, the United Kingdom, and other United Nations. This Branch will supply the chairman of commodity supply and allocation committees. I am looking to the International Food Distribution Branch to establish and maintain close liaison with appropriate food and shipping authorities of the United Nations; to ascertain the tonnage of ocean shipping required to meet the essential food needs of the United Nations; to study ways and means of reducing the total tonnage required to move such foods; to study and recommend the accumulation of strategic stock piles of food throughout the accessible world with a view to the most efficient use of ocean transportation and to the assurance of adequate future food supplies; and to supply the chairman of the Food Imports Committee.

Accordingly, I recommend, with the approval of the Bureau of the Budget, that the following language be inserted in the appropriation language as carried in the House bill (new language in italics).

"Salaries and expenses: For an additional amount for 'Office of Foreign Agricultural Relations,' fiscal year 1943, including the objects specified under this head in the Department of Agriculture Appropriation Act, 1943, the employment of aliens, and the salary of the Director at \$9,200 per annum; and to enable the Secretary of Agriculture to carry out the functions of the United States in connection with the operations of the joint Great Britain-United States board to be known as the Combined Food Board as authorized in a memorandum of the President to said Secretary, dated June 9, 1942, \$100,000."

I will appreciate very much your consideration of this problem since it is of great importance to the successful prosecution of the program.

Sincerely,

CLAUDE R. WICKARD, *Secretary.*

Senator McKELLAR. The item is on page 22?

SALARY OF THE DIRECTOR

Mr. MAYCOCK. Yes, sir, for the Office of Foreign Agricultural Relations.

Senator McKELLAR. Under that what is the purpose of the change?

Mr. MAYCOCK. As it involves a classification matter, Mr. Buckley, assistant director of personnel, is here to explain it.

Mr. BUCKLEY. The purpose is to provide for the salaries of positions under the director.

Senator McKELLAR. Is he in the employment of the Government now?

Mr. BUCKLEY. Yes, sir.

Senator McKELLAR. At what salary?

Mr. BUCKLEY. In P-8 at \$8,000.

Senator McKELLAR. We are confronted by this proposition: After a long job and after much contention and after one of the worst newspaper drubbings the Congress has ever known, we agreed on, and I think possibly unanimously, a bill putting price ceilings on salaries and wages and products of every kind. There is a provision in there that when manifest inequities or injustices—

Senator THOMAS. Gross inequities.

Senator McKELLAR. Gross inequities and gross injustices have been done that it might be changed. Now, is there a gross inequity about this?

Mr. BUCKLEY. I would say there was.

Senator McKELLAR. We are in a war now and, for instance, our own salaries of \$10,000, under this recent bill they are reduced to \$9,500. We are not complaining of it, though it may be a gross inequity to some of us who are poor. We are not complaining of it,

and I doubt if it would be called a gross inequity to reduce this by way of taxation in a tax bill as to the salaries of our Members.

Now, would it be a gross inequity to a man getting \$8,000 a year not to increase him to \$9,200?

Mr. BUCKLEY. If we could keep the salary of the Director at its present level and still recruit the people we need to get on the job and get those people at the rates we will have to pay with an \$8,000 ceiling, I would agree with your statement.

Senator McKELLAR. Now, I have exactly that problem in my office. I have lost, to various departments that pay so much better than we do, about half of my clerical force. I believe I have lost five out of nine. I am not sure—it may be four out of nine. But I have lost them.

We have got to adjust ourselves to the war conditions. Now why couldn't the Director do that same thing?

Mr. BUCKLEY. I think the Director would be very glad to, Senator.

Senator McKELLAR. Yes.

Mr. BUCKLEY. It is not his salary we are concerned with. As a matter of fact, if you talked to the Director I think he would state he would be glad to stay at the same salary.

Senator McKELLAR. Then what is the problem?

Mr. BUCKLEY. There are two key positions that are going to be necessary under this set-up under the Director, for which we are going to have to recruit, in our judgment, at an \$8,000 level in order to get competent men to handle the jobs. Now, with the ceiling at \$8,000 we are just not going to be able to get the men for those jobs.

Senator McKELLAR. Why couldn't you put it at \$7,500?

Mr. BUCKLEY. Because the next salary rate is \$5,600, which would be P-7.

Senator McKELLAR. Why wouldn't it be better to establish two jobs at \$7,500, rather than to raise this one to \$9,200?

Mr. BUCKLEY. You mean to specifically set two jobs up at \$7,500?

Mr. MAYCOCK. That would require legislation.

Senator McKELLAR. This would require legislation.

Mr. MAYCOCK. Yes. I don't think it would be entirely objectionable if we could get language to get that salary for these two men, because the Director himself is not interested in getting his own salary increased. It is only in order to get the type of personnel required.

Senator McKELLAR. You referred to \$6,500. Wouldn't they work for that for the Government in case of necessity for the greatest war we have ever had? Couldn't they get by? What are they making now?

Mr. MAYCOCK. They don't exist at the present time, Mr. Chairman. You see, the money to pay them is included in this item of \$100,000 in this bill. Therefore, these men have not been recruited. It is difficult to get men at the \$6,500 salary when, in our opinion, the job really is one that calls for \$8,000.

Senator McKELLAR. All right, sir; we will give it careful consideration.

Mr. MAYCOCK. Thank you very much.

Senator McKELLAR. We stand adjourned until 10:30 tomorrow morning.

(Whereupon, at 6:05 p. m. the subcommittee recessed until tomorrow, Tuesday, October 13, 1942, at 10:30 a. m.)

SECOND SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1943

TUESDAY, OCTOBER 13, 1942

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10:30, a. m., pursuant to call, in the committee room, the Capitol, Hon. Kenneth McKellar (chairman) presiding.

Present: Senators McKellar, Hayden, Thomas of Oklahoma, Overton, McCarran, Nye, and Brooks.

WAR DEPARTMENT

CORPS OF ENGINEERS, RIVERS AND HARBORS

STATEMENTS OF HON. CLAUDE PEPPER, A UNITED STATES
SENATOR FROM FLORIDA, AND HON. CHARLES O. ANDREWS,
A UNITED STATES SENATOR FROM FLORIDA, AND COL. MILES
REBER, CORPS OF ENGINEERS

PROVISION IN PUBLIC LAW 675 FOR A PROTECTED INLAND WATERWAY
ON ATLANTIC SEABOARD AND IN GULF OF MEXICO

Senator McKellar. We will hear the Senators first. All right, Senator Pepper.

Senator Pepper. Mr. Chairman and members of the committee, all of us will recall that on the 23d of July of this year, we passed and the President signed, Public Law 675, which for the first time provided for an intercoastal waterway system in the Gulf of Mexico and across Florida, as a unit, or as a single inland waterway. That, in my opinion, was a very salutary enactment on the part of Congress, because, in truth and in fact, the whole system from Trenton, N. J., to Corpus Christi, Tex., and, as our bill provided, to the very border of Mexico, is one inland system of waterway.

We all know that from Corpus Christi, Tex., to Appalachee Bay, on the west coast of Florida, there is an existing inland waterway now, 9 feet in depth. Then from the east coast of Florida to Trenton N. J., there is an inland waterway, about 12 feet in depth. So across Florida was the only incomplete part of that whole inland waterway system which, if linked together, would constitute a protected inland waterway with a minimum depth of 9 feet for nearly 2,000 miles.

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Our bill authorized the deepening of that part of the inland waterway from Corpus Christi to the west coast of Florida, to a depth of

12 feet, and included a very necessary link in the vicinity of New Orleans, with which Senator Overton is familiar.

Senator OVERTON. And a width of how much?

Senator PEPPER. One hundred and twenty-five feet. It also authorized the construction, across the Isthmus of Florida, of a high level barge canal, five locks, with a depth of 12 feet and a width of 125 feet. It also authorized the extension of that Gulf inland waterway down to the Mexican border, and that to a depth of 12 feet, too.

So what that Congress was aiming at was to provide for the United States a protected inland waterway on the Atlantic seaboard and in the Gulf of Mexico, to the Mexican border, with a minimum depth of 12 feet and a uniform width of about 125 feet.

We appear here today primarily to preserve that legislative point of view, to continue the emphasis that Congress has given to the national waterway system. We think that heretofore that system has been prevented from being a complete national inland waterway, due to the fact that there was not a connecting link to connect up the two ends across the jutting peninsula of Florida.

BUDGET PROVIDED FOR WATERWAY FROM APPALACHEE BAY TO CORPUS CHRISTI, TEX.

The Budget, I think, has very wisely and very necessarily recommended the beginning of construction of a part of his authorized improvement, namely, the deepening to a depth of 12 feet, that is, as nearly as that may be achieved within a period of 1 year, from Corpus Christi, Tex., to Apalachee Bay, on the west coast of Florida, and it includes the improvement of a link in the vicinity of New Orleans, to which I adverted a bit ago, which is carried in that authorization.

We very heartily and very strongly favor and urge that, Mr. Chairman.

AMENDMENT REQUESTING THAT FUNDS BE MADE AVAILABLE FOR ALL NAVIGATION PROJECTS AUTHORIZED BY PUBLIC 675

What we wanted to suggest to the honorable committee was that the language in the House bill should be altered in the following respect. On page 28, line 18, strike out the following words, "work of enlargement of the present Intercoastal Waterway from the vicinity of Apalachee Bay to Corpus Christi, Tex., in accordance with the provisions of," and insert in lieu thereof the words "navigation projects authorized by."

