1139. Also, petition of Emmett Arthur Hinkelman, Chicago, Ill., urging legislation to allow the sending of educational books and magazines postage free to students, institutions of learning, and public libraries in the Marshall-plan countries; to the Committee on Post Office and Civil Service.

1140. Also, petition of William H. Elliott and others, San Francisco, Calif., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1141. Also, petition of Mabel Mattly and others, Stockton, Calif., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1142. Also, petition of P. F. Wichmann and others, La Fayette, Ind., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1143. Also, petition of Lon Donnell and others, Hutchinson, Kans., requesting passags of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1144. Also, petition of Mrs. Mary Smith and others, Milwaukee, Wis., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1145. Also, petition of Josephine Heverling and others, Seattle, Wash., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1146. Also, petition of Mrs. Mildred Cole and others, Tacoma, Wash., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1147. Also, petition of Mrs. E. O. Johnson and others, Cassadaga, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1148. Also, petition of Mrs. Dorothea Graves and others, Orlando, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1149. Also, petition of Mrs. Ella Zeigler and others, St. Petersburg, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

FRIDAY, JUNE 24, 1949

(Legislative day of Thursday, June 2, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

Our Father God, hushing our thoughts to stillness, we would school our spirits in sincerity and truth as we wait before Thee, who knowest the secrets of our hearts. In a world of suspense and suspicion and turmoil, breathe now in this quiet moment Thy peace on hearts that pray—the peace that comes only when our jarring discords are tuned to the music of Thy will.

Then, as heralds of good will, send us forth across all the barriers of race and creed, to make our contribution to the glad day when justice and understanding shall engirdle this worn and weary earth.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 23, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 23, 1949, the President had approved and signed the joint resolution (S. J. Res. 55) to print the monthly publication entitled "Economic Indicators."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 2290. An act to provide for cooperation by the Smithsonian Institution with State, education, and scientific organizations in the United States for continuing paleontological investigations in areas which will be flooded by the construction of Government dams;

H. R. 5240. An act to continue for a temporary period certain powers, authority, and discretion for the purpose of exercising, administering, and enforcing import controls with respect to fats and oils (including butter), and rice and rice products; and

H. J. Res. 240. Joint resolution authorizing the erection in the District of Columbia of a statue of Simon Bolivar.

CALL OF THE ROLL

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Aiken	Hoey	Miller
Anderson	Holland	Morse
Baldwin	Humphrey	Mundt
Brewster	Hunt	Murray
Bricker	Ives	Myers
Bridges	Jenner	Neely
Butler	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Reed
Chapman	Johnston, S. C.	Robertson
Chavez	Kefauver	Russell
Connally	Kem	Schoeppel
Cordon	Kerr	Smith, Maine
Donnell	Kilgore	Sparkman
Douglas	Knowland	Taft
Downey	Langer	Taylor
Eastland	Lucas	Thomas, Utah
Ferguson	McCarran	Thye
Flanders	McCarthy	Tydings
Fulbright	McClellan	Watkins
George	McFarland	Wiley
Gillette	McGrath	Williams
Graham	McKellar	Withers
Green	Magnuson	Young
Hayden	Martin	
Hendrickson	Maybank	

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from Alabama [Mr. HILL], the Senator from Louisiana [Mr. LONG], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Oklahoma [Mr. THOMAS] are absent on official business in meetings of committees of the Senate.

The Senator from Louisiana [Mr. ELLENDER] is absent by leave of the Senate on official business, having been appointed an adviser to the delegation of the United States of America to the Second World Health Organization Assembly, meeting at Rome, Italy.

The Senator from Connecticut [Mr. MCMAHON] is absent on official business, presiding at a meeting of the Joint Committee on Atomic Energy in connection with an investigation of the affairs of the Atomic Energy Commission.

The Senator from Maryland [Mr. O'CONOR] is absent on official business, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland.

The Senator from Mississippi [Mr. STENNIS] is absent because of illness.

The Senator from New York [Mr. WAGNER] is necessarily absent.

Mr. TAFT. I announce that the Senator from Montana [Mr. ECTON], the Senator from Nevada [Mr. MALONE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business.

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

The Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Nebraska [Mr. WHERRY] are necessarily absent.

The Senator from Washington [Mr. CAIN], the Senator from South Dakota [Mr. GURNEY], and the Senator from Massachusetts [Mr. LODGE] are detained on official business.

The Senator from Iowa [Mr. HICKENLOOPER], the Senator from Colorado [Mr. MILLIKIN], and the Senator from Michigan [Mr. VANDENBERG] are in attendance at a meeting of the Joint Committee on Atomic Energy.

By order of the Senate, the following announcement is made:

The members of the Joint Committee on Atomic Energy are in attendance at a meeting of the said committee in connection with an investigation of the affairs of the Atomic Energy Commission.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Members of the Senate be permitted to introduce bills and joint resolutions, and present for the RECORD petitions and memorials and other routine matters, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Acting Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Dis-

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

position of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the committee on the part of the Senate.

THE NORTH ATLANTIC PACT—MEMORIAL

Mr. LANGER. Mr. President, I present for appropriate reference a memorial signed by some 25 citizens of North Dakota remonstrating against adherence to the North Atlantic Pact by the United States. I ask unanimous consent that the memorial together with the names, be printed in the RECORD.

There being no objection, the memorial was ordered to lie on the table and to be printed in the RECORD, with the signatures attached, as follows:

JUNE 20–21, 1949.

To Senator WILLIAM LANGER,
Washington, D. C.:

Convinced that war is not inevitable; that the North Atlantic Pact may provoke the very war it professes to prevent; believing that international differences can be settled through United Nations, we call upon you to actively oppose ratification of the pact and to vote against European rearmament, estimated by United States News to cost $20,000,000,000. We are unalterably opposed to feeding the war machine at the expense of our standard of living.

James A. Wenstrom, Sykeston, N. Dak.; D. B. Tate, Woodworth, N. Dak.; J. C. Schaffer, Carrington, N. Dak.; Ben Stahl, Sykeston, N. Dak.; Mrs. Gertrude Stahl, Sykeston, N. Dak.; Lyle Catalla, Carrington, N. Dak.; Clifford Hill, Carrington, N. Dak.; Albert Paulson, Carrington, N. Dak.; Russell Emery, Edmunds, N. Dak.; Cecil Thurman, Carrington, N. Dak.; Gordon Paulson, Carrington, N. Dak.; E. E. Wenger, Carrington, N. Dak.; T. J. Dunn, Carrington, N. Dak.; Ralph Hatch, Carrington, N. Dak.; Hugh A. Putnam, Carrington, N. Dak.; Kenneth A. Ferguson, Carrington, N. Dak.; Geo E. Engstrom, Carrington, N. Dak.; John E. Edwardsen, Carrington, N. Dak.; Charles C. Cope, Carrington, N. Dak.; Leo E. Steinmann, Carrington, N. Dak.; Alma Jean Johnson, Carrington, N. Dak.; Mels Erstod, Carrington, N. Dak.; Jake Schaffer, Carrington, N. Dak.; Clifford Sampson, Carrington, N. Dak.; James W. McCrea, Carrington, N. Dak.; James C. Rude, Carrington, N. Dak.; Carl T. Gilsepp, Carrington, N. Dak.; Geo. Clapper, Carrington, N. Dak.; Mrs. R. A. Wenstrom, Sykeston, N. Dak.; Anna Wenstrom, Sykeston, N. Dak.; R. A. Wenstrom, Sykeston, N. Dak.; Erling S. Boeck, Carrington, N. Dak.; Art Gosstal, Carrington, N. Dak.

WORLD FEDERATION—RESOLUTION OF CONNECTICUT GENERAL ASSEMBLY

Mr. BALDWIN. Mr. President, I present for appropriate reference and printing in the RECORD a certified copy of a resolution adopted by the General Assembly of the State of Connecticut, making application to Congress to call a constitutional convention to consider amendments to the Constitution of the United States to facilitate participation in a world federation.

The resolution was referred to the Committee on Foreign Relations, and, under the rule, ordered to be printed in the RECORD, as follows:

Resolved by this assembly:

Whereas war is now a threat to the very existence of our civilization, because modern science has produced weapons of war which are overwhelmingly destructive and against which there is no sure defense; and

Whereas the effective maintenance of world peace is the proper concern and responsibility of every American citizen; and

Whereas the people of the State of Connecticut, while now enjoying domestic peace and security under the laws of their local, State and Federal Government, deeply desire the guarantee of world peace; and

Whereas all history shows that peace is the product of law and order, and that law and order are the product of government; and

Whereas the United Nations, as presently constituted, although accomplishing great good in many fields, lacks authority to enact, interpret or enforce world law, and under its present Charter is incapable of restraining any major nations which may foster or foment war; and

Whereas the Charter of the United Nations expressly provides, in articles 108 and 109, a procedure for reviewing and altering the Charter; and

Whereas several nations have recently adopted constitutional provisions to facilitate their entry into a world federal government by authorizing a delegation to such a world federal government of a portion of their sovereignty to endow it with powers adequate to prevent war; and

Whereas the State of Connecticut has memorialized Congress, both through passage by the general assembly in 1943 of the so-called Humber resolution, and through the world government referendum of 1948, overwhelmingly approved by the voters of the State, to initiate steps toward the creation of a world federal government: Now, therefore, be it

Resolved by the Senate and House of Representatives of the General Assembly of the State of Connecticut, That application is hereby made to the Congress of the United States, pursuant to article V of the Constitution of the United States, to call a convention for the sole purpose of proposing amendments to the Constitution which are appropriate to authorize the United States to negotiate with other nations, subject to later ratification, a constitution of a world federal government, open to all nations, with limited powers adequate to assure peace, or amendments to the Constitution which are appropriate to ratify any world constitution which is presented to the United States by the United Nations, by a world constitutional convention or otherwise; and be it further

Resolved, That the secretary of the State of Connecticut is hereby directed to transmit copies of this application to the Senate and the House of Representatives of the Congress, to the members of the said Senate and House of Representatives from this State, and to the presiding officers of each of the legislatures in the several States, requesting their cooperation.

Given under my hand and the seal of the State, this 1st day of June A. D. 1949.

CHESTER BOWLES,
Governor.

[SEAL]

By His Excellency's command:

WINIFRED MCDONALD,
Secretary.

PLEDGE OF ALLEGIANCE—RESOLUTION OF GOVERNMENT EMPLOYEES' COUNCIL, A. F. OF L.

Mr. JOHNSTON of South Carolina. Mr. President, I present for appropriate reference a resolution adopted by the Government Employees' Council, American Federation of Labor, on June 14, 1949, Washington, D. C., relative to pledge of allegiance as an annual observance on the Monument lot at Washington, D. C., each year, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

PLEDGE OF ALLEGIANCE AS AN ANNUAL OBSERVANCE ON THE MONUMENT LOT AT WASHINGTON, D. C.

Whereas in such times as these when loyalty to the principles of free men are continually under pressure from without and, in some instances from within; and

Whereas complacency is the worst form of support any form of government can possibly have; and

Whereas the Governments of the United States and of the several States cannot possibly be any stronger under the attacks of those who would continue to wage the so-called cold war, than the faith of those men and women who, in high station and low, daily perform the task of operating those Governments to prove that our Nation, mighty though it be, must never falter for lack of enthusiastic demonstration of faith on the part of those who serve this Republic; and

Whereas it logically is the opportunity on each Flag Day annually to lead the United States and all its people in a rededication of ourselves and our ambitions and our energies toward ever building this Nation even higher in the esteem of the family of nations: Therefore be it

Resolved, That all unions affiliated to the Government Employees' Council of the American Federation of Labor declare that it is their intention, jointly, severally, and actively in whatever appropriate fashion deemed best by the Government Employees' Council to request permission for use of the Washington Monument lot in the city of Washington, D. C., the fourteenth day of June of each year or any day nearest that date deemed best suited and, that starting in 1950 the council supply a mammoth American flag of such material as may be durable and to be draped from strong light metal materials suspended from the Washington Monument as a backdrape for the public observance of Flag Day; and be it further

Resolved, That the officers' committee and such other delegates to the Government Employees' Council as may be designated will serve as the arrangements committee for the occasion, authorized to issue the invitations to speakers and special guests and that request be made of the President of the United States to make a personal appearance and such remarks as he chooses on the occasion, and that other guests and speakers from whatever walks of life, including other national leaders in the legislative and judicial branches and from among labor and among industry and elsewhere as may be best suited, and that the occasion be accompanied at the time of the unfurling of the flag with a mass pledge of allegiance and that a salute be requested from the armed forces; and be it further

Resolved, That the occasion be preceded with a parade to be open for participation by students who at that season may be visitors in the Nation's Capital and by representatives and delegations of segments of the population who logically are part of the American scene, and that the cost of the flag be prorated among member unions of the council.

AMENDMENT OF CONSTITUTION RELATING TO CERTAIN INCOME TAXES—RESOLUTION OF RHODE ISLAND GENERAL ASSEMBLY

Mr. GREEN. Mr. President, I present at this time a letter addressed to me by Hon. Armand H. Coté, secretary of state of Rhode Island, enclosing a certified copy of Resolution H. 548, adopted by the Rhode Island General Assembly at the January 1949 session and approved by the Governor on May 3, 1949, which repeals Resolution No. 4.

In explanation, I should state that this Resolution No. 4 was adopted by the General Assembly of the State of Rhode Island on March 15, 1940. On the following March 26 the Vice President laid it before the United States Senate, and it was appropriately referred to the Senate Committee on the Judiciary. On the same date Representative Harry Sandager asked for unanimous consent to proceed for 1 minute, and, there being no objection, he spoke at some length on the subject of this resolution.

When Resolution No. 4 passed the general assembly in 1940 it was by a divided vote in both houses, and it is my firm belief that the people of my State never approved the action taken in passing it. The reason is plain. The resolution proposed an amendment to the Constitution of the United States relative to taxes on incomes, inheritances, and gifts. It provided that the power of Congress to impose taxes of this kind be limited to a maximum of 25 percent, except in the case of a war creating a grave national emergency, when the limit might be removed temporarily by a three-fourths vote of each House of Congress.

This amendment, of course, cannot take effect until approved by two-thirds of the States, and such a number has not yet approved it, and possibly never will approve it. However, Rhode Island now withdraws its previous approval, and I trust any other States which may have approved it will act in the same manner, for such provision is inconsistent with present-day economic points of view and contrary to the fundamental principles of a democracy.

I ask unanimous consent that the letter and Resolution H. 548 be appropriately referred and printed in the RECORD.

There being no objection, the letter and resolution were referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

STATE OF RHODE ISLAND
AND PROVIDENCE PLANTATIONS,
Providence, June 21, 1949.

The UNITED STATES SENATE,
Washington, D. C.

GENTLEMEN: I am enclosing herewith certified copy of Resolution H. 548, introduced by Representative Ralph D. Petrarca, entitled "Resolution Repealing Resolution No. 4," passed March 15, 1940, entitled "Resolution Proposing an Amendment to the Constitution of the United States Relative to Taxes on Incomes, Inheritances, and Gifts," passed by the general assembly at the January session, A. D. 1949, and approved by the Governor on the 3d day of May A. D. 1949.

Very truly yours,

ARMAND H. COTÉ,
Secretary of State.

Resolution repealing Resolution No. 4, passed March 15, 1940, entitled "Resolution Proposing an Amendment to the Constitution of the United States Relative to Taxes on Incomes, Inheritances, and Gifts."

Resolved, That Resolution No. 4, passed March 15, 1940, entitled "Resolution Proposing an Amendment to the Constitution of the United States Relative to Taxes on Incomes, Inheritances, and Gifts," be, and the same hereby, is repealed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PEPPER, from the Committee on Labor and Public Welfare:

S. 1859. A bill to transfer from the Administrator of Veterans' Affairs to the Attorney General of the United States for the use of the Bureau of Prisons, a certain tract of land located at Chillicothe, Ohio; without amendment (Rept. No. 565).

By Mr. JOHNSON of Texas, from the Committee on Interstate and Foreign Commerce:

S. 1498. A bill to amend the Natural Gas Act, approved June 21, 1938, as amended; with an amendment (Rept. No. 567); and

H. R. 4252. A bill to transfer the trawlers *Alaska* and *Oregon* from the Reconstruction Finance Corporation to the Fish and Wildlife Service; without amendment (Rept. No. 566).

By Mr. MURRAY, from the Committee on Interior and Insular Affairs:

S. 520. A bill to authorize and direct the Secretary of the Interior to issue to Leo Farwell Glenn, a Crow allottee, a patent in fee to certain lands; with amendments (Rept. No. 568).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 24, 1949, he presented to the President of the United States the enrolled bill (S. 1794) to repeal certain obsolete provisions of law relating to the naval service.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. THOMAS of Utah, from the Committee on Labor and Public Welfare:

Lucile Petry, and sundry other persons for appointment and promotion in the Regular Corps of the Public Health Service;

Paul A. Lindquist, and sundry other persons for appointment and promotion in the Regular Corps of the Public Health Service; and

G. Alice Boore, and sundry other persons for appointment and promotion in the Regular Corps of the Public Health Service.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS (by request):

S. 2136. A bill to authorize the Department of the Army to produce nitrogenous fertilizer materials required by occupied areas and by the Republic of Korea, and for other purposes; to the Committee on Armed Services.

By Mr. YOUNG:

S. 2137. A bill to amend section 102 (a) of the Department of Agriculture Organic Act of 1944 to authorize the Secretary of Agriculture to carry out operations to combat aphids; to the Committee on Agriculture and Forestry.

By Mr. MARTIN:

S. 2138. A bill for the relief of Mihjalo Bakic, also known as Mile Vujaklija; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 2139. A bill to provide that small business shall receive a fair share of Government procurements; to the Committee on Expenditures in the Executive Departments.

By Mr. WATKINS:

S. 2140. A bill to authorize the Secretary of the Interior to exchange certain Navajo Tribal Indian land for certain Utah State land; to the Committee on Interior and Insular Affairs.

By Mr. O'MAHONEY (by request):

S. 2141. A bill to authorize the United States to purchase restricted lands of individual Indians and for other purposes; and

S. 2142. A bill to amend the act of December 24, 1942 (56 Stat. 1086; 43 U. S. C., sec. 36b), entitled "An act to authorize the Secretary of the Interior to acquire lands or interests in lands for the Geological Survey; to the Committee on Interior and Insular Affairs.

By Mr. McKELLAR:

S. 2143. A bill to provide for the erection of a memorial at the grave of Elizabeth Daniel, the widow of Joseph (Job) Daniel, a Revolutionary War soldier; to the Committee on Rules and Administration.

ELECTRICAL VOTING EQUIPMENT IN SENATE AND HOUSE CHAMBERS

Mr. KEFAUVER submitted the following concurrent resolution (S. Con. Res. 50), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That in carrying out the provisions of the joint resolution entitled "Joint resolution relating to the appropriation for the roofs and skylights over the Senate and House wings of the Capitol, and for other purposes," approved July 17, 1945, the Architect of the Capitol shall provide for the installation of such conduits, wiring, and connections, and for such other works, as may be required for the subsequent installation of electrical voting equipment in the Senate and House Chambers.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles, and referred, as indicated:

H. R. 2290. An act to provide for cooperation by the Smithsonian Institution with State, education, and scientific organizations in the United States for continuing paleontological investigations in areas which will be flooded by the construction of Government dams; to the Committee on Rules and Administration.

H. R. 5240. An act to continue for a temporary period certain powers, authority, and discretion for the purpose of exercising, administering, and enforcing import controls with respect to fats and oils (including butter), and rice and rice products; to the Committee on Banking and Currency.

H. J. Res. 240. Joint resolution authorizing the erection in the District of Columbia of a statue of Simon Bolivar; to the Committee on Rules and Administration.

ANNOUNCEMENT BY SENATOR LODGE IN CONNECTION WITH VOTE ON MORSE AMENDMENT TO LABOR BILL

Mr. LODGE. Mr. President, I desire to have the permanent RECORD show that had I been present in the Senate on June 23 I would have voted "nay" on the amendment of the Senator from Oregon

[Mr. MORSE] to title III of the so-called Thomas bill.

MILITARY APPROPRIATIONS — STATEMENT BY SENATOR FLANDERS

[Mr. TOBEY asked and obtained leave to have printed in the RECORD a statement regarding military appropriations made by Senator FLANDERS before the Senate Committee on Appropriations, on June 23, 1949, which appears in the Appendix.]

ADDRESS BY SENATOR LANGER AT HARTFORD, CONN.

[Mr. LANGER asked and obtained leave to have printed in the RECORD an address delivered by him on June 4, 1949, the occasion of the twenty-ninth anniversary of the Carl Schurz Unit, No. 22, of the Steuben Society of America at Hartford, Conn., which appears in the Appendix.]

THE DENAZIFICATION PROGRAM—NEWS COMMENT OF ADDRESS BY SENATOR GILLETTE

[Mr. HENDRICKSON asked and obtained leave to have printed in the RECORD an article entitled "Nazis Helped, GILLETTE Says," published in the Baltimore Sun of June 20, 1949, which appears in the Appendix.]

BIG SOVIET: STRONGER AMERICA—ARTICLE FROM THE UNITED STATES NEWS AND WORLD REPORT

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an article entitled "Big Soviet: Stronger America," published in the United States News and World Report of June 10, 1949, which appears in the Appendix.]

