directly due to which more than a million and a half of dollars was returned to the Treasury of the United States in one instance alone, yet we find Gen. Mason M. Patrick, present Chief of the Air Service, in an article under his signature in Current History Magazine for February, 1923, making this statement:

It is claimed by the United States that the sum of not less than $40,000,000 is due from contractors who were overpaid, and steps to recover are being taken. This needs a word of explanation. No charges of graft or fraud are made in explanation of these overpayments.

We were told in the report of the Senate Thomas committee, already quoted, that the cross-license requirement is vicious and designed to reap large profits by contractors taking advantage of the necessities of the Government. We are also told—and, bear in mind, this was in 1918—that the aircraft authorities no longer require or recommend the execution of this agreement by the contractors.

I have secured photostatic copies of contracts and parts of contracts which are similar in character and provisions to the rest of the contracts noted in the list I have already presented to this House, and I now read from contract No. 640 for three Curtiss pursuit airplanes, which is dated April 27, 1923, under the subhead of patent and copyright infringements, clause 1, which is as follows:

(1) The contractor will hold and save the Government, its representatives, and all other persons acting for it as agent, contractor, or otherwise, harmless from all demands or liabilities for alleged use of any copyrighted or uncopyrighted composition, patented or unpatented invention, secret process, or suggestion in, or in the making or supplying of, the articles or work herein contracted for, and for alleged use of any copyrighted composition or patented invention in using such articles or work for the purpose for which they are made or supplied, where the demand or liability is based on copyrights or patents that are owned or controlled by, or under which and to the extent that rights are enjoyed by, the contractor, its officers or employees, or persons in privity with the contractor, or is based on patents or rights that are enjoyed by members of the Manufacturers' Aircraft Association, or on patents or rights that are cross-licensed under the so-called cross-license agreement and/or its supplements, under which the members of said association are entitled to the use of certain patents; and if and when required will discharge and secure the Government from all demand or liability on account thereof by proper release from the proprietors, patentees, or claimants, but if such release is not practicable, then by bond or otherwise, and to the satisfaction of the Chief of the Air Service.

Mr. WAINWRIGHT. Will the gentleman yield further?

Mr. NELSON of Wisconsin. Yes.

Mr. WAINWRIGHT. Is not the gentleman aware that the cross-license agreement—or at least this is my recollection—was submitted to the Attorney General in 1917 and was passed on and approved by the then Attorney General as not being in violation of the Sherman Antitrust Act or any other law, and that consideration of that agreement also came up in the course of the investigation of the contracts by Mr. Hughes, and from the consideration which he gave it he was satisfied to accept the view of the Attorney General with regard to it?

Mr. NELSON of Wisconsin. I am very well aware of all this, but the gentleman has not quite stated it as it is, although not intentionally.

Mr. WAINWRIGHT. Naturally, my recollection is somewhat hazy.

Mr. NELSON of Wisconsin. I respect the gentleman most highly, and wherever his hand appears it is for the people and protecting the people's Treasury against these gentlemen. Now, this is the truth: In the stress and strain of war things were done for purposes of war, and under the presentation made by these self-constituted patriots who got these contracts the Secretary of War and the Secretary of the Navy weighed certain things and considered that certain things should be arranged, and Mr. Gregory was asked for his opinion. Of course, he said, "On its face it may be all right, but it depends on what abuses are conducted under it; but it seems to me it might be arranged so that this could be done." But since that, in private conversation, gentlemen have told me he said, "But it all depends on what is done under it." However, they are continuing, after the war, to use this cross-license agreement to void the Sherman antitrust law. That is one of the things I want to investigate in order to see whether or not this is merely a pretext for violating our laws at the expense of the people of the country. So far as Mr. Hughes is concerned, this is what he said: "In view of the fact that this was entered into, and in view of the fact that the Attorney General seems to have passed upon this whole thing, I will not go into this matter." But, to my mind, he clearly indicated that he regarded it as violative of the law, but he would not overrule the Attorney General's sort of tentative opinion.

This shows clearly, gentlemen, that the American people have been lied to; that the cross-license agreement, designed by the air trust as its means of controlling the United States Air Service contracts, is still in effect in current contracts and is still the means by which the same air trust controls contracts of the United States Air Service.

In this connection I desire to note that Col. Jesse G. Vincent, who is now a director of the Manufacturers' Aircraft Association and who during the war was chief engineer in charge of both motor and airplane designs for the Army, is also at this time a stockholder and vice president of the Packard Motor Car Co., which is the recipient of numerous contracts, as I have before noted. Mr. Hughes declared in his report that Colonel Vincent's simultaneous connection with the Army and the Packard Motor Car Co. was a violation of the criminal statutes. The War Department, however, did nothing; the Department of Justice did nothing; and we now find this Colonel Vincent's company still receiving contracts from the Air Service running into millions of dollars in spite of all these things. In 1924 we find this company getting contracts.

Now, what else did this air trust, formed by these inexperienced and incompetent aircraft manufacturers to grab the profits arising from this country's necessities in its hour of dire peril, invent to further throttle independent, experienced, competent, thoroughly established aeronautical engineers and manufacturers?

I shall read again to you from the Curtiss Aeroplane & Motor Corporation contract of April 27, 1923, contract No. 640.

I read section 2 of that clause of the contract dealing with patent and copyright infringements:

(2) The Government will, without limitation to the time of completion of this contract in other respects, hold and save the contractor harmless from all demands or liabilities for alleged use of any copyrighted or uncopyrighted composition, patented or unpatented invention, secret process or suggestion in, or in making or supplying, the articles of work herein contracted for, and for alleged use of any copyrighted composition or patented invention in using such articles or work for the purpose for which they are made or supplied, where the demand or liability is based on copyrights or patents that are not owned or controlled by or under which rights are not enjoyed by the contractor, its officers, employees, or persons in privity with the contractor, or is based on patents that are not enjoyed by members of the Manufacturers' Aircraft Association, or patents or rights that are not cross-licensed under the said cross-license agreement or any supplements thereto; provided, immediate notice of any such demand or liability and of any legal proceedings connected therewith is given in writing by the contractor to the contracting officer; and provided further, that the Government may intervene in any such demand or proceeding and in its discretion may defend the same or make settlement thereof, and the contractor shall furnish all information in its possession and all assistance of its employees requested by the Government.

Mr. SPROUL of Illinois. Will the gentleman yield?

Mr. NELSON of Wisconsin. Yes.

Mr. SPROUL of Illinois. Is not that a clause which is inserted in all contracts?

Mr. NELSON of Wisconsin. No.

Mr. SPROUL of Illinois. I have been a contractor for a good many years and I have never made a contract without providing for taking care of the very clause you refer to.

Mr. NELSON of Wisconsin. I will read further, and I think I will answer the gentleman.

The clause I have just read, gentlemen of the House, is what is known as the "save harmless" clause. This clause will be found in many, if not all, of the contracts contained in the list I have already read into the RECORD.

On the margin of the contract from which I am quoting, written in longhand, is the following notation:

Approved as to patent clause by direction of the Secretary of War.
JOS. I. MCMULLIN,
Lieutenant Colonel, J. A., May 31, 1923.

The save harmless clause is in fact simply an authority granted by the officials of the United States to certain private aircraft manufacturers to steal boldly and deliberately the patents of any inventor whose patent appliances the air trust may desire to use or may find necessary in its continued hold on the Government's pocketbook.

General Orders, No. 10, of the War Department, dated March 10, 1921, and amended by General Orders, No. 40, dated August 15, 1921, provides that the contracts should contain a clause that the contractor will hold the Government harmless