Here is the way, then, the matter would stand if that amendment were adopted. Beginning on page 28 is the heading "War Department Civilian Functions; Corps of Engineers, Rivers and Harbors." Any unobligated balances of existing appropriations heretofore made for the preservation and maintenance of existing river and harbor work, for the prosecution of such projects theretofore authorized as may be most desirable in the interests of commerce and navigation, and for other purposes specified under the head "Rivers and Harbors, in the War Department Civil Appropriation Act, 1943, are hereby made available for the prosecution of the navigation projects authorized by the act approved July 23, 1942, Public Law 675."

EFFECT OF PROPOSED AMENDMENT

Here is all that would do, in effect. In the first place, Congress would indicate that it continued to regard this whole inland waterway system as one entity, and as purely as national waterway.

In the second place, it would merely give the permission of Congress to the engineers to use the construction of any other parts of that waterway system, authorized by Public Law 675, approved July 23, 1942, any moneys, first, that were unobligated balances previously appropriated to the War Department for the use of the Corps of Engineers; second, any unobligated balances previously appropriated to the engineers by the Congress and released affirmatively to them for such construction by the Bureau of the Budget. In the third place, not only unobligated balances appropriated by the Congress to the Corps of Engineers for such work and released to them affirmatively by the Bureau of the Budget, but such projects as would require the expenditure of such moneys to be approved by a directive of the President, as consistent with the war effort, as consistent with the War Production Board's finding about the availability of material and priorities, and the agencies of the Government having to do with manpower. In other words, as the matter now stands, these unobligated balances of the Army engineers from appropriations were impounded by the Bureau of the Budget, and it takes affirmative action on the part of the Bureau to release those funds.

Now, then, so far the Bureau of the Budget has only released funds, or has only approved in its message to Congress, on this particular segment of this project that we authorized by Public Law 675 in July. And we want to make it very clear—

QUESTION AS TO AUTHORITY OF THE BUREAU OF THE BUDGET TO
FREEZE FUNDS

Senator McKELLAR. Let me ask a question here. Did we give authority to the Bureau of the Budget to disapprove directions of Congress?

Senator THOMAS. They have frozen a lot of funds that we appropriated.

Senator HAYDEN. That is an inherent power.

Senator McKELLAR. There isn't any inherent power in the Constitution.

Senator OVERTON. I made an investigation and there is no statutory law authorizing it. I think it is a custom for the President to impound appropriations.

Senator HAYDEN. This is the constitutional power—Congress can direct—I am going back over a long period of years. The first experience I had was when Congress directed the building of a bridge across a river on an Indian reservation, and the Indian Service decided they would not build it and they just did not build it. There is no way the Congress can make the President execute a law. You can pass a law, and if he wants to execute it, he can do it, or he can simply fail to advertise for bids, fail to let a contract, or he can do it in the same businesslike way they do now, simply impound the money. Congress appropriates the money, but we have to look to him to spend it, and there is no way on earth Congress can make an

executive branch of the Government spend money. It just cannot be done. That is the constitutional power.

Senator OVERTON. I don't know of any such constitutional power. And I know there is no statutory power.

Senator McKELLAR. I read one of the finest opinions on that very subject in a recent case—I have forgotten its name. It was a dissenting opinion by Mr. Justice McReynolds. He just took that "inherent power" and knocked the living life out of it. I wish you gentlemen would look that up.

Senator HAYDEN. If you can tell me, as a practical matter, how you can require the Secretary of War to put his name on a piece of paper, if he don't want to put it on, I would like to know it. You can't go to court and get an injunction to require him to sign it.

Senator OVERTON. Mr. Chairman, I make this suggestion, not with particular reference to this matter under discussion, but generally. An offhand opinion. What we do is to appropriate money. But if there was a direction to spend it, I don't think anybody, from the President on down, could tie up that money.

Senator McKELLAR. I think that is a good suggestion.

Senator HAYDEN. It would be a direction—"You are hereby directed to expend"—

Senator McKELLAR. All right; that is beside this question.

Senator PEPPER. Senator, what I want to emphasize is this: At the present time the Bureau of the Budget has indicated, as is disclosed by its message to the House, which is here before you, that they were prepared to begin the construction only on this segment of the project.

POSITION OF THE BUREAU OF THE BUDGET ON PROPOSED AMENDMENT

Senator OVERTON. That is from Corpus Christi to Appalachee?

Senator PEPPER. From Corpus Christi to Appalachee Bay on the west coast of Florida. However, I have talked to Mr. Wayne Coy, Assistant Director of the Budget, and they have no objection, as Mr. Coy affirmed to me, to the authorization of the use of these unobligated balances upon any part of this whole waterway, provided it be clear that Congress is not giving a directive to them to initiate this construction, until and unless they find it proper, taking into consideration the availability of funds, and the availability of equipment, and so forth.

Senator McKELLAR. I wouldn't vote for any bill in the world that gave such power to the Assistant Director of the Budget, or the Director, or anybody else—

AMENDMENT WOULD PERMIT ENGINEER CORPS TO COMMENCE ANY PART OF PROJECT WHEN CONDITIONS ARE FAVORABLE

Senator PEPPER. Mr. Chairman, what I was emphasizing was, we are asking Congress merely for permissive authority on the part of the Engineer Corps to begin this other construction whenever they might find conditions favorable to do it. In other words, we do not come here at this time and ask that Congress give a directive that this work must be done at once, but we do think the Congress ought to keep this project as a unit, as they have been dealing with it, and we do think it is proper for Congress to say, "You are permitted, when

you find it proper in the carrying on of your public works program, and consistent with the national interest, to use any equipment and manpower that may be available on these other parts of this project as well as on this particular part."

HOUSE BILL PERMITS ONLY THE ENLARGEMENT OF WATERWAY BETWEEN
APPALACHEE BAY AND CORPUS CHRISTI

Senator OVERTON. Let me see if I understand this situation. As you correctly state, the act, approved July 23, 1942, did authorize the construction of a project. That project was the extension of the Intercoastal Waterway from Corpus Christi down to the Mexican border.

Senator PEPPER. That is right.

Senator OVERTON. The enlargement of the Intercoastal Waterway to a depth of 12 feet and a width of 125 feet, and the construction of a connecting link between the Gulf Intercoastal Canal through Florida, from Appalachee Bay to the St. Johns River.

Senator PEPPER. That is right.

Senator OVERTON. So as to connect with the Atlantic seaboard.

Senator PEPPER. That is right.

Senator OVERTON. It was one project.

Senator PEPPER. That is right.

Senator OVERTON. The unobligated balance which is recommended by the Budget to be expended amounts to a little over \$6,485,000.

Senator PEPPER. It may go as high as 10 million, Senator, but not over 10 million, I am sure.

Senator OVERTON. I think General Robins testified before the House committee it was \$6,485,000. Anyway, it is a limited amount.

Senator PEPPER. That is right.

INITIATION OF WORK ON BARGE CANAL NOT RECOMMENDED AT THIS
TIME BECAUSE OF LIMITED FUNDS

Senator OVERTON. The Bureau of the Budget felt that it could not very well recommend the initiation right now of the barge canal project, because it could not be completed with the limited funds available.

Senator PEPPER. That is right.

Senator OVERTON. The cost of that barge canal is—how much?

Senator PEPPER. About \$44,000,000.

Senator OVERTON. So this amount would be merely a drop in the bucket.

Senator PEPPER. That is right.

Senator OVERTON. So they made a recommendation that the money be expended on just improving the already existing channel.

Senator PEPPER. That is right.

Senator OVERTON. I agree with you in your philosophy; I think it ought to be regarded as one project, and that the appropriations ought to be made to that project and always kept as a unit.

Senator PEPPER. That is right.

Senator OVERTON. And then the Chief of Engineers, in cooperation with the Bureau of the Budget, will expend it on such portions of the project as is deemed advisable.

Senator PEPPER. That is right, exactly.

Senator OVERTON. It is not your desire to interfere with the recommendation of the Budget, or the recommendation of the Chief of Engineers?

Senator PEPPER. Not in any sense.

Senator OVERTON. You simply want to keep the project in its entirety in any appropriations that are made.

Senator PEPPER. That is exactly right.

Senator OVERTON. And not undertake to divide it into segments.

Senator PEPPER. That is right.

Senator OVERTON. For instance, here we will spend \$6,000,000 on the industrial canal at New Orleans, or pick up this other segment and say, "Well, we will expand so much in extending it from Corpus Christi down toward the Mexican border." You would say it is one project, authorized as one project and you simply want the authorization to relate to one project.

Senator PEPPER. That is right.

Senator OVERTON. I would have no objection to that if, when we change this provision in the law, it would not result in the impounding of the funds, because they are very anxious to have this inter-coastal canal enlarged as recommended.

Senator PEPPER. May I clear up the thought the Senator has here?

Senator McKELLAR. Yes.

Senator OVERTON. I want it understood clearly I do not want this money impounded.

Senator PEPPER. Senator McKellar, the cost of the Florida Canal, if it were all to be constructed, is estimated at \$44,000,000. That is the completed project. Then the cost of the other parts of this total improvement we authorized in July, I think comes to about \$21,000,000 in addition to that. Then there were some pipe lines and so forth. I think the pipe-line expense was around \$80,000,000.

