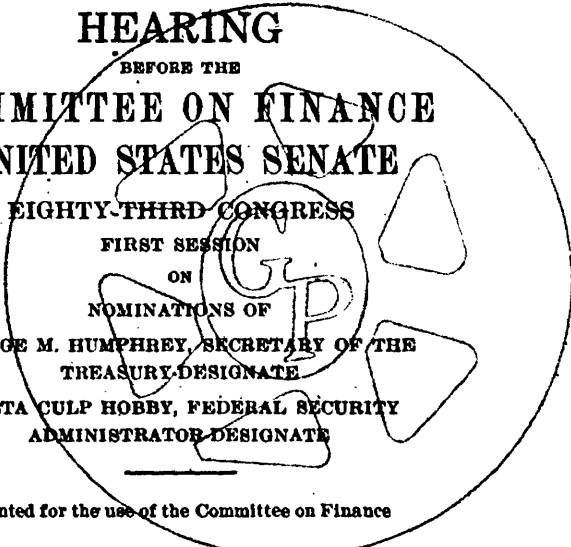


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NOMINATIONS

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-THIRD CONGRESS
FIRST SESSION
ON
NOMINATIONS OF
GEORGE M. HUMPHREY, SECRETARY OF THE
TREASURY-DESIGNATE
OVETA CULP HOBBY, FEDERAL SECURITY
ADMINISTRATOR-DESIGNATE



Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1953

2-4801

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CONFIRMATION OF GEORGE M. HUMPHREY

MONDAY, JANUARY 19, 1953

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met pursuant to call in room 310, Senate Office Building, at 10 a.m., Senator Eugene D. Millikin, chairman, presiding.

Present: Senators Millikin (chairman), Butler, Martin, Williams, Flanders, Malone, Carlson, Bennett, Byrd, Johnson, Kerr, and Long.

The CHAIRMAN. The committee will come to order. We welcome the new members of this committee—Senator Bennett, Senator Carlson, Senator Long. We have Senator Malone who is not yet present.

We will proceed with the immediate business at hand, which is to examine Mr. Humphrey who is Secretary of the Treasury-designate.

Mr. Humphrey, have you anything to circulate around here?

Mr. HUMPHREY. I have, Senator, and perhaps I had better read it, if it is agreeable to you.

The CHAIRMAN. Do you have copies of it?

Mr. HUMPHREY. I am very sorry, it is short and I haven't copies to pass but I can read it to you in just a few minutes.

The CHAIRMAN. All right, proceed.

STATEMENT OF GEORGE M. HUMPHREY, SECRETARY OF THE TREASURY-DESIGNATE

Mr. HUMPHREY. In 1890 I was born at Cheboygan, Mich. I went to the public schools and to high school in Saginaw.

From 1908 to 1912 I was an undergraduate in the Law School at the University of Michigan. I obtained a law degree in 1912. I was a member of Psi Upsilon fraternity, Phi Delta Phi law fraternity, Michigan Law Review, and the Order of the Coif. I was admitted to the Michigan bar in 1912.

From 1912 to 1917 I practiced law at Saginaw with the firm of Humphrey, Grant, & Humphrey.

In 1913 I was married to Miss Pamela Stark, of Saginaw.

In 1917 I joined M. A. Hanna & Co at Cleveland as general counsel. From 1920 to 1922 I was a partner in the partnership of M. A. Hanna & Co.

From 1922 to 1925, when the business was incorporated, I became vice president of the M. A. Hanna Co. From 1926 to 1929 I served as executive vice president of the M. A. Hanna Co. and from 1929 until 1952 was the president of the company. In 1952 I became chairman of the board.

As of the 18th of November last, I held these positions:

Chairman of the board, the M. A. Hanna Co.

Chairman of the board, Pittsburgh Consolidation Coal Co.

Chairman of the executive committee, National Steel Corp.

Chairman of the executive committee, Industrial Rayon Corp.

President, Iron Ore Co. of Canada.

Director of the M. A. Hanna Co., National Steel Corp., Pittsburgh Consolidation Coal Co., Industrial Rayon Corp., Phelps Dodge Corp., National City Bank of Cleveland, Canada and Dominion Sugar Co., Iron Ore Co. of Canada.

I was a member and former chairman of the business advisory council of the United States Department of Commerce and a trustee of the committee for economic development.

I was chairman of the industrial advisory committee of Economic Cooperation Administration for Revision of Reparations and Dismantling of Plants in Germany.

I was also a member of the Academy of Political Science, Tax Foundation, American Iron and Steel Institute, American Institute of Mining and Metallurgical Engineers, Newcomen Society of England, National Industrial Information Committee, United States Council of the International Chamber of Commerce.

I have resigned from all of those offices now. I have none of them and none of those connections.

Mr. CHAIRMAN. Mr. Humphrey, Senator Kerr has just come in.

Mr. HUMPHREY. I have this statement, Senator, that I would like also to make. It is very short.

The CHAIRMAN. Go ahead.

Mr. HUMPHREY. When General Eisenhower asked me to become Secretary of the Treasury in his Cabinet, I reviewed my situation, in consultation with counsel, to determine the applicable legal and other requirements.

As the result, I have resigned all my offices and directorships in the businesses with which I have been connected. I am on leave of absence without pay as an employee of Industrial Rayon Corp., which permits me to retain certain group insurance and also as an employee of the M. A. Hanna Co., which continues my rights under its provisions for retirement of employees. While I am in the Treasury, I will not receive any salary or bonus of any kind from any source other than from the United States Government.

My securities, which I expect to retain, consist now, and have always consisted, almost entirely of common stocks of four companies with whose managements I was associated. These are the M. A. Hanna Co., Hanna Coal & Ore Corp., National Steel Corp., and Pittsburgh Consolidation Coal Co. I have accumulated these interests over the period of my connection with these companies, which, in the case of the M. A. Hanna Co., goes back almost 35 years. The M. A. Hanna Co. in turn owns substantial stock interests in National Steel Corp., Pittsburgh Consolidation Coal Co., Industrial Rayon Corp., Standard Oil Co. of New Jersey, Phelps Dodge Corp., Seaboard Oil Co., Iron Ore Co. of Canada, Durez Plastics & Chemicals, Inc., Hanna Coal & Ore Corp., and smaller interests in a few other companies.

I am advised by counsel that there is no legal reason why I should not continue to hold the securities which I now own.

I shall, of course, advise my immediate assistants to see to it that I have no participation in the decision of any case or transaction involving any of the companies in which, through stock ownership, I am directly or indirectly interested.

I think that sets forth my situation as briefly and as pointedly as I am able to do it.

The CHAIRMAN. Senator Long has come in and Senator Williams of Delaware. We welcome you to this committee, Senator Long.

Senator LONG. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Humphrey, you have stated that before you accepted the invitation to become Secretary of the Treasury that you and your lawyers studied the applicable laws of the job, and therefore I assume you are familiar with that provision of the law which is section 243 in 5 United States Code reading as follows:

No person appointed to the Office of Secretary of the Treasury, or Treasurer, shall directly or indirectly be concerned or interested in carrying on the business of trade or commerce, or be owner in whole or in part of any sea vessel, or purchase by himself, or another in trust for him, any public land or other public property, or be concerned in the purchase or disposal of any public securities of any State, or the United States, or take or apply to his own use any emolument for gain for negotiating or transacting any business in the Treasury Department, other than what shall be allowed by law.

Let me ask you, are you personally interested in the ownership of any sea vessel?

Mr. HUMPHREY. I am glad to explain this. My understanding is that there is a ruling that the ownership of stock in a corporation is not directly or indirectly engaging in business. The M. A. Hanna Co. owns stock in the Iron Ore Co. of Canada, which in turn owns a small stock interest in a steamship company which is building two ocean-going ships in England at the present time. Those ships are three times removed from me through stock ownership.

The CHAIRMAN. Could you tell us what percentage is your stock ownership in any of these companies? Give us your greatest stock ownership in any of the companies that you have mentioned.

Mr. HUMPHREY. It is less than 5 percent and in most cases substantially less.

The CHAIRMAN. So you have no control, actual or practical, over the companies that you have mentioned?

Mr. HUMPHREY. That is correct.