PROTESTS FROM GERMANY AGAINST DISMANTLING OF GERMAN PLANTS

[Mr. LANGER asked and obtained leave to have printed in the RECORD three letters and a telegram from Germany addressed to him, protesting against the dismantling of German manufacturing plants, which appear in the Appendix.]

DANGERS OF BUREAUCRACY—EDITORIAL FROM CLEVELAND PLAIN DEALER

[Mr. BRICKER asked and obtained leave to have printed in the RECORD an editorial entitled "The Real Danger," published in the Cleveland Plain Dealer of June 20, 1949, which appears in the Appendix.]

NATIONALISTS FORM PARTY IN GERMANY—ARTICLE BY JACK RAYMOND

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD an article entitled "Nationalists Form Party in Germany," written by Jack Raymond, and published in the New York Times of June 23, 1949, which appears in the Appendix.]

DEVELOPMENT OF LOW-GRADE IRON ORES IN MINNESOTA

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a letter written by Mr. E. W. Davis, of the University of Minnesota, relative to the development of taconite ores in the Lake Superior district, which appears in the Appendix.]

ECONOMIC INDICATORS NOW ON SALE

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD a letter addressed to him by the President regarding the publication and sale of "Economic Indicators," a monthly publication of charts and tables showing economic trends and developments, which appears in the Appendix.]

ARE WE AFRAID OF FREEDOM?—EDITORIAL FROM THE HARTFORD COURANT

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an editorial entitled "Are We Afraid of Freedom?" published in the Hartford Courant for June 19, 1949, which appears in the Appendix.]

IMPROVING THE VOICE OF AMERICA—EDITORIAL FROM THE BRIDGEPORT POST

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an editorial entitled "Improving the Voice of America," published in the Bridgeport Post for June 21, 1949, which appears in the Appendix.]

EDITORIAL COMMENT ON EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

[Mr. LUCAS asked and obtained leave to have printed in the RECORD several editorials commenting on proposed legislation to extend the Reciprocal Trade Agreements Act and the expansion of world trade, which appear in the Appendix.]

PULLORUM DISEASE OF POULTRY—LETTER FROM THE POSTMASTER GENERAL TO SENATOR LANGER

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter addressed to me under date of June 23, 1949, by the Postmaster General relative to the shipment of diseased chicks, together with the regulations under which people in the State of North Dakota may protest the shipment of these chicks through the mails.

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

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., June 23, 1949.

Hon. WILLIAM LANGER,
United States Senate.

DEAR SENATOR: This will acknowledge your letter of June 3, referring to one you received from the Poultry Improvement Board for the State of North Dakota, relating to the efforts of that board and the North Dakota Livestock Sanitary Board to regulate the movement into North Dakota of day-old chicks from other States on account of the pullorum disease of poultry.

It is understood the North Dakota law would prohibit entry into North Dakota from any other State of any shipment of day-old chicks unless certified as having originated from pullorum-free parent stocks. This is a subject which has been carefully considered not only in connection with the North Dakota law but with respect to similar laws in several other States. I regret to have to say there appears to be no statutory provision under which the purpose of these State laws could be carried out so as to regulate or restrict the movement by mail of such shipments.

This Department has, however, been glad, when so requested, to publish instructions for the benefit of postmasters and mailers and notices of this kind have appeared from time to time in the Postal Bulletin. Such a notice with respect to the North Dakota law appeared in the Postal Bulletin of July 14, 1944. A copy of this notice is being enclosed, from which it will be seen postmasters have been directed to invite the attention of shippers to the provisions of your State law and to point out the fact that any parcel which is not accompanied with a certificate showing testing and freedom from pullorum disease may be subject to seizure by State officials after delivery to the addressees.

Because of the time elapsed since these instructions were issued and in order to bring the matter again to the attention of postmasters and mailers, the notice relating to your State law will be republished in an early edition of the Postal Bulletin. It is hoped that this reminder will be helpful in accomplishing the purpose you have in mind.

Sincerely yours,

J. M. DONALDSON,
Postmaster General.

[Reprint of notice which appeared in the Postal Bulletin of July 14, 1944]

INSTRUCTION OF THIRD ASSISTANT POSTMASTER GENERAL

PULLORUM DISEASE OF POULTRY

Under the State laws of Utah and North Dakota, parcels containing day-old chicks, turkey poults, and hatching eggs for shipment into these States are required to be accompanied with a certificate showing they originated from pullorum-tested or pullorum-free flocks. Postmasters should convey this information to shippers who present such parcels for mailing to points within either of these States and, although the parcels should not be refused acceptance, it may be pointed out to the senders that parcels which are not accompanied with certificates as to testing and freedom from pullorum disease may be subject to seizure by State officials after delivery to the addressees.

LABOR-FEDERAL SECURITY APPROPRIATIONS—CONFERENCE REPORT

Mr. CHAVEZ submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3333) making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommmend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 10, 12, 13, 15, 19, 26, 29, 35, 36, 37, 38, and 40.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 16, 17, 18, 20, 27, and 28, and agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,975,600"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$16,600,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$18,900,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$6,000,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$10,725,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$5,350,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,675,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,575,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of sum proposed by said amendment insert "$2,367,000"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$325,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$996,800"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 25 and 39.

DENNIS CHAVEZ,
PAT MCCARRAN,
HOMER FERGUSON,
CHAN GURNEY,
Managers on the Part of the Senate.

JOHN E. FOGARTY,
E. H. HEDRICK,
CHRISTOPHER C. MCGRATH,
CLARENCE CANNON,
FRANK B. KEEFE,
ERRETT P. SCRIVNER,
Managers on the Part of the House.

Mr. CHAVEZ. Mr. President, I ask unanimous consent for the present consideration of the conference report.

There being no objection, the report was considered and agreed to.

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 3333, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 23, 1949.

Resolved, That the House agree to the conference report to the bill (H. R. 3333) entitled "An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1950, and for other purposes";

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following:

"Research facilities, National Institute of Dental Research: For the preparation of plans and specifications for suitable and adequate buildings and facilities for the use of the National Institute of Dental Research, as authorized by section 5 of the National Dental Research Act, approved June 24, 1948 (Public Law 755, 80th Cong.), $100,000, to remain available until expended, which amount, except such part as may be necessary for incidental expenses for the Public Health Service, shall be transferred to the Federal Works Agency for the performance of the work for which the appropriation is made."

That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following: "there is further appropriated for such account $33,000,000 for each of the fiscal years 1950, 1951, 1952, and 1953, and not to exceed $34,852,000 for the fiscal year 1954, in all not to exceed $166,852,000 for military-service credits under the Railroad Retirement Act, as amended, and before the final payment hereunder the Railroad Retirement Board shall certify to the Bureau of the Budget the total amount due on account of such military service credits: *Provided further*, That."

Mr. CHAVEZ. Mr. President, I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 25 and 39.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from New Mexico.

Mr. LANGER. Mr. President, will the distinguished Senator tell us just what is the result of the recessions on the part of the House to certain Senate amendments?

Mr. CHAVEZ. From the total appropriations made by the Senate we took off $22,027,380. That results mainly from dividing some of the items which were included by the Senate. As to the appropriation for railroad retirement, the Senate amendment called for the appropriation of the total amount in four annual installments. We agreed that it should be paid in five annual installments. That accounts for most of the reduction in the total. Let me say to the Senator that as a whole the items of increase included by the Senate, even on the floor, were generally retained in the conference.

Mr. LANGER. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from New Mexico.

The motion was agreed to.

LABOR AND MANAGEMENT DUTIES AS SEEN BY POPE PIUS XII—ARTICLE FROM UNITED STATES NEWS AND WORLD REPORT

Mr. MCCARRAN. Mr. President, inasmuch as the Senate is now dealing with the subject of labor and labor legislation, I deem it appropriate to have inserted in the RECORD an article published in the United States News and World Report of June 17, 1949, entitled "Labor and Management Duties as Seen by Pope Pius XII."

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

LABOR AND MANAGEMENT DUTIES AS SEEN BY POPE PIUS XII

It is with equal solicitude and the same interest that we see coming to us, each in turn, the workers and the representatives of industrial organizations, and both, one and the other, express to us—with a confidence that deeply touches us—their respective worries and problems.

Thus, while welcoming you with our whole heart, we most willingly take, dear sons, the opportunity that you afford to us of expressing our paternal pleasure and also to praise your zeal in spreading the Christian social doctrine in the economic world.

We allude to the worries and problems of those engaged in industrial production. Both false and evil in its consequences and, unhappily, only too widespread, is the prejudice which sees in those problems irreconcilable opposition between the various interests. That opposition, however, is merely apparent. In the economic sphere there is a community of activities and interests shared by leaders of industry and the workers. To disregard this mutual bond, or to endeavor to break it; can only be but the pretension of a blind and unreasonable despotism.

Employers and workers are not unreconcilable enemies. They are collaborators in a common effort, they eat, so to speak, at the same table since they live, eventually, from the gross or net profits of the national economy. Each has his income, and in this respect their mutual relations are not subordinated, one to the service of the other.

To earn one's living is an attribute of the personal dignity of anyone who, in one form or another, makes his contribution to the service of the national economy In the balance sheet wages may figure as employers' expenses, but from the point of view of national economy, they are the expenditure of natural assets used for national production and, in consequence, must be in continual supply.

It follows that both parties have an interest in seeing that the cost of national production be in proportion to the returns. Since, however, the interest is mutual, why can it not find mutual expression in a common formula? Why should it not be lawful to give workers a fair share of responsibility in the establishment and development of national economy—and that nowadays more than ever when the scarcity of capital and difficulties of international exchanges paralyze the free flow of expenditure on national production? Recent attempts at socialization have only made this sad reality even more clear. It is a fact; and neither has bad will of one side created it, nor can good will on the other side eliminate it.

While, then, there is still time, why not deal with the subject, in full appreciation of common responsibility, in such a way as to safeguard one side from undeserved diffidence, and the other from illusions that would not be long in becoming a social danger?

For this community of interest and responsibilities, in the sphere of national economy. Our ever memorable predecessor, Pope Pius XI, had already suggested a suitable and concrete formula, when in his encyclical Quadragesimo Anno he recommended professional organization in the various branches of production.

In fact, nothing seemed to him to be more fitted to overcome economic liberalism than the establishment of a statute of public law, for social economy, based precisely on the mutual responsibility of all those sharing the work of production. This passage of the encyclical around a series of objections. Some saw in it a concession to modern political opinions, while others regarded it as a return to the Middle Ages.

It would have been incomparably wiser to put aside old and inconsistent prejudices and come together, wholeheartedly and with good will, for the realization of such a project with its many practical applications.

Unfortunately, this part of the encyclical seems now to present us with yet another example of the ripe opportunity being missed,

because it was not grasped at the right time. Subsequently, there have been attempts to elaborate other forms of juridical and public organization of the social economy, and at the present time preference is given to state and national ownership of industry.

There is no doubt that the church, too, within certain just limits, approves nationalization and holds that one may legitimately reserve to public authority certain kinds of assets, namely those which are of such power and importance that they cannot be left in the hands of private individuals without endangering the common good. (From Quadragesimo Anno.)

To make nationalization, however, the normal rule for public organization of economy would be to reverse the order of things. The object of public law is, in fact, to serve private rights, and not to absorb them. Economics are not, by their nature, a state institution, any more than any other branch of human activity. On the contrary, they are the living product of the free enterprise individuals and of groups of individuals freely constituted.

Neither would it be correct to say that all private enterprise is, by nature, a society in which the relations between the collaborators be determined by the rules of distributive justice in such a way that all, without distinction—be they owners, or not, of the means of production—would have a right to share in the property, or at least in the profits of the enterprise.

Such a concept starts with the assumption that all enterprise, by its nature, comes within the sphere of public right. This assumption is false, whether the enterprise be constituted in the form of a foundation or an association of all the workers as coproprietors, or it be the private property of an individual who signs a work contract with his workers: it is amenable to the private juridical order of economic life.

All that we have just said refers to the juridical nature of enterprise as such, but the term "enterprise" can admit another entire category of other personal relations between collaborators, which must not be forgotten, and also the relations of mutual responsibility.

The proprietor of the means of production—whether he be an individual, or an association, or a foundation of workers—must always remain the master in economic decisions, within the limits of public economic law. It is obvious that the share of the proprietor will be larger than that of his collaborators; but it follows that the material well-being of all the members of the nation—which is the aim of social economy—obliges him more than the others to contribute to the increase of national assets by savings.

Just as one must not forget that it is of supreme benefit to a sound social economy that this increase in assets should come from as many sources as possible, it is also greatly to be desired that the workers, too, should be able, as a result of their savings, to share in the building up of national assets.

Many men of industry, non-Catholics and Catholics such as you, have at various times expressly declared that the social doctrine of the church—and that doctrine alone—is capable of providing the essential elements for a solution of the social question.

Undoubtedly, the putting into practice of this doctrine cannot be done in a day. Its realization requires of all wisdom, perspicacity and foresight, together with a large amount of common sense and good will. It requires of them, above all, a radical resistance to the temptation of each working for his own advantage at the expense of the others—regardless of the nature and form of their participation—or at the expense of the common good. It requires that altruism which only true Christian virtue, strengthened by the help and grace of God, can inspire.

To bring this help and grace on your association and its internal growth and external diffusion—particularly in those countries which, even though Catholic, need, however, to give wider consideration to the social teaching of the church—we give, with all the effusion of our heart, to yourselves and your association, and under the powerful patronage of the mother of divine love, our apostolic blessing.

NATIONAL LABOR RELATIONS ACT OF 1949

The Senate resumed the consideration of the bill (S. 249) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. HOLLAND], for himself and other Senators, to the substitute offered by the Senator from Utah [Mr. THOMAS] for the original language of the bill.

Mr. TAFT. Mr. President, I understand that the Senator from Illinois [Mr. LUCAS] intends to seek a unanimous-consent agreement. If so, I suggest that he give notice of it, so that it will not be necessary to have another quorum call at that time.

Mr. LUCAS. Mr. President, I appreciate the suggestion made by the distinguished Senator from Ohio. I hope, within the next few minutes, to seek a unanimous-consent agreement to vote on the Holland amendment, the amendment offered by the Senator from Illinois, and the Taft substitute. I am having the language of the request prepared. I now give notice to the Senate that I shall seek a unanimous-consent agreement in a short while.

Mr. HOLLAND. Mr. President, I should like to explain that there is a provision in the Thomas bill applicable to some of the questions which arose yesterday afternoon. Various questions were addressed to the junior Senator from Florida yesterday by his distinguished senior colleague [Mr. PEPPER] with reference to the interpretation and meaning of the amendment offered to the Thomas bill by the distinguished Senator from North Carolina [Mr. HOEY], the distinguished Senator from Ohio [Mr. BRICKER], the distinguished Senator from Kansas [Mr. SCHOEPPEL], and myself. I think it is only fair to supplement the answers which I gave at that time by inviting the attention of all Senators to the fact that section 404 of the Thomas bill, under title IV, makes provision for the inclusion in the Thomas bill, in that portion of it which would not be affected by our amendment, and would not be displaced, of the identical provisions of the Taft-Hartley Act with reference to the nonapplication of injunctive orders as against individual workmen in their individual capacity.

Section 404 of the Thomas bill, being a portion of title IV of that bill, under the heading "Miscellaneous provisions," includes, and will continue to include in the pending measure, as I understand, in the same words as those now employed in the Taft-Hartley Act, a provision on the subject which engaged the interest of my distinguished colleague and others on the floor of the Senate yesterday. I quote the provisions of section 404 of the Thomas bill:

> SEC. 404. Nothing in this act shall be construed to require an individual employee to render labor or service without his consent, nor shall anything in this act be construed to make the quitting of his labor by an individual employee an illegal act; nor shall any court issue any process to compel the performance by an individual employee of such labor or service without his consent; nor shall the quitting of labor by an employee or employees in good faith because of abnormally dangerous conditions for work at the place of employment of such employee or employees be deemed a strike under this act.

INTERNATIONAL REFUGEE ORGANIZATION—FOREIGN POLICY—RELATIONS WITH CHINA

Mr. BREWSTER. Mr. President, I should like to refer to the displaced persons situation, which was discussed yesterday. There was a rather unanimous expression of opinion, aside from the Senator from Nevada [Mr. MCCARRAN], that it was very regrettable that action had not been taken on this matter. There was a great deal of expression of regret that the United States had not, perhaps, done its full share on this problem.

In justice both to the Congress and to the country, I wish to say a few words which may seem to some extent to justify the proposition that the United States has been extremely generous in connection with dealing with this problem, without undertaking to defend the precise legislation of last year, for which I did not vote. I supported the so-called Fellows bill, a House bill, which represented a somewhat more generous attitude.

I have before me the report of the Committee on Expenditures in the Executive Departments, filed last week. I wish to call attention to certain figures in that report with regard to the plan for the International Refugee Organization. The report, No. 476 of the Eighty-first Congress, first session, was filed on June 8, 1949. There was allotted to the United States, as its share of the contributions for the support of the International Refugee Organization, the amount of approximately 40 percent. That was to be the contribution of the United States. The exact figures, as shown in appendix D, on page 38, are for the United States of America, administrative expenses, 39.89 percent; and for operating expenses, 45.75 percent.

Now let us look at the actual contribution in proportion to what was allotted to us as our equitable share. In Appendix E, for the contributions received as of March 18, 1949, for the fiscal year 1947–48, we find that the United States of America has contributed $71,024,899 out of a total of $117,110,461. In other words, the United States has contributed more than 61 percent. I think that fact may well be borne in mind by all of those who are concerned as to whether the United States has responded in sufficient measure to the appeal of this great humanitarian cause.

I come now to appendix F.

(At this point Mr. BREWSTER yielded to Mr. LUCAS, who proposed a unanimous-consent agreement, and debate ensued, which, on request of Mr. BREWSTER, and by unanimous consent, was ordered to be printed at the conclusion of Mr. BREWSTER'S speech.)

Mr. BREWSTER. Under appendix F, on page 39 of the report, there is a list of the contributions due and received by the International Refugee Organization as of March 18, 1949, for the fiscal year 1948–49. The other tabulation was for 1947–48. I find that we have contributed to that portion $52,982,796 out of a total of $86,365,170, or somewhat more than 53 percent.

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

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from North Dakota?

Mr. BREWSTER. I am happy to yield to the Senator from North Dakota.

Mr. LANGER. I wonder whether the Senator's figures are not inaccurate. Is it not true that under the International Refugee Constitution German children are not included?

Mr. BREWSTER. I was not speaking in regard to that. I think probably that is the case.

Mr. LANGER. Is it not true that we have appropriated millions upon millions of dollars, so that the Army in Europe could feed those millions of German children?

Mr. BREWSTER. Unquestionably.

Mr. LANGER. In other words, the constitution which was adopted took care of all the children in the world except German children.

Mr. BREWSTER. I do not think that is quite accurate.

Mr. LANGER. With the exception of Japan.

Mr. BREWSTER. I think there is also considerable difficulty, to which I shall refer shortly, in the Middle East. I shall speak about that. But in connection with this program, to which we have contributed from 61 percent to 63 percent of the total funds received by the IRO in the past 2 years, we were only supposed to contribute 45 percent. That shows whether America has been exceedingly generous.

Mr. LANGER. But in connection with the percentage stated, the money which the Army spent for the German children should be added.

Mr. BREWSTER. I think there are several other items which should also be included.

I was also interested to read from this report of the Committee on Expenditures in the Executive Departments, filed on June 8, 1949, 2 weeks ago, the following statement regarding the Jewish displaced persons. I read from page 32:

5. JEWISH DISPLACED PERSONS

The subcommittee learned that considerable internal conflict arose in connection with the movement of Jewish displaced persons to Israel.

When the IRO assumed its responsibilities for displaced persons and refugees on July 1, 1947, there were approximately 156,000 Jewish displaced persons in the camps and assembly centers which the Organization took over from UNRRA. At that time, the IRO took over existing agreements between UNRRA and the Jewish Agency for Palestine under which the IRO was to move 1,500 Jewish persons per month to Palestine for resettlement so long as Great Britain remained the mandatory power there. Discussion was subsequently begun with a view to moving a considerably greater number as soon as the mandatory power withdrew.

When Great Britain withdrew from Palestine, however, difficulty arose within the IRO Secretariat and policy staff with respect to the policy to be followed. A top-level official, following the position of his government, maintained that there should be no further IRO movement of Jews to Palestine until a complete solution and agreement was reached between the Arab countries and the new state of Israel, with United Nations approval.

It has never been reached as a result, in substantial measure, if we believe current reports, of the intervention of our own State Department to block the agreement which was reached between Egypt and Israel as to that situation.

I shall not read further, except to quote from page 33:

As staff discussions developed it became quite clear that there was considerable anti-Jewish feeling among a number of the staff members.

The committee goes on at considerable length to condemn the attitude of the IRO, to which we are contributing 61 percent of the money. They are discriminating in the administration of the act against the one group in this country who were assisting their fellow religionists to move to Palestine, where they would be able to look out for themselves. In other words, the one group in the world who were trying to take care of their own people, who were assisting them to go to Israel, where they would be able to develop self-sufficiency, were being blocked by the IRO, to which we were contributing 61 percent of the money. I shall refer in a moment somewhat further to the situation in the Middle East, but I want to discuss for a moment this matter of the displaced persons.