Senator OVERTON. The pipe line was taken care of.

Senator PEPPER. \$93,000,000, but that included the pipe lines and everything else. That is not involved in this at all. Appropos of what Senator Overton has said, and he has stated it better than I could state it, I was pleased to note that the committee had requested Colonel Reber to come here today, and I would like if we have not made ourselves clear, to see if Colonel Reber, of the Engineer Corps, would construe this matter as we construe it. I want to make it clear, on behalf of the proponents of this project, that if this amendment is adopted by this committee and the Congress, we will not regard this as any authority on our part to go to the Bureau of the Budget or to the President of the United States, and demand, on account of any act of Congress, that they immediately, or at any other time, inconsistent with their good judgment, initiate this additional construction that is not provided for in the Budget message. We merely are giving authority here, but we are not giving a directive or imperative to the executive branches of the Government to initiate this other construction until they find it proper and possible, consistent with the war effort. That is the point I want to make clear, because Mr. Coy said they wanted to be sure that we, as proponents, would

not use this language, if the committee saw fit to adopt it, as a directive to the executive branches of the Government to start this other project before they thought proper to start it.

Colonel Reber is here now.

AMENDMENT REQUESTED

Senator McCARRAN. Where do you want the language?

Senator PEPPER. On page 28 of the House bill, beginning in line 18—

Senator McKELLAR. Strike out the words "enlargement of the waterway from the vicinity of Appalachia up to Corpus Christi, Texas, according to the provisions of", and insert "navigation projects authorized by".

PURPOSE OF AMENDMENT REQUESTED

Senator PEPPER. Senator, the purpose of that is this: You will recall that we authorized in July, by Public Law 675, the inland waterway improvements.

Senator McCARRAN. Yes.

Senator PEPPER. You will remember that contemplated making a new canal from Corpus Christi down to the Mexican border, enlarging the existing coastal canal from Corpus Christi to the west coast of Florida, and then a barge canal to link those up across the Peninsula of Florida. Now, then, the Budget Bureau has sent down a budgetary request that authority be given by the Congress to use any unobligated balances in the hands of the Army engineers for the immediate construction of a part of that authorized improvement, namely, that part which can be done within a year.

Senator McCARRAN. What part is that?

BUDGET ESTIMATE CONFINED TO ONLY PART OF WATERWAY

Senator PEPPER. That part from Corpus Christi to the west coast of Florida. They picked out in this budget message just a particular segment of this waterway. As a matter of fact, we are not going to quarrel with the Budget as to whether in the national interest it would have been better to cut a 9-foot channel across the Peninsula, so there would have been a 9-foot canal all the way across, rather than to get part of this from 9 foot to 12 foot. We are assuming the Budget message is correct and are standing by it, but we do, as proponents of the other project, want to come and say to the committee, first, to request the committee not to divide up into little items or segments that inland waterway which the Congress in that authorization dealt with as an entity, because we have always tried to keep in mind that as a completed inland waterway system.

Senator McCARRAN. This that they propose to construct is a part of the system?

PURPOSE OF AMENDMENT REQUESTED

Senator PEPPER. It is a part of the system; yes.

Senator McCARRAN. And you ask that the appropriation shall extend to the entire system?

Senator PEPPER. To the entire system, to the extent the Army engineers may find it possible to work on any other part of it, provided they had the permission of the Budget and the approval of the executive authorities that have to do with the manpower, material priorities and all that sort of thing.

Senator McCARRAN. What you are driving at is to have whatever appropriation is made, apply to the whole system and not to a segment?

Senator PEPPER. That is right.

Senator OVERTON. And not with the expectation that the \$6,485,000 that is available under these appropriated balances will be used in the construction of the waterway, but simply to keep it as one project entirely before the Congress whenever an appropriation is made.

Senator McCARRAN. However, Senator, it brings the same result, because the Engineers will say, "We will work on this part, or on that part."

Senator OVERTON. I can understand his contention.

Senator PEPPER. The difficulty is this, Senator: the Army engineers have indicated that from time to time they could do some work on either end if they had authority to do it. In other words, if the engineers should find they could reach over here to another segment of this single project and do a little work over there, they would not have to come back to Congress every time they wanted to go outside this particular little segment of this whole project. As I said, I am glad Colonel Reber has been invited here, because I wanted to see if we were giving an interpretation of this thing that would be consistent with their opinion.

Colonel REBER. Mr. Chairman, General Reybold, the Chief of Engineers, asked me to express to the committee his sincere regret that he cannot be here this morning. Unfortunately, he had a very important military conference which was scheduled before this meeting was actually called to his attention, and he requested that I represent him.

Senator McKELLAR. All right, Colonel.

POSITION OF CORPS OF ENGINEERS ON PROPOSED AMENDMENT

Colonel REBER. With reference to Senator Pepper's statement, and his very clear explanation of the purpose of this amendment, on behalf of the Chief of Engineers, I think I can say very clearly that the Chief of Engineers sees no objection to the language, of course subject to the distinct understanding that whatever we may do, based on this language, will follow implicitly the instructions of the Bureau of the Budget and the Executive, and, of course, such other instructions as Congress may see fit to give us. Of course, we are very clearly limited at this time in what we can do in the way of actual construction work by the critical shortages of material, and by very specific directives for wartime construction. But based on our policy of always carrying out the instructions of Congress and the Bureau of the Budget the Corps of Engineers sees no objection to this language.

AMOUNT OF UNOBLIGATED BALANCES AUTHORIZED TO BE USED

Senator OVERTON. Colonel Reber, the unobligated balances, according to the testimony of General Robins before the House committee, are \$6,485,000. Is that approximately correct? It may increase somewhat.

Colonel REBER. That is the amount that we now estimate, to the best of our ability, Senator Overton, that we can profitably expend in the year that follows the making available of these funds. We are definitely limited in what we can do by the availability of dredging plant and other equipment.

WORK THAT WILL BE CARRIED ON

Senator MCKELLAR. What work do you think you can do?

Colonel REBER. We are planning, Senator McKellar, to concentrate primarily on that portion of the Intracoastal Waterway between New Orleans and Carrabelle. Then in addition to that, there are very definite bottlenecks, so to speak, west of New Orleans, in several sections, reaching as far as the mouth of the Brazos River, Texas, which flows into the Gulf of Mexico near Freeport.

Senator OVERTON. That is east of Corpus Christi?

Colonel REBER. East of Corpus Christi. We do not plan at this time, primarily of course, because of the lack of plant, to touch the section of the waterway between Corpus Christi and Brownsville. The actual work now contemplated, Senator McKellar, is divided into three different sections. I can submit a statement on that work for the record, or give it to you right now.

Senator MCKELLAR. Submit it for the record.

Colonel REBER. Yes, sir.

(The statement referred to was not filed in time for insertion in the record.)

Senator OVERTON. Do you include in that the development of the Industrial Canal to the foot of the Rigolets?

Colonel REBER. Yes, sir.

Senator OVERTON. There is no question about that?

Colonel REBER. There is no question about that, because that is one of the primary bottlenecks in the Intracoastal Waterway now. As I said before, the work we can do now, limited as it is by the availability of plant, is primarily to remove the worst bottlenecks in the existing waterway.

AMOUNT OF TRAFFIC

Senator OVERTON. I had occasion to navigate that canal about 2 months ago. I went by boat from New Orleans to the Vermillion River.

Colonel REBER. Yes, sir.

Senator OVERTON. The traffic on it is tremendous. Every 12 or 15 minutes we passed a barge line being towed.

Senator McCARRAN. That is along the west coast, is it, Senator?

Senator OVERTON. No; along the east coast.

Senator MCKELLAR. The waterway is being utilized?

Senator OVERTON. Oh, there is a tremendous traffic. I am not exaggerating when I say that every 12 or 15 minutes we passed a barge line.

Colonel REBER. I am glad to hear the Senator confirm that, because 2 or 3 weeks ago I made the same trip, and I was astounded by that traffic.

Senator McCARRAN. What is the point of destination of that traffic?

Colonel REBER. The traffic moves, Senator, to a great many places. The majority of the tows I saw were oil barges coming from the Texas oil fields en route largely to the Baton Rouge refineries, with some moving to points even farther east.

Senator McKELLAR. Have there been many sinkings of oil tankers along there?

Colonel REBER. These are inside waterways, Senator, and they are barges rather than ocean-going tankers.

Senator McCARRAN. They are inside a series of islands, are they not?

Senator OVERTON. No. That runs through what we call the marsh lands very largely. It is well inland.

Senator McKELLAR. How many boats will go past a given place in a day, just an estimate?

Colonel REBER. I would have to give a very rough estimate. I would say in the course of traveling between a point east of Morgan City and New Orleans, from early one morning to about 3 that afternoon, I think I easily saw a hundred boats. More than that, actually. Not all of these were tows. But I saw at least 40 tows.

TRANSPORTATION OF OIL AND OTHER PRODUCTS

Senator McKELLAR. If this were completed all the way to Florida, would it form a safe method of transporting all products, including oil, all along our southern coast?

Colonel REBER. Yes, sir, it would.

Senator McKELLAR. Is there anything further, Senator Pepper?