The CHAIRMAN. The law says you shall not directly or indirectly be concerned or interested in carrying on the business of trade or commerce. You have stated that rulings have said that a stock ownership of the type you have mentioned does not come in conflict with that provision. While you are Secretary of the Treasury will you engage in any business or trade or commerce personally, directly or indirectly?

Mr. HUMPHREY. I will engage in no business whatever personally or indirectly.

The CHAIRMAN. The meaning of that law I think is well summarized at the end of what I have read. There is a prohibition against taking or applying to your own use any emolument or gain for negotiating or transacting any business in the Treasury Department other than what shall be allowed by law. Do you or do you not expect to take or apply to your own use any emolument or gain for negotiating

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or transacting any business in the Treasury Department other than what shall be allowed by law?

Mr. HUMPHREY. I will have no income of any kind from any company other than is permitted by law, which I understand includes dividends. That is all.

The CHAIRMAN. Will you attempt while you are Secretary of the Treasury to prosecute or to help forward or to continue or to carry on any of the businesses with which you have been identified?

Mr. HUMPHREY. I will not. I am completely out.

The CHAIRMAN. Do you have any ownership in public lands affecting public lands?

Mr. HUMPHREY. I have not.

The CHAIRMAN. Do you have any interest in brokerage firms or dealers in public securities?

Mr. HUMPHREY. I have none.

The CHAIRMAN. Will you be good enough to advise us your authority for the opinion that having a stock interest of the type that you have described is not in violation of the prohibitions of this law?

Mr. HUMPHREY. I have the opinion of our counsel, Jones, Day, Coakley, and Revis, who have given a great amount of consideration which goes into great detail which I will be glad to file with the committee if the committee desires to have it.

Senator MARTIN. Where is that firm located?

Mr. HUMPHREY. In Cleveland, Ohio. They are our regular counsel, Senator Martin.

The CHAIRMAN. I assume you are familiar with the fact that Secretary Mellon was challenged on the ground of stock ownership, that the then Attorney General gave an opinion that his stock ownership did not disqualify him for the office of Secretary of the Treasury, and that in connection with that opinion cases were cited including an opinion of the United States Supreme Court from which it might be concluded that a stock ownership particularly of the magnitude that you have does not run against any of the prohibitions of the statute.

Mr. HUMPHREY. Our counsel are familiar with that and mentioned it in their opinion, I believe, and it is partly on that and partly on their own study of the law that they have given an opinion.

The CHAIRMAN. I think you have stated it with sufficient clarity but I want to make it clear again, you do not intend to influence any of these companies in any way in the conduct of their business while you are Secretary of the Treasury?

Mr. HUMPHREY. I will have no connection with the management of these businesses.

The CHAIRMAN. I do not recall any instance where the Secretary of the Treasury would have any direct contractual relations with any of those companies. Do you know of any case of that kind that might come up?

Mr. HUMPHREY. I do not know of any but, of course, you never know. That is the reason why I will give to my immediate juniors the authority on the instructions to handle any such matters, whatever they may be.

The CHAIRMAN. Tax matters, for example, will probably begin and end in the office of the Commissioner of Internal Revenue, will they not?

Mr. HUMPHREY. They will end with my juniors, wherever they may be.

The CHAIRMAN. If any tax question came up that should penetrate up to your level, you would disassociate yourself from the decision?

Mr. HUMPHREY. That is correct. It will not be up to my level. It will be stopped before it gets there.

The CHAIRMAN. I suggest that most tax questions will probably go no further than the Commissioner of Internal Revenue and his staff.

Mr. HUMPHREY. I think that is correct.

I might add, Senator, that I am very pleased and very proud of the men who have consented to join me in the operation of the Treasury Department.

The CHAIRMAN. Will you state their names?

Mr. HUMPHREY. And they are very competent people to handle whatever matters arise.

The CHAIRMAN. Will you state their names?

Mr. HUMPHREY. Mr. Marion Folsom is the Under Secretary, Mr. Randolph Burgess is the Special Assistant, Mr. Chapman Rose is the Assistant Secretary, Mr. Tuttle will be our General Counsel, Mr. Andrews will be the Commissioner of Internal Revenue. Mr. Overby will be in charge of international finance. Mr. Parsons is the Administrative Assistant.

The CHAIRMAN. This committee is well acquainted with Mr. Folsom and I think we probably know all of those people.

Mr. HUMPHREY. I am very proud, indeed, of that organization.

The CHAIRMAN. Are there any questions, Senator Byrd?

Senator BYRD. The Commissioner of Internal Revenue is appointed by the President; is he not?

Mr. HUMPHREY. What I mentioned were all Presidential appointments made on the recommendation of the Secretary-designate.

Senator BYRD. I would like to ask a question in regard to Law 434 which was briefly referred to by the chairman:

Interested persons acting as Government agents:

Whoever being an officer, agent, or member or directly or indirectly interested in the pecuniary profits or contracts of a corporation, joint-stock company or association, or any firm or partnership, or of a business entity, is employed or acts as an officer or agent of the United States for the transaction of business with such business entity, shall be fined not more than \$2,000 or imprisoned not more than 2 years or both.

Did your attorneys who investigated the matter consider this law too?

Mr. HUMPHREY. Yes, that is quoted in their opinion.

Senator BYRD. As I understand it, if you owned stock in a company that would give you a pecuniary interest then you are prohibited from making a contract with that company. Does the Secretary of the Treasury make any contracts or have reason to make any contracts with a business corporation, that you know of?

Mr. HUMPHREY. So far as I know, from the point of view of purchasing or anything of that kind, I think not. Contracts, of course, can be very broadly interpreted, but contracts for purchases and that sort of thing the Treasury has nothing to do with.

The CHAIRMAN. You do not contemplate—I think I asked you the same question before—engaging in any procurement business or anything of that kind as Secretary of the Treasury with any of the companies that you have been associated with?

Mr. HUMPHREY. I myself will not have any dealings of any kind with any of the companies that I have been formerly associated with. Any dealings of any kind that the Treasury has with companies that I have formerly been associated with, my aides will be advised of, and I will personally have nothing to do with any of it, whether it is a contract or a tax settlement or any association or any connection whatever.

The CHAIRMAN. I am trying to make the point, Mr. Humphrey, that the Secretary of the Treasury does not make procurement contracts—at least I do not know of any procurement contracts that he makes—and that he does not engage in business with anybody.

In reviewing the situation of the Secretary of the Treasury, I cannot recall any contractual relationships of any importance that the Secretary of the Treasury engages in.

Mr. HUMPHREY. I cannot either, Senator. I do not know of any.

Senator BYRD. I would like to ask further as to the independence of the Commissioner of Internal Revenue. He is appointed, of course, by the President and is confirmed by the Senate. To what extent can you overrule or control his actions in relation to tax rebates and things like that?

Mr. HUMPHREY. I am afraid I cannot tell you that in detail, Senator Byrd. Of course, by and large he handles his own department and handles it entirely independently. Whether or not there are some provisions where an appeal might be taken or something of that kind, I am not prepared to state at this time.

Senator BYRD. Can an appeal, so far as you know, be taken by a taxpayer?

Mr. HUMPHREY. If any such thing did occur and an appeal was taken in any way, it would come before one of my assistants before it came to me and it would stop with the assistant.

Senator BYRD. I have been under the impression that the Commissioner of Internal Revenue was more independent as a subordinate officer than other agency heads.

Mr. HUMPHREY. He is more independent than in an ordinary case.

Senator BYRD. If it should come before you, it would only come before the Treasury Department as an appeal from the taxpayer or some question like that?

Mr. HUMPHREY. That is correct.

Senator BYRD. In other words, it does not come before the Treasury Department unless there is some special reason for it?

Mr. HUMPHREY. Some special occasion.

The CHAIRMAN. I doubt whether an opinion that might be given at your level would be called a transaction of business any more than a judicial decision or a quasi-judicial decision is called a transaction of business. I think there is a distinction there between what might come up to your level and what might be a transaction of business which is contemplated by the statute.

Senator Johnson?

Senator JOHNSON. Mr. Humphrey, you have stated that should any occasion arise where a decision had to be made as between some of these companies with which you had a former connection and the Treasury, that you would delegate that function to your aides. These aides are, of course, beholden to you and work for you and naturally would be prejudiced.

Do you not think that if a case of that kind should come, some outside person not connected with your department at all, selected by the President, should pass judgment?