So far as Europe is concerned our foreign policy throughout the world seems to be, with the closing of the Paris Conference, in a state of almost complete collapse. How one can reconcile the contradictions in our policy which are evident in every phase of the world situation it is impossible to conceive. We have before us on the table, held there last night, the nomination of two diplomatic representatives. One is an Ambassador to Czechoslovakia, the other, an envoy to Hungary. Both of these gentlemen so far as I know are worthy. Mr. Briggs comes from my own State of Maine, and has been in the diplomatic service for a long time. Any retention of this appointment upon the table indicates in no way any question about Mr. Briggs or his capacity to serve. The same thing is true in regard to Mr. Davis serving in Hungary. What it does present however, is the question which is presented to our Secretary of State as to why he is wasting our time and money and violating our own principles as enunciated by him recently in his statement regarding Spain, by sending an Ambassador to Czechoslovakia. It became apparent yesterday when we were discussing this matter that one of the reasons we have to appropriate $60,000,000 to assist the refugees is because Czechoslovakia has taken such an attitude that hundreds of thousands of the residents of that country have been compelled to leave the country, now under totalitarian domination reflecting the Moscow policies, and go to other countries, where they become refugees. We are then obliged to take them over.

In the case of Spain, Mr. Acheson, the Secretary of State, enunciated very clearly that we should not send an ambassador to Spain; first, he said, because the appointment of an ambassador had no significance anyway, that it was an utterly meaningless thing, and that it did not matter whether we had an ambassador or a chargé d'affaires, for either could equally well serve. If that be correct, why do we send an ambassador to Czechoslovakia, when that nation not only is violating every principle which he laid down, but, in addition, it is driving thousands of its citizens out into the arms of a cold world——

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

Mr. BREWSTER. I shall be happy to yield to the Senator from Ohio.

Mr. TAFT. I do not know whether the Senator from Maine has read Mr. Acheson's statement issued on May 1, in which he refused to send an ambassador to Spain. He said that this whole thing about having an ambassador is unimportant. He says it is important only if it becomes a symbol of something else, and if it ceases to be a symbol, it would not make any difference to anyone whether we had an ambassador or whether we had not.

What does the Senator think about the appointments pending on the present Executive Calendar of a minister to Hungary and an ambassador to Czechoslovakia, which countries are completely controlled by Communists? Is not the appointment of an ambassador to Czechoslovakia a symbol, just as much as is the appointment of an ambassador to Spain—a symbol of the fact that apparently we approve of the government in Communist countries and we do not approve the Government of Spain?

Mr. BREWSTER. I think the situation is even more pointed, because in the case of Hungary a minister is involved, and not an ambassador. In the case of Hungary our Minister was obliged to leave. He got out of the country approximately 3 hours ahead of the time when the Hungarian Government requested his recall, because he dared to stand up and speak for the very principles to which Mr. Acheson paid such glowing tribute. In other words, because that country was abusing every right which we recognize, in the case of Cardinal Mindszenty, and, later, in the case of the Methodist bishops whom it abused, our Minister could not tolerate those actions, and because he reprimanded the authorities we had to bring our Minister home. Now we appoint another one in his place as a symbol of our abject surrender to the situation.

Mr. TAFT. The Senator recalls, perhaps, that one of Mr. Acheson's reasons for not recognizing Spain and sending

an ambassador there was that Spain did not have the essentials of individual liberty, the first essential being the writ of habeas corpus and an independent judiciary. Is the Senator advised whether there is in Hungary today the right to a writ of habeas corpus, and an independent judiciary?

Mr. BREWSTER. I think the Catholic and Protestant bishops who have been in the hands of the Gestapo there would be very much interested to discover some such right, some right to be tried in a tribunal which would give them the very elemental human rights for which Mr. Acheson so eloquently plead.

Mr. TAFT. Is the Senator advised whether there is any writ of habeas corpus in Czechoslovakia at this time?

Mr. BREWSTER. I think Mr. Acheson's legal mind would find it impossible to discover such a right. I was much intrigued by the fact that at the press conference the Secretary of State was asked how he reconciled his statement regarding Spain with his statement regarding Czechoslovakia and Hungary, and he answered that he did not care to discuss the matter. That was the only thing he was able to say to the press and to the people of the country as to how he could reconcile his action in that case.

Mr. TAFT. The Senator no doubt remembers that the second right was the right of trial by jury. Does the Senator know whether there is any right of trial by jury in Hungary or in Czechoslovakia?

Mr. BREWSTER. As I understand, Cardinal Mindszenty was condemned by a court, a judicial tribunal, and is now languishing in prison without any of those human rights which we have deemed essential in this country.

Mr. TAFT. Mr. Acheson says:

> Then there is the question of religious liberty, which is fundamental to a free exercise of the human personality. That right does not exist in Spain.

Is the Senator advised whether it exists in Czechoslovakia or Hungary?

Mr. BREWSTER. The cases which have brought the subject to the attention of the world are a complete refutation of any idea that religious liberty can be practiced in those nations.

Regarding Spain, the current constitution of Spain does provide for religious liberty, not of the sort we have here, but, at any rate, it allows under its terms the practice of any religion, not in the entirely public and ostentatious manner we have here. At least, it goes one step ahead of what is allowed in Czechoslovakia or Hungary. As a matter of fact, the law relating to the expulsion of the Jews was expressly repealed by the Franco government in the past 2 years.

Mr. TAFT. One of the other complaints Mr. Acheson makes regarding Spain is this:

> Then there is the right of association—association in political activities, association in trade-union activities, association in benevolent activities.

Do any of these rights of association exist in Hungary or in Czechoslovakia?

Mr. BREWSTER. I think, according to Eric Johnston, who has visited over there, the entire Communist theory now applied in Russia and in the satellite countries is to send anyone who asserts such a right to Siberia or some similar place to languish there until he meets an untimely end.

Mr. TAFT. Mr. President, will the Senator further yield?

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from Maine yield to the Senator from Ohio?

Mr. BREWSTER. I yield.

Mr. TAFT. Does the Senator see any logic whatever in the position of the State Department in nominating a minister to Hungary and an ambassador to Czechoslovakia and its refusal to recognize Spain and to send an ambassador to Spain?

Mr. BREWSTER. I have been entirely unable to see any logic in that position. I appreciate the statements made by the chairman of the Committee on Foreign Relations and by the ranking minority member on the Republican side of the Committee on Foreign Relations when the matter of Spain was up for discussion, indicating that they had no sympathy for our policy in that regard, and felt that our relations with Spain should be normalized, which would be the only way in the world we could preserve any measure of self-respect before the peoples of the world.

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

Mr. BREWSTER. I shall be happy to yield to the Senator from Mississippi.

Mr. EASTLAND. With regard to the situation which the Senator has been describing, does it not look as if religion had something to do with it, and that probably the Ku Klux Klan has too much influence in the State Department?

Mr. BREWSTER. I had not pursued the matter that far. I do not know just what the religious background of the problem is, but, certainly, if we are to retain any measure of self-respect before the nations of the world, it seems to me we must have a consistent policy and follow it through.

I again emphasize that in deferring consideration of the Ambassador to Czechoslovakia and the Minister to Hungary, it is a matter of policy which is involved, not a matter of personalities or individuals.

In a moment I want to refer, also, to Mr. Butterworth, who represents the Chinese policy of the administration, and to discuss somewhat the implications of the consideration of his name at this time. But before I leave the matter of ambassadors and ministers and our diplomatic representatives, I want to refer for a moment to one other nomination which has caused some comment in the press because of what apparently was considered its somewhat unusual aspects. That is the case of the recent nomination of Mrs. Mesta to represent this country in the Duchy of Luxemburg. Some question has been raised regarding her qualifications for that position. As a life-long advocate of the rights of women to participation in political affairs, it has been profoundly gratifying to me and, I know, to many on this side of the Chamber, to see the extent to which women are moving into the affairs of government and receiving some measure of recognition, however belated, to which they are entitled by the contribution which they can so obviously make. We have been delighted this year to welcome into our own ranks, on this side of the Chamber, a woman, a representative not merely of the State of Maine, but one who has also gained the confidence of the country in her short service in the Congress as a representative of American womanhood; and it is a matter of profound gratification that on the other side of the aisle, in the administration, more and more women are coming to be recognized as capable of serving in more and more responsible positions.

It is for this reason, speaking not only because of my association with my colleague, but as one who for a great many years has advocated this further recognition, that I think the designation of Mrs. Mesta is one which may be very happily received. This is not a result of her social activities in Washington, which have been very generously referred to, but in my own experience I have had contacts with her in many of her charitable and church activities over a considerable period, so I think I speak with certain knowledge.

I spoke here sometime ago regarding the nomination of Louis Johnson, who, it was alleged, was nominated primarily because he had raised Democratic campaign funds. I said I did not think that was any disqualification. I do not believe the fact that a man or a woman takes a keen interest in the activities of political parties and in the raising of political funds disqualifies him or her from participating in the Government. I wish to say about Mrs. Mesta what I said regarding Louis Johnson. As vice chairman of the campaign fund-raising committee I understand she did yeoman work, for which she was well qualified. I do not think that disqualifies her for other recognition.

As I said in the case of Louis Johnson, the question is not whether persons have been active politically, but whether they are qualified for the positions to which they have been chosen. I think it would be well for the society gossip columns of Washington to pause for a moment in the discussion of her talents as a hostess, and point out perhaps some of the other activities of her distinguished career which I think are well worthy of attention. I would say that one qualification which should commend her as a Minister to Europe is that she is, I think, one of the few people in this country, men or women, who, having received a substantial fortune some 25 years ago, retains that fortune today. I think any woman or man who has demonstrated capacity to survive all the depressions of the past, and to be ready to go forward if we are to have a depression in the future, must have something besides the capacity to act as a gracious host or hostess. On that one consideration alone, I do not think America is likely to lose its shirt as a result of Mrs. Mesta representing us in Europe, and that I cannot say of all the diplomats we have sent abroad. I am glad we are sending that kind of a person abroad to represent us, someone who in

her own right has demonstrated competence to care for the responsibility entrusted to her.

Moreover, Mrs. Mesta has also been conspicuous both in her charitable and church activities, demonstrating qualities which indicate that she will be neither a dipsomaniac nor senile, and that is more than we can say of many of those whom we have in the past entrusted with the responsibility of representing us abroad.

I fear that even in the present we could not boast of having an entirely clean slate. I shall not particularize, but I think it appropriate to ask the defenders of masculine splendor and glory to contemplate a few of the representatives we have abroad wearing pants before they say too much about Mrs. Mesta and her capacity worthily to represent this country in the Duchy of Luxemburg at this time.

Mr. LANGER. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I am happy to yield to the Senator from North Dakota.

Mr. LANGER. I am delighted at the attitude taken by the distinguished Senator from Maine. I might say that Mrs. Mesta comes from the western section of the country. She lived for a long time in the State of Oklahoma. She is a very democratic woman. Not only that, but I think she is perhaps as well acquainted with people who have come to the United States from foreign countries, and have been the guests of our Government, as perhaps any woman in the United States. I am delighted at the attitude of the Senator, and I hope Mrs. Mesta's nomination will be confirmed by the unanimous vote of the Senate, as I believe it should be.

Mr. BRIDGES. Mr. President, will the Senator from Maine yield that I may ask the Senator from North Dakota a question?

Mr. BREWSTER. I may say that I agree with what the Senator from North Dakota has said. I yield to the Senator from New Hampshire.

Mr. BRIDGES. I should like to ask the Senator from North Dakota if we have an ambassador or minister to any foreign country from the State of North Dakota.

Mr. LANGER. No. At one time, about 40 years ago, we had a minister by the name of Edwards—Major Edwards—who was consul at Quebec.

Mr. BRIDGES. Has the State of North Dakota not received any recognition since that time?

Mr. LANGER. Not for the past 40 years.

Mr. BRIDGES. That is a long time.

Mr. LANGER. It is a long time. We have made application for the appointment from North Dakota of an Ambassador either to Norway, Sweden, or Denmark, preferably to one of those three countries, or to Finland. As the Senator knows, there is a large Scandinavian population in my State. It happens, however, that the Ambassador to Norway comes from the neighboring State of Minnesota, and he is very popular in Minnesota and North Dakota. So we somewhat share the reflected glory of Minnesota in having the Ambassador to Norway. But I hope that sometime in the not dim or distant future, with the help of the distinguished senior Senator from Michigan [Mr. VANDENBERG], North Dakota may furnish an ambassador to Norway, Sweden, or Denmark.

Mr. VANDENBERG. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I yield to the Senator from Michigan.

Mr. VANDENBERG. I cannot do a thing with the President until we can win an election intervening.

Mr. BRIDGES. I thought of asking the distinguished Senator from North Dakota if he expected anything from this administration by way of the appointment of an ambassador or minister, or whether he would have to look forward to 3½ years from now, when conditions had been changed.

Mr. LANGER. My judgment is we will have to wait until we get a Republican administration.

Mr. BREWSTER. I am sorry to defend the administration, but Ellis O. Briggs, whose nomination as Ambassador to Czechoslovakia is on the Executive Calendar, is a resident of Maine, and I even suspect he is a Republican, so I am not questioning the impartiality of the administration.

Mr. LANGER. I am living in hope. I have very great hope that one of these days somebody from North Dakota will get one of these diplomatic appointments. We have many qualified and competent men and women there who would make excellent representatives from this country, and I hope we will get one of them appointed soon.

Mr. BRIDGES. Mr. President, my reason for asking the question was that I heard the Senator from North Dakota voice that hope several years ago, and I wondered if anyone had been appointed. It was natural curiosity on my part to ascertain whether the Senator had been successful.

Mr. LANGER. I am very sorry to inform the Senator that up to the present time the hopes of the people of North Dakota have not been realized.

Mr. BRIDGES. I heard the Senator from Maine refer to Mr. Butterworth, who has just been appointed Assistant Secretary of State. I do not care to enter into a discussion of Mr. Butterworth now, because I expect to speak on the nomination when it comes before us on the floor of the Senate, but I may say that I think if some of the appointments being made are in the same category with Mr. Butterworth's, who is the symbol of failure and of a tragic era, in our relationship with China, it is a sad commentary on the wisdom of the administration.

Mr. BREWSTER. I think the Senator from New Hampshire was not in the Chamber when I indicated that very shortly I wish to refer to that matter, as it seems to me that the Senate should interpret this whole situation.

It was the Secretary of State, Mr. Acheson, who said that the sending of an ambassador to Madrid would be a symbol. Certainly the confirmation of Mr. Butterworth would be a symbol of our approval of a policy which has apparently been an utter failure. How much Mr. Butterworth was responsible is an appropriate matter for consideration, as well as the question whether it is wise to promote him upstairs, in the light of this record of collapse in the Orient, which is a matter of increasing concern not only to every Member of the Congress but I think to everyone in this country. I hope the Senator from New Hampshire may think of it well in advance of his nomination being brought up before us. Nominations usually come at the close of a day, in the consideration of executive business. I think this matter should be discussed in advance of the time when it is brought up, so that we may bring home to the American people something of the implications of Mr. Butterworth's appointment.

Mr. BRIDGES. I wish to say to the Senator from Maine that I do not know whether Mr. Butterworth formulated the policies, or whether Mr. Butterworth took orders from those who did formulate the policies, but in either case he is a symbol of failure, he is a symbol of a policy which failed in one of the greatest areas of the earth.

Mr. BREWSTER. Mr. President, I think it would be well to have a report on the attitude of the Committee on Foreign Relations. I notice present at this time the ranking minority member of the committee, and if it would not embarrass him, I should be glad to know whether the action of the committee on the nomination of Mr. Butterworth was the unanimous action of the Committee on Foreign Relations.

Mr. VANDENBERG. Mr. President, I think that is a fair question, and I am certainly not in the slightest embarrassed to answer it.

When Mr. Butterworth's nomination came to the committee for action, the committee was unanimous in its action, except for the attitude of the senior Senator from Michigan. The senior Senator from Michigan did not want to vote against Mr. Butterworth because he considered that he is one of the most distinguished and able career men in the career service, and that in his relationship to the far eastern question he is not the responsible actor in the drama. The senior Senator from Michigan did not wish, by his vote on the confirmation, to register any sort of a black mark against Mr. Butterworth himself.

On the other hand, the senior Senator from Michigan thought it was a very great mistake in public policy, in the appointment of a new Assistant Secretary in charge of far eastern affairs in general, and in China in particular, not to bring a fresh point of view to the assignment, rather than simply to continue the regime which, for one reason or another, is inevitably connected with a very tragic failure of our policies in the Far East.

Therefore the senior Senator from Michigan voted "present" on the roll call, and declined to vote approval, although also declining to vote disapproval, which might be interpreted as a personal disapproval of Mr. Butterworth himself.

What the appropriate attitude should be on final roll call in the Senate I am

not yet prepared to say. I feel very keenly, on the one hand, that an able career servant in the diplomatic service should have his record carefully protected against any debits which are unfair.

On the other hand, the senior Senator from Michigan continues to feel very deeply that our attitudes during the last few years in connection with the China policy have been often unfortunate, and certainly in net result unsuccessful. It seems to me the course of wisdom would have been to cut the string, so to speak, in the continuity of a policy that has failed; and without any reflection whatever on Mr. Butterworth himself, to have established a new and a fresh point of view to indicate at least that we are proposing an independent assessment of the new situation which we confront.

Mr. BREWSTER. Mr. President, I am very grateful to the Senator from Michigan for his contribution. The Senator will recall a discussion had, I think a year or so ago, as to the extent to which the Senate, under its constitutional responsibility and the evolution of our foreign relations, may properly go in expressing an attitude on the detail policies. We have the responsibility under the Constitution to advise and consent both as to nominations and as to treaties. The Senator from Michigan at that time said that that power, so far as our advice here, and public discussions here, are concerned, must be exercised with great restraint; that we could not take the position of back-seat drivers constantly discussing from day to day every detail, with which we necessarily could not be familiar unless we were to neglect our other responsibilities.

On the other hand, as we move into an obvious position of world power and responsibility, is it not imperative that we here in this Chamber, moving to recognize our responsibility, shall in some further measure than has hitherto perhaps been the practice and the precedent, take up at intervals matters of this character, such as the one we are now discussing. A year ago, the resolution submitted by the Senator from Michigan regarding the North Atlantic Pact—perhaps 18 months ago; whenever it was—finally culminated in a resolution of advice.

Now, observing the evolution of the parliamentary process and observing the functioning of it under the parliamentary system in Britain and in other countries, is it not perhaps appropriate that in the promotion of men in the State Department considerations such as the Senator from Michigan suggests may properly be taken into account, and that, in this instance, with full understanding that we are not reflecting upon the individual, and are not challenging his loyalty or devotion, or even his competency, he is so closely identified with what has seemed to be a tragic failure, that it would not be wise and in the public interest that he should at this time receive recognition of that character?

Unless we are to move in that direction I see no indication that the administration, as now constituted, are likely to give to our views here the consideration which seems to me to be essential if their policies are to command the confidence of the country as a whole.

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

The PRESIDING OFFICER (Mr. YOUNG in the chair). Does the Senator from Maine yield to the Senator from Ohio?

Mr. BREWSTER. I yield.

Mr. TAFT. Did the Senator read the column by Joseph Alsop in this morning's Washington Post, dealing with the conduct of the Far Eastern Division of the State Department with reference to Indochina?

Mr. BREWSTER. I did read it with much interest, and I think it has a very pertinent application.

Mr. TAFT. I call the Senator's attention to the fact that the statement is made that there is a new government in Indochina under the Emperor Bao Dai, which has received the sanction of the French, and which, according to Mr. Alsop, is the only possible agency by which the communization of Indochina may be prevented. Mr. Alsop raises the question:

> Will the Far Eastern Division, having made its mess in China, at last adapt its views and actions to the foreign policy this country has been following in the rest of the world for the last 4 years? The outcome, it may be added, is still in doubt.
>
> A symptom, a passing sputter, from this debate was the guarded statement issued by the Department on Tuesday expressing cool but not unfriendly interest in the new government being established in Indochina by the Emperor Bao Dai.

Then Mr. Alsop, who is usually a well-advised informant on matters that go on inside the present Government, proceeds to say:

> Yet the statement that was just issued which could hardly be more cautious or gingerly, represents an elaborate watering down of a public avowal of sympathy for Bao Dai that was originally proposed. Equally, those who see the appalling danger now confronting us in southeast Asia have been urging the expenditure of ECA funds in Indochina. But the Far Eastern Division has succeeded in watering this project down also, to a decision to consider the matter.

Mr. President, that amounts to a statement that the Far Eastern Division is still being operated today with a pro-Communist attitude in the region of Indochina, which is the stepping stone from the communization of China to the communization of the East Indies, where we have many vital interests because of materials necessary for our country which comes from them.

Does the Senator from Maine feel that Mr. Butterworth is responsible for that apparent weakening in the position of those who are perhaps in outright support of the anti-Communist government of Indochina?

Mr. BREWSTER. I would put it in this way, that I think the Senate is entitled to clarification of those influences within the State Department, and the individuals concerned, that have evolved the policies of recent years. We have a right to consider whether those men are the ones who should be given further and more important responsibilities, such as here proposed for Mr. Butterworth, in the determination and carrying out of policies as time goes on. It seems to me that that is entirely essential in our functioning.

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

Mr. BREWSTER. I yield.

Mr. TAFT. I wonder if the Senator would be willing to have the article by Mr. Alsop inserted in the RECORD at the conclusion of his remarks?

Mr. BREWSTER. I would rather have it inserted at this point. I think it would be very appropriate in connection with the current discussion. I ask unanimous consent that the article by Joseph Alsop be printed in the RECORD at this point as a part of my remarks.