Senator PEPPER. Just this one last thing. I would like, if Senator Overton cares to do so, to ask Colonel Reber if the amendment we have suggested would jeopardize the improvement you have in mind. We want it to be clear that that will not be done.

Senator OVERTON. As I understand it, whether this amendment were adopted or not adopted, it is your intention to go ahead and widen and deepen the existing canal.

Colonel REBER. Those are our present instructions, sir, and that is the way we will proceed, unless they are countermanded by higher authority.

Senator OVERTON. All right.

Senator McKELLAR. Now, then, I understand Senator Andrews has something.

Senator PEPPER. I talked yesterday to Mr. Coy, on behalf of the Budget, and he said if this amendment were put in this way, as we specify it, and we did not understand it as a directive to the executive branches to go ahead with this sooner than they found it possible to do so, they had no objection.

Senator ANDREWS. This \$6,845,000 that is practically already allocated for this purpose from New Orleans to Carrabelle—and I understand that is the status now, because it is approved by everyone, and this other cannot endanger that. Now, before this winter is over, we are going to hear from a hundred million people living in the East, who cannot live in a building that has just 65° of heat. They cannot live comfortably, and there is going to be more trouble and more sickness if the heat is limited.

Senator McKELLAR. Senator, I would like to know about how much oil is being transported along this canal now.

Senator ANDREWS. Well, they have the record.

Senator McKELLAR. Have you anything on it, Colonel Reber?

Colonel REBER. In certain places there is as much as a million tons of traffic moving a month.

Senator McKELLAR. What is it in oil?

Colonel REBER. I would have to search our records very carefully to get the exact break-down as to oil. I will do that and give it to you.

Senator McKELLAR. I think you can send it to the committee, not to go in the record, but just for the use of the committee.

Senator ANDREWS. What I would like to insist on here is 1,000 miles of waterway from the Atlantic coast down to where we need it for the oil fields and the cotton fields, and where the sulfur is, and which now leads up to a dead end.

Senator McCARRAN. Where is the dead end?

Senator ANDREWS. From the river bed of the Withlacoochee to the upper waterway is only 38 miles, and the digging would be mostly in the river beds where it is low. The Government has already spent \$5,400,000 on that 38 miles. In other words the Government is already out nearly \$6,000,000 and those counties down there are bonding themselves for \$2,500,000 to give a mile strip all of the way, and they have collected the taxes and they did it at the request of the President of the United States.

Senator OVERTON. I don't think you could get a Budget estimate for the whole project.

Senator McKELLAR. Colonel Reber, isn't it important, so far as the oil situation is concerned, to make these improvements? I am just asking your best judgment.

LETTER TO WAR DEPARTMENT FROM OFFICE OF THE PETROLEUM
COORDINATOR

Colonel REBER. Senator, the entire action of my department with regard to the proposed enlargement of the Intracoastal Waterway is based on a letter which we received from the Office of the Petroleum Coordinator for National Defense under date of May 6, 1942, in which it is stated that—

The present dimensions of this waterway are inadequate in view of the added traffic which will result from the program for moving oil in increasing quantities to the east coast, which this office is effectuating with the cooperation of the petroleum industry. This office is strongly of the opinion that the improvement should be made from Corpus Christi to the New Orleans area, as proposed in the pending River and Harbor bill, and in addition that the waterway should be enlarged throughout the entire distance to the St. Marks River.

Senator McKELLAR. How long would it take, if we turned you loose and gave you the money, to build it?

Colonel REBER. Senator, we are governed primarily today by the availability of plant. The best estimate we could make, trying to forecast as well as we can the conditions which will exist during the war, it will be slightly over two years to do the enlargement of the Intracoastal Waterway, with some temporary structures in place instead of the final permanent structures.

Senator OVERTON. Does that include the barge canal?

Colonel REBER. That is not an estimate on the barge canal.

Senator ANDREWS. I have kept saying that General Reybold is correct. In his testimony he says:

It is my opinion that such improvement should be authorized by Congress now and that construction should be initiated at the earliest date, which work can be commenced without interfering with construction directly connected with the war effort.

That is his statement with regard to the construction of this.

Senator PEPPER. That is his testimony in the House.

Senator McCARRAN. It would seem to me, if it is as vital as that, and evidently Congress thought it was vital, because it enacted the authorization act, it would seem to me the Budget would send down a request for the entire amount, and let us go forward with it now. Let us get it over with. Now is the time it is needed more than it ever will be needed.

Senator McKELLAR. It is unfortunate we do not have it.

Senator PEPPER. But we are up against practicalities and they do not seem disposed to do it right now. However, we think if the Congress continues to indicate its recognition of the importance of this, then I feel that consistently with their ideas about the war effort they will, from time to time, allow the engineers to work along on this project, as feasibly as we can, and, I believe, at an accelerated rate.

Senator McKELLAR. All right, gentlemen; we are obliged to you.

OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF WAR INFORMATION

STATEMENTS OF ELMER DAVIS, DIRECTOR, M. S. EISENHOWER, ASSOCIATE DIRECTOR, ROBERT SHERWOOD, DIRECTOR OF OVERSEAS OPERATIONS, AND ARCHIBALD MAC LEISH, ASSISTANT DIRECTOR, OFFICE OF WAR INFORMATION

Senator McKELLAR. We have a letter from you, Mr. Davis, and Mr. Douglas, addressed to the committee, which will be made a part of the record at this point.

(The letter follows:)

OFFICE OF WAR INFORMATION,
Washington, October 9, 1942.

SENATE COMMITTEE ON APPROPRIATIONS,
Senate Office Building, Washington, D. C.

GENTLEMEN: Reference is made to the bill making supplemental appropriations for the national defense for the fiscal year ending June 30, 1943, and for other purposes, passed by the House of Representatives on October 8, 1942, and now pending before your committee.

There is contained in said bill, in the proposed appropriations for both the Office of the Coordinator of Inter-American Affairs and the Office of War Information, on page 12, lines 6 to 15, and page 14, line 19, to page 15, line 2, of the full committee print, a sentence reading as follows:

"Notwithstanding the provisions of section 3679, Revised Statutes (31 U. S. C. 665) (the Office of the Coordinator of Inter-American Affairs) (the Office of War Information) is authorized in making contracts for the use of international short-wave radio stations and facilities, to agree on behalf of the United States to indemnify the owners and operators of such radio stations and facilities, from such funds as may be hereafter appropriated for the purpose, against loss or damage on account of physical injury to persons or property arising from such use of said radio stations and facilities."

Our offices are contracting for the use of international short-wave radio stations and facilities, including the exclusive right to determine program content. These contracts will be on a cost basis without profit to the owners and operators of such radio stations and facilities, and we, therefore, feel that the owners and operators should be indemnified against loss or damage on account of injury to persons or property arising from our use of such radio stations and facilities. Such injuries might possibly include more than physical injuries; namely, injury to persons in the form of slanderous statements broadcast in programs controlled by our offices, for which the owners and operators of such radio stations would be legally responsible.

The manner in which the sentence in the proposed bill granting our Offices the authority to make such indemnification is now worded, would not cover such an eventuality. It is therefore respectfully requested that the word "physical" be eliminated from the phrase "on account of physical injury to persons," restoring the wording to the form in which it was submitted to and approved by the Bureau of the Budget. The sentence would then read as follows:

"Notwithstanding the provisions of section 3679, Revised Statutes (31 U. S. C. 665), the (insert name of agency) is authorized in making contracts for the use of international short-wave radio stations and facilities, to agree on behalf of the United States to indemnify the owners and operators of such radio stations and facilities, from such funds as may be hereafter appropriated for the purpose, against loss or damage on account of injury to persons or property arising from such use of said radio stations and facilities."

Sincerely,

PERCY L. DOUGLAS,
Acting Coordinator of Inter-American Affairs.
ELMER DAVIS,
Director, Office of War Information.

Senator McKELLAR. What page of the bill is this on, Mr. Davis?

Mr. DAVIS. Pages 12 to 15.

Senator McKELLAR. All right, you have something you wish to say to the committee. Just proceed in your own way.

Mr. DAVIS. Gentlemen, I don't want to take your time unduly.

Senator McKELLAR. That is all right. We are ready to hear from you, and glad to hear from you.

Mr. DAVIS. We have announced that we tell the same story at home and abroad, and I hope you don't mind if I tell the same story to the Senate as to the House. I have a transcript of a substantial portion of my statement to the House.

AMOUNT OF ESTIMATE AND AMOUNT ALLOWED BY HOUSE

Senator McKELLAR. The estimate for your department was \$26,990,000, and the House allowed you \$25,000,000. Now, what do you wish to say about that? You are not satisfied with the \$25,000,000?

Mr. DAVIS. I might say we are going to do the best we can with what we are allowed. We brought in a pretty tight budget. We thought we had squeezed all the water out of it before we brought it up to the Hill. Naturally we miss that item of pretty close to

\$2,000,000, but if Congress sees fit to allot us only \$25,000,000, we will do the best we can.

This is a new agency. We do not know precisely how every project is going to work out, but if we find we just simply cannot do it —

QUESTION AS TO EFFECT OF HOUSE REDUCTION

Senator McKELLAR. We want to help you and cooperate with you whenever and in any way we can. Now, what I would like you to do is to tell us what will result from your not obtaining the full amount of the estimate. What would you do with that additional \$1,990,000?