Mr. HUMPHREY. Senator Johnson, if the law were changed to provide for some such thing as that it would, of course, be a very satisfactory arrangement so far as I am concerned.

As it stands now, my own feeling, and speaking of the aides that I have, is that there would be no reason for it. I am expressing no opinion about the desirability or undesirability of some new law. At the present time I just do not see how that could be accomplished because action would have to be taken by authorized people.

Senator JOHNSON. Of course, I think the action of one of the persons serving under you would be the same as if you acted yourself.

Mr. HUMPHREY. I do not feel that way, myself.

Senator JOHNSON. I do not see that there would be any difference.

Mr. HUMPHREY. I do not feel that way, myself, in talking about this particular situation. These men are all men of distinction and independent action who have established for themselves independent reputations and have very high standings in their respective fields.

Frankly, if it had any effect on them whatever, it would be to lean over backward, in my opinion.

Senator JOHNSON. That may very well be and probably you are correct. However, in our Government we have to be very careful about maintaining and holding the confidence of the people. I do not think the people, generally speaking, would have confidence in a decision made by someone under you where you did not feel competent to make the decision yourself.

Mr. HUMPHREY. Your judgment would be better than mine. These gentlemen have all come under great personal sacrifices. None of them are there for any purpose except to try to do a job. I cannot believe that any of them are sufficiently interested in the job except for the sake of doing a good job that they would be so influenced whatsoever.

Senator JOHNSON. We understand that, of course. I do not know that the people generally would understand it or appreciate that.

Mr. HUMPHREY. That might be.

The CHAIRMAN. Do you anticipate any questions of that kind coming up to you?

Mr. HUMPHREY. I do not anticipate anything. I do not anticipate the slightest difficulty.

The CHAIRMAN. Senator Kerr?

Senator KERR. I came in a little late, Mr. Humphrey. Did you furnish the committee with a list of your holdings in the various companies with which you have been associated?

Mr. HUMPHREY. I did not, but I will be glad to do so if you would care to have me. I will file it with you.

The CHAIRMAN. He didn't furnish us a list, but he was asked the question of the largest percentage of stock that he holds in any company in which he is interested. I think he said some 5 percent.

He said also in his testimony that he would not attempt because of his stock ownership or relationships with those businesses in the past to influence their policy or attempt to direct them in any way whatsoever.

Mr. HUMPHREY. That is my direct holdings. There are some family holdings in addition to that, but that is my direct holdings. The CHAIRMAN. If you added your family holdings?

Mr. HUMPHREY. It would be less than 10.

Senator KERR. Did I understand you to say you would be glad to furnish the committee such a list?

Mr. HUMPHREY. I will.

Senator KERR. The statute referred to by Senator Byrd, as I understand it, had reference to the transaction of business with such a business entity. I take it that you would understand that to be a broader scope than what might be implied in language referring only to procurement?

Mr. HUMPHREY. I do not know just what you mean, Senator.

Senator KERR. The general term "transaction of business" is a broader term than the term "procurement," do you not think?

Mr. HUMPHREY. I think it is.

Senator KERR. Do any of the companies with which you are associated have any matters pending or imminent in the way of tax settlements or controversies with the Government?

Mr. HUMPHREY. I do not know of any controversies, but of course they all file tax returns and tax returns are always subject to examination and there are always some minor questions.

Senator KERR. There are sometimes some major questions, from my own experience.

Mr. HUMPHREY. So far as I know, there are none of major importance pending at this time.

Senator KERR. I was interested in your remarks that you would have decisions which the law places responsibility for upon the Secretary of the Treasury made by someone under you. Let me say that I am glad you are coming down here and I am just as interested in your eligibility for this position as you are.

But I have some difficulty in my own mind visualizing a procedure whereby a decision could be made for which, under the law, you are responsible by anybody else in such a way as to relieve you of the responsibility placed upon you under the law.

Mr. HUMPHREY. Well, Senator, I am coming down here for just one reason. I had no idea, as you well know, of taking this job. It was suggested to me and I spent 3 or 4 days thinking of all the reasons why I should not do it. I wanted to refuse it. My wife and I talked it over and we finally concluded that we really had no decision to make, that when we were asked to try to assist in this program it was a duty and a responsibility that we could not refuse.

I do not want to come here unless everyone is satisfied and happy about it and the feeling is not exactly not only in accordance with the letter of the law but in accordance with the spirit of it and with the confidence of the people. I do not want to do it under any other circumstances.

Senator KERR. I want to say to you that I am concerned about the same considerations that you have expressed there and am exploring it only in order that I may have a clearer understanding of it myself and also that such a showing may be made as will result in what you have just described as being your own objective.

Mr. HUMPHREY. And I want that as much as you do.

Senator KERR. But I come back to the question which, frankly, in my own mind, I have not resolved, and that is how a man charged by the law with certain responsibilities can assign them to others and meet the responsibility fixed by the law.

Mr. HUMPHREY. I do not think that I assign them, necessarily. The Under Secretary, by law, is authorized to act for the Secretary.

Senator KERR. For the Secretary?

Mr. HUMPHREY. In almost all instances where the Secretary is unavailable for the purpose.

Senator KERR. He signs the Secretary's name and when the Secretary permits him to act does it not then become the act of the Secretary? That is the question that is in my mind.

Mr. HUMPHREY. Well, is that not a legal distinction rather than a factual one?

Senator KERR. I would say it is the legal matters with which we are dealing.

Mr. HUMPHREY. That is correct. Well, not entirely. What you are trying to get at as I see it and what I am trying to get at as well as you, is what is the right thing here, with respect to the influence that might be had on the activities of a man. While the action of the Under Secretary might be legally the act of the Secretary, the considerations which lead to it are the Under Secretary's situation rather than the Secretary's.

It seems to me that unless you are to take the position that anybody who owns anything cannot fulfill this job that you are in a position where you have to accept some such reasoning as that.

For instance, suppose I sold everything that I had. I have thought of that, of course. It would be a tremendous hardship and whether it could be done or not is a problem, but suppose you did. How would you account for what you received for it? Would you leave it in cash in the bank? If so, would you then be under the compulsion of perhaps favoring in some way that bank because, of course, the Secretary deals with that bank in one way or another. Would you put it in Government bonds? If so, there is nothing that the Secretary of the Treasury could so influence by his conduct as Government bonds.

I can, as Secretary of the Treasury, have more influence on the price of Government bonds and the value of them, a whole lot, than I can on the value of M. A. Hanna common stock when I am no longer an officer, representative, or connected with the firm.

Now you get yourselves into a situation where, if you do not be practical about this thing that you can so draw the laws that you just cannot have a Secretary of the Treasury unless he is a man who has nothing.

Senator BYRD. Of course, the purchase of Government bonds is specifically prohibited.

Mr. HUMPHREY. I thought it was the dealing in Government bonds that was prohibited.

The CHAIRMAN. These concern the purchase or disposal of any securities of the United States.

Mr. HUMPHREY. Probably if I sold out everything I had before I bought the bonds and then sat and held them I might technically comply, but there is a problem.

Senator BYRD. You could not purchase any while you were Secretary of the Treasury.

Mr. HUMPHREY. Or sell them; that is correct.

I think this is a subject that has two sides to it. Just selling one set of securities and buying another does not answer the question at all. I may jump from the frying pan into the fire.

Senator KERR. I would hope that you were in neither. I would hope that you were faced with neither of those unfortunate alternatives.

Mr. HUMPHREY. I would too.

Senator KERR. What I was trying to determine from that was whether you could be in any other status.

Mr. HUMPHREY. Well, that is what I hoped.

Senator KERR. I think that is all I have, Mr. Chairman.

The CHAIRMAN. Senator Long—

Senator LONG. Mr. Humphrey, all of us are faced with the problem you are discussing in one aspect or another. We are in difficult positions as Senators since the only people who can raise our salaries are ourselves. I am chairman of a subcommittee who raised the salary of everybody except United States Senators and Congressmen. Almost anything you do in a position that you have may have some bearing upon you as an individual or upon your family or upon the public generally. That is particularly the case with regard to our tax problems. In your capacity you would be required to make recommendations as to possible tax reductions in the event that that were possible, would you not?

Mr. HUMPHREY. I would.

Senator LONG. What is your view on that? Do you believe that we should undertake to reduce taxes while we are still running with a Government deficit?