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

THE FOOT DRAGGERS

(By Joseph Alsop)

A crucial debate is now going on within the State Department. The issue can be crudely stated as follows: Will the Far Eastern Division, having made its mess in China, at last adapt its views and actions to the foreign policy this country has been following in the rest of the world for the last 4 years? The outcome, it may be added, is still in doubt.

A symptom, a passing sputter, from this debate was the guarded statement issued by the Department on Tuesday expressing cool but not unfriendly interest in the new government being established in Indochina by the Emperor Bao Dai. This sort of thing must seem immensely remote and trivial to the average American. But the unfortunate truth is that this sort of thing may later turn out to have all the importance of war or peace.

In brief, as reports from the scene have indicated in this space, the Communist power in Asia has reached the uttermost limits of safety If the Soviet Union can extend its sphere beyond China, into Indochina, a chain reaction will become highly probable. All of southeast Asia will be threatened. If southeast Asia goes, Japan and India will be immediately menaced. And if this situation arises, the odds on war will be far better than even. It is tiresome to rehearse this series of grim probabilities, yet they must be daily borne in mind.

Indochina is the key, for two reasons. First, it is the state in southeast Asia most accessible to China. And second, French folly has caused the Communist-nationalist movement of Ho Chi-Minh to gain great strength among the Indochinese. The new regime of Bao Dai is the last chance to win over the Indochinese people to an independent, non-Communist government. On all sides it is acknowledged that if Bao Dai fails, Ho Chi-Minh will succeed.

Such are the bleak basic facts. The debate in the State Department concerns the extent of American support to be given to the new Bao Dai regime. As has also been reported from the scene in this space, Bao Dai is almost certain to fail if he is not actively supported by this country (since exclusive French support actually discredits him in the eyes of his people). The Far Eastern Division of the State Department is extremely reluctant, however, to support Bao Dai.

The reason for this reluctance is certainly not fear of offending the French. The French Government has actually hinted that American aid for Bao Dai, whom they have fully recognized, will now be exceedingly welcome. Furthermore, the European Division of the State Department, whose staff is a trifle more aware of the Soviet problem than the Far Eastern Division, has urged that the Bao

Dai experiment be promoted and assisted in any way possible.

Yet the statement that was just issued, which could hardly be more cautious or gingerly represents an elaborate watering down of a public avowal of sympathy for Bao Dai that was originally proposed. Equally, those who see the appalling danger now confronting us in southeast Asia have been urging the expenditure of ECA funds in Indochina. But the Far Eastern Division has succeeded in watering this project down also, to a decision to consider the matter.

The arguments that are being made for this foot-dragging approach may be superficially convincing. It is true that Bao Dai is a risky investment. But the fact remains that although supporting Bao Dai is by no means an ideal solution to the southeast Asia problem, it is the only solution available. The other approach is simply to drift with the tide, as we did in China, until we land on the rocks. And the rocks are now 10 times bigger and 10 times more sure to destroy us.

Such is the rather unpleasing choice confronting Walton Butterworth, the new Assistant Secretary of State for Far Eastern Affairs, who is not a Far Eastern Division man. His situation is further complicated by another grave fact. Although the members of the State Department Far Eastern Division have recovered from their sentimental delusion that far eastern Communists are mere reforming agrarians they still have their record in China hanging round their necks like an albatross. Their main aim now seems to be to prove that the albatross is not an albatross, after all, but a peacock or possibly a bird of paradise.

When officials have made one disastrous failure, their judgment should be suspect the second time 'round. This rule should now be followed. It must also be recognized that choosing the least bad alternative is preferable to drifting into the worst. Otherwise we shall have no policy at all in the deeply dangerous Asiatic situation.

Mr. BREWSTER. Mr. President, I should be most interested to know whether the Senator from Michigan would feel it appropriate to discuss any further the broader implications—without relation to Mr. Butterworth—and the extent to which the Senate and its Committee on Foreign Relations in their deliberations may take into account policies in connection with the discussion of the naming of individuals. To me it is an interesting constitutional question.

Mr. VANDENBERG. Mr. President, I am reluctant to engage in any sort of debate that goes to the merits of the issue at the moment, because the facts available to us are too inadequate for conclusive opinions. I think the situation itself is in a state of total flux.

With regard to the general philosophy of action to which the Senator refers, of course it is quite clear that under the theory of the Constitution the President of the United States is clearly our primary agent in foreign negotiations. I suppose the extent to which he enjoys or monopolizes that privilege, will always be a controversial equation. It will always be something of a twilight zone.

During the past 8 years, certainly, there has been a clear disposition on the part of the Executive to work in far more intimate cooperation and liaison with his constitutional partners in the Congress in respect to foreign policy. From my point of view it has paid very large dividends in the resultant relative unity with which the Voice of America could be heard abroad.

Mr. BREWSTER. The 92 votes in the Senate for the United Nations is a monument to that collaboration on an entirely bipartisan scale.

Mr. VANDENBERG. It is; and the record of the Foreign Relations Committee under Republican control and leadership for the past two years, 1947 and 1948, during a Democratic Presidency, is the further and final exhibit. Upon at least 50 occasions, many of which made history with magnitude in its dimensions, the committee voted 13 to 0, with a conclusiveness which permitted the Voice of America to speak for America, and not for either an administration or an opposition within the Government.

As an inevitable result I am perfectly sure that the influence of the voice of the United States in foreign policy multiplied in proportion to the preservation of that unity. Therefore I say that the policy of consultation and cooperation between the executive and the legislative in respect to foreign policy has paid rich dividends. The extent to which it can be pursued is largely dependent upon the initiative of the Executive because of the primary constitutional prerogative which he enjoys under the Constitution. But I feel that the record which I have recited, and the record to which the able Senator from Maine has referred, should recommend to the Executive the closest possible liaison in respect to foreign affairs.

Mr. BREWSTER. Is it not necessary also to document the statement of the Senator from Michigan with the statement which he has previously made on the floor of the Senate, that unfortunately—and perhaps tragically in the case of China—that same degree of consultation has not prevailed in the past few years?

Mr. VANDENBERG. I am glad the Senator has asked that question. He has asked it before. On previous occasions I have categorically replied that there was no such liaison in respect to China policy. I wish to reiterate it, because I dissociate myself, as I have publicly done upon previous occasions, from the China policy which we pursued.

It is a very easy, simple matter to dissociate one's self from a policy. It is not quite so easy to assert what an alternative policy might have been. I concede that it is far easier to be critical than to be correct.

Pursuing the theme which the Senator presents today in respect to China, I am quite willing to testify that I think the President and the State Department would do extremely well to continue the attitudes they have displayed so generously in other directions by making very sure that any evolution of a new policy in the Far East and China comes completedly into contact and review, at least with the Senate Foreign Relations Committee, before any commitments are concluded, because in this area we obviously face the conundrum of the ages. Yet it is a conundrum which has implications and repercussions of very dreadful importance to our own country and our own people.

I say quite frankly that I hope, for example, that there will be no consideration of a recognition of a Communist government in China without complete preliminary contact and exploration of the subject with the Senate Foreign Relations Committee.

In conclusion, I say to the Senator that I think any Senator who wishes to rise on the floor of the Senate and discuss any phase of foreign policy at any time is not only well within his own rights, but he is entirely within a correct estimate of public duty.

Mr. BREWSTER. I am deeply interested in the Senator's remarks, and profoundly grateful for what the Senator from Michigan has said. As we survey the sorry picture in China against the background of the somewhat more hopeful picture in Europe, where consultation did prevail, I think the administration might well draw some lessons.

I think the Senator from Michigan has also stated that in the Middle East our policy in connection with Palestine and Israel had not been a matter of bipartisan discussion. I think the same may be said for South America, until the administration saw fit to accept the insistence of the Senator from Michigan that we reassemble the Rio Conference in accordance with our 2-year-old pledge at the time.

Mr. VANDENBERG. I can answer affirmatively down to the point where the Senator involves me personally, in the latter part of his statement. He is correct about Palestine. He is correct about the Middle East. He is more or less correct about South America. I could hardly rise and consent to the hypothesis that the action was taken as a result of the insistence of the Senator from Michigan.

Mr. BREWSTER. It did follow.

Mr. VANDENBERG. I must say that the Senator from Michigan had considerable to say on the subject.

Mr. BREWSTER. It seems to me that the Committee on Foreign Relations necessarily must be our point of contact. In the development of the United Nations under the leadership of Secretary Hull, the Senator from Texas [Mr. CONNALLY] and the Senator from Michigan, an eight-man committee was constituted, with four Democrats and four Republicans, or three Republicans and one Progressive. At any rate, it was a bipartisan group. I have always felt that Secretary Hull, the Senator from Texas, Mr. Connally, and the Senator from Michigan, Mr. Vandenberg, were entitled to the profound gratitude of the country for blazing a trail which has demonstrated its utility, in contrast to the futility of the other course.

As to the discussion here, I think we must be guided, in substantial measure in such matters, in which we are naturally concerned and anxious, by the information we receive from those who are in a position to know. The British Parliament from time to time sets aside a day for the discussion of such questions, I believe; and as we more and more

assume world responsibilities, I think we should look forward to a periodic exploration of such matters, within the limits of the foreign policy, with those who are informed in regard to the situation, and I think we should be guided by the information we thus receive from those who are in a position to know, as is the custom in the British Parliament.

I do not hesitate to refer to the British Parliament and the experience and customs there, for Britain has been running the world for some time, and now we must in large part take over. Inasmuch as Cabinet officers do not appear before us, if certain members of the Foreign Relations Committee indicate that certain subjects should be explored from time to time, that will be most helpful, for we naturally have more confidence in the members of the Foreign Relations Committee than we would in Mr. Acheson's blithe comment, when certain criticisms which were made here are disposed of with the word "poppycock," or in his refusal yesterday even to discuss why he has sent ambassadors to Czechoslovakia and Hungary, although he will not name one to Madrid. At least there are some of the members of the Foreign Relations Committee on whom we may call to rationalize some of the actions of the State Department in the conduct of our foreign affairs.

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

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Maine yield to the Senator from Michigan?

Mr. BREWSTER. I yield.

Mr. VANDENBERG. I think I should make a comment. I like the reservation with which the Senator from Maine has just spoken in recognition of the fact that there are stages of foreign policy which cannot be thrown into the public discussion of the committee. Unfortunately, it is a type of negotiation, particularly when dealing with totalitarian opponents, which cannot be conducted persistently in a goldfish bowl. That results in two difficulties, so far as we are concerned. First of all, it results in a substantial embarrassment for members of the Foreign Relations Committee who, if the Chief Executive is to be wholly frank with them, have to withhold from their own colleagues information to which their colleagues are just as much entitled as they themselves are.

Mr. BREWSTER. Unless we ourselves recognize that the members of the committee may properly be the repository of some of those matters, and express our confidence in the members of the committee.

Mr. VANDENBERG. That is right. Personally, I have been very grateful, during the past few years, for the generosity with which my own colleagues on this side of the aisle have recognized that situation, and I am sure the other Republican members of the Foreign Relations Committee feel similarly about it.

The second thing about which I wish to be sure not to leave any misunderstanding is the perhaps implied criticism that the Foreign Relations Committee had not been wholly taken into consultation in respect to all the various problems to which the Senator from Maine has referred. I make no complaint upon that score. I think it is the responsibility of the President and the State Department to determine the extent to which he wishes to invite congressional cooperation. By the same token, Congress is entitled to react according to the degree in which it has been taken, through its committee agency, into consultation.

But in relation to the things which have been developed on a bipartisan basis, what I am trying to say is that in respect to these problems, I have never sensed a single moment of partisan activity or inspiration or purpose in the bipartisan work which has been done. I think that is the great value which it has been able, in turn, to translate into the ultimate foreign policy of the country.

I have nothing but the greatest feeling of appreciation for the frankness and candor of the Democratic administration during 1947 and 1948 when a Republican was chairman of the Foreign Relations Committee. I have nothing but the greatest gratitude for the complete frankness with which the Republican chairman was treated. In accordance with the degree in which that candor can prevail, within the necessary limits of relative secrecy, the greater the degree in which that relationship can persist between the two ends of Pennsylvania Avenue, so far as the foreign policy is concerned, the safer our foreign policy will be, not only in its wisdom—because the larger the consultation the greater the chance of wisdom—but also the greater will be the chance that our foreign policy will be effective, because it is effective in the degree that it can be read abroad as the united voice of a united America. So long as it is a united voice, it will be invincible.

Mr. BREWSTER. Mr. President, I am sure the comments of the Senator from Michigan are in the highest degree pertinent to the current situation, and we trust that the administration may continue to consult, to the utmost degree compatible with what it conceives to be its interest, and along the lines indicated by the Senator from Michigan.

I raise one question, because it may serve as an object case: Within the past week, I had some discussions with one who had just returned from 6 weeks in Europe, one who, among those in our country, outside of those in official life, has perhaps the widest sources of information as to what goes on. He expressed the most profound concern that discussions may have proceeded at Paris recently regarding trading our position in Europe for the Russian position in China. I cite this only as an example, after the tragic example of the secret agreements which were entered into during the war, and as to which all of us now feel, in looking back, that American interests were most unfortunately involved, and perhaps our long-range interest sacrificed. Of course, all of us hope that there will not be a repetition of those errors.

So I was profoundly happy to hear the Senator from Michigan say that in the future evolution of our policy as to China and elsewhere in the Orient, it would be most wise if the administration would reopen the bipartisan consultation with the members of the Senate Committee on Foreign Relations, which has given such strength, direction, and constancy to our policy, where it has prevailed, whereas in many instances disaster has resulted where it has not prevailed.

(At this point a message was received from the House of Representatives; following which Mr. BREWSTER yielded to Mr. HILL, who presented the conference report on the District of Columbia appropriation bill, which, with the ensuing debate, appears at the conclusion of Mr. BREWSTER's remarks.)

Mr. CONNALLY. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I regret I was not here at the beginning of the Senator's remarks, and that I heard very little of the discussion. I did hear the colloquy between the Senator from Michigan and the Senator from Maine a little while ago.

Mr. BREWSTER. I hope the Senator heard my comment regarding the work of Secretary Hull and the Senator from Texas and the Senator from Michigan, in building the monument of the United Nations, to which I always love to refer.

Mr. CONNALLY. I thank the Senator very much. He is very generous. What I rose to ask was whether the Senator believes there was any lack of candor between the President and the State Department on the one hand, and the Committee on Foreign Relations and other interested parties, on the other, in reference to transactions in China which had been going on for a number of years.

Mr. BREWSTER. I do not know whether the Senator from Texas heard the statement of the Senator from Michigan with regard to our foreign policy.

Mr. CONNALLY. I did not hear all of it. I came into the Chamber while the Senator from Michigan was stating that under his chairmanship frankness and candor prevailed.

Let me ask the Senator from Maine a question. He will remember that General Marshall, at the request of the President, made a trip to China to try to aid in adjusting the difficulties there.

Mr. BREWSTER. He was there for some 6 months.

Mr. CONNALLY. And does not the Senator remember that General Marshall returned to Washington, and later went again to China?

Mr. BREWSTER. Yes.

Mr. CONNALLY. Is the Senator aware of the fact that when the General returned, he appeared before the Committee on Foreign Relations to make a complete, detailed, and candid statement about his activities in China, a statement of his objectives, a statement of what he was trying to do to aid in the situation in China, both with respect to the National Government and with respect to the Communist forces in Manchuria? Is the Senator aware of that?

Mr. BREWSTER. No, I am not, as I think that was not a public statement.

That was in an executive session of the committee, was it not?

Mr. CONNALLY. It was, but the general was still in contact with the members of the Committee on Foreign Relations, who were deeply interested in those questions and were considering them. While it was not a public meeting, a great deal of that information finally reached the press.

Mr. VANDENBERG. Mr. President, may I interrupt the Senator from Texas?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. The Senator was not here earlier in the discussion. I have never felt, and I have always said that I did not feel, that the bipartisan foreign policy had been extended to China in any such degree or spirit as that in which it had been applied to the United Nations or to the operations under the United Nations, or to the Rio Treaty, and in respect to similar matters. In other words, while we were given the very frank reports to which the Senator refers, I do not feel that the directives which controlled our China policy were ever the result of the type of consultation and cooperation which we were permitted to contribute and to exercise in connection with other policies. I feel the same way about the policies in Jerusalem. I do not feel that those policies were developed in the same bipartisan degree of consultation and cooperation, from their inception, that applied to these other very great episodes and incidents in which we have had such complete, mutual, bipartisan activity.

Mr. CONNALLY. Mr. President, may I comment on that?

Mr. BREWSTER. I yield.

Mr. CONNALLY. Mr. President, allow me to say that it is quite natural that our attention should be attracted primarily to the field of European and United States affairs, and the United Nations, in the conditions that followed the war. It is quite natural that so active a field as that should have attracted greater attention relatively than China or the Far East. But I do not know of any desire on the part of the State Department, the President, or anybody else to conceal from the Senate or from the Committee on Foreign Relations any of the things that are going on in China. As the Senator knows, since the war ended we have given China $2,000,000,000 in aid, represented by food, supplies, arms, and military equipment. What else would the Senator have wanted us to do?

Mr. BREWSTER. I can tell the Senator what I should have liked to do. I should have liked to read the Wedemeyer Report a long time ago. I believe the Members of the Senate were entitled to it. I have asked the Senator from Texas repeatedly regarding the matter, and I believe that the current statement regarding China which the State Department is now preparing will be something less than useful, unless it now gives us a far more complete disclosure than we have thus far received.

Mr. CONNALLY. The Committee on Foreign Relations only recently had access to the Wedemeyer Report.

Mr. BREWSTER. Only recently?

Mr. CONNALLY. That is true.

Mr. BREWSTER. To me it is a complete indictment of the administration, that the report had not been given to the Foreign Relations Committee long since.

Mr. CONNALLY. The Senator is indicting the administration because everything is not published.

Mr. BREWSTER. No—because Members of the Senate do not see them. I assumed the Foreign Relations Committee had seen it.

Mr. CONNALLY. We saw it, and we had Gen. Wedemeyer before us. I may observe that transactions between the United States and other governments, and various developments in our relations with other countries, cannot be published as front-page news every day. We cannot lay before the world everything that transpires. The entire world knows, and knows well, that we have undertaken to aid China by giving her $2,000,000,000 and more since the war.

Mr. BREWSTER. Well——

Mr. CONNALLY. Wait a moment.

Mr. BREWSTER. I have the floor.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. BREWSTER. I do not want that statement to pass unchallenged.

Mr. CONNALLY. Very well, I will sit down, if the Senator does not want to yield to me.

Mr. BREWSTER. I am happy to yield, but I do want to take the statements as we proceed. Ten months after the close of the war, under General Marshall's directive, the shipment of arms and ammunition to China was embargoed. During the following 10 months it was not practical to ship them, after the embargo was lifted. When mention is made of the $2,000,000,000 we sent to China—and there is considerable controversy in respect to the details of that assistance—I think it ought to be made clear that for 20 months, while the Russians were turning over to the Communists all the Japanese arms and munitions in Manchuria, while they were being armed and trained to use them against the Chinese, we were embargoing for all practical purposes for those 20 months shipments to the Nationalist Government, which we were supposed to support. That has always seemed to me a most tragic episode.

Mr. CONNALLY. Mr. President, may I intervene, now?

Mr. BREWSTER. Certainly.

Mr. CONNALLY. It is easy enough to pick out some little incident here and there.

Mr. BREWSTER. That is not very little.

Mr. CONNALLY. Two or three years after it has happened, it is possible to pick out some little incident here and there and say, "Why, it ought to have been done this way. Had I been running the Army, I would have done it this way. Had I been in the State Department I would have done it this way." That is easy now. But let me say that we had the complete testimony of General Barr before the Committee on Foreign Relations. He had been in China. He had been into the upper reaches of that country. He testified that the Chinese had never lost a battle—not one—for lack of arms and munitions which we had been supplying them. What would the Senator have done?

Mr. BREWSTER. That is very poor consolation, when a nation is being embargoed. After Chiang Kai-shek had fought the Japanese for 10 long years, why did we cut off the shipment of arms to him? Could we not trust him? The Senator now glibly says, "General Barr says it was not for lack of arms." All we know is that we refused them the arms. I say that will always stand as a black mark on the record of the United States, which was supposed to be an ally of Generalissimo Chiang Kai-shek and the Nationalist Government. That spot cannot be burned out of the record of this country.

Mr. CONNALLY. The Senator from Texas is not seeking to employ any pyrotechnics or flame-throwers. That is, seemingly, the function of the Senator from Maine. What would the Senator from Maine, or other Senators, have done? Would they have sent an army into China?

Mr. BREWSTER. But that is not——

Mr. CONNALLY. Let me finish.

Mr. BREWSTER. The Senator is asking what I would have done. I never proposed to send an army into China.

Mr. CONNALLY. What else would the Senator have done?

Mr. BREWSTER. I would have sent arms.

Mr. CONNALLY. We did.

Mr. BREWSTER. After 20 months we embargoed them, after the Japanese surrendered. We cannot escape that.

Mr. CONNALLY. Our military authorities say the Chinese never lost a battle because of lack of arms or military supplies. I shall not go into the details of why they lost battles, but it was not our fault. It was not our fault that they did not fight; it was not our fault that they were not able to carry on campaigns. There are many local reasons, which I shall not go into at this time. But let me ask the Senator from Maine if he would have wanted to send his son to China to take part in a fight between Chinese rival armies? The Senator from Texas does not have such a desire.