Mr. DAVIS. Well, it was just an elimination that came out of the whole sum. I don't know as yet what specific operations we would have to whittle down. Most of our expansion is on the overseas side. In view of the tight budget we submitted, it is going to be very difficult to cut down, sir.

WORK CARRIED ON OVERSEAS

Senator McCARRAN. What do you mean by "the overseas side"?

Mr. DAVIS. That is the branch that deals with foreign countries—enemy countries, Allies and neutrals.

CREATION OF OFFICE OF WAR INFORMATION

Senator McKELLAR. How long has your organization been in existence? I think it was last summer you took it over.

Mr. DAVIS. Yes, sir.

Senator McKELLAR. What date was it?

Mr. DAVIS. June 13 the Executive order was signed setting up this agency. We combined two preexisting agencies and parts of two others. We took all of the O. G. R., all of the O. F. F., and the Information Division of O. E. M., and the Foreign Information Service that had formerly been with Colonel Donovan, the coordinator of information. Certain of his functions were left to his own organization, now known as the Office of Strategic Services.

APPROPRIATIONS TO CONSTITUENT AGENCIES OF OFFICE OF WAR INFORMATION

Senator McKELLAR. Each of these organizations had appropriations?

Mr. DAVIS. Yes, sir.

Senator McKELLAR. Do you recall how much they had?

Mr. EISENHOWER. They were operating, in the last quarter, at a rate of about \$26,250,000 a year.

Senator McKELLAR. Were not appropriations made for the present year?

Mr. EISENHOWER. No, sir; only for the Office of Government Reports, and that appropriation was impounded. It would be reappropriated by the language here.

Senator McKELLAR. How much was that?

Mr. EISENHOWER. That was about \$1,075,000, roughly.

Senator McKELLAR. It was \$1,075,000 for salaries and expenses, and \$18,000 for printing and binding.

Mr. EISENHOWER. The reason was that the language of that appropriation for the Office of Government Reports was not satisfactory for use by the Office of War Information, so the money was impounded by the Bureau of the Budget.

Senator McKELLAR. What was the amount that was impounded?

Mr. EISENHOWER. The two amounts you have just stated, totaling \$1,093,730.

EXPANSION OF WORK CARRIED ON

Senator McKELLAR. There has been a tremendous expansion, then, of the work since you have taken over. Is that correct, Mr. Davis?

Mr. DAVIS. Well, there has been a substantial expansion on the overseas side, a very much smaller net expansion on the domestic side, because we have eliminated quite a number of domestic activities that were being carried on by various agencies. We have had to expand some others. For instance, O. W. I. clears the news that comes from other Government agencies insofar as it relates to the war, and we also have to clear all Government radio programs and all motion pictures. That necessitates a larger staff than they had before when that job was being done only partially.

INFORMATION TO CENTRAL AND SOUTH AMERICA UNDER OFFICE OF COORDINATOR OF INTER-AMERICAN AFFAIRS

Senator McKELLAR. Are the radio and motion pictures both utilized in other countries? For instance, take our South American countries: Do you have moving pictures and radio there?

Mr. DAVIS. Information to Central and South America is handled by Mr. Rockefeller's office. It is done, sir, but that is outside our field.

Senator McKELLAR. That is not within your jurisdiction?

Mr. DAVIS. No, sir.

METHODS USED BY OFFICE OF WAR INFORMATION IN FURNISHING INFORMATION

Senator McKELLAR. In other countries, in European countries, or African countries, what methods do you take to furnish information besides the radio?

Mr. DAVIS. Well, we cable a certain amount of news to our outposts. We also send some motion pictures and pamphlets into friendly countries to show what is going on here, so that they can get a picture of what is being done in America. We also reach the various countries by short-wave and medium-wave radio.

DIVISION OF APPROPRIATION AS TO DOMESTIC AND OVERSEAS ACTIVITIES

Senator McKELLAR. About what proportion of this appropriation will be spent in this country and what proportion will be spent in foreign countries?

Mr. DAVIS. Roughly, one-fourth for domestic operations, three-fourths for overseas operations.

Senator OVERTON. As I understand it, the reason the House cut down the Budget estimate was because they thought there should be some retrenchment on the domestic side.

Mr. DAVIS. It is our impression the House thought we would not be able to expand as fast as we wanted to expand, because we would not get a staff. The House report certainly suggested that it did not wish to hold down on our overseas work.

Senator OVERTON. They say this:

The increase in domestic operations has challenged our attention as an enlargement which may not be fully needed.

NUMBER OF NEW POSITIONS ESTIMATED FOR

Mr. EISENHOWER. Senator, we estimated for about 175 new positions on the domestic side, and, as I recall, about 1,000 new positions for overseas operation, so that the expansion in overseas work is substantial and in domestic work very small. The House, in making the reduction, said it would leave to the O. W. I. the actual distribution of that cut, but felt that overseas ought not to be reduced, which put an obligation on us to try to take the cut—

Senator OVERTON. Well, they expect you to make the cut in domestic operations. That is what they really expect.

Mr. DAVIS. Some of that domestic operation expansion was for our field offices, which are very much understaffed, and which have to serve different parts of the country by giving the proper local interest to news that comes out of the war agencies. I was talking to one of these field managers in Chicago yesterday. They have a pretty good argument. I think we will take it out wherever we can, but we thought we had it whittled down pretty close before we came up here.

APPROPRIATIONS TO OFFICE OF WAR INFORMATION

Senator McKELLAR. Mr. Davis, I am speaking only personally, but the idea I have about it is this: If ever there was a time when we needed this kind of thing, it is now, and we had better give you the means to do it as you had planned. We will notify you right now we are going to keep close track on you so that next year we will see whether you have used that money well or not. I wish you the greatest success, and my own view about it is that we ought to give you what you ask and let you try.

Mr. DAVIS. We greatly appreciate that, sir.

Senator McKELLAR. It is a very important work at this time, and I hope this is the only year it will be needed, but you are more than likely to have to have it another year. I can't hope that the war will be over in less than 2 years.

Mr. DAVIS. I would not be surprised, sir, if we have to come up another year, and we hope to stand on our record then.

Mr. EISENHOWER. Mr. Chairman, may I raise one point?

Senator McKELLAR. Yes.

AMENDMENT REQUESTED RELATIVE TO PRINTING AND BINDING

Mr. EISENHOWER. On page 13 of the bill: A question has been raised about the language. The clause reads:

* * * printing and binding, including printing and binding in the field without regard to section 11 of the act of March 1, 1919 (40 Stat. 1270).

That was put in exclusively to permit us to do printing abroad. For example, instead of doing all the printing in the United States, we do quite a bit in London and Stockholm, and I am suggesting that the language, as a safeguard, be changed to read, "including printing and binding outside the continental limits of the United States"; we have no desire whatsoever not to abide by the rules and regulations governing printing in the United States.

Senator MCKELLAR. You have the language there?

Mr. EISENHOWER. Yes, sir.

DELETION OF WORD "PHYSICAL" REQUESTED

Senator MCKELLAR. Page 15, the word "physical."

Mr. EISENHOWER. Oh, yes. We suggest the deletion of the word "physical." Mr. Rockefeller's organizations, C. I. A. A., and O. W. I. are leasing the short-wave radio facilities of the United States full time, so that everything that is on the short-wave radio stations will be Government programs. Under those circumstances it does not seem fair to hold the owner of the station liable for anything that may be said on the air, which may subject him to a possible libel suit. Consequently, appropriate language was put in the C. I. A. A. appropriation and in this one. In the House the word "physical" was inserted, so that it now reads, "damage on account of physical injury to persons or property arising from such use of said radio stations."

There probably will not be any physical damage. The real danger, if any, is that a program might contain something which some person would consider to be injurious to him. This language therefore merely says if a suit is brought, it ought to be brought against the Government which is doing the programming and not against the station owner.

Senator OVERTON. That is very remote.

Mr. EISENHOWER. I think so.

Senator MCKELLAR. You just want the word "physical" stricken out?

Mr. EISENHOWER. Stricken out.

Senator MCKELLAR. Is there anything else, gentlemen?

Mr. DAVIS. We will greatly appreciate it if you will give us what we originally asked for, and we hope in a year you will feel we have spent it properly.

Senator MCKELLAR. We have got to win this war. Thank you, gentlemen.

OFFICE OF PRICE ADMINISTRATION

STATEMENT OF LEON HENDERSON, ADMINISTRATOR

TEXT OF SUPPLEMENTAL ESTIMATE

Senator MCKELLAR. Mr. Henderson, I will insert at this point the supplemental estimate for the Office of Price Administration. Let that be put in the record before the testimony.

(The estimate follows:)

[S. Doc. No. 271, 77th Cong., 2d sess.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING
A DRAFT OF A PROPOSED PROVISION PERTAINING TO THE APPROPRIATION FOR
THE OFFICE OF PRICE ADMINISTRATION, FISCAL YEAR 1943THE WHITE HOUSE,
Washington, October 12, 1942.

The PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress a draft of a proposed provision pertaining to the appropriation for the Office of Price Administration for the fiscal year 1943.

The details of this proposed provision, the necessity therefor, and the reason for its transmission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, with whose comments and observations thereon, I concur.