Mr. HUMPHREY. Senator, I have had the feeling that it was inappropriate and perhaps a little presumptuous on my part to start out saying what I thought we were going to do before I was in a position to do something about it and really know more about it than I do today so it is a little difficult for me and I think probably not quite right for me to talk about where we are going and what we are going to propose.

I will say this, however, that I think our first job should be to attempt to balance the budget.

Senator LONG. I take it you are not in favor of deficit financing but you are in favor of tax reduction if it is possible?

Mr. HUMPHREY. I certainly favor a tax reduction at the earliest practical, possible time. I think our present tax system is more burden than this country can bear over any extended period.

Senator LONG. Do you have a view on the excess-profits tax?

Mr. HUMPHREY. If you don't mind I think it is proper for me to—don't you think we better wait for those discussions until I—when, if and as I am confirmed? I am in the unfortunate position at the moment of being neither an American citizen who can talk as he pleases, or an officer of the Government who can talk with authority. I am just between hay and grass.

Senator LONG. I am frank to say that whether you are for or against the excess-profits tax I don't believe it should affect the judgment of

this committee but I do feel we are entitled to know your views on that subject if you have a view.

Mr. HUMPHREY. I will put it this way: I think the excess-profits tax in principle is a bad law. I think it introduced all sorts of activities that are not to the best interests of the country. I think in balancing out how you apportion the taxes that are to be raised, it is a problem that requires the most serious consideration and I think one of the very first jobs that the Treasury has upon it is a study of the entire tax situation, not necessarily with just reduction, which very frankly I fear is not in the immediate future—I hope but I fear is not in the immediate future. I think that in balancing that out we ought to try if possible to find some better means than the excess-profits tax as it now exists.

Senator LONG. I believe it is the prevailing view of the majority in Congress—I know it is my view and of course I reserve the right to change it if I can be persuaded otherwise—I think any fair-minded man should—that the excess-profits tax is not a proper peacetime tax; that it is not consistent with our form of government in peacetime.

Do you generally subscribe to that point of view?

Mr. HUMPHREY. I hope we can find a method of eliminating the excess-profits tax and still raise the funds that are required.

Senator KERR. You know the present excess-profits tax expires in a few months, at June 30.

Mr. HUMPHREY. I know that.

Senator KERR. And the indication is that there will be no legislation reimposing it.

Mr. HUMPHREY. Yes.

Senator LONG. I take it you are in favor of a general reduction in income tax when possible?

Mr. HUMPHREY. As soon as the expenses can be adjusted to permit it.

Senator LONG. You were president of M. A. Hanna Co. prior to your appointment?

Mr. HUMPHREY. I was chairman in the last few months but I have been president for 25 years.

Senator LONG. Then you were no longer president immediately prior to the time you were appointed?

Mr. HUMPHREY. I was chairman of the board at that time.

Senator LONG. Does that position carry a salary?

Mr. HUMPHREY. Yes, indeed.

Senator LONG. Would you object to telling us what the salary was in that position?

Mr. HUMPHREY. I received salaries from several directions. I suppose what you are interested in is my total salary and bonuses that have been canceled or that I no longer receive.

Senator LONG. Yes.

Mr. HUMPHREY. They exceeded \$300,000 a year.

Senator LONG. How much does this position you have here pay, \$22,500; I believe?

Mr. HUMPHREY. I believe so.

Senator LONG. We felt it should have been more at the time we raised it. I think you are entitled to more and I think it should be raised again.

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The CHAIRMAN. Do you have any bonus arrangement which will require you to do anything while you are Secretary of the Treasury in behalf of any of your companies?

Mr. HUMPHREY. I have no bonus. My bonus stopped with December 31, 1952. I have no bonus, I have nothing. It is all cut off.

Senator LONG. Mr. Humphrey, I have known one or two very capable businessmen who were persuaded to serve with the Government who came here having made a decision that they could stand the financial sacrifice for a limited period of time. Is that your feeling?

Mr. HUMPHREY. That is my feeling.

Senator LONG. If you would rather not say why I will not press you; but is it your intention to serve out the term of the incoming President?

Mr. HUMPHREY. That will have to depend upon circumstances, Senator. I have no commitment to do that.

Senator LONG. In other words, you reserve the right to go back to private industry?

Mr. HUMPHREY. That is correct.

Senator LONG. You perhaps are contemplating serving out the 4 years as you take the position.

Mr. HUMPHREY. That will entirely depend upon circumstances.

Senator LONG. As president and chairman of the board of M. A. Hanna Co., did you take any interest in the proposal for the construction of the St. Lawrence seaway?

Mr. HUMPHREY. Yes, sir. I appeared before committees of Congress and I was very active in attempting to persuade the Congress to approve action on the St. Lawrence seaway.

Senator LONG. Do you believe that interests of that company would be greatly advanced by the construction of the seaway?

Mr. HUMPHREY. I believe the interests of the entire country would be advanced by it.

Senator LONG. Do you believe the interests of that company would be more advanced than perhaps the average company dealing in the steel industry?

Mr. HUMPHREY. That company is of course interested. There are a number of other companies equally interested and I think it is to the great advantage of the entire country that the raw materials which are required for the steel industry, which is the base of our American economy, be obtained for existing plants in the steel industry at as low a cost as possible. I think that is just axiomatic for the benefit of the entire country among industries who are based on steel.

Senator LONG. Will you give us some idea of the extent of the Hanna Co's holdings in Labrador ore?

Mr. HUMPHREY. Yes. It owns about—well, it is just a little complicated—the underlying leases are owned by some Canadian companies. The company that is developing a portion of the ore, which is that part which is now under development and for which the railroad is being built is the Iron Ore Co. of Canada. That is the present active company. In the future there will be some others who will also develop production up there, but at the moment it is the Iron Ore Co. of Canada, and the Hanna Co. in one way or another has approximately a quarter interest—I think it is 27 percent interest in the Iron Ore Co. of Canada.

Senator LONG. Are there other American companies holding an interest in that also?

Mr. HUMPHREY. Both American and Canadian.

Senator LONG. Will you give us an idea of what the other companies are who hold such interest?

Mr. HUMPHREY. Republic Steel, National Steel, Youngstown Sheet & Tube, Armco Steel, and Wheeling Steel, and the Canadian companies are Conger Consolidated Gold Mines, the Labrador Mining & Exploration Co., and the Quebec-North Shore Exploration Co.

Senator LONG. Will you give us some idea as to what percentage of the steel industry is represented by the American companies who are interested in that Labrador ore?

Mr. HUMPHREY. I cannot do it accurately. I think I could add it up in my head. I would say roughly those are five of the larger independent steel companies and I would say that roughly it is between 15 and 20 percent.

Senator LONG. It represents between 15 and 20 percent of American steel production.

Mr. HUMPHREY. Of total steel production. I will say 15 to 25 percent because I just haven't added it up but it is in that range.

Senator LONG. The largest steel companies in the Nation then are not concerned?

Mr. HUMPHREY. The United States Steel Corp., which is the largest, is not concerned. Bethlehem is not a stockholder in the business but purchases a substantial tonnage of ore.

Senator LONG. And most of those steel mills are located in the Great Lakes area, I take it?

Mr. HUMPHREY. And if you include Bethlehem in that it would raise it to perhaps 30.

Senator LONG. Does Bethlehem own an interest in this?

Mr. HUMPHREY. No, but it purchases a substantial tonnage. It controls 1½ million tons a year for 25 years.

Senator LONG. Most of the steel companies in this development then are in the Great Lakes area?

Mr. HUMPHREY. That is correct, they are in the Middle West.

Senator LONG. And that today would advocate the construction of a seaway?

Mr. HUMPHREY. That is correct.

Senator LONG. Is it necessary that such a seaway be constructed to get ore from the Labrador area to the steel companies?

Mr. HUMPHREY. No, the ore will move whether there is a seaway or whether there isn't. It is simply that moving it by rail limits it in quantity somewhat. You can't move as much in volume and it will cost more, probably.

Senator LONG. What is the extent to which the present canal system could be used?

Mr. HUMPHREY. To a very limited extent. It only takes boats that are about twenty-six or twenty-seven hundred tons. They are small boats, and the facilities are not modern. The aids to navigation are not modern and it can be used—we estimate that you can move in small boats somewhere from 1½ to 3 million tons a year through the existing facilities.