Mr. BREWSTER. With reference to the latest comment of the Senator from Texas as to whether I have a son—I did have a son who served 5 years in the last war, in every theater of the war.

Mr. CONNALLY. I beg the Senator's pardon. I congratulate him on having such a gallant son. My question was intended to be general. I have a son who was in the Army. Thank God, he came back safe and sound. The question I meant to propound was whether there is any Member of the Senate who would have voted to send a United States Army to try to settle the controversy between the Chinese factions in China.

I apologize to the Senator. I had no idea of referring to the Senator's own son.

Mr. BREWSTER. If I may use some of the political terminology of recent days, I think the comment of the Senator from Texas might come in the category of a red herring. I had already made it very clear to the Senator from Texas that I had never proposed to send an American Army in China, so I think the

rhetoric of the Senator from Texas, which is always eloquent, is wasted on the desert air.

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

Mr. BREWSTER. I shall be very happy to yield to the Senator from California.

Mr. KNOWLAND. Will not the Senator agree that there has never been a proposal on the part of those who are critical of the policy we have pursued in the Far East to send an Army to China, but that there has been great criticism of the fact that at a time when we were taking the position that it was of the utmost importance to the security of this Republic that we keep some 200,000,000 Europeans from going behind the iron curtain, and protecting our front door, it was neither consistent nor did it make for common sense to leave our back door wide open while 450,000,000 Chinese were being taken behind the iron curtain?

We sent aid to Greece and Turkey; and I will say to the Senator from Texas that I supported that program, because I believed it was of the utmost importance that we not permit the rest of Europe to be overrun by international communism. If we sent a mission to Greece to participate in an internal struggle there to prevent the Greek people from being overrun by communism, was it not just as consistent that we furnish the same type of advisers to the Government of China, which is a legal government, which was our ally during the war, and which stood up for a period of years when we were shipping scrap iron and oil to Japan to be used against the Chinese? We certainly had some obligation, I believe, to give them the same over-all support we have given to the Government of Greece.

Mr. BREWSTER. I welcome the contribution of the Senator from California, who has been one of the stanch advocates of effective and intelligent aid.

Since the Senator from Texas has quoted military authority, I think it would have been well if we could have known the advice and perhaps paid somewhat more heed to the advice of some other generals there. General Wedemeyer was there, but we have never yet been permitted to know what his advice was. It was not given to us because the administration was so solicitous for the reputation of Generalissimo Chiang Kai-shek. Coming from the mouths of those who have done so much to discredit him, it has a very empty sound.

Before that time there was General Hurley, and he came back with some very decided ideas. Then there was General Chennault who participated in the war in China. He knew something about it. We had the benefit of his advice, but, apparently, it was never heeded.

Mr. KNOWLAND. Mr. President, will the Senator yield further?

Mr. BREWSTER. I yield.

Mr. KNOWLAND. Is the Senator familiar with this paragraph in the foreword of the recent book by General Chennault, Way of a Fighter, in which he said:

> The United States is losing the Pacific war. Three years after VJ-day this country is facing the loss of everything it won during the four bloody years it took to defeat Japan.
>
> Here are the facts:
>
> Gen. George C. Marshall told Congress in the spring of 1948 that if Manchuria were lost to the Chinese Communists, the United States' position in southern Korea would be untenable.
>
> Manchuria has been lost to the Chinese Communists.
>
> General Marshall also told Congress that if the Chinese Communists controlled North China the United States' position in Japan would be "extremely serious."
>
> General Douglas MacArthur warned the Joint Chiefs of Staff in the fall of 1948 that if the Chinese Communists took the lower Yangtze Valley and Shanghai, the American military bastion on Okinawa will be outflanked and his position in Japan will be as exposed and untenable as it was in the Philippines during 1941.
>
> As this is written, the Chinese Communists are fighting toward the Yangtze at Nanking. They are aiming to force a Yangtze crossing and sweep to Shanghai.

Since the book was written the Chinese Communists have crossed over and are moving now into southern China.

Is the Senator familiar with the fact that a little further on in the book General Chennault had this to say:

> China is the key to the Pacific. Politics are variable, but geography is a constant. It is the geography of China that makes that unhappy land so important. Whatever sentimental appeal there may be in the American aid for China, the United States attitude toward China should be based on a thoroughly realistic appraisal of China's value to the United States.

Right along that line, I wonder if the Senator from Maine is familiar with a statement made by a great American Secretary of State, John Hay, in 1899. He was a man who had tremendous vision for this country, which was at that time entering upon a period in which it was becoming truly a world power. Mr. Hay had this to say:

> The storm center of the world has gradually shifted to China. Whoever understands that mighty empire, socially, politically, economically, and religiously, has a key to politics for the next 500 years.

Does the Senator from Maine believe that because of our lack of policy in the Far East we may be creating problems of Communist domination of the entire continent of Asia which will present a problem to our sons and to their sons for a number of generations yet to come?

Mr. BREWSTER. Certainly that conclusion is warranted by the developments of each passing day.

Mr. FERGUSON. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I yield to the Senator from Michigan.

Mr. FERGUSON. I should like to make an observation on what happened when General Marshall was in China. It has been said by the able Senator from Texas that General Barr has stated that no battle had been lost by virtue of the lack of arms on the part of the Nationals. Is it not a fact that during the period when arms were denied the United States Government, through General Marshall, had insisted on an armistice, as a result of which certain positions were taken advantage of by the Communist forces? Is it not also true that certain Communist forces were able to go through the pass into Manchuria, and that after the armistice the Communists had a great advantage. Is not that a fact?

Mr. BREWSTER. I think not only is that correct, but that the period of 20 months, when we were embargoing, and when for practical purposes we found we could not ship, was the very period in which the Communists were mobilizing, were training their people, and were equipping them with all the armaments in Manchuria. So that, whether by intention or otherwise, the armistice operated completely to mobilize the Communist strength, and meanwhile cut off the shipment of arms to our supposed allies.

Mr. FERGUSON. Realizing that the able Senator from Maine is familiar with the history of the war between Japan and the United States, is it not a fact that one of the dominant objectives was to keep an open door in China?

Mr. BREWSTER. That is what the Senator from California has just read of, the Hay open door policy, which was the cornerstone of our policy in the Orient for the past 50 years. It was implemented by Stimson when he sought to keep Japan from invading Manchuria. We refused to recognize the Japanese administration.

As the Senator from Michigan has pointed out, it was my privilege to serve with him and the Senator from Texas on the committee investigating Pearl Harbor——

Mr. CONNALLY. No; I was not on that committee.

Mr. BREWSTER. I apologize. I think I can safely make the statement that not only every member of that committee, but also every member of the Committee on Foreign Relations, of which the Senator from Texas was chairman, was in complete agreement throughout the past that the preservation of China from domination by Japan was absolutely vital to our security. If that was the case, then how much more vital it is now, in these days when communism is a world-wide threat, that China should be preserved from the domination of the totalitarian regime which threatens liberty throughout the world.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. BREWSTER. I yield.

Mr. KNOWLAND. Is the Senator from Maine familiar with the fact that after the negotiations which were being conducted by the Japanese Ambassador, Nomura, and the special ambassador Japan had sent over at the time to conduct negotiations, they handed the American Government a note, and in return, on the 26th day of November, 1941, which was just about 10 days before Pearl Harbor, the American Secretary of State, Mr. Hull, handed to Ambassador Nomura a document which appears on page 768 of the book "Foreign Relations of the United States-Japan, 1931 to 1941." The paragraphs to which I desire particularly to call attention are in section 2, which state:

> The Government of the United States and the Government of Japan will not support,

militarily, politically, economically, any government or regime in China other than the National Government of the Republic of China, with capital temporarily at Chungking.

This note was unacceptable to Japan, because we insisted that it was in our national interest to support the very National Government of China which is now subject to all sorts of attack, and the Japanese answer to this note was the attack on the American forces at Pearl Harbor.

Mr. BREWSTER. I think that is a very pertinent contribution.

Mr. FERGUSON. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I yield to the Senator from Michigan.

Mr. FERGUSON. Does the Senator believe it is possible to have the open-door policy in China and have a communistic government in China?

Mr. BREWSTER. Certainly, if we are to judge by the experience in Europe, the iron curtain will clang down, and we will carry on simply on sufferance with the Communist government, so long as they feel it suits their interest, and at any time they feel it does not suit their interest, we will be automatically and completely excluded.

Mr. FERGUSON. Does the Senator see any difference between what was going on to close the door prior to December 7, 1941, and what we have, reasonable grounds to believe is going on now to close the same door by having a communistic government in control, whereas prior to that it was proposed to have a Fascist government?

Mr. BREWSTER. I think that all concerned would probably well recognize and agree that, for all practical purposes, the present arrangement is a coalition, if not a domination. Certainly the leaders of the Communist movement in China have stated categorically that they would be associated with Moscow if any difficult developed with the United States. So that every consideration which led us to feel our vital interests were involved in not permitting China to be dominated by Japan are even more to be considered in the present situation.

I point out, however, that the implication, that therefore we would immediately go to war to assist China, is a step I have not yet been prepared to agree is wise, although, as the Senator from Michigan points out, it would be exactly as logical today as it was when Secretary Hull presented his note in November 1941.

Mr. FERGUSON. Many facts existed at that time which do not exist now, and I think all agree that there has been no contention that an army should be sent to China, but there were many things which could have been done short of sending an army, under our policy.

Mr. BREWSTER. That is correct.

Mr. FERGUSON. Today there are many things short of sending an army which might be done to encourage a firmer stand by those who are opposed to communism in Russia or in China. Is not that a fact?

Mr. BREWSTER. That is very true, and one thing which we could do, if there is any desire for constructive suggestions when we talk about symbols, is to send General Wedemeyer as ambassador to China, as a symbol of a far keener and clearer understanding of the issues there than has apparently been presented by those who have hitherto represented us.

Mr. President, I am sorry the Senator from Texas, the chairman of the Committee on Foreign Relations, was not present in the earlier portion of this discussion, both on the part of the Senator from Maine and the Senator from Michigan, as I am sure it would be somewhat heartening to him to find the absence of partisanship, as I conceive it, in the approach and the attempt to discuss this matter on a level of undivided interest, with a frank recognition of both the primary responsibility and the primary concern of the Committee on Foreign Relations.

I posed the question to the Senator from Michigan, as one of long experience, to what extent it was practicable for us here in the Senate to participate in the consideration of these matters, recognizing, as I said very frankly, that there must be many matters in which the President and the State Department must proceed without full disclosure, and that there were other matters which they could take up with the Committee on Foreign Relations, but which the Committee on Foreign Relations might not feel it in the public interest to discuss on the floor of the Senate. At that time and in that connection I said very frankly that if the members of the Committee on Foreign Relations, with their far more intimate knowledge and responsibility, at any time indicated that certain matters should not be explored, their judgment would be treated with great respect. We were expressing regret that there had not been as full and free consideration with the members of the committee as indicated by the Senator from Michigan in connection with the Chinese situation, as well as the situation in Israel, Palestine, and certain other aspects of our foreign policy. I continue to hope that we may make progress.

The immediate occasion of this discussion was the nomination of an Ambassador to Czechoslovakia and a Minister to Hungary, whose nominations were held over by the Senate last night, as well as Mr. Butterworth's promotion to be an Assistant Secretary of State—a symbol of a policy which many feel has not been well conceived. The question which was posed here yesterday, and about which the press asked the Secretary of State without being able to secure an answer, was as to why we send an Ambassador to Czechoslovakia and a Minister to Hungary, when those countries are far more militant examples of the suppression of human rights and liberties, which was the basis upon which Secretary Acheson explained his refusal to send an Ambassador to Spain. I am embarrassed in posing this question to the Senator from Texas, because he had already made it clear upon this floor that he was not in sympathy with the policy of the Department of State in not sending an Ambassador to Spain. Therefore there is really no intellectual difficulty in the Senator from Texas supporting the appointment and confirmation of an Ambassador to Czechoslovakia and a Minister to Hungary. I think, however, that the Committee on Foreign Relations should in all prudence and propriety ask the Secretary of State how he distinguishes those two situations.

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

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Does the Senator from Maine yield to the Senator from Texas?

Mr. BREWSTER. I yield.

Mr. CONNALLY. I have not checked on the matter, but I understand that we formerly had an Ambassador in Czechoslovakia whereas we had only a Minister in Hungary. So I suppose the regular routine is being followed.

The Senator from Maine kindly adverted to the fact that I did not hear the first part of his discussion. I regret that very much. I am always entertained and instructed by the Senator, and am always glad to hear his discourses on such matters as that to which he is now addressing himself. Let me say to him that so far as the Butterworth nomination is concerned, it will come up for action in executive session. The nomination will be open to free debate, and it can be thoroughly discussed when the time arrives for action on the nomination.

Mr. BREWSTER. In the case of the minister to Hungary, I think it is correct to say that he was called home a few hours before Hungary requested his withdrawal as persona non grata, because he had dared to stand up against the persecution of Cardinal Mindszenty.

Mr. CONNALLY. That is correct.

Mr. BREWSTER. And I suggested that, if in accordance with the statement of Mr. Acheson, an ambassador or a minister is of no importance—Senators will recall that in connection with Spain he said that, after all, ambassadors do not amount to anything or mean anything—that if that were correct, then I thought: Very well, we might not have a minister in Hungary for a while, and rely on a chargé d'affaires, to indicate that we do not approve what is going on in Hungary at this time, when not only Catholic clergy but clergy of Protestant and Jewish faiths are being subjected to the worst prosecutions and persecutions which the civilized world has witnessed in recent years.

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

Mr. BREWSTER. I yield.

Mr. CONNALLY. I deplore, of course, the outrages which have been committed on the clergy, and on the adherents of churches; but I do not agree to the suggestion that an ambassador or a minister is not of any importance.

Mr. BREWSTER. It was the Secretary of State who said it.

Mr. CONNALLY. The Senator from Maine observed that we might withdraw a minister and rely on a chargé d'affaires. Our influence in international contact depends somewhat upon the rank and the influence and the prestige of the man who represents us. The people of other nations frequently regard a chargé

merely as a sort of staff member, a sort of a secretary, and he does not carry the conviction or the strength a minister or an ambassador carries.

Let me make a further observation, and I hope not to be tedious.

Mr. BREWSTER. The Senator from Texas is never tedious.

Mr. CONNALLY. We do not send ambassadors or ministers to foreign countries in order to please the people of the foreign countries. We do not send them there in order to entertain the people of those countries, or to be entertained by them. We send them there to represent the United States of America, so we may know what is going on in foreign countries which may affect our interests. Our Ambassadors and Ministers are our listening posts far out beyond the actual line. So I do not see that it is of any advantage to discontinue the appointment of an ambassador or a minister because of pique toward a certain country. I do not subscribe to such a proposition at all. The more difficult the conditions are in a foreign country with regard to our rights, the more I want an ambassador or a minister to be there on the ground to be able to advise us as to what is transpiring which may relate to our interests, in order that our interests may be protected. I am sure the Senator from Maine does not disagree.

Mr. BREWSTER. Mr. President, I completely agree. I wish to say to the distinguished chairman of the Committee on Foreign Relations, that when the Secretary of State sent to the committee the nomination of Mr. Briggs, who happens to come from my own State of Maine and whom I certainly hold in high regard as a diplomat of distinction, as Ambassador to Czechoslovakia, and when he sent the nomination of Mr. Davis as Minister to Hungary, it seems to me it would have been quite proper to ask the Secretary of State how he reconciled his attitude, in order to preserve our self-respect among the nations in the world in distinguishing between Prague and Madrid. I think the Senator from Texas was the only one who could have made that challenge then.

If I remember my logic correctly, I think an argumentum ad hominem—an argument to the man—could have been addressed to the Secretary of State, or a query could have been addressed to him as to why he makes fish of one and fowl of the other, for, as was demonstrated yesterday, when, in the exercise of our democratic processes, I made this comment on the floor and the press asked the Secretary of State how he reconciled these two matters, he refused to answer. Now, I think he ought to answer that question and I think he ought to answer it to the chairman of the Committee on Foreign Relations. The chairman of the committee is the only one who can properly address the question to him.

While the Senator from Texas has been most generous in permitting other Members of the Senate to come into the committee hearings and ask questions, it is a procedure which I do not think is entirely happy or appropriate. I think a question of this character: "How, Mr. Secretary, can you send an ambassador to Czechoslovakia, when yesterday we learned that thousands of peaceful citizens were being driven out of that country by reason of the policy of its Government, driven into our arms, and when we are spending more than $200,000,000 to take care of them because of the violation of their civil rights—how you can send an ambassador there, when you refuse to send an ambassador to Madrid?" is one which, in my judgment, the Secretary of State should answer.

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

Mr. BREWSTER. I yield.

Mr. CONNALLY. The Senator knows, or I assume he knows, that on the floor of the Senate I made a statement some time ago that I thought we ought to have an ambassador to Spain.

Mr. BREWSTER. I know the Senator made that statement, and I commend the Senator highly for having made it.

Mr. CONNALLY. Not that it would be any compliment to the ruler of Spain, but in order that we would have an ambassador there who would represent the United States, and who would know what is transpiring in Spain. I cannot see any logic in having an ambassador in Russia, with whose policies we do not agree at all, and not having an ambassador in Spain, where we could have, in the ambassador, a listening post in a country which occupies a military position of world-wide importance.

I do not care to belabor the point, but I have not changed my view that we ought to have an ambassador to Spain.

Mr. BREWSTER. How are the country and the House and the Senate going to have the Secretary of State reconcile his position? The only one I know who has the authority and the power to bring about an answer is the Senator from Texas. I think the Secretary ought to be asked "How do you figure this out, Mr. Secretary?"

Mr. CONNALLY. The Secretary gave out a statement some time ago on the subject. The Senator from Maine is undertaking to delegate to me powers I do not possess, and which, if I possessed, I could not exercise—that is to try to make somebody change his mind. I have been undertaking to do so with regard to the Senator from Maine over a long period of years, and have not succeeded in any degree.

Mr. BREWSTER. Oh, yes; we agree on many matters.

Mr. CONNALLY. I said I have not succeeded in changing the Senator's mind.

Mr. BREWSTER. I was not asking the Senator to get the Secretary of State to change his mind. I was asking him to rationalize for the Senate, for the people of the country, and for the people of the world, how he, the Secretary, reconciles his attitude in these two cases. Perhaps he can do it. But certainly the statement he made regarding Spain, which I hold here in my hand, and which I now ask unanimous consent to have inserted in the RECORD at this point, is utterly incompatible with what he is doing in Czechoslovakia.

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

What I should like to do is to try to put this present matter, which involves a vote in the United Nations as to whether or not the 1946 resolution is to be modified, in its real setting. As you know, the resolution was passed in 1946 by the General Assembly of the United Nations, and it recommended to the member nations that they withdraw their ambassadors from Madrid.

At that time the United States did not have an ambassador in Madrid because Mr. Norman Armour, who had been the ambassador, had resigned and no one had been appointed to take his place. Therefore, in carrying out the spirit of the resolution no one has been since appointed to take Mr. Armour's place.

The argument revolves around the question of whether that resolution should be changed and whether the ambassadors should be restored. Now, in the first place, I assume it is everybody's belief that a recommendation by the General Assembly of the United Nations should be followed until it is changed. I do not think there would be any argument about that. Argument might arise about whether we should attempt to change it.

Another preliminary observation: I should like to say that in and of itself this question of whether or not ambassadors, as distinct from chargé d'affaires, are in Madrid is a matter of no real importance at all. This resolution was adopted by the United Nations in the belief that it would lead to certain reforms on the part of Franco which would make the relations with his Government by other free governments more happy. It has not had that effect.

Now, why was the resolution passed and what are the issues which grow out of it, and what is American policy?

In the first place, let us state what the policy will be on that resolution. Our policy will be to abstain from voting upon that resolution which is to the effect that the question shall be left to the judgment of each individual member of the United Nations. We shall not vote on that. We shall abstain.

Now, this question, if it has any importance—and it obviously has, because it arouses a great deal of emotion both in this country and in other countries—is because it is a symbol of something else. The reason the 1946 resolution was passed is rooted in history.

The Franco Government was one which was established with the active support, and only with the active support, of Hitler and Mussolini. The Republican government in Spain received the support of the Soviet Union. There were charges at the time that the Republican Government was Communist. Those charges were denied. It is unimportant at this point to go into what if any substance they had. The fact of the matter was that a government which was established in Spain which was patterned on the regimes in Italy and in Germany and was, and is, a Fascist government and a dictatorship.

The importnce is not in throwing words around in talking about "Fascists," because other people call us Fascists, too. We do not get anywhere merely by using that word. The important thing is what goes on in Spain.

It is also important what the western European governments think of what goes on in Spain because, as I have said, the important matter is not whether we send an Ambassador instead of a Chargé d'Affaires; the important thing is what can be done to bring Spain into the community of free nations in Europe in both the economic and the defense fields.

When you think about that you discover at once that the western European governments are opposed, and have publicly

stated their opposition, to this collaboration with Spain in the economic and military fields.

Now, why is that so? I say we get nowhere by using such words as "fascism," but if we look at the situation in Spain, we will see some perfectly simple fundamental facts which cannot be obscured. I presume that the foundation of liberty—individual liberty—is not in great phrases at all but in certain simple procedures and simple beliefs, and I should put first on the list of essentials for individual liberty the writ of habeas corpus and an independent judiciary.