Respectfully,

FRANKLIN D. ROOSEVELT.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., October 10, 1942.

The PRESIDENT.

The White House.

SIR: I have the honor to submit herewith for your consideration a draft of a proposed provision pertaining to the appropriation for the Office of Price Administration, for the fiscal year 1943, as follows:

"PROPOSED PROVISION

"OFFICE OF PRICE ADMINISTRATION

"The second proviso clause under the head 'Office of Price Administration' in the First Supplemental National Defense Appropriation Act, 1943, is hereby amended by deleting therefrom the words: 'shall be so administered during the fiscal year 1943 as to constitute the total amount that will be furnished to such Administration during such fiscal year for the purposes set forth in this paragraph and'."

The purpose of the deletion of the words quoted is to remove a restriction placed by Congress on the expenditure of the funds appropriated to the Office of Price Administration so as to enable this agency to carry out the additional functions recently imposed on it.

The recent amendment to the Emergency Price Control Act of 1942, together with implementing directives issued by the President on October 3, 1942, require expansion in the price- and rent-control programs of the Office of Price Administration which could not be anticipated at the time the 1943 appropriation for this agency was considered by Congress.

Before the end of the fiscal year these programs will require additional funds over those presently available. As soon as these needs can be determined, an estimate of appropriation will be transmitted to Congress. The Office of Price Administration has been instructed to determine its additional requirements in sufficient time to transmit an estimate of appropriation early in 1943.

The foregoing proposed provision pertaining to an existing appropriation is required to meet a contingency which has arisen since the transmission of the estimate of appropriation for the Office of Price Administration for the fiscal year 1943, and approval is recommended.

Very respectfully,

HAROLD D. SMITH,
Director of the Bureau of the Budget.REASON AMENDMENT REQUESTED WAS NOT PRESENTED TO HOUSE
COMMITTEE

Senator OVERTON. Did you appear before the House on this?

Mr. HENDERSON. No; at the time that the Office of Economic Stabilization, under Justice Byrnes, had been created, it had gotten

too late for an appearance on this matter before this House Appropriations Committee, and the committee informally suggested that we present the request to the Senate. The House indicated they would be prepared to discuss anything that the Senate agreed to in conference.

Senator McKELLAR. You didn't go before the House at all?

Mr. HENDERSON. Not before the House. It came in the closing days of hearings and the committee, I believe, made the suggestion to Mr. Coy, of the Budget Bureau, they we ask the Senate the restriction on the use of the appropriation for the Office of Price Administration be removed.

Senator OVERTON. To what restriction do you refer?

Mr. HENDERSON. The restriction is—

Senator McKELLAR. Shall be so administered during the fiscal year 1943 as to constitute the total amount that will be furnished to such Administration during such fiscal year for the purposes set forth in this paragraph, and—

Mr. HENDERSON. The Budget Bureau took that to mean that we would be restricted to the—

Senator McKELLAR. One hundred and twenty million.

Mr. HENDERSON. One hundred and twenty million, and therefore that we could not apportion more than a quarterly division of that amount. We have committed ourselves to all but about \$1,400,000 of that appropriation, and were committed before the recent requests of the President were received.

INCREASED RENT CONTROL ACTIVITY

The principal addition to the present work is in rent control activity, of course, and for this purpose we will need at least \$7,000,000 additional.

Senator McCARRAN. What is that for?

Mr. HENDERSON. We had originally decided under our appropriation that we should cover about 190 areas, that we would be able to open no more areas after October 1.

Senator McCARRAN. That is rent areas?

Mr. HENDERSON. Rent areas.

Senator McKELLAR. This applies entirely to rent?

Mr. HENDERSON. Yes; I am speaking now entirely of rent. The President's request meant that we would have to consider the entire country, both rural and urban as a rent area and take the proper administrative steps to bring that under rent control, his position being that the people in the rural parts of the country were just as much entitled to protection and were just as much threatened as were people in the cities, and therefore we had to extend the rent control. I have to take the appropriate actions to do that. As I said, the committee, when it set \$120,000,000 as our appropriation, indicated that we were free to come back and tell you about any unusual burdens that were thrown on us in excess of what had been discussed. This certainly is one, and we would like an opportunity to go to the Budget and justify an additional need in this quarter for rent activities and other price and rationing requirements.

ADDITIONAL APPROPRIATION WOULD BE REQUESTED LATER

Senator McCARRAN. I understand you to mean you would still stay within the \$120,000,000 limit.

Mr. HENDERSON. We want to be able to come up later in the year when we know what this cost will be.

Senator McKELLAR. About \$7,000,000 more.

Mr. HENDERSON. I know that the rent programs we have embarked on will cost at least that. The additional work contemplated by the new price programs and whatever assignments come to us from Justice Byrnes will cost more.

CONSUMERS' DIVISION

Senator McCARRAN. What have you done with your Consumers' Division? Has that been held up by lack of funds, too?

Mr. HENDERSON. Not so much. As a matter of fact, we have considerably rearranged a part of our Consumers' Division, to put it on more important work, that is, the development of quality standards. There is always a tendency when you fix a price for the manufacturer to try to avoid it by changing his standard, or changing the weight in the package, and our Standards' Division, formerly a part of the Consumers' Division is working on that program. We have put the main part of their functions for advising consumers under our deputy who is charged with public relations.

REMOVAL OF RESTRICTION REQUIRING APPROPRIATION TO BE SPREAD OVER FISCAL YEAR

Senator OVERTON. You want to remove the limitation for this quarter. Would that suffice from now until December 31? Will you be prepared then to submit an estimate?

Mr. HENDERSON. We understand that the House will not accept a deficiency prior to approximately January 1?

Senator OVERTON. I understand he wants a removal of the restriction with the right to spend all the money he can lay his hands on.

Mr. HENDERSON. The Bureau of the Budget, of course, is the control.

Senator McKELLAR. What he wants, as I understand it, is he has these additional duties placed on him, and he wants the money to carry them on.

Senator OVERTON. Is that without limitation as to time or will you have a time limitation on it?

Senator McKELLAR. It will last during the rest of this year.

Senator OVERTON. Until July?

Senator McCARRAN. My idea is he wants that limitation taken off so that he can go forward with these activities and then come back to Congress and ask for more money to carry it on.

Mr. HENDERSON. We will have to make our case each quarterly period with the Budget in terms of what the additional programs cost us.

CONTROL OF RURAL DWELLING RENTS

Senator BROOKS. When you speak of rural rents, what do you mean—house rents or farm rents?

Mr. HENDERSON. House rents.

Senator BROOKS. Just house rents?

Mr. HENDERSON. Dwelling rents.

Senator MCKELLAR. That will be very difficult to do; will it not?

Mr. HENDERSON. It is difficult. We cannot include the rent of farm lands.

NATION-WIDE MILEAGE RATIONING TO BE STARTED NOVEMBER 22, 1942

Senator BROOKS. When are you going to get your rationing throughout the country set up, on mileage?

Mr. HENDERSON. On November 22. I might say that the other suggestions that were made in the Baruch report, which we are implementing, is helping on that. The formal rationing program will be begun on November 22.

Senator McCARRAN. Under that system will you have a rationing of gasoline?

Mr. HENDERSON. Yes, sir.

Senator McCARRAN. And rubber?

Mr. HENDERSON. Yes. We are calling it mileage rationing, because it comprehends tires and tubes and automobiles and bicycles and pumps and gasoline—all of those taken together.

MILEAGE RATIONING PROBLEMS IN WESTERN STATES RESULTING FROM LONG DISTANCES TO MARKETS

Senator McCARRAN. I had occasion, by reason of a lot of communications that came from the West, to address a letter to you. Those States like Arizona, New Mexico, Nevada, and others of those basin States, with extensive mileage and small communities, especially the mining States, where they use trucks a great deal, seem to merit special consideration, because of the distances that must be traveled before they come to a market.

Mr. HENDERSON. I might say that we had in contemplation the installation of Nation-wide gasoline rationing sometime in July, by order of the War Production Board. That program was held up for reasons known to you. We had special studies made in that area, and when it became known that we were likely to be the agency for mileage rationing we put people back in the West who paid especial attention to our east coast system to see whether or not it was elastic enough, under the direction of local boards, to accommodate the needs. We are convinced it will.

Senator McCARRAN. In my own State, a man may be located 150 miles from a shipping point on the main line, with a mine which produces strategic metals. They have to be delivered to a shipping point.

CERTIFICATE OF WAR NECESSITY REGULATION

Mr. HENDERSON. The trucks will be all right. Eastman has set up a certificate of war necessity regulation, and whatever is certified to us as necessary for that truck will be granted.

Senator McCARRAN. Doesn't that apply to a truck working under the certificate of public convenience and war necessity? How does it apply to the private truck?

Mr. HENDERSON. It will apply to the private truck also.

RATIONING OF BICYCLES

Senator BROOKS. Did I understand you to say something about bicycles? Are you going to ration mileage on bicycles?

Mr. HENDERSON. We are rationing bicycles, which is geared also to the necessitous demand, that is, bicycles are going to people who need them for going to work, and in the same ladder of importance that we use for tires, recaps, and things like that.

FUEL OIL RATIONING

Senator NYE. Mr. Henderson, is yours the responsibility in connection with fuel oil rationing?