Senator LONG. How much ore do you estimate the maximum movement of Labrador ore might be if we had facilities that would permit unlimited use?

You could not use it for 5 months in any event, could you?

Mr. HUMPHREY. That is right. The Labrador operation will be similar to our lake operation. Our best estimates are that it will be less than a month difference. We operate on the Great Lakes between 7 and 8 months and we expect to operate here between 6 and 7.

Senator LONG. How much do you estimate the additional movement of ore might be? That would have to depend upon your capacity to use such ore as that, or the capacity of mills who own it in the Great Lakes area and mills who might not own it but might purchase it?

How much could your capacity be expanded there in the movement of ore?

Mr. HUMPHREY. Our present program is for 10 million tons a year. I think it is all laid out to double and I think it can be trebled rather easily.

Senator LONG. Now, the ore produced in Labrador could be brought to port mills such as the Bethlehem mill at Sparrow's Port, of course, by ordinary ocean shipping, could it not?

Mr. HUMPHREY. That is correct.

Senator LONG. But most of the companies interested in that ore do not have any mills against the sea—that is in New England or Pennsylvania or Maryland.

Mr. HUMPHREY. The way the movement is at the present time, it will move down the eastern seaboard and then ex-ocean by rail to Pittsburgh or points in the Middle West, or it will go up in small boats through the canal or it may move all rail from Montreal.

Senator LONG. Now here is a question that concerns me. Of course, frankly, I have always reserved judgment on the seaway. I voted to recommend it but I may be persuaded some day. Perhaps an expert like yourself might persuade me sometime.

Mr. HUMPHREY. You are going to get me in a position where I am going to be in trouble with all these other gentlemen because I am working for the company, I think, but I am also working for the United States, so I will be working for them.

Senator LONG. You would be in this difficult position as a member of the President's Cabinet. There is a major project that if it is undertaken, would be the major public works project of the present administration. You are an enthusiast for the project, one because you believe in it in the national interest, and you would also be subject to being accused of being interested as a stockholder in M. A. Hanna Co.

Do you feel you could express yourself or give your judgment on that to the President's Cabinet in a discussion of that type thing, or do you feel that your position and your interests require you to remain almost completely mum on the subject?

The CHAIRMAN. Senator Long, may I interject on that point? Senator Frear asked me to ask a question which I think points up the whole subject. You are aware that this is a highly controversial subject?

Mr. HUMPHREY. I am.

The CHAIRMAN. It says:

Do you intend to use the powers of your new office to advance or encourage legislation leading to the participation of the United States in the construction of the St. Lawrence seaway?

Mr. HUMPHREY. Well, Senator, I think I can answer the whole thing in one word, and I think it just stands to reason. If I were trying to advance my own interests or the interests of any of these companies, I don't believe I would be here at all and I don't believe that anybody would think that I would be here at all.

It is perfectly obvious, if I were trying to advance my own interests or the interests of the companies as against anyone else, I would stay with them. We have done pretty well as we were doing it.

I am here for just one purpose and that is to try to do a job for our country.

The CHAIRMAN. Coming back to the specific question, do you intend to use the powers of your new office to advance or encourage legislation leading to the participation of the United States in the construction of the St. Lawrence seaway?

Mr. HUMPHREY. I do not.

Senator MARTIN. Senator Frear brought up this question. I do not suppose there is anybody in the Congress of the United States who has opposed, for a longer period of years than I have, the construction of the St. Lawrence seaway. I want to make this observation.

Knowing Mr. Humphrey by reputation, I do not think that he will let his past interests interfere with his judgment in making recommendations to the Eisenhower administration as it relates to the St. Lawrence seaway. It does not seem that that is a matter of interest and I am one of the folks very much opposed to the construction of the St. Lawrence seaway. I am as you are, Mr. Humphrey. I do not think you have advocated it because of your interest in the M. A. Hanna Co., or anything else.

I believe you feel that it would strengthen the United States. Personally, I feel it would weaken the United States. We differ. I am not fearful in your becoming Secretary of the Treasury that you will be too much interested in that.

The CHAIRMAN. Mr. Humphrey has just said he would not use the powers of his office to advance or encourage legislation in behalf of the St. Lawrence seaway.

Senator LONG. I have no desire to embarrass the witness. I only feel that we should make a record here, not only for the Nation in connection with this appointment, but as a precedent and as a guide for other Secretaries in the future and for other men of public affairs when they have business connections.

The fact that a man is successful in business indicates in itself that he is well qualified for a high position. The record indicates already that Mr. Humphrey is making a very large financial sacrifice to take the position. There is no doubt in my mind that if Mr. Humphrey were primarily interested in seeing the St. Lawrence seaway constructed, he would not take a Cabinet position. He would use his position in private business to do everything he could to persuade the Government that it was in its interest to construct the seaway, rather than to come to Washington to take a position serving the Nation in a public capacity.

I would like your views, Mr. Humphrey. You are an attorney and obviously a good attorney.

Mr. HUMPHREY. I used to be years ago.

Senator LONG. You say you are a member of the Order of the Coif. I am a member myself and I think one would have to be a pretty good student of the law to merit that distinction.

You say you have given some thought to this matter of ethics, certainly as an attorney. I would like your views as an individual, not only for guidance of those of us here, but for the guidance of members of the President's Cabinet and possibly Senators and Congressmen in the future.

What is your view as to what your conduct would be with regard to such a project which you in your personal capacity believe to be a very good project in the national interest, which you have publicly advocated long before you took the position, and which you could speak to as a member of the President's Cabinet, which prospect also now involves you somewhat financially when you hold a public position?

Mr. HUMPHREY. I think, Senator Long, what you have to do in all these cases is to do the normal and the right and fair thing.

I think in this particular case, I am so thoroughly convinced and so honestly believe that the seaway is very definitely in the national interest that I should be at liberty to say that in Cabinet meetings.

I think that as a public advocate of the seaway I should not participate. I think I should no longer be an advocate of it for that reason. I think to honestly state my views and opinions is the only proper thing for me to do.

Senator LONG. Oftentimes it seems to me that a person has to withhold judgment on an issue because he is in some way interested and does not deceive anyone.

Mr. HUMPHREY. If you do not proceed on that theory, you can only conceive having someone working for the Government who has nothing, someone who has done nothing.

Senator KERR. And has no intention of doing anything.

Mr. HUMPHREY. That would be going too far.

Senator LONG. Regarding your stock ownership in various companies and your proposal that your assistants or Under Secretaries would make a decision involving any company in which you are interested, there is not much doubt in my mind that your companies would make out better with them deciding than they would with you.

I believe you would be reluctant to give any company in which you held a financial interest the benefit of the doubt. You would feel that in justice to yourself you should protect yourself from favoring your financial interests.

Mr. HUMPHREY. That is a normal inclination.

Senator LONG. It does seem that perhaps in such an instance it might be well that there be some measure for advice. That is that perhaps certain members of the Committees on Finance and Ways and Means might be advised that here was a matter that the Treasury had to decide and that in fairness if they did not want it to be a closed matter just in the Treasury files, those who might have some criticism if they knew about it, could know what the decision was and what the elements there involved happened to be.

Mr. HUMPHREY. If the committee desired anything of that kind we would be delighted to supply it.

Senator LONG. Thank you very much.

The CHAIRMAN. Senator Martin.

Senator MARTIN. I understand you have taken this up personally from a legal standpoint as to whether or not you can qualify as the Secretary of the Treasury and also with your personal counsel and that you and they have determined that you are qualified?

Mr. HUMPHREY. That is right, Senator Martin, and I have an opinion from them which I would be very glad to file with the committee.

Senator MARTIN. That is what I understood.

Mr. HUMPHREY. That is correct.

Senator MARTIN. It is not only your intent to comply with the law but also, as I understand you, to conform with the spirit of the law?

Mr. HUMPHREY. That is correct.

Senator MARTIN. I might ask him some things relating to currency and so forth, Mr. Chairman, but I think that would take unnecessary time.

Probably you and I will agree on this: That the first thing we have to do is cut down the cost of Government.

Mr. HUMPHREY. That is correct.

Senator MARTIN. After we get that done we can take up the matter of reducing taxes and decide what taxes shall be reduced and that you will give us your recommendations and opinion and, of course, it will be up to the Ways and Means Committee and the Finance Committee of the Senate to determine what they shall be because that is, after all, our responsibility.