One of the things that all dictators do—from the time of the French Revolution and before the French Revolution down to the present time—is to take anyone that they do not like and throw him in the oubliette [dungeon] and there he stays until he dies or until they shoot him or until they take him out. The fundamental protection against that in free countries is the writ of habeas corpus.

Now, what does that mean? That means that anybody who is detained against his will may at any time get an order from the court that he shall be produced in person before the court and that those who hold him must justify the fact that they are holding him under the provisions of law. There is nothing more fundamental in the preservation of human liberty than that ancient British tradition which is now incorporated in most of the procedures in the free world. That right does not exist in Spain.

I suppose a second fundamental right, which is useful only if you have the first, is that if you are tried—and, of course, it follows from the writ of habeas corpus, that you cannot be sentenced to prison unless you are convicted of some crime—the second right is that in being convicted of a crime you are convicted not by employees of the State but by your fellow citizens.

That is the right of trial by jury. It means that no judge, even though he be independent, certainly no administrative official, can order you put in jail. The only people who can do that are 10 in some parts of the world, 12 in others—citizens just like yourself—and if they listened to the testimony and say Joe Doakes goes to jail, then he goes to jail. If they say he does not go to jail, then he does not go to jail. That is fundamental. That right does not exist in Spain.

Then there is the question of religious liberty, which is fundamental to a free exercise of the human personality. That right does not exist in Spain.

Then there is the right of association—association in political activities, association in trade-union activities, association in benevolent activities—that right does not exist in Spain.

I could go on, but what I want to draw to your attention is that these certain fundamental basic rights of the individual which make the difference between what we call "free Europe" and the "iron curtain" countries—these rights do not exist in Spain, and the Spanish people are prevented from enjoying them by action of the Spanish Government.

It seems perfectly clear to the western European countries that you cannot have an intimate working partnership with such a regime in the economic field and in the defense field. There must be some move to liberalize that. None of them say, nor do we say, that Spain, which has never been a full-flowered democracy, must become so.

But they all say that there must be some move toward that situation because if there isn't, what is the use of having ambassadors? We have someone with a different title. It may raise the prestige of the individual a little bit, but what is the use of it all?

It is important only if it becomes a symbol, and if it becomes a symbol of the fact that after all we don't care much about these rights, then it is a bad symbol. If it ceases to be a symbol it wouldn't make any difference to anyone whether you had an ambassador or whether you didn't.

But the fundamental thing is that American policy is to try to bring Spain back into the family of western Europe. That is a family matter. You have to convince the Spaniards that they must take some steps toward that end, and you have to convince the Europeans that they have to take some steps. So that it isn't fundamentally a matter which can be brought about by American action, and therefore the policy of the American Government is one which I am quite sure is calculated to please neither group of extremists in the United States—either those who say that we must immediately embrace Franco, or those who say that we must cast him into the outermost darkness.

But it is a policy directed toward working with the Spaniards and with the western Europeans, bringing about a situation where these fundamental liberities do exist in Spain and where the western Europeans can bring Spain into the community.

I have spoken at some length on this subject because it is so easy to confuse form with substance.

Mr. BREWSTER. I think we could well quote Emerson:

What you do speaks so loud I cannot hear what you say.

Mr. Acheson told us that he was not sending an ambassador to Spain because in Spain there was no right of trial by jury, no habeas corpus, and no right of political or other association. Therefore he would not send an ambassador to Spain. It was not of any consequence, anyway. When Mr. Acheson proposes to send another one of these $20,000 babies overseas as an ambassador, he ought to be asked some questions. We thought that ambassadors were of great importance. I completely agree with the Senator from Texas that they are, and that they go abroad to serve us, and no one else. I think Mr. Acheson ought to tell the Foreign Relations Committee, under the leadership of the Senator from Texas, how he reconciles his attitudes, if he can. The only thing he said to the press yesterday was that he did not care to discuss the question. To me that is not a very satisfactory answer. I think that before we take up the confirmation of these two diplomatic representatives, the ambassador and the minister, it would be most helpful if Mr. Acheson would give some kind of a statement to the Senator from Texas which he might use in supporting the position which he has taken in favor of their confirmation.

With respect to Mr. Butterworth, before the Senator from Texas entered the Chamber the question was discussed with the Senator from Michigan [Mr. VANDENBERG] as to whether the fact that Mr. Butterworth had been intimately associated with the development and evolution of our policy in China was a reason why—without any disparagement of his patriotism, his abilities, or his long service—we could, as a matter of policy, that being the only way we can get hold of the tail of this policy, consider whether this was a happy time to promote him to a position of greater responsibility in the conduct of our affairs in the Orient, when they seem to have turned out so disastrously, and when, to quote the language of Mr. Acheson, he would seem to be a symbol of a policy that had failed. To give him recognition by confirmation and promotion might not be the most refreshing thing so far as the people of the world are now concerned. That was the extent to which we discussed the question of whether an individual might be the vehicle by which the Senate could give consideration to the evolution of our foreign policy.

I should like to refer to one further question. I am glad the Senator from Texas is present, because this also seems to me to be a matter within his primary purview. I refer to our current European policy.

I invite attention to an article written by Mr. Walter Lippmann, who has certainly been a very keen, earnest, and intelligent advocate of our evolving foreign policy. I quote from an article in the Washington Post of Monday, June 13, 1949, a very current article, entitled "Time Running Out." I ask that the entire article be printed in the RECORD at this point as a part of my remarks.

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

TIME RUNNING OUT

(By Walter Lippmann)

Mr. Hoffman, arguing with the Senate Appropriations Committee, has certainly not exaggerated and has almost surely understated the consequences of a still greater cut in ERP funds. For the truth is that the amount of money he is asking for now is considerably less than what was regarded as a necessary minimum at the beginning of last winter. Yet when the original calculations were made, it was still believed by almost everyone that the American recession would be checked by a seasonal improvement in the spring.

In fact the recession has not been checked but is developing. Moreover, abroad there are now unmistakable signs, most clearly visible in Great Britain but by no means confined to Great Britain, that a depression of serious proportions is in the making. Therefore, the amount Mr. Hoffman is willing to accept now, and is fighting to keep Congress from cutting further, is almost certainly too little to sustain the recovery already achieved. For what might have been just enough to keep things going slowly forward—with no recession in America and no depression abroad—cannot be nearly enough now to keep things from going rapidly and dangerously backward.

The true situation, which has been very much obscured over here, is most clearly recognized, and despite the impending election is being more honestly discussed, in the United Kingdom. Last week the Economist said in language which is all the more impressive because of its restraint that "the circumstances by which Britain may soon be threatened are of an unprecedented kind," and the Times (London) said that "with the easy sellers' market ended and competition rising, the stake is no less than the national standard of life."

That is a very high stake, indeed. For the British standard of life is not luxurious, not even comfortable. If it cannot withstand the world-wide depression and deflation, the political and social consequences even among so steadfast and mature a people as the British will not be agreeable to contemplate. The consequences elsewhere,

for example in Germany, will be even less agreeable.

The American recession has not created the British and the European problem of how to maintain the relatively low standard of life which has been achieved since the end of the war. But the American recession is disclosing how deep, how difficult, how insoluble by our present policies and devices, is the problem of European recovery. The change in the economic climate will compel us to face the problems we have never as yet been willing to face much sooner than even the experts anticipated, and long before the governments and the people are prepared to face them.

There is current a good deal of pretense and propaganda about how well in hand everything is. Yet ever since the report of the Marshall plan countries which was made available at the end of 1948 it has been known to the relatively few who studied it that the goal of European recovery, in the official and popular sense of the words, was unattainable by 1952—during the period set by Congress and agreed to by the Marshall plan countries. It was certain that even with almost unlimited wishful thinking the leading industrial countries of Europe could not become self-supporting and still achieve and maintain a tolerable standard of life by 1952, or in fact at any foreseeable date.

But even those who knew the hard facts of life hoped and believed that with Marshall aid we would be able to buy enough time before the Western world had to face the deeper and more dangerous issues of recovery and reconstruction. They hoped and believed that though the Marshall plan could not make Europe prosperous and solvent, it would buy the time to repair the physical damage of the war, to stabilize the political, the financial, and the administrative machinery, to recuperate from the emotional shock of the war, to reduce the tensions and to find at least an accommodation with the Soviet Union, and to make peace with Germany and Japan.

The Marshall plan has, of course, been buying time in this sense. But it now seems probable that with the American recession, the tapering off of American aid, the exhaustion of European reserves, the time which we are able to buy is very much shortened. Problems that could be postponed, or played with, during the inflationary boom, will come crowding upon us the more rapidly and acutely the international deflation develops. And the more Congress cuts Mr. Hoffman's appropriation, the sooner the Congress will be faced with these problems, which it has not even begun to think about.

They will be problems that cannot be solved by a rip-snorting statement from a HICKENLOOPER or a MCCARRAN, which is then "investigated" amidst the klieg lights, the television cameras, and the microphones. They will be the problems posed by the relation, unprecedented in all history, between the North American Continent and all the other continents—and of how a decent world society can exist where the disparity in power and in wealth as between nations of the same culture and ideals is so dangerously wide.

Mr. BREWSTER. I read one paragraph to the Senator from Texas and ask him whether he has noted it and whether he has any comment on it:

There is current a good deal of pretense and propaganda about how well in hand everything is. Yet ever since the report of the Marshall-plan countries which was made available at the end of 1948 it has been known to the relatively few who studied it that the goal of European recovery, in the official and popular sense of the words, was unattainable by 1952—during the period set by Congress and agreed to by the Marshall-plan countries. It was certain that even with almost unlimited wishful thinking the leading industrial countries of Europe could not become self-supporting and still achieve and maintain a tolerable standard of life by 1952, or in fact at any foreseeable date.

I read that paragraph, and then refer to another article by Mr. Lippmann, in the Washington Post of June 16, 1949, entitled "Recession and Depression." I shall not quote from this article, but I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks, because it further develops the dangers of the current recession and depression, both in America and Europe. In view of our former experience with a world-wide depression, I think it is something to give us some concern.

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

RECESSION AND DEPRESSION

(By Walter Lippmann)

The recession, which began in the autumn, has been gathering momentum in the past 8 weeks. While the effects here are still moderate, they are already so serious abroad that unless firm measures are taken promptly, a depression, which could become deep and hard indeed to deal with, is in the making. Not much time can safely be lost in reversing the deflationary policies, adopted in 1948, to counteract the postwar inflationary boom.

For an essential characteristic of all measures to deal with inflation or deflation is that they do not produce their economic effects immediately. Thus our deflationary measures—to restrict credit, to sterilize gold imports, to reduce purchasing power with the budgetary surplus—were applied at the end of 1947 and early in 1948. They were designed to contract money and credit. They began to take visible effect only at the end of 1948, and are now really taking hold at home and abroad.

The deflationary measures should almost certainly have been reversed sooner. Even had they been reversed sooner, the forces of deflation would still have continued to operate for a considerable time. Now the deeper the deflation, the less easily can it be controlled and checked by such moderate and subtle measures as the Federal Reserve can take by reducing its reserve requirements, reducing its sales of Government bonds, ceasing to drain gold from the rest of the world and then sterilizing it here, and the Treasury by reducing taxes and accepting a budgetary deficit.

The critical question as to whether the modest recovery which has been achieved in western Europe is to be sustained, and is not to break down in a depression, is now upon us. Almost certainly the focal point of the danger is in Britain and the sterling area. If our own recession is not checked, if at the same time Congress commits the error of reducing the dollar funds available to the outer world, if on top of these deflationary conditions, new barriers are raised to imports, the general devaluation of the currencies is almost unavoidable. If that happens, it will almost certainly bring on a deep depression with serious unemployment throughout the western world.

In our own interest and that of the free world we must, therefore, address ourselves immediately to our own recession—to a prompt and decisive reversal of our deflationary credit, monetary, tax and budgetary policies, and of the disposition in Congress to deflate world trade by new import barriers and fictitious economies in foreign aid.

But though this American reversal is primary and essential, it will not suffice. We shall have to face up to the fact that though the Marshall plan has provided much relief and has stimulated some recovery, it is operating to bring about a contraction of world trade and a general deflation. For in setting 1952 as the target date when Europe must be independent of the American subsidy, we have committed Europe and ourselves to a course of action which cannot bring about, will actually prevent, a rising and general prosperity.

The truth is that western Europe, including Britain and Germany which are its two greatest industrial nations, cannot by 1952, or within the foreseeable future, maintain its standard of life and become independent of a dollar subsidy from the United States. If the Marshall countries must be independent of the subsidy, they must reduce their imports from North America, they must by currency and discriminatory trade devices exclude or drastically reduce American exports to Europe, South America, and the Middle East, and they must build up slowly, painfully, and at uneconomic cost, substitutes for the North American imports that they cannot earn the money to buy.

The plain fact is that in the year ahead Europe must choose between recovery and financial independence—between maintaining a very modest rise in the standard of life and the elimination of the dollar deficit. The two goals of the Marshall plan, economic recovery and financial equilibrium in the exchanges are for the foreseeable future incompatible. We shall have to choose the one goal or the other, and now that economic conditions are deteriorating that choice will have to be made much sooner than anyone anticipated when the Marshall plan was adopted.

There can be no question that, faced with this choice, we must decide to sustain the recovery by American measures to cover the European dollar deficit over a long period of time. For if we sacrifice the recovery in the western world, we shall jeopardize the whole postwar political reconstruction, and with it our own economic stability.

How this country is to deal with the deep, perhaps permanent, problem of the world dollar deficit is a question which is not easily answered. But this much at least seems a reasonable hypothesis with which to approach the question: the direct subsidies, as now provided by the ECA, cannot go on forever. They were necessary for an emergency. For the long run they are morally and politically impossible and undesirable. They create a relationship among the free nations which is incompatible with their independence and their dignity.

The orthodox alternative, which is private capital investment abroad, is almost certainly not going to be sufficient. Too much of the world is unstable to warrant or encourage private investment on a large enough scale.

There remain measures, which have been used before though never on the scale which may be required, to support sterling and perhaps certain other key currencies, assuring their convertibility for current transactions, once the necessary readjustments of their value have been made.

In all probability a monetary program of this type will come to be the successor of the Marshall plan. It will find favor as the most feasible device for sustaining the world recovery and of averting a great depression and the political disorder which would surely grow out of it.

Mr. BREWSTER. I come now to an article by Mr. Lippmann, entitled "Cassandra Speaking," published in the Washington Post of June 7, 1949, which I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks.

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

CASSANDRA SPEAKING

(By Walter Lippmann)

The celebration of the second anniversary of the Harvard speech, in which Secretary Marshall suggested the European recovery program, comes at a time when in western Europe, the United States, and indeed almost everywhere trade is declining, profits are falling, and unemployment is rising. As in the months which preceded the Harvard speech, the signs of a crisis in the making are too plain to be disregarded. There is every reason to think that the crisis which is now in the making will require a greater effort on the part of statesmen and people than that which began to develop in the early winter of 1947.

For then the question was how by a revival of production and with American aid, the general standard of life could be raised from the low level to which it had been brought down by the war. But now, with production in western Europe on the whole above prewar and with American aid beginning to taper off, the question is how the existing European standard of life can be maintained.

Though it is still very low, there is little prospect that in the near future it can be improved. There is the grave question whether it will not have to fall.

Though it is quite true that but for the Marshall plan the condition of Europe and the world would be much worse than it is, there is little ground for complacency and self-congratulation. The problem of European recovery is manifestly deeper and more stubborn than most of the operators of the Marshall plan realized, than any were willing to admit publicly. The economic exhaustion of western Europe has been greater than the official estimates allowed, and the disruption of the channels of trade and of the media of exchange has been such that only by extremely artificial, and therefore quite temporary devices, has a moderate volume of trade been restored.

The fragile recovery which has been achieved is now threatened by a world-wide deflation in which, unlike 1947, the United States is involved. The deflation has set in before, but just before, Germany and Japan are being encouraged to enter the world-wide competition for contracting markets.

The signs of the crisis which made the Marshall plan necessary were quite visible at least 4 months before the Harvard speech. By the end of January it was evident that the American and Canadian credits, which were intended to see the United Kingdom through 1951, were going to run out much sooner. In fact they were used up by August of 1947.

Not until May did Mr. Acheson, then the Under Secretary of State, make the address to the Delta Council which was in fact the forerunner of Mr. Marshall's Harvard speech a month later. Another half year passed before Congress provided interim aid. A year passed before it appropriated the money for the Marshall plan.

The crisis which is now in the making will call for a better timetable than that. There are experts in all the countries who know. But if measures are to be contrived, and the extraordinarily difficult decisions are to be taken, before the deflation goes out of control, the statesmen with the highest responsibility in the Western world will have to face up to the problem right away.

For our policies and our political hopes are based upon, and depend upon, the premise that the Western world, including western Germany, can count upon a rising standard of life amidst conditions of increasing confidence and stability. A world-wide deflation, with contracting markets, reduced consumption, rising unemployment—especially if an American deflation aggravates it instead of compensating for it—will soon change, and not for the better, the political and diplomatic climate in which Mr. Acheson administers his policies.

Mr. BREWSTER. This is Cassandra speaking—a rather doleful prophet. He says:

Though it is quite true that but for the Marshall plan the condition of Europe and the world would be much worse than it is, there is a little ground for complacency and self-congratulation. The problem of European recovery is manifestly deeper and more stubborn than most of the operators of the Marshall plan realized, than any were willing to admit publicly. The economic exhaustion of western Europe has been greater than the official estimates allowed, and the disruption of the channels of trade and of the media of exchange has been such that only by extremely artificial, and therefore quite temporary devices, has a moderate volume of trade been restored.

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I do not wish to labor the dangers of the situation, but it seems to me that in the almost utter collapse of our policies in China, in the tragic situation which we face in Europe today in spite of all the hopeful omens, and with the recent sharp decline in the British economy, it is a matter of increasing and profound concern as we go forward to consider our financial policies, our economic policies, and our relations to Europe. Are we warranted in the inference from Mr. Lippmann's article that we are not being told all the truth? Does the Senator from Texas feel that we are being given a full, frank disclosure, so far as the proprieties permit, of conditions in Europe, in Asia, and in this country?

Mr. CONNALLY. Mr. President, I will say to the Senator that I am not advised as to every detail, but in the main, I think that is true. Mr. Hoffman, the ECA Administrator, has been before the Committee on Appropriations for many days. He has been subjected to the most rigorous examination, both direct- and cross-examination. The Secretary of State has just come back from the four Ministers' meeting. He has been before the Committee on Foreign Relations and has made a full and complete statement, most of which was given to the press. I think that, so far as humanly possible, we are in possession of information, through our representatives abroad, as to conditions both in Europe and elsewhere.

Mr. BREWSTER. Before the Senator from Texas entered the Chamber I stated that one who had recently returned from Europe after 6 weeks there, with probably as ample sources of information at home and abroad as any individual outside the Government, expressed to me very great concern that at Paris conversations proceeded with the British regarding the possible determination of our spheres of interest in Europe at the expense of sacrificing China. I assume that there must have been discussions. The Senator from Michigan [Mr. VANDENBERG] expressed the conviction that before any steps were taken to recognize the Communist regime in China there should be the most exhaustive deliberation and the most careful consideration, with at least the members of the Committee on Foreign Relations, before any such step was taken or any deals of that character were very far progressed. Does the Senator from Texas agree with that?

Mr. CONNALLY. I feel sure that that will be the case. Already we have been discussing this question in the Committee on Foreign Relations. There is not going to be any automatic recognition of a de facto government or de jure government. All the factors will be thoroughly considered, I feel sure, by the Department of State and the President of the United States.

Mr. BREWSTER. And at least by the members of the Foreign Relations Committee.

Mr. CONNALLY. Oh, yes; of course the Foreign Relations Committee is in daily contact on these matters.

I do not wish to cast any reflection upon the person who, the Senator has told us, spent 6 weeks in Europe, and upon his return had a thorough understanding of all these problems.

Mr. BREWSTER. That is not what I said. I said he had more sources of knowledge than does any private citizen. I was extremely careful to delimit the sources of his knowledge.

Mr. CONNALLY. I do not know what the source of his knowledge is. As I understand, he referred to the four Ministers' conference.

Mr. BREWSTER. Yes; he was very much concerned.

Mr. CONNALLY. He is not an official, and yet he seemed to know all that was transpiring there.

Mr. BREWSTER. No; he expressed very great concern that that was what was going on.

Mr. CONNALLY. Very well. Of course, concern is one thing, and facts are another.

Mr. BREWSTER. Yes. I understand that the Senator from Texas expects to be fully consulted before any radical change in our position toward China occurs.

Mr. CONNALLY. I do not expect to be personally consulted, but I understand

that the authorities here—the Committee on Foreign Relations and others—will be consulted.

Mr. BREWSTER. Mr. President, I ask unanimous consent to have inserted at this point in the RECORD an article by Walter Lippmann, appearing in the Washington Post for Thursday, June 9, 1949. The article is entitled "Berlin Fantasia."

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

BERLIN FANTASIA

(By Walter Lippmann)

Even more discouraging than the disagreement between Mr. Acheson and M. Vishinsky over how to govern Berlin is that both of them talk as if they still believed it possible for four governments to rule one wretched, ruined, and desperate city.