Mr. HENDERSON. Yes; ours is the responsibility for administration of the rationing program.

Senator NYE. I directed to you the other day a showing by an authority of the University of North Dakota of the hardship that is going to prevail by reason of the hard and fast rule that affords only two-thirds of the fuel that was consumed last year.

RATIONING TO BE BASED ON TWO-THIRDS OF NORMAL-YEAR CONSUMPTION

Mr. HENDERSON. No, two-thirds of a normal year, and last year was not a normal year.

Senator NYE. Definitely not, and I am wondering what you are doing on that. In 50 years of statistics for North Dakota, last year was the mildest of them all. Now they are worried to death lest their rationing is going to be on the basis of last year's consumption.

Mr. HENDERSON. It will not be an arbitrary one-third reduction. It will be based on a lot of other elements, including the type of structure, the number, age, and physical condition of persons located in the dwelling or the building. In other words, we have conferred with the heating and ventilating engineers, the oil industry, and three or four other scientific groups, in trying to make the fuel allotment satisfactory for a particular dwelling. That two-third statement was this; our estimates indicated that we would only have available two-thirds of the normal supply of fuel oil, and that the people ought to be thinking of that in terms of normal use, but there will be a tailoring of the individual rationing certificate for each building.

Senator NYE. I addressed you last week on the subject and enclosed statistics that had been submitted to me. I wish you would take that up and let me have word on it, so that I can ease some minds back home.

Mr. HENDERSON. I saw it, and it went to our Fuel Rationing Division.

PROBLEM OF RATIONING OF TIRES AND GASOLINE IN WESTERN STATES

Senator McCARRAN. I would like, before Mr. Henderson leaves, to make a further statement on this rationing of tires and gasoline. I represent a State with 110,000 square miles. Throughout the length and breadth of the State there are a great many mines producing essential and strategic materials. Throughout the State

there are also small agricultural communities that produce alfalfa, and produce other essential agricultural products such as livestock and other farm commodities, that can only be shipped by these trucks. These places are far removed from basic places or central lines of transportation, as, for instance, the railroads or the main truck lines. In fixing your rationing of rubber and gasoline, I do hope that a State of that kind, with its sparse population and its great mileage will be given careful consideration. We cannot move unless we move by these trucks, and private conveyances are the principal source of moving our products, such as cattle and sheep and hay and grains and the like, from the places where they are produced to the shipping points.

RATIONING SYSTEM WILL PROVIDE, ON AN INDIVIDUAL BASIS, FOR REQUIREMENTS NECESSARY TO MOVE ESSENTIAL ITEMS

Mr. HENDERSON. I would like to say again that nobody need worry that the rationing scheme will not provide, on an individual basis, for the requirements necessary to move the essential items, whether persons or goods. Regardless of where a person is located, his allotment is based, not on an arbitrary figure, but is based upon his demonstrated need for a certain amount of gasoline and tires.

Senator McCARRAN. Will your local boards or local authorities be so advised, as you just stated?

Mr. HENDERSON. Yes; and we are spending an extraordinary amount of our energies right now on that. I have got some of my own personal assistants out through that section quietly talking with the folks.

Senator HAYDEN. Let me supplement what Senator McCarran said by telling a story about a conversation I had with a Congressman of New York City. He told me he could go the length of his district in 30 minutes, and the breadth of it in 20. He asked me how long it took me to go around my district in the State of Arizona, and I told him I would do well to cover it in 6 weeks. The transportation is a vital point in a thinly settled country, and I think that now there will be a surplus of gasoline from the California fields that that angle of it ought to affect the situation, too. What you are doing, of course, is trying to save rubber.

GREATER AMOUNT OF RUBBER WILL BE SAVED THROUGH REDUCTION IN SPEED PER MILE

I will ask you, in your opinion, which is going to save the most rubber, the reduction in the speed per mile, or the reduction in the total number of miles.

Mr. HENDERSON. The reduction in the speed, I would say, will save the most on the long-distance traveling. That is, where there is a big essential mileage, like going to work, or hauling and trucking, the reduction in speed will save the most. But for passenger-car transportation, the reduction to the A book allotment will save the most. Let me say it this way, last year the average passenger car went about 11,000 miles. The A books now in the east, which constitute 68 percent of all books are limited to 2,880 miles. In other words, rationing accounted for a reduction of about 70 percent

in mileage. In other words, the average passenger car use with its reduction in the gallonage allowed is the biggest reduction. But where you have long-distance hauling either of passengers or of freight, the reduction in speed will save the most miles.

Senator HAYDEN. Then it is important where, in a State like my own, under authority of law, they are limited to a speed of 35 miles an hour, that that regulation be strictly enforced.

Mr. HENDERSON. Yes.

Senator MCKELLAR. If there is nothing further, we thank you.

DEFENSE AID

STATEMENTS BY GEORGE W. BALL, ASSISTANT GENERAL COUNSEL, OFFICE OF LEND-LEASE ADMINISTRATION

AMENDMENT REQUESTED

Mr. BALL. The provision with which we are concerned authorizes the use of money appropriated directly to the President for the transfer of defense information and defense services whether or not such information or services are necessary to or connected with the procurement or disposition of any defense article. As I shall indicate a little later on, this authority has already been conferred upon the War and Navy Departments. The reference in the provision before you to the Army and Navy Appropriation Acts is simply to make it clear that no distinction is intended between the use of these funds and the President's funds so far as the problem before us is concerned.

The provision which has been proposed has been approved by the Bureau of the Budget for submission to the Congress and is requested by the Lend-Lease Administration with the approval of the War and Navy Departments. I believe you will find that this provision is noncontroversial. Somewhat similar provisions have been included in certain appropriation acts making funds available to the War and Navy Departments for lend-lease purposes.

WHAT HAS BEEN PROVIDED BY LEND-LEASE IN WAY OF INFORMATION AND DEFENSE SERVICES

Perhaps, the clearest justification I can give for this provision is to describe for the members of the committee what has been provided by the Lend-Lease Administration in the past in the way of defense information and defense services.

One of the most important types of information and service which have rendered to our Allies has been the vast pilot-training program undertaken by our Army and Navy. Under the present Army program, thousands of British pilots are being turned out annually. The course covers a period of 9 weeks, after a preliminary 1-month period of preflight training, and new classes enter every month. Our Navy is also converting British students into naval aviators. Lend-lease funds have been used to provide the airplanes, engines, maintenance, fuel, clothing, transportation expenses, and all other dollar charges incurred as a necessary incident in the training of these pilots.

Many Chinese students are also undergoing similar training and new classes of Brazilian and Yugoslav pilots are just beginning their studies.

Another important defense service which we have made available is to provide for the maintenance and handling in our ports of cargo ships flying the flags of other United Nations. These ships have been repaired from time to time as the need has arisen, and all their dockage, pilot, and loading charges which require dollar payment have been met from lend-lease funds. I might add that many of our Allies are providing similar services to our own ships abroad, when these charges must be met in other currencies. This service is furnished to us as reciprocal aid under the lend-lease program.

A third important service is the payment of dollar costs necessarily involved in transporting military and naval personnel and merchant seamen of other countries through the United States, when such transportation is necessary. When need arises, subsistence allowances are also paid these men, or subsistence itself is actually provided to them, in the same way in which our Army and Navy make provision for their own personnel. It is particularly important that we continue to render assistance of this type in view of the fact that large numbers of our own men have gone to stations abroad where their own maintenance and subsistence expenses are in large part provided for by other lend-lease countries under reciprocal agreements recently concluded. These agreements and the reciprocal aid provided to us under them are described in detail in the Sixth Lend-Lease Report commencing at pages 14 and 22.

A fourth and somewhat less important service is the transportation and care of the remains of the deceased personnel of lend-lease countries. The dollar costs of this service are in the same category as the dollar costs of the other services.

Lastly, we have exchanged a considerable volume of technical and scientific information with other lend lease countries. As you know, an Office of Scientific Research and Development has been established under the direction of Dr. Bush and Dr. Conant and charged with the duty of exchanging technical information with other United Nations. This agency maintains an office in London and has achieved very happy and fruitful working relations with the British scientists.

The furnishing of all this defense service and defense information has been described at some length in the quarterly reports submitted by the President to the Congress. Among other references, I should like to call particular attention to page IV, of the First Lend-Lease Report, dated June 11, 1941; pages II and 23 of the Second Report, dated September 11, 1941; pages 24 and 26 of the Fourth Lend-Lease Report, dated March 11, 1942; pages 9 and 14 of the Fifth Lend-Lease Report, dated June 11, 1942; and page 9 of the Sixth Lend-Lease Report, dated September 11, 1942.

REASON AMENDMENT IS REQUESTED

Although it has been the opinion of the Lend-Lease Administration that defense service and defense information may be provided irrespective of whether such information or service is necessarily related to the transfer of any specific article, such as a tank or a plane, this authority has from time to time been questioned. In an effort to clarify this issue, language has been inserted in some of the previous acts authorizing the use of War and Navy Department funds for lend-lease purposes. As a result of the enactment of section 303 of

the Second Defense Aid Supplemental Appropriation Act, 1942, approved March 5, 1942 (Public Law 474), it is thought that all ambiguity has been removed so far as concerns funds directly appropriated to the Army and Navy. A similar effort to remove this ambiguity in connection with funds appropriated to the President was made in section 101 (a) of the Defense Aid Supplemental Appropriation Act, 1942, approved October 28, 1941 (Public Law 262), and in section 301 (a) of the Second Defense Aid Supplemental Appropriation Act, 1942, approved March 5, 1942 (Public Law 474).