Mr. HUMPHREY. That is right.

Senator MARTIN. You can advise but it is our final responsibility.

Mr. HUMPHREY. We will give it the benefit of our considered advice and then we will perform as you direct.

Senator MARTIN. I would like to ask this question which gets into the matter of currency.

Just a short time ago I heard a man make this statement. He said, "I want you to understand that I am not an economist. I am a research man."

He said, "I have gone into the history of the countries of the world and any country which goes off a sound money currency only lives 42 years."

Have you given any thought to that?

We have been off a sound money currency for 19 years.

Have you given thought as to what you might be able to recommend to the Congress along that line?

Mr. HUMPHREY. Senator, I have given a great deal of thought to it because that is one of the basic and fundamental things. I am not prepared to state to the committee today what I do recommend, but it is a subject that is going to be given further consideration.

Senator MARTIN. You have given it consideration?

Mr. HUMPHREY. Yes, sir; and it will have our most earnest consideration because it is one of the most important questions that face us.

Senator MARTIN. Mr. Chairman, I think the big problem is whether or not Mr. Humphrey can comply with the spirit of the law as it now exists. I feel from what you have said that you have taken that up, explored it personally with your own counsel and you do feel that you can:

Mr. HUMPHREY. That is my feeling.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Humphrey, as Secretary of the Treasury, would you feel you had a right to take part in any decisions which were made by the Tax Commissioner's office?

Mr. HUMPHREY. Well I will certainly take no part up through the authority of the tax people. I am not prepared to discuss this because it is a legal matter but, if there are any places where appeals can be taken above the Tax Bureau or something of that kind that come to the Treasury, of course, the law would have to be complied with in that respect.

Senator WILLIAMS. Only as they will appeal to you through the process of law?

Mr. HUMPHREY. We will only have them where absolutely required and necessary.

Senator WILLIAMS. How would you feel about a separation of the tax collection service?

Mr. HUMPHREY. I would not like to say. I am not prepared on so much of this but I am not in office yet.

The CHAIRMAN. You would show a certain degree of rattle-headedness if you had all your policies down pat before you warmed your chair.

Mr. HUMPHREY. Thank you for that.

I would be very hesitant about it and that is as far as I would want to go into it.

Senator WILLIAMS. Thank you..

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. Well, Mr. Humphrey, most of the things I had in my mind have been taken care of in previous questions and answers.

There is one thing I have always been interested in which is a subsidiary matter:

As I remember, you said that your salary included your dividends as well.

Mr. HUMPHREY. No, it does not include dividends.

Senator FLANDERS. That does not? That does not include dividends?

Mr. HUMPHREYS. That does not.

Senator FLANDERS. That would run around \$300,000?

Mr. HUMPHREYS. It exceeded that.

Senator FLANDERS. I do not know whether you can answer that or not. In a sense it is not important and in a sense it is.

Whenever these large figures are mentioned in public and get into the press and are read by ordinary citizens of the country, they do not often stop to think that only a minor part of that is available to you.

Mr. HUMPHREY. That is correct.

Senator FLANDERS. I think whenever these large sums are mentioned, if possible some indication should be given as to what part of that is available to you and what part of it goes to the support of the Government of the United States.

Senator KERR. Will the Senator yield there for a moment?

Senator FLANDERS. I yield to the Senator of Oklahoma.

Senator KERR. Do you not think, if you showed that exactly and showed the amount the Government was going to pay for this gentleman's services, they might send him back to work?

Senator FLANDERS. That is just what I am getting at. My State is a dairy State and they take good care of their herds. Over the years they have continually raised the output of milk per cow and the output of cream per gallon of milk.

Here, we have this herd of dairy cows supporting the Government of the United States. The question is whether we want to strew them around the pasture or whether we want to recognize that the Government has an interest in the earnings of business, particularly in view of the fact that it is taking so much of it—two bites: one from business taxation and second, out of whoever gets the remaining portion of the profits of the company.

It has been a matter of concern to me, Mr. Chairman, whenever \$300,000 or some other sum, insignificant in the requirements of the Government but tremendously significant to the individual—whenever those sums are mentioned, it would be a good thing if we could accompany them with some statement as to how much of the sum the Government is getting out of it.

Might I ask if you are able to do that right offhand?

Mr. HUMPHREY. I cannot do it right offhand but I will supply it to you. I will be very glad to.

The CHAIRMAN. You are in a high percentage bracket; are you not?

Mr. HUMPHREY. That is correct.

Senator BENNETT. Will the Senator yield?

Senator FLANDERS. Yes.

Senator BENNETT. Do you think there is a chance that if this particular cow is taken off production, that other cows who can produce approximately the same tax return will be substituted?

Senator FLANDERS. There is, of course, a continuous process of retiring the aged dairy cows and providing new ones and I think that will still go on.

Yet the point I raised is appropo to the general policy of understating of realizing where the income comes from that our Government spends so lavishly and freely.

The CHAIRMAN. Senator Malone—

Senator MALONE. Mr. Humphrey, I am glad to see you here. I am interested in the way that everybody takes it for granted that we are going to fix the appropriations and then the tax rate.

Do you think that is the way we should go about it, fix all the appropriations and then fix the tax rate or do you think it might be well to read the menu backward and figure out what we can pay and then fix the appropriations?

Mr. HUMPHREY. I think this is a little unorthodox for a prospective Secretary of the Treasury, but you do "do it backward."

The way we do it in business, the way you do it backward.

Senator MALONE. In other words, a businessman figures out what his company can do and then goes about it.

Mr. HUMPHREY. Every citizen in the home does it that way. Every business that survives does it that way.

Senator MALONE. Do you think it would hurt to move some of that into the Government?

Mr. HUMPHREY. I have wondered how you ever did it the way you do.

Senator FLANDERS. Would the Senator yield for a moment?

Senator MALONE. I am happy to yield to the Senator from Vermont.

Senator FLANDERS. I would like to say that the Senator from Colorado, who sits across here, has a bill in the Congress providing for just that type of fiscal management of our country and I certainly am in sympathy with it.

Senator MALONE. I knew the distinguished Senator from Colorado when he was Governor of Colorado. I was State engineer in Nevada and we had about the same ideas, I can say at this point.

Another thing, we have a policy here in Government that when a thing becomes overproduced and we have too much of it, we appropriate the taxpayers' money to hold the price up.

A merchandiser, anyone from my State, would fix a price so he could sell it.

What would you think would be a good policy?

Mr. HUMPHREY. That is what we have always done in business.

Senator MALONE. That is the way I thought. That is the reason you are still in business.

Mr. HUMPHREY. That is one of the reasons.

Senator MALONE. Now I suppose there is no argument that through the first policy of setting up appropriations for everything everybody wants and fixes a tax rate, we have had inflation, here, that has practically stolen one-half of the wages and one-half of the savings and a half of the insurance.

Now you can raise the wages, but you cannot do anything about the savings. Is that true in insurance?

Mr. HUMPHREY. That is right.

Senator MALONE. So we take the savings and insurance and spend it all over the world.

I just wondered what your idea would be. We might just once take a look at the peoples who are doing the work, like miners and stockmen and ranchers and a little industry out in Nevada, and see how much they could pay before we fixed this appropriation.

Mr. HUMPHREY. I think it is essential that at some point the giveaway be reduced and that we get on to a basis of what this country can take in taxes, and that we cut our cloth to fit.

Now when you have on your hands as we have at the moment, a world condition and a requirement for preparedness, just how you balance out what the country can afford to pay with having a suitable preparedness and balance those two things together and how that preparedness is developed, presents a very complex problem.

Senator MALONE. What we have done so far, we have overbuilt industry in Europe. I suppose you know that.

Many of the people there compete with our industry here in America.

There have been some differences in the two parties for 75 years. One of them is sound money and having a measuring stick for money. It has been known as the gold standard.

There may be some better way. There is a measuring stick for money just like a measuring stick for cloth.

What do you think about the situation?

Mr. HUMPHREY. I think, Senator, our very first job is to retard and stop further depreciation of the dollar.

Senator MALONE. That might be by establishing some measuring stick for the money.

Mr. HUMPHREY. One thing is to eliminate these continuing deficits which is a tremendous job in itself. And then these other things follow.

Senator MALONE. The gold standard?

Mr. HUMPHREY. These other things follow, that is correct.