The differences between the Acheson and the Vishinsky proposals are considerable, perhaps irreconcilable. But what is much more serious is their similarity, that, as Mr. Dooley once said of two candidates for President, they are as far apart as the two poles and as much alike. For the notion, or at least the pretense, is common to both proposals, that despite the plain and obvious lesson of the past 4 years, the occupying powers should work side by side making daily decisions on a whole mass of intricate and largely unintelligible details.

It is self-evident that the Soviet proposal is sheer nonsense. The four powers, which are at odds on almost any subject they discuss, are, according to M. Vishinsky, to pass by unanimous agreement on all legislation enacted by the city council, on appointments, dismissals and resignations of administrative personnel, on public security and the police, on the "trade" of Berlin, on supplies, on city transport, the municipal budget, municipal taxes, on credit, prices, fuel and communications. They are also to revise the election law, determine who has the right to vote, and they are to authorize political parties and public organizations, and supervise the elections.

But is the American proposal really much more sensible? It calls for quadripartite supervision of elections, including electoral preparations and campaigns. It provides that if the four commandants cannot agree, each commandant in his own sector may take whatever action he considers appropriate for the protection of the elected deputies and city officials against interference in the performance of their functions under the constitution so as to insure the independence of the city administration and the exercise of its legitimate authority. This is a blank check for chaos and confusion, making each commandant in effect the judge of what the constitution of the city means in his part of the city. It would be like trying to govern the city of Washington with Senator MCCARRAN having the last word in Southeast Washington, Senator KEFAUVER in Northwest Washington, and let us say Senator HICKENLOOPER, to insure efficient government, in the remainder.

Not only is neither proposal likely to be accepted, but even if either, or some compromise between them, were accepted, the thing could not be made to work. Military government is in itself a hopelessly bad method of government except immediately at the end of a war. Quadripartite military government by unanimity, or by majority, or by sectors, over an extended period of time is an utter impossibility, capable only of creating confusion, misgovernment, intrigue, corruption, and conflict.

It is difficult to understand the process of though by which we, who know and have been proclaiming our conviction that close collaboration with the Soviets is impossible, nevertheless come forward with on more paper project for collaborating with them in one city, in one confined place, about the myriad details of a municipality.

One would suppose that after the interminable quarrels in Berlin, after the division of the city, after the blockade, and the air lift, Mr. Acheson would have come forward with something more relevant than have another blueprint for quadripartite control. Is it not the lesson of the Allied failure in Berlin that the four powers cannot collaborate? Why then pretend that we believe they can? It is not the lesson of the blockade and the air life that the strategic encirclement of Berlin is a threat to the peace of the world, and that the first and imperative solution of the Berlin problem is to end the strategic encirclement?

Why then have we discarded all the plans for ending it? And why have we come forward instead with a proposal which, whether it is accepted or rejected, perpetuates our dangerous military entanglement? Why have we not come forward with some one of the several plans for a redistribution of the occupation forces so that, at the least, we do not have to sit in Berlin surrounded by the Red Army?

Is it because we think the Soviets would not agree to a redistribution of the military forces? If that is the reason, surely it would be better to break up in Paris on that issue, which really means something to our own vital interests, to the peace of Europe, and to the Germans, than on the differences between M. Vishinsky's and Mr. Acheson's rival blueprints for starting to do once more what both of them must know we cannot do at all.

Mr. BREWSTER. Mr. President, I shall read a brief excerpt from the article:

It is difficult to understand the process of thought by which we, who know and have been proclaiming our conviction that close collaboration with the Soviets is impossible, nevertheless come forward with one more paper project for collaborating with them in one city, in one confined place, about myriad details of a municipality.

In the article Mr. Lippmann refers to the quadripartite administration of Berlin, which is the chief suggestion, if not the only one, by Mr. Acheson which Mr. Lippmann criticizes, I do not discuss it myself; I defer to Mr. Lippmann, who has been a very close student of this matter, and at times his opinion has been very highly regarded.

One other matter, Mr. President, and I am done: As to the refugee situation, affecting the displaced persons in Europe, an unfortunate and tragic aspect of it is at hand, namely, that Europe is not the only place where there are displaced persons, for in the middle east there are 800,000 displaced Arabs.

Before the Senator from Texas entered the Chamber, I pointed out, in defending this administration and the Congress, that we have provided 65 percent of all the money which has been devoted to the care of displaced persons in Europe, although we were supposed to contribute only 45 percent. I thought it was time that someone's voice was raised to show that we have been more than generous, in spite of the fact that we have not done all that some persons have desired us to do.

At the present time there are 800,000 displaced persons in the Near East—the Arabs. The situation in Europe is once more repainting the tragic difficulties through which we have passed in recent years. All of us know the sorry record of the American attitude regarding Palestine, how we have changed from one position to another, the utterances of our succeeding Presidents for the last 25 years, often stultified by the action of the State Department, and repeatedly nullified by the subtle actions within the State Department.

However, we finally saw, with profound gratification, the birth of Israel. Now we are concerned with how their affairs shall be worked out. We are naturally concerned, because it is a problem of the world. Discussions are going on between the Arab world and Israel as to a solution, and the United Nations' Commission is taking a proper and natural interest. Egypt proposes that Gaza, the territory adjoining Egypt, now in possession of the Israeli, shall be taken by Israel, along with 250,000 Arab refugees. That was the Egyptian proposal, if we are correctly informed. The Israeli agreed to that, agreeing to take the 250,000 Arab refugees, a rather large order, certainly. At that point the representatives of the United Nations, under, as we are told—and I think it is clear, from the records—the leadership of the United States State Department, vetoed that settlement, saying, "No; you must settle the whole question of the 800,000 Arab refugees."

Mr. President, it is a peculiar situation, because it was only 2 years ago, as the Members of this body well know, that the State Department was saying that it was utterly impossible to take 400,000 or 500,000 Jewish refugees from Europe into Palestine. That was the whole basis of the British mandatory veto and of the attitude of our own Government, namely, that Palestine could not absorb that many refugees.

Yet, now, when 500,000 Jewish refugees in Europe are on their way to Palestine, at the rate of 30,000 or more a month, and are being absorbed by Israel, in spite of the declaration of our State Department that it was impossible—and as the report of the committee during the past week on the International Refugee Organization shows, they are going there under their own steam and assistance, with what help we are able to give—suddenly our State Department assumes the position that Israel must take not only 500,000 or 600,000 Jewish refugees from Europe, but also must absorb 800,000 displaced persons, Arabs, from the Middle East. I believe that is a tragedy and a travesty, and I believe the State Department in sponsoring such a policy is displaying the same devious and indefensible attitudes it has displayed in the past in yielding to their importunities.

I say that the proper solution is similar to that which I have received first from the mouth of Herbert Hoover, who has advocated it for many years for the solution of the Middle East problem, namely, to use the area at the mouths of the Tigress and Euphrates Rivers, where the Garden of Eden once was. In flying over that area, one sees the valley where all the people of Mesopotamia once lived in comparative contentment. Under the British, surveys have been made, showing the entire practicality of carrying out a

development there for the colonization not only of the 800,000 Arabs, but also of all the other Arabs who desire to give up their nomadic life. Nor does the development of such a plan require the appropriation of millions of dollars by the United States or large amounts of money by other countries, because hundreds of millions of dollars are now being paid to Britain in oil royalties. If the State Department would show half the solicitude for this problem, not only for the Arabs and the Jews, but also for the American taxpayers, that it is displaying in behalf of the dubious and devious policies it has hitherto pursued, it would meet with the entire cooperation, I am sure, of the oil companies, because they are vitally concerned, more than anyone else, with preserving the stability of their franchises in the Middle East.

Mr. President, I say that to pursue the policies we are now pursuing is a course best calculated to throw the Middle East and the Arabs into the hands of the Communists, and then it will not be very long before the benighted heads of the states of the Middle East, including Ibn-saud and the others, will be thrown off their thrones, just as Ibn-saud threw his predecessors off the throne. Under present circumstances, it is doubtful whether many Arabs would be particularly concerned if such changes occurred. If I were one of the Arabs, living as I saw them at Basra and in Azerbaijan during the war, I do not think I should be very particular as to the sort of ideology I embraced, because it could not be worse than what I had. That is why I say that the American State Department had better reconsider its policies, the discarded and outmoded colonistic policies of the British Foreign Office at No. 10 Downing Street, and begin to think in terms of America and of American foreign policy and of American foreign interests, and of solving the problem of Arab refugees by the very simple solution which is so obviously at hand, which will solve not only the problem of Israel, not only the problem of the Arabs, but also the problem of erecting the bulwarks in the Middle East against the penetration of the Communist ideology, which will as certainly overrun Arabia and the Middle East as it has the Orient, unless America shall in the not too distant future reconsider the policies it has pursued.

UNANIMOUS-CONSENT AGREEMENT TO VOTE ON CERTAIN AMENDMENTS TO THE LABOR BILL

During the delivery of Mr. BREWSTER's speech,

Mr. LUCAS. Mr. President, will the Senator from Maine yield, in order that I may propose a unanimous-consent agreement?

Mr. BREWSTER. I am happy to yield for that purpose, provided I may do so with the understanding that I do not lose the floor.

Mr. LUCAS. I ask unanimous consent that by yielding to me for this purpose, the Senator from Maine will not lose the floor.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

Mr. BREWSTER. I ask that these remarks appear at the conclusion of my speech.

Mr. LUCAS. I so request, Mr. President.

The VICE PRESIDENT. Without objection, that will be done.

Mr. LUCAS. Mr. President, I wish to propose a unanimous-consent request with respect to the business now before the Senate.

I ask unanimous consent that on the calendar day of Tuesday, June 28, 1949, at not later than the hour of 1 o'clock p. m., the Senate proceed to vote, without further debate, upon the amendment proposed by the Senator from Florida [Mr. HOLLAND], for himself and other Senators, to title III of the substitute proposed by the Senator from Utah [Mr. THOMAS] to Senate bill 249, the National Labor Relations Act of 1949, or any amendment proposed thereto; that on the said day, at not later than the hour of 2 o'clock p. m., the Senate proceed to vote, without further debate, upon the amendment of the Senator from Illinois [Mr. LUCAS] to the amendment proposed by the Senator from Ohio [Mr. TAFT] as a substitute for title III of the said Thomas substitute; and that on the said day, at not later than the hour of 3 o'clock p. m., the Senate proceed to vote, without further debate, upon the amendment proposed by the Senator from Ohio [Mr. TAFT] to title III of the said Thomas substitute or any amendment which may be proposed thereto.

The VICE PRESIDENT. Is there objection?

Mr. TAFT. Mr. President, reserving the right to object, it seems to me that there should be 2 hours after the meeting of the Senate, before the first vote is had, the one on the amendment of the Senator from Florida [Mr. HOLLAND].

Mr. LUCAS. I agree with the Senator from Ohio. I had in mind having the Senate take a recess on Monday, until 11 o'clock a. m. the following day, which would give us a 2-hour period in which to debate the Holland amendment, as the Senator from Ohio has now requested.

The VICE PRESIDENT. Is there objection?

Mr. TAFT. And that is part of the understanding, is it?

Mr. LUCAS. That will be a part of the understanding.

Mr. TAFT. Mr. President, further reserving the right to object, let me inquire how the time is to be divided in the case of each of these amendments. I assume that in each case it is to be divided between the proponent of the amendment and some other Senator, to be selected by opponents.

Mr. LUCAS. I have made no provision in the unanimous-consent agreement, but I now make the request that the time be equally divided between the proponents of amendments and the opponents; and so far as the amendment of the Senator from Florida is concerned, I should like to have one-half of the time controlled by the distinguished chairman of the committee. I should like also to have one-half of the time controlled by the distinguished chairman of the committee in the case of the Lucas amendment and the Taft substitute.

Mr. TAFT. Except, if the Senator does not mind, if I can control the time for the opponents, on the Lucas amendment, because I would not want the Senator from Illinois to have half the time and the distinguished chairman of the committee to have the other half.

Mr. LUCAS. I do not want any time on my amendment. I wish to turn all that time over to the distinguished chairman of the committee.

Mr. TAFT. And then the opposition's time will be controlled by me, possibly?

Mr. LUCAS. That is correct, and it will be so understood.

The VICE PRESIDENT. Is there objection?

Mr. HOLLAND. Mr. President, reserving the right to object, let me say that I was not on the floor of the Senate when the unanimous-consent agreement was proposed by the distinguished Senator from Illinois. I have no objection to it, insofar as the amendment offered by three other Senators and myself is concerned.

I wonder whether one of the results of the unanimous-consent agreement, if adopted, will be to cut off the consideration of any amendment to the Thomas bill which might be offered, other than as to our particular amendment, it being my recollection that both the amendment of the Senator from Illinois and the amendment of the Senator from Ohio are in the nature of substitutes, and would be inferior to any amendment offered to the Thomas bill between now and Tuesday.

Mr. LUCAS. I am sure that any perfecting amendment that is offered to the Thomas bill will still be in order after the unanimous-consent agreement is disposed of. That would be my judgment in regard to the matter.

In other words, in that unanimous-consent request we are dealing only with the perfecting amendment offered by the Senator from Florida to the Thomas bill and the perfecting amendment offered by the Senator from Illinois and the substitute offered by the Senator from Ohio to title III of the Thomas bill.

Mr. HOLLAND. I so understood; but I am asking the distinguished majority leader to address his attention to the fact that if another amendment, other than the one offered by myself and others, directed to the Thomas bill, should be offered between now and Tuesday, it would take priority over the two amendments in the nature of a substitute. Is that correct?

Mr. LUCAS. It would not take priority if the unanimous-consent agreement I am proposing is agreed to.

Mr. TAFT. Mr. President, I understand that what the Senator says is that as to the substitute which I have offered to title III of the Thomas bill, any amendment to the substitute shall be voted upon at 3 o'clock, regardless of whether any other amendments are offered in the meantime or not. Is that correct?

Mr. LUCAS. That is my understanding. In other words, I do not think we

should cut off the offering of any amendments to the original Thomas bill, and I do not propose to do so.

Mr. HOLLAND. That would be the effect, if any Senator proposed an amendment to the Thomas bill between now and Tuesday.

Mr. TAFT. Yes. However, under this agreement, nothing would prevent the offering of a further amendment to the Thomas bill after the vote at 3 o'clock on my amendment, unless my amendment should be adopted, in which case that section would no longer be open to amendment.

The VICE PRESIDENT. A final vote on the substitute offered by the Senator from Ohio to title III would preclude the offering of any further amendments to title III if the Senator's amendment or substitute should be adopted. But if it were not adopted, title III would still be open to amendment.

Mr. LUCAS. That is the way I understood the matter.

The VICE PRESIDENT. Is there objection to the unanimous-consent agreement proposed by the Senator from Illinois?

Mr. HOLLAND. I have no objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. LANGER. Mr. President, I should like to ask the Senator from Illinois, if I may have consent to do so, whether there are any other amendments dealing with injunctions.

Mr. LUCAS. There are no other amendments of that sort, so far as I know, which are now offered and on the table.

Mr. President, will the Senator from Maine yield for a further announcement in connection with this unanimous-consent agreement?

Mr. BREWSTER. I yield.

Mr. LUCAS. In view of the agreement we have now reached, I may say the Senate will not hold a session tomorrow. As a result of the agreement, we shall get a final determination upon the national emergency provisions of the bill, which it seems to me may go a long way to control the progress of the bill thereafter, regardless of what the vote on those provisions may be.

Mr. BREWSTER. Mr. President, may I inquire of the Senator from Illinois whether other matters may be brought up either this afternoon or Monday, which will displace temporarily the pending business?

Mr. LUCAS. There is a possibility of that, I may say to the Senator. There are conference reports to come in. I am not sure about appropriation bills. There is also a bill on the Calendar in which both the Senator from Washington and the majority leader are very much interested. The Senator from Washington hopes to displace temporarily the pending business a little later on, to take up the measure affecting the disposition of maritime property, as I recall.

Mr. BREWSTER. I share the concern of the Senators from Washington and Illinois in that matter, and I very much hope the bill may be considered as promptly as possible.

Mr. LUCAS. I thank the Senator for his cooperation upon that very important measure. We hope to get it out of the way this afternoon.

Mr. BREWSTER. I understand this colloquy will be placed at the end of my remarks so that the torrent of my speech will flow on uninterrupted.

The VICE PRESIDENT. That has been ordered.

MESSAGE FROM THE HOUSE

During the delivery of Mr. BREWSTER'S speech.

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3082) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1950, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 28, 38, and 40, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 44 and 45, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3997) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1950, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 22, 23, and 24 to the bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 2859) to authorize the sale of public lands in Alaska; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PETERSON, Mr. REDDEN, Mr. BENTSEN, Mr. WELCH of California, and Mr. CRAWFORD were appointed managers on the part of the House at the conference.

DISTRICT OF COLUMBIA APPROPRIATIONS—CONFERENCE REPORT

Mr. HILL. Mr. President, I submit a conference report on House bill 3082, the District of Columbia appropriation bill, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The conference report will be read for the information of the Senate.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3082) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 11 and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 6, 7, 8, 9, 10, 15, 17, 18, 21, 23, 25, 26, 27, 29, 30, 32, 33, 34, 35, 36, 37, 39, 41, 42, 43, 46, 47, 48, 49, 50, 51, 52, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, and 65, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$260,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$767,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$351,300"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "$14,150,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,868,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,154,260"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$420,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,075,250"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,189,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$6,443,989"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree

to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,040,000"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$976,222"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,072,098"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 28, 38, 40, 44, and 45.

LISTER HILL,
JOSEPH C. O'MAHONEY,
HARLEY M. KILGORE,
LESTER C. HUNT,
MILTON R. YOUNG,
Managers on the Part of the Senate.

JOE B. BATES,
SIDNEY R. YATES,
FOSTER FURCOLO,
CLARENCE CANNON,
RALPH E. CHURCH,
LOWELL STOCKMAN,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. HILL. Mr. President, I move the adoption of the report.

Mr. KNOWLAND. Mr. President, will the Senator from Alabama briefly explain the situation?

Mr. HILL. Yes. The conferees on the part of the Senate, both those representing the majority and those representing the minority, were in unanimous agreement. There was no dissent on the part of either the House conferees or the Senate conferees.

There are two amendments on which we are to vote separately, because the rules of the House require that they be voted on separately. However, there was unanimous agreement on the part of both the House and the Senate conferees, both the majority and the minority members.

Mr. KNOWLAND. I have no objection.

The PRESIDING OFFICER. The question is on the adoption of the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 3082, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 24, 1949.

Resolved, That the House agree to the conference report to the bill (H. R. 3082) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1950, and for other purposes";

That the House recedes and concurs in Senate amendments numbered 28, 38, and 40;

That the House recede from its disagreement to the amendment of the Senate numbered 44 and agree to the same with an amendment, as follows: In lieu of the figure proposed by said amendment insert "3½";

That the House recede from its disagreement to the amendment of the Senate numbered 45 and agree to the same with an amendment, as follows: In lieu of the figure proposed by said amendment insert "3¼."

Mr. HILL. I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 44 and 45.

The motion was agreed to.

IMPROVEMENT OF POSTAL SERVICE—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 239)

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair) laid before the Senate a message from the President of the United States, which was read by the Chief Clerk and referred to the Committee on Post Office and Civil Service.

(For President's message, see today's proceedings of the House of Representatives on pp. 8340–8341.)

AGRICULTURAL APPROPRIATIONS—CONFERENCE REPORT

Mr. RUSSELL. Mr. President, I submit a conference report on House bill 3997, making appropriations for the Department of Agriculture for the fiscal year 1950, and for other purposes, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3997) making appropriations for the Department of Agriculture, for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 5, 6, 12, 13, 31, 41, 48, and 52.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 14, 15, 17, 21, 25, 26, 27, 33, 42, 54, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, and 71, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert "$19,000,000, of which not less than $45,000 shall be available for work under Title II for the development of new and expanded market outlets for oilseeds, fats and oils and their products, and not less than $180,000 shall be used under section 10 (a) for additional research on fats and oils, of which latter sum not less than $45,000 may be used for contracts with public or private agencies as authorized by the said Act of August 14, 1946"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$713,293"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$518,800"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,390,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,000,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,236,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,694,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,464,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$401,740"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,966,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment, insert "and the provisions of the Forest Pest Control Act ($250,000 which may be transferred to and made a part of the appropriation 'Forest Pest Control Act')."; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$243,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$645,525"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$575,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$750,000"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$3,645,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$565,350"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,920,050"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,159,600"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$26,300,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert ", and the limit of cost for not to exceed one building constructed at Horseshoe Organization Camp, West Virginia, shall be $22,500"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$10,348,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$117,188"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$75,000"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$9,500,000"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,400,000"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,225,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert ": *Provided further*, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert "$300,000,000, of which not to exceed $15,000,000 may be used for acreage allotments and marketing quotas"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert ": *Provided further*, That the county agricultural conservation committee in any county with the approval of the State committee may allot not to exceed 5 per centum of its allocation for the agricultural conservation program to the Soil Conservation Service for services of its technicians in formulating and carrying out the agricultural conservation program and the funds so allotted shall be utilized by the Soil Conservation Service for technical and other assistance in such county"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$83,500,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 22, 23, and 24.

RICHARD B. RUSSELL,
CARL HAYDEN,
JOSEPH C. O'MAHONEY,
PAT MCCARRAN,
ELMER THOMAS,
CLYDE M. REED,
CHAN GURNEY,
HOMER FERGUSON,
Managers on the Part of the Senate.