Despite the authority contained in this legislation, some ambiguity still exists with reference to funds appropriated directly to the President for allocation by the Lend-Lease Administration among the various procurement agencies. A recent opinion of the Comptroller General, dated September 9, 1942, held that lend-lease funds appropriated directly to the President could not be disbursed upon allocation to the Navy Department to pay for the transportation of United Kingdom air-crew personnel coming to this country to receive pilot training.

This opinion and the implications which necessarily follow from it raise serious obstacles to the effective carrying out of the lend-lease program. The Army, Navy, and Lend-Lease Administration in preparing their justification for appropriations during the past fiscal year have assumed that expenses for the transfer of such service and information would be paid in large part out of funds appropriated directly to the President and allocated to War, Navy, and the other procurement agencies. In view of the fact that funds appropriated to the War and Navy Departments may clearly be utilized for the purpose of providing services not connected with the transfer of defense articles, there would seem to be no policy reason for imposing a narrower limitation upon the use of funds appropriated directly to the President. We do not believe that Congress ever intended to establish such a distinction.

Senator McKELLAR. All right, Mr. Ball.

LEND-LEASE ACT NOT SPECIFIC ON QUESTION OF FURNISHING SERVICES
TO LEND-LEASE COUNTRIES APART FROM SERVICES CONNECTED WITH
SPECIFIC ARTICLES

Mr. BALL. The Lend-Lease Act was not specific on the question of furnishing services to the lend-lease countries apart from services connected with specific lend-lease defense articles. It was clear that the intention of the act was that such services could be furnished, and in early appropriation acts under the Lend-Lease Act, where moneys were appropriated to the President for the purposes of the act, there were express provisions stating that the moneys should be used for defense articles, information and services.

Senator McKELLAR. We have a Bureau of Information. It was just before us this morning and they have taken over the information services of practically the entire Government. Why should we provide for that in the lend-lease?

Mr. BALL. The type of information this concerns, I think, is altogether different from information that may be furnished, for example, by the Office of War Information. That would relate to technical

information which might be of use to foreign countries—the United Nations—in the production of war materials, the know-how, information of that kind.

REASON AMENDMENT IS REQUESTED

Senator McKELLAR. How did this situation arise?

Mr. BALL. Our reason for requesting legislation at this time is the last opinion of the Comptroller General; there have been several on this general subject. A question arose involving the transportation of British officers and enlisted men in the United States, that is, the payment of the dollar costs of such transportation. As you know, at the present time the British are paying the dollar costs of transportation of the American military in Great Britain under reciprocal lend-lease, and we simply want to make it clear that we can do the same thing under lend-lease for British military personnel in this country. That is, with respect solely to the dollar cost.

ILLUSTRATION OF DIFFICULTY ARISING UNDER PRESENT LAW

Senator HAYDEN. Let us make it concrete. If we send an ordnance officer to England to examine the manufacture of certain pieces of military equipment over there, with the idea that he would acquire knowledge which could be brought back to this country, while he was in England they would take care of his expenses?

Mr. BALL. Under the existing reciprocal lend-lease agreement.

Senator HAYDEN. Then the British send an ordnance officer over here. He wants to go around over the factories to see how things are made here, so that the English might duplicate the work over there. And the Comptroller General has ruled you cannot pay his expenses around the United States.

Mr. BALL. That is right. It wasn't exactly a case of that kind. In this case these were British officers and enlisted men who were being transported over the country. As I recall, they were Air Corps personnel here in connection with the training program for pilots.

Senator HAYDEN. Well, it is the same principle.

Mr. BALL. It is exactly the same principle.

Senator HAYDEN. We send an experienced man from this country to England to observe how they train pilots. While he is there they take care of him. Then we ask them to send the most skilled men they have to instruct our pilots, and the Comptroller General has held we could not pay this.

Mr. BALL. They held we could not pay it out of the funds appropriated to the President for lend-lease purposes. There have been appropriations to the Army and the Navy, and apparently the Comptroller General has indicated that there is no doubt but that out of those funds such expenses could be paid. This is to make it clear that the President's funds for lend-lease purposes are available for services not related to any defense articles as are the Army's and the Navy's.

Senator McCARRAN. Does this not address itself to the original Lend-Lease Act and its provisions rather than to an appropriation act?

Mr. BALL. No, I think not.

Senator HAYDEN. It depends upon the use of funds heretofore appropriated by Congress.

Senator McCARRAN. Is it a limitation on the use of funds?

Senator HAYDEN. Yes.

Senator McCARRAN. Then it belongs here.

Senator HAYDEN. It is a limitation on the use of funds in the Comptroller's possession.

Mr. BALL. The Comptroller determined this money was not available for that purpose, and this is simply to make it clear that the money is available for that purpose as well as other purposes.

QUESTION AS TO WHETHER TRANSPORTATION OF INDIVIDUALS WAS
CONTEMPLATED IN LEND-LEASE ACT

Senator McCARRAN. I don't recall this program we are discussing here, the transportation of individuals throughout the United States, being within the contemplation of the Lend-Lease Act.

Senator HAYDEN. I would say this. The lend-lease bill dealt with the making and transportation of materials. Now, if they have certain ways of doing a thing in England and certain ways of doing a thing in the United States, and those ways were different, and it was felt wise to coordinate, so that the way of doing it would be the same in both countries, it obviously would be to the advantage of both countries to do that in order that the materials made for lend-lease would be uniform in character.

Senator McCARRAN. There is no question about the propriety of it. It is only whether the Congress, in negotiating the original act, contemplated that.

Senator HAYDEN. You stated there was something in the original act that included services.

Mr. BALL. That is right. It was made clear in the early appropriation acts, and I am referring to that specifically.

RULING OF COMPTROLLER GENERAL

Senator HAYDEN. Was that language omitted in subsequent acts?

Mr. BALL. No, it was not; but the Comptroller General gave a very tight construction to the language.

Senator HAYDEN. When Congress said services in connection with it, the Comptroller General ruled that it simply related to services in connection with the material, rather than the design of the article. I think that is rather narrow, and we can well afford to give it a broader construction. That is really what you are asking?

Mr. BALL. That is right. For example, in the Fifth Supplemental National Defense Appropriation Act for 1942, the provision is that the following sums may be used for the following purposes, namely:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Then he lists a number of categories and items, such as automobiles, trucks, and other vehicles, so many dollars, and so on, getting down finally to

necessary services and expenses for carrying out the purpose of the Act of March 11, 1941.

The Comptroller General says there is no specific category intended to cover services not related to a defense article, even though the act makes it clear that the funds are to be used for the furnishing of defense articles, information and services. It is a very narrow construction, and we simply want to make it clear that the President's funds can be used for the same purposes that the Army and Navy funds can be used for. The Army and Navy have approved this amendment and their appropriations for lend-lease have been estimated on the basis that the President's funds would be also available for this purpose.

CHANGES IN LANGUAGE REQUESTED IN SUBMITTED AMENDMENT

There were a couple of changes suggested at a conference with the Army and the Bureau of the Budget yesterday, and if I may I would like to incorporate those in the record. The changes are shown by the italicized words.

Mr. KELLAR. Very well.
(The changes follow:)

DEFENSE AID—PROPOSED PROVISION

The funds appropriated in section 1 (d) of the Defense Aid Supplemental Appropriation Act, 1941 (Public Law 23), in section 101 (c) of the Defense Aid Supplemental Appropriation Act, 1942 (Public Law 282), and in section 301 (c) of the Second Defense Aid Supplemental Appropriation Act, 1942 (Public Law 474), shall be deemed to be available *retroactively as well as prospectively* for the procurement, disposition, or furnishing of any defense information or defense service under the act entitled "An act to promote the defense of the United States," approved March 11, 1941 (Public Law 11), whether or not such information or service is necessary to or connected with the procurement or disposition of any defense article, and the authority to dispose of defense articles granted in section 102 of the Third Supplemental National Defense Appropriation Act, 1942 (Public Law 353), in section 102 of the Fourth Supplemental National Defense Appropriation Act, 1942 (Public Law 422), in section 301 of the act of February 7, 1942 (Public Law 441), in sections 102 and 303 of the Fifth Supplemental National Defense Appropriation Act, 1942 (Public Law 474), in section 201 of the Sixth Supplemental National Defense Appropriation Act, 1942 (Public Law 528), in section 103 of this act, *and in any other appropriation act for the same purpose*, shall be deemed to include the authority to procure, dispose of, or furnish any defense information or defense service under said act of March 11, 1941, whether or not such information or service is necessary to or connected with the procurement or disposition of any defense article.

Senator McKELLAR. The full committee will meet this afternoon at 2:30, to mark up the bill.

(Whereupon, at 12:30 p. m., Tuesday, October 13, 1942, the hearing on the second supplemental national defense appropriation bill, 1943, was concluded.)

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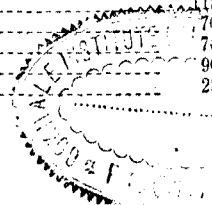
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