Senator MALONE. Should it follow?

Mr. HUMPHREY. It must follow.

Senator MALONE. Thank you.

Mr. HUMPHREY. At the appropriate time.

Senator MALONE. Well, the appropriate time is while we have ahold of it, is it not?

Mr. HUMPHREY. As soon as conditions can be developed to take it.

Senator MALONE. Well, I should say if you turn this Congress loose for another few years without any safeguard whatever in appropriations, it will be too late to do anything.

Mr. HUMPHREY. It will be entirely too late, yes, sir.

Senator MALONE. You would be in favor of getting at this measuring stick for money at the earliest opportunity?

Mr. HUMPHREY. At the earliest possible time.

The CHAIRMAN. Senator Carlson—

Senator CARLSON. I want Mr. Humphrey to know that we appreciate Mr. Humphrey making a sacrifice in this time of trials and tribulations. I am looking forward to serving on this committee with you as Secretary of the Treasury.

I hope this committee recommends his confirmation and the Senate confirms you.

I served on the House Ways and Means Committee for 8 years and during that entire 8 years, we always raised taxes and never reduced taxes once.

Your statements during your appearance before this committee are quite refreshing.

Mr. HUMPHREY. I appreciate that very much.

The CHAIRMAN. Senator Bennett—

Senator BENNETT. I have a question and perhaps you would prefer to reserve answer to it but have you come to any conclusion in your attitude on the independence of the Federal Reserve Board?

Mr. HUMPHREY. Yes, I have. I think the Federal Reserve Board should be independent of the Treasury. I think, however, the two should work very closely together for a common purpose. I am very happy to say that with the present set-up that is exactly what is going to happen.

Senator BENNETT. You do not feel you have any power to overrule the decisions of the Board acting within its own legal province?

Mr. HUMPHREY. I do not and I do not think we should.

Senator BENNETT. Thank you. That is my only question.

Senator MALONE. Mr. Humphrey, do you think the Congress of the United States should operate independently of the executive department?

Mr. HUMPHREY. I certainly do.

The CHAIRMAN. Any further questions?

Have you anything further to say, Mr. Humphrey?

Mr. HUMPHREY. I have one thing. I would not want to leave this meeting without referring to one thing that really is not germane to the subject at all but it has been mentioned in the newspapers and I think it should be brought out here before you.

The Hanna Coal & Ore Corp. is opening a nickel deposit out on the west coast under a deal with Defense Minerals and that arrangement has all been made and it is completed and they are opening a nickel deposit in Oregon. That is made under Government contract for the sale of nickel.

I just want to bring it up. As I say it has no connection with me except that it is a thing that has been in the newspapers and I think it should be mentioned. I have no connection with it whatever.

The CHAIRMAN. Thank you very much.

We will excuse you and thank you for coming.

(Whereupon, at 11:25 a. m., the committee proceeded to other business.)

CONFIRMATION OF OVETA CULP HOBBY

MONDAY, JANUARY 19, 1953

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met pursuant to call in room 310, Senate Office Building, at 11:25 a. m., Senator Eugene D. Millikin (chairman) presiding.

Present: Senators Millikin (chairman), Butler, Martin, Williams, Flanders, Malone, Carlson, Bennett, Byrd, Johnson of Colorado, Kerr, and Long.

Also present: Senators Johnson and Daniel of Texas.

The CHAIRMAN. The committee will come to order.

Mrs. Hobby, let me present you to the committee. We are very happy to have you with us. General Eisenhower has indicated that he wants to give a sort of Cabinet status to the office to which he is going to appoint Mrs. Hobby. Therefore, we thought it appropriate to hear from Mrs. Hobby, also, today.

Senator Johnson, do you wish to say anything?

STATEMENT OF HON. LYNDON B. JOHNSON, A UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator JOHNSON of TEXAS. Mr. Chairman and colleagues, I appreciate the opportunity to make a brief statement on behalf of myself and my junior colleague, Senator Daniel. It is a very high privilege and a great honor to present Mrs. Hobby to you. We in Texas have our differences at times, and sometimes we express them rather violently, but from Texarkana to Brownsville, and from El Paso to Port Arthur, we are all agreed that Mrs. Hobby will make a great public servant.

Texas' honor is the Nation's gain. I think the administration should be commended for the selection of this, one of our real Texas stars. I commend her to your tender mercy and careful consideration.

Senator Daniel is here with me.

STATEMENT OF HON. PRICE DANIEL, A UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator DANIEL. Mr. Chairman and members of the committee, I would just like to say an amen to a statement by Senator Johnson. We are proud of this appointment, and we believe the committee will find that Mrs. Hobby will make an excellent official in the position to which General Eisenhower appointed her.

The CHAIRMAN. Thank you very much.

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Without objection, Senator Johnson's letter will appear in the transcript at this point.

(The letter referred to is as follows.)

UNITED STATES SENATE,
OFFICE OF THE MINORITY LEADER,
Washington, D. C., January 14, 1953.

HON. EUGENE D. MILKIN,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR MR. CHAIRMAN: I believe Mrs. Oveta Culp Hobby to be one of the most competent and efficient public servants that I have ever known. Therefore, I am hopeful that your committee will act favorably upon her confirmation as Federal Security Administrator.

Texas is a State in which we frequently have our differences and are not overly shy in expressing them. But I think there is one subject upon which every Texan—from Texarkana to El Paso, and from Brownsville to the Panhandle—will agree.

It is that you would have to search far and wide to find anyone better qualified for a position of high responsibility.

Mrs. Hobby's record as Director of the Women's Army Corps during World War II is too well known to need recounting here. She has proven over and over again that she can bring to any position a degree of charm, tact, and ability that insures the highest possible performance.

You will, of course, avail yourself of the opportunity to hear Mrs. Hobby at your committee meeting. I am confident that after her appearance you will agree with me that her prompt confirmation would not be just a matter of honoring Texas but of serving the Nation.

With assurances of high esteem and respect, I am

Sincerely,

LYNDON B. JOHNSON.

The CHAIRMAN. Proceed, Mrs. Hobby.

STATEMENT OF OVETA CULP HOBBY, FEDERAL SECURITY ADMINISTRATOR-DESIGNATE

Mrs. HOBBY. My name is Oveta Culp Hobby. I live in Houston, Tex. My husband and I, W. P. Hobby, are the publishers of the Houston Post, a morning newspaper published in that city.

The CHAIRMAN. Is your husband here?

Mrs. HOBBY. Yes, sir; he is.

The CHAIRMAN. Will you stand up, sir?

We are glad to see you, Governor, and thank you for coming.

Mrs. HOBBY. Thank you Mr. Chairman.

The Houston Post is the licensee of radio station KPRC—AM, FM, TV.

I have, until January 18, served as the executive vice president of that company and as coeditor and publisher of the morning newspaper.

Effective today, the company has accepted my resignation as editor, director, and executive vice president. I have, as of January 18, resigned all memberships in all boards of directors and other offices which I hold. I cannot imagine that the Government would ever be concerned with any business association with which I have been affiliated; but, should it, I would neither participate in the decision nor seek to influence any agency of the Government concerned.

The CHAIRMAN. As far as you can foresee, Mrs. Hobby, there is no conflict between the job which you will have and any of your business interests?

Mrs. HOBBY. I thought it through carefully, sir, and I think of none.

I would like to make myself available to any questions. I believe I have submitted a biographical sketch and a list of my holdings.

The CHAIRMAN. I think, if you will file the list of your holdings with the clerk of the committee and if you will put a statement similar to the one that you have of your experience in the record, that will be sufficient.

(The two documents referred to are as follows:)

HOLDING OF MRS. OVETA CULP HOBBY

Date acquired	Number of shares	Cost	Par value
El Paso National Bank stock (common):			
June 1942.....	100	\$0,000.00	\$20.00
Jan. 18, 1949.....	25	900.00	20.00
Dec. 20, 1950.....	25	(1)	20.00
Oct. 17, 1951.....	25	1,500.00	20.00
Dec. 17, 1952.....	25	(1)	20.00
	200		
Republic National Bank (Dallas) stock:			
January 1953.....	500	23,250.00	20.00
Jan. 19, 1950.....	62	2,500.00	20.00
Jan. 8, 1951.....	105	4,302.25	20.00
May 8, 1951.....	84	3,382.50	20.00
Feb. 7, 1952.....	125	5,000.00	20.00
	876		
Hilton Hotel Corp. stock: Dec. 21, 1951.....	1,000	14,790.00	5.00
Southland Paper Mills, Inc.: October 1945.....	2,000	17,637.11	(1)

1 Stock dividend.

2 No par value.

Houston real estate, \$150,000 to \$200,000.

