

Mr. CULKIN. In the testimony, as I understood at least, before the Economic Committee I think it was testified that one company moved gasoline products up the coast—I think it was supposed to be the Sun Oil Co.—for five-eighths of a mill per ton-mile. Does that correspond to your figures?

Mr. PENNINGTON. That is even less.

Mr. CULKIN. Less?

Mr. PENNINGTON. Yes, sir.

Mr. CULKIN. That is the lowest cost transportation in the history of the world, as I understand?

Mr. PENNINGTON. There is no question about that; absolutely none. The basic tanker rate now is 48 cents, other charges 58, and the surcharge 48. That is \$1.52 a barrel. This method will pay for the whole project, in addition to speeding our efforts for war. As an economic proposition it is extremely good and as a war proposition it is the only way we are going to really fight this war.

Mr. PITTENGER. As a matter of fact, we would be in much better shape to fight this war if some of our big leaguers had had enough foresight to develop all of our water facilities in this country some time ago. Is not that a fact?

Mr. PENNINGTON. I did not intend to refer to that. But I will tell you—

Mr. PITTENGER. You have had a lot to do with these rates?

Mr. PENNINGTON. Yes, sir.

Mr. PITTENGER. What is true of Texas rates is true of rates on the Lakes also?

Mr. PENNINGTON. Yes.

Mr. PITTENGER. I just wanted you to make an honest admission.

Mr. PENNINGTON. Every competitive railroad will fight competitive water rates. We are out on a limb.

Mr. PITTENGER. There is no domestic economy there?

Mr. PENNINGTON. That is right.

Mr. PITTENGER. As the witnesses have testified here this afternoon and today, they need 500,000 more barrels a day on the Atlantic seaboard. I read somewhere in a newspaper the other day it was costing the Atlantic seaboard \$115,000,000 a day for this shortage. It does not take much imagination to decide that some of us won't have oil at all this winter.

Mr. PENNINGTON. I do not worry about that so much as I do about armament.

Mr. PITTENGER. It is going to be a serious thing.

Mr. PENNINGTON. Yes.

Mr. CULKIN. May I ask the gentleman this: Every intelligent civilization, if there are any left, has always moved the bulky traffic by water?

Mr. PENNINGTON. Yes, sir.

Mr. CULKIN. And the chief opponent to the progress of that type of transportation has been the \$10,000,000 railroad lobby, called the Association of American Railroads? You probably know about them?

Mr. PENNINGTON. Do I know about them? Let me tell you something about moving bulk commodities.

Mr. Hitler is in very fine position in Europe. All the railroads could not handle the freight at any amount of rate. In the low