Oil royalty interest in two producing wells—one in Harris County, Tex.; the other in Upton County, Tex. Income from Harris County well, \$7,992.44 in 1952. From the Upton County well, \$7,176.62.

Other real estate: 640 acres in Upton County, 181 in Burleson County, and 160 acres in Coryell County.

I believe the value of the El Paso National Bank stock and the Republic National Bank of Dallas stock to be \$60 per share at this time.

I believe, from recent reports from the president of Southland Paper Mills, Inc., that this stock is now worth \$65,000.

I do not know the present value of the Hilton Hotel Corp. stock.

Community property

Preferred stock.—The Houston Post Co., 7,638 shares, par value of \$100 per share.

Common stock.—The Houston Post Co., 4,319 shares. This represents approximately 52 percent of the stock of the Houston Post Co.

BIOGRAPHICAL DATA—OVETA CULP HOBBY

Born: January 19, 1905, in Killeen, Tex. Father: I. W. Culp. Mother: Emma Hoover Culp.

Positions held:

1926-31: Parliamentarian, Texas House of Legislature

1931-52: Houston Post, positions held: Research editor, literary editor, assistant editor, vice president, executive vice president (January 1933), editor, January 4, 1952, editor and publisher (October 14, 1952)

1939: Parliamentarian, Texas House of Legislature (incomplete term)

1941: Parliamentarian, Texas House of Legislature (incomplete term)

1941-42: Chief, Women's Interest Section, War Department, Bureau of Public Relations

26 NOMINATIONS OF GEORGE M. HUMPHREY AND OVETA CULP HOBBY

1942-43: Director, Women's Army Auxilliary Corps (Rank held: equivalent to colonel).

1943-45: Director, Women's Army Corps (Rank held: colonel)

December 30, 1944: Citation: Distinguished Service Medal

July 12, 1945: Released from active duty; terminal leave expired September 5, 1945

June 23, 1947: Awarded Military Merit Medal by the Philippine Government

1945 to present: Editor and publisher, Houston Post; director, Station

KPRC-AM, FM, TV

Activities:

Advertising Federation of America: Member of board of directors

American Design Awards Committee: Member.

American Assembly: Member of policy board

American Cancer Society: National vice chairman 1949 campaign and member of 1950 national leadership committee and member of national advisory council 1950

American National Red Cross: Member of advisory committee for 1950; fund campaign and member-at-large of the board of governors; member of executive committee of the board of governors

American Society of Newspaper Editors: Member (member of board of directors 1947-50; member of committee to study the problem of world dissemination of news and member of 1946-47 program committee); 1950, member of International Press Institute committee

Citizens Committee for the Hoover Report: Member of board of directors; Bipartisan Commission on Organization of the Executive Branch of the Government, consultant 1948.

Continental Oil Co. scholarship award committee: Member

Crusade for Freedom: Member National Crusade Council; member of Houston Advisory Committee.

Defense Advisory Committee on Women in the Services: Member

Freedom of Information Conference, Geneva, Switzerland, March 1948, consultant-alternate

Gamma Alpha Chi: Honorary vice chairman

Houston Museum of Fine Arts: Member board of trustees 1935-38 and 1938 until resignation in February 1939

Houston Symphony Society: Vice president

Inter-American Press Association: Member

International Press Institute: Member

Mobilization for Human Needs: Regional chairman 1935-30

National Conference of Christians and Jews: member of board of directors; chairman of newspaper committee 1950-51, 1951-52; mass communication committee, member

Reld Foundation Inc.: member board of directors

Southern Newspaper Publishers Association: member, president in 1949, chairman of board of directors 1950

Texas Medical Center: member of board of directors

Texas State Teachers College: member of board of regents, resigned September 15, 1941

Honors received:

Baylor University: honorary degree LL. D., May 1943

Mary Hardin Baylor College: citation of honor, May 1943

Sam Houston State Teachers College: honorary degree LL. D., May 20, 1943

University of Chattanooga: honorary degree LL. D., September 1943

Colorado Woman's College: honorary degree, doctor of literature, May 22, 1947

Bard College: honorary degree, doctor of humane letters, June 17, 1950

United Daughters of the Confederacy: awarded World War II Cross of Military Service in November 1946

American Cancer Society Award for Meritorious Service 1949

Awarded plaque for outstanding service in the field of journalism, by Texas Press Association 1950

School of Journalism of University of Missouri: honor medal for distinguished service in journalism, May 5, 1950

Oveta Culp Hobby Press Club of Baylor University, Waco, Tex., named in honor of Mrs. Hobby, November 15, 1949

The National Conference of Christians and Jews, Houston Chapter, Brotherhood Award for Distinguished Service to the Advancement of Good Human Relations, February 28, 1951

NOMINATIONS OF GEORGE M. HUMPHREY AND OVETA-CULP HOBBY 27

Woman of Achievement Award by Boston Chamber of Commerce, July 1951
South's Hall of Fame for the Living, 1951

Publications: Mr. Chairman (textbook on parliamentary procedure); Codification of State Banking Laws in Texas

Married to Hon. William Pettus Hobby (former Governor of Texas) 1931

Children: William Pettus Hobby, Jr. (born January 19, 1932); Jessica Hobby (born January 19, 1937)

Home: Houston, Tex.

The CHAIRMAN. Senator Byrd.

Senator BYRD. I am delighted with Mrs. Hobby's appointment and I have no questions.

Senator JOHNSON of Colorado. I have nothing but hearty commendation for this appointment. I know a little about Mrs. Hobby's public service, having been on the Senate Military Affairs Committee during the time when she served in the armed services. She was before our committee several times and also conducted herself with great credit to herself and Texas.

The CHAIRMAN. Senator Kerr.

Senator KERR. I have no questions, Mr. Chairman. The only possible differences that could arise between me and this distinguished lady have to do not with reference to her business experience or positions as they might conflict with her responsibilities in the important position she is about to occupy but relate to minor differences between the States of Oklahoma and Texas. We will settle them in another forum.

The CHAIRMAN. You don't think we could do that here?

Senator KERR. We should not burden the record with them here.

The CHAIRMAN. Senator Butler.

Senator BUTLER. I am very glad that we have such a distinguished lady to become a member of the administration here in Washington at this time.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. No questions.

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. I would like to congratulate Mrs. Hobby on her smooth progress so far. I hope that it will continue and will be glad to assist it.

The CHAIRMAN. Senator Malone.

Senator MALONE. I would like to say I met Mrs. Hobby and her distinguished husband in Texas several years ago and I am delighted with her nomination.

Mr. CHAIRMAN. Senator Carlson.

Senator CARLSON. Again, Mr. Chairman, I want to say that I think President-elect Eisenhower was very fortunate in that Mrs. Hobby has agreed to serve in this important post. I know she is going to be an excellent administrator.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. I think it is unfortunate that you cannot share a little of the experience that the preceding witness had but I am afraid I am not going to be the one to institute that. I am happy to join my colleagues in welcoming you into the Government and express delight about your being appointed.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON of Texas. I wonder if the committee would like me to present Mrs. Hobby's two children, William Hobby, associated with the Houston Post, and Jessica Hobby.

I would just like to say this to the committee, Mr. Chairman: Due to the fact that you have asked Mrs. Hobby to come here today, we have had to postpone her birthday dinner but we are going to have one a little later in the year and we hope you will all attend.

The CHAIRMAN. Thank you.

Senator MARTIN. Mr. Chairman.

The CHAIRMAN. Senator Martin.

Senator MARTIN. I wonder if the distinguished Senator from Texas would present the grandchildren.

Senator JOHNSON of Texas. We have none to present, Mr. Chairman.

Senator KERR. That places me beyond the omnipotence even of a senior Senator from Texas.

The CHAIRMAN. We are happy that you could come and we are delighted with your testimony.

The committee will now go into executive session, which means that all who are not on the committee will please excuse themselves.

(Whereupon, at 11:45 the committee proceeded in executive session.)