JAMIE L. WHITTEN,
WILLIAM G. STIGLER,
EDWARD H. KRUSE, Jr.,
CLARENCE CANNON,
H. CARL ANDERSEN,
WALT HORAN,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

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

Mr. RUSSELL. I yield.

Mr. KNOWLAND. Mr. President, is this a unanimous report of the conferees?

Mr. RUSSELL. It is. All members of the conference signed the report.

Mr. WILEY. Mr. President, may we have an explanation?

Mr. YOUNG. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. I yield.

Mr. YOUNG. The Senate adopted an appropriation item in the amount of $50,000 for the control of the wheat sawfly in various northwestern States. I am wondering what happened to it in conference with the House.

Mr. RUSSELL. Mr. President, the Senator from North Dakota [Mr. YOUNG] in committee offered the amendment. The $50,000 was not included in the budget estimate, but the committee was sufficiently impressed with the statements made by the distinguished Senator to approve the amendment providing an appropriation of $50,000.

The Senate conferees insisted upon the full amount. Finally, we were compelled to yield $15,000 of the amount. The bill in its present form, carries $35,000 of the amount asked in the Senator's amendment, which was $50,000. It is not specifically earmarked in the report, but it was the clear, definite, unequivocal understanding on the part of the conferees that $35,000 of that item should be used for the wheat sawfly.

Mr. YOUNG. Is it the opinion of the Senator from Georgia that this amount of money will definitely remain available for that purpose?

Mr. RUSSELL. There is no doubt about it. It is just as definite as is any other item in the bill.

Mr. YOUNG. I appreciate the fight which the Senator made to obtain the full amount, but I realize that the conferees have to yield at times. This $35,000 together with a $6,000 carry-over and $30,000 of research and marketing funds will provide a fairly good program.

Mr. RUSSELL. We were compelled to yield, as in the case of some other items. The Senator offered two other amendments to the bill, in the committee. One was with reference to the construction of two buildings at the experiment station at Mandan, N. Dak., involving $16,000. The House receded as to that item, and the money is provided for in the bill.

The Senator likewise offered an amendment to increase the soil conservation appropriation to $300,000,000. The House receded on that amendment, but we were compelled to insert a proviso that at least $15,000,000 of the amount would be available for the expenses of the elections in connection with the quotas for crops if they were imposed. I might say that I think the Senator came out remarkably well.

Mr. YOUNG. I think the Senator from Georgia did a better job than I could have done in the matter if I had been a conferee.

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

Mr. RUSSELL. I yield.

Mr. HOLLAND. In the brief time I have had to examine the report, I have not be able to find the item for the school-lunch program. Will the Senator state what came out of the conference with reference to that item?

Mr. RUSSELL. The committee amendment added $12,500,000 to the $75,000,000 carried in the House bill. In the conference the Senate was compelled to surrender $4,000,000 of that amount. We therefore saved the amendment to the extent of $8,500,000. The total amount in the bill at the present time

for the school-lunch program for the ensuing fiscal year is $83,500,000. That is a larger amount than has ever heretofore been appropriated.

Mr. HOLLAND. If the Senator from Florida correctly understands the answer of the Senator from Georgia, it indicates that the appropriation is $8,500,000 larger.

Mr. RUSSELL. The Senator is correct.

Mr. HOLLAND. There is one more question which I should like to ask. Again, I have not been able to find the item. Will the Senator state to the Senate what was done with reference to the research program regarding the gladiolus industry, which, as the Senator will remember, has been sustaining damage from a new disease.

Mr. RUSSELL. The gladiolus item, for which the Senate allowed $25,000, was embraced within item No. 18 which the Senator will find on page 8, at the bottom of the page. In reaching an agreement on this item, for which the House appropriated $2,347,000 and the Senate appropriated $2,581,000, we finally agreed upon the sum of $2,464,000.

In lieu of earmarking a given sum as a definite amount for gladiolus, the conference report directs the Department to give the subject appropriate study within the total amount appropriated, which is $2,464,000.

I may say to the Senator from Florida that I am confident considerable work will be done in the gladiolus field. It is a problem which should commend itself especially to the Department. It has been a great education to me to sit on the committee. I have been privileged to be on the committee for a number of years, and every year something new comes up. Until this disease attacked gladiolus plants I had no idea that this was a $100,000,000 industry, and that thousands of small farmers throughout the land depend upon the gladiolus for their livelihood, selling them sometimes at retail.

I am very confident that the Department will give attention to the matter, because the committee earmarked it in specific language in the report.

Mr. HOLLAND. If the Senator will yield for one additional question, am I correct in my understanding that the gladiolus item is to be taken care of out of the total excess of the item, for which the bill now carries $2,464,000 as compared to the House appropriation of $2,347,000, or a total excess of $117,000? Am I correct in my understanding that it is to be taken care of out of that excess?

Mr. RUSSELL. It is my understanding that it is to be taken care of out of the $2,464,000 and that the Department is directed to give the problem appropriate study. When we merged the appropriations we directed the Department to take appropriate action. The entire item covers all diseases of fruit, vegetable, and specialty crops. The amount is $2,464,000.

Mr. HOLLAND. Mr. President, I desire to express my appreciation and thanks to the distinguished Senator from Georgia and the other conferees for their effective efforts in the items which I have mentioned.

Mr. RUSSELL. I thank the Senator.

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

Mr. RUSSELL. I yield.

Mr. PEPPER. I want to add my own commendation of the committee for making provision for this research in respect to diseases affecting gladiolus. I appeared before the committee and submitted some data on the subject, showing how very adversely this industry, a large part of which is centered in Florida, is affected by diseases.

Mr. RUSSELL. The Senator from Florida further made the point that it was affecting the Treasury of the United States, because the disease had so great an impact upon a constituent of the Senator that the Treasury had lost a large amount.

Mr. PEPPER. The acute memory of the Senator from Georgia discloses itself on the floor. That was one of the things I emphasized. Now that the committee has called attention to it and has directed the Department of Agriculture to address its attention to the difficulty, I am sure it will be treated adequately by the Department.

Mr. RUSSELL. I hope the Department will be able to find some means of dealing with the disease, because, while all the producers are not quite so large as the one which the Senator from Florida represents, yet many are affected.

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

Mr. RUSSELL. I yield to the Senator from Nevada.

Mr. McCARRAN. I should like to ask the Senator what was done in conference with reference to the meat inspection item?

Mr. RUSSELL. The House finally receded on that item and allowed the full amount of the budget estimate.

Mr. McCARRAN. With regard to the Forest Service item, an item in connection with which the senior Senator from Nevada especially presented the matter of a public camp ground on Lake Tahoe, how was that taken care of?

Mr. RUSSELL. Mr. President, that is a matter which cannot be explained in a few words. The forestry item was the subject of perhaps longer discussion in the several meetings of the conferees than was any other item. As the Senator will recall, the House appropriated $24,971,000. The Senate restored the full amount of the budget estimate and added $262,500 for dealing with various emergency matters within the recreational areas, not only at Lake Tahoe, but in other national forests. Earmarked of that amount was, I believe, $82,500 for Lake Tahoe, on the motion of the senior Senator from Nevada.

After discussing the matter for hours in the conference, we agreed on a total of $26,300,000. That was slightly below the budget estimate and the Senate figure. The House conferees would not concur in the use of the exact amount which was earmarked in the Senate report, but they did agree to direct the Department to carry on some work in every one of the areas mentioned specifically in the Senate report. In my judgment it will result, to make a rough estimate, in a reduction in the amount to be expended in the Lake Tahoe area from $82,000 to perhaps $50,000. That amount is not earmarked in the report, but it was about the proportion the Senate conferees had in mind in dealing with this matter, and we have directed the Department to do certain work in the Lake Tahoe area.

Mr. LONG. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Louisiana.

Mr. LONG. One very minor but important item to certain sections of my State was the pecan experiment station at Freeport, La. Will the Senator state whether that experiment station will be continued?

Mr. RUSSELL. It is intended that the station will be continued.

Mr. LONG. We are also interested in items for additional tree nurseries for reforestation.

Mr. RUSSELL. I regret that there will be no new forest nurseries established, though there is a substantial increase in the funds for that purpose.

Mr. LONG. My State was interested in simply using existing nurseries for investigation.

Mr. RUSSELL. There is money in the bill for increased activity in the nurseries. I do not know what the capacity of the nurseries in the Senator's State is.

Mr. PEPPER. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the senior Senator from Florida.

Mr. PEPPER. I notice that $83,500,000 was saved for the school-lunch program, which is $8,500,000 more than we have been able to get in the past.

Mr. RUSSELL. That is correct.

Mr. PEPPER. May I ask the Senator if there was retained the provision which I believe was in both bills, that it is now to be an appropriation out of the Treasury, and not from the use of section 32 funds?

Mr. RUSSELL. There was no issue between the two Houses on that. All section 32 funds are available for expenditure. None of them are earmarked for the school-lunch program. The appropriation is to be a direct appropriation from the Treasury.

Mr. PEPPER. I wish warmly to commend the able Senator from Georgia and his committee for what they have done in these two items with respect to the school-lunch program. To have gotten in this bill an appropriation out of the general treasury fund rather than out of section 32 funds, and to have added $8,500,000 to the gross amount, is a very splendid achievement in the school-lunch program.

Mr. RUSSELL. I thank the Senator. I deeply regret we could not gain the whole $12,500,000, but in view of all the circumstances, I think we were fortunate.

Mr. PEPPER. If we make as much progress next year as we made this year, we will be moving along.

Now I should like to ask the Senator a question as to rural electrification.

Mr. RUSSELL. There was no conflict between the House and the Senate on that. Both bills carried $500,000,000 for loans, and something above $6,000,000 for administrative expenses. So there was no issue between the two Houses on that item.

Mr. BALDWIN. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Connecticut.

Mr. BALDWIN. On page 26 and succeeding pages of the Senate bill, which I take it is the one which the Senator took to conference, and the one which was passed with amendments by the Senate, there were substantial appropriations for the Bureau of Entomology and Plant Quarantine. I should like to ask the Senator whether, in connection with those appropriations, any consideration was given to the expenditure of funds for the eradication or the combating of the Dutch-elm disease.

Mr. RUSSELL. Indeed, there is an item in the bill for the Dutch elm disease. It is in the nature of a research appropriation. The field program which has been in effect in prior years will not be in effect in the coming fiscal year, but there is money in the bill for continuing research in an effort to find some means of dealing effectively with this disease other than by digging up the trees. That is the only way we know of at the present time to combat the disease.

Mr. BALDWIN. In other words, there is no money in the bill for the destruction of the trees which are affected by the Dutch elm disease?

Mr. RUSSELL. No, there are no funds in the bill for that purpose.

Mr. BALDWIN. I regret that. I do not wish to appear to criticize the distinguished Senator from Georgia——

Mr. RUSSELL. I should not object at all to the Senator criticizing me. I would have been glad to have carried on the fight for this item. I was tremendously impressed with the irreparable damage being done to the beauty of the American landscape, and almost to the American tradition, by having the elm trees practically eradicated by this disease. I have carried on a fight in the committee for years to get adequate funds for the purpose of investigating the disease. This year the House made no effort to raise the amount, and there was no effort in the Senate committee, and I finally wearied of well-doing and did not make any fight for the eradication of the Dutch-elm disease in the field. I think it will be a great tragedy if the elm goes the way of the American chestnut. There is scarcely a chestnut tree alive in the country today. The blight has killed them from Maine to Tennessee, and it will be a great tragedy to have the elms, which have graced the campuses and the highways of the United States, eliminated by this disease.

Mr. BALDWIN. I thank the Senator for his efforts, and I join heartily in what he has said. I regret that there could not be an appropriation for actually dealing with this matter beyond an appropriation for study and investigation. In Connecticut we have found that one of the best ways of fighting the disease is, the moment a tree is infested, to cut the tree down and destroy the wood, because apparently, in the process of breeding, the Dutch-elm disease must live in the bark or in the branches of a tree. Many of our cities and towns have put on quite comprehensive programs in that direction, but help from the Federal Government is certainly sorely needed.

Mr. BRICKER. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Ohio.

Mr. BRICKER. There is no limitation on the coordinated activity between the Department of Agriculture and the various research departments of the States in the control of the Dutch-elm disease; is there?

Mr. RUSSELL. Not on research.

Mr. BRICKER. That will continue?

Mr. RUSSELL. That will continue.

Mr. BRICKER. Does the bill also encompass a much more dangerous disease found throughout the Middle West, the phelm necrosis, which is a virus disease, and not in any way connected with the Dutch-elm disease?

Mr. RUSSELL. I cannot say I am completely familiar with that. Is it a fungus?

Mr. BRICKER. It is a virus destroying the great elm trees today far more than the Dutch elm disease.

Mr. RUSSELL. I cannot answer the Senator specifically.

Mr. BRICKER. I only know of the research which has been going on through the experiment stations of my State, and it has been proceeding in conjunction with the Department of Agriculture.

Mr. RUSSELL. If that be the case, it will continue.

Mr. BALDWIN. If I recollect correctly, Mr. President, no doubt due to the efforts of the Senator from Georgia, the appropriations passed by the Senate exceeded those passed by the House?

Mr. RUSSELL. That is correct.

Mr. BALDWIN. And the Senator from Georgia, by his fine work on the conference committee, was able to get the House to recede and accept the Senate's version of these particular appropriations, as I view it, for which I wish to commend him.

Mr. RUSSELL. That is not altogether correct. We gained the greater part of the Senate increases, but we did not convince the House conferees as to the necessity of appropriating all the Senate allowed. The House did recede on the insect and plant-disease-control item, but in the item relating to insect investigations, the total amount allowed is $3,502,300, which is considerably above the amount which was provided by the House.

Mr. BALDWIN. In that amount there no doubt will be a substantial expenditure for dealing with the pests and diseases which affect the elm tree?

Mr. RUSSELL. Oh, yes. There is an item of more than $500,000 for dealing with forest insects. Considerable research work will continue to be carried on respecting the Dutch-elm disease. But the field program, under which dead trees were located, were dug up and destroyed so as to prevent the spread of the disease, has been completely relegated to the States. The Federal Government does not continue to take part in that program. The research and the laboratory program will continue.

Mr. BALDWIN. I thank the Senator from Georgia.

Mr. HOLLAND. Mr. President, will the Senator from Georgia yield for one more inquiry?

Mr. RUSSELL. I yield to the Senator from Florida.

Mr. HOLLAND. The Senator will recall that the so-called Gillette subcommittee of the Committee on Agriculture and Forestry, of which the junior Senator from Florida happens to be a member, was interested in assuring a research program in the field of animal and vegetable fats and oils, because of the distressed marketing situation in that particular field. As I recall, the Senate added $180,000 to the appropriation for regional research laboratories for that purpose. I am not clear from the conference report as to whether that $180,000 was or was not retained, as it appears that the original amount of the House appropriation became the final conference amount. Will the Senator state for the record just what is the action of the conference committee in that regard?

Mr. RUSSELL. Yes. The Senate increased the total appropriation by $200,000, $180,000 for research and $20,000 for trying to develop new markets and outlets for animal and vegetable fats and oils. Incidentally, they are very depressed at the present time. We were able to secure a provision in the bill which will insure that the work will go on exactly as contemplated in the Senate bill. We were compelled, however, to take the $200,000 away from the other funds already appropriated for research and marketing, whereas the Senate had increased the total amount.

So far as the program to which the Senator from Florida refers is concerned, it will be carried out exactly as contemplated by the Senate. It will be done, however, at the expense of other programs of marketing and research.

Mr. HOLLAND. I thank the Senator from Georgia. It seemed to all the members of the Gillette subcommittee that there was not a more necessitous field for research at this time in connection with agriculture, than the one to which I have referred.

Mr. RUSSELL. I agree with the Senator. And the House finally agreed with us in that respect likewise.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter I received from the Secretary of Agriculture, in which he expresses some concern to what was intended by the conference committee in dealing with the item of the bill relating to the soil-conservation appropriation, which was offered by the junior Senator from North Dakota [Mr. YOUNG]. In the House bill there was an item of $30,150,774, which was provided for the administration of acreage allotments and marketing quotas for the fiscal year 1950. In the item of $300,000,000

for soil conservation, the conference report earmarks $15,000,000 for this purpose. The Secretary in his letter expresses concern that the $15,000,000 might be considered a limitation on the size of the program, and that if next year quotas were necessary in several commodities it might not be possible to finance them out of the same $15,000,000.

There was no intention on the part of the conference to limit the total appropriation to $15,000,000. It was the clear intention of the conferees to permit as much as $15,000,000 of the $300,000,000 soil-conservation appropriation to be expended for the purpose of quotas if it was necessary to do so, to be effected by transfer from this appropriation to the item in the bill for acreage allotments and marketing quotas. We did not intend to increase it above the $30,000,000 contained in the House bill, but the intention was that if after the Department had expended $15,000,000 of the $30,000,000 item there were any other requirements of funds for the purpose of acreage allotments and marketing quotas, then the limitation of $15,000,000 might be transferred from the soil-conservation appropriation.

The PRESIDING OFFICER. Without objection, the letter to which the Senator from Georgia referred, will be printed in the RECORD.

The letter is as follows:

DEPARTMENT OF AGRICULTURE,
Washington, June 24, 1949.

Hon. RICHARD B. RUSSELL,
Chairman, Subcommittee on Agricultural Appropriations,
United States Senate.

DEAR SENATOR RUSSELL: My attention has just been called to amendment No. 51 proposed in the conference report (House Rept. No. 899) on the agricultural appropriation bill, fiscal year 1950. I am concerned regarding the intent of the proposed amendment which might be interpreted to limit to $15,000,000 the program which the Department is developing for acreage allotments and marketing quotas in connection with 1950 crops.

As you know, the bill carries $30,150,774 for acreage allotments and marketing quotas in fiscal year 1950. As far as it is possible to foresee at this time, there is no reason to believe that a lesser amount will be required in fiscal year 1951. This conclusion is based on the heavy carry-over of 1948 crops and the anticipated large production in 1949 which it now appears will make quotas mandatory on the 1950 crops to be financed from the 1951 appropriation. With this outlook, we assume that it is not the intent of the conference committee to preclude the Department from carrying out the obligation which it has under existing law for the administration of acreage allotments and marketing quotas. This would be the result, however, if the $15,000,000 is to be considered as a limitation on the size of the program which the Department can formulate.

On the other hand, if it is the intent of the committee that $15,000,000 of the $300,000,000 is to be made available for acreage allotment and marketing quota work but to be supplemented by such additional amount as may be necessary, a clarification of the intent of the Congress is desirable. Inasmuch as we are now considering Department estimates for the fiscal year 1951 which must be submitted, under the provisions of the Budget and Accounting Act, to the Budget Bureau by September 15, it is essential that we have an early clarification.

I am sending a similar letter to Mr. WHITTEN.

Sincerely,

CHARLES F. BRANNAN,
Secretary.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 3997, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 24, 1949.

Resolved, That the House agree to the conference report to the bill (H. R. 3997) entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1950, and for other purposes";

That the House recede from its disagreement to the amendment of the Senate numbered 22 and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$802,000";

That the House recede from its disagreement to the amendment of the Senate numbered 23 and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$3,502,300";

That the House recede from its disagreement to the amendment of the Senate numbered 24 and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert ", of which $173,500 is for bee culture: *Provided*, That $450,000 shall be available for oriental fruitfly, of which $25,000 may be transferred to and consolidated with the appropriations, "insect and plant disease control" and "foreign plant quarantine", to either or in part to each as may be deemed best, for inspection and/or control work on this pest; and $250,000 may be used for contracts with public or private agencies for research without regard to provisions of existing law, and the amounts obligated for contract research shall remain available until expended.

Mr. RUSSELL. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 22, 23, and 24.

The motion was agreed to.

THE POST OFFICE DEPARTMENT

Mr. LANGER. Mr. President, I want to commend the President for his message in connection with the post offices of this country, and particularly for the last two paragraphs on page 2 of his message. These paragraphs are as follows:

In order to strengthen further the management of the Post Office Department, I have transmitted a reorganization plan to the Congress. This plan gives to the Postmaster General essential authority to organize and control his Department by transferring to him the functions of all subordinate officers and agencies of the Department. It also provides for the establishment of the position of Deputy Postmaster General and an Advisory Board for the Post Office Department. These measures are essential to furnish the Postmaster General with much needed assistance and to make available to him the advice of outstanding private citizens.

I call the particular attention of the Senate to the next paragraph:

Legislation is now before the Congress which would authorize the Postmaster General to establish a research and development program. The investigations and studies under this program would be for the purpose of improving and introducing new equipment, methods, and procedures in the postal service in order that the business of the Post Office Department may be more efficiently and economically handled.

Mr. President, I think it can be said without fear of successful contradiction that the reason the Post Office Department has such enormous deficits year after year is due to the fact that the Postmaster General in reality has very little power, as I shall demonstrate later in the course of my remarks.

Before I go into that subject I should like to state that one of the fine jobs done during the Eightieth Congress, although the Eightieth Congress and the Republicans received very little credit for it, was that the members of the Committee on Post Office and Civil Service last year, when they went out to speak in different parts of the country, time and time again said that we objected to the Chairman of the Republican Party or the Chairman of the National Democratic Party being appointed Postmaster General. We had witnessed the spectacle, I believe for nearly 30 years, of a politician, whether Republican or Democrat, who happened to help elect the President of the United States, being appointed Postmaster General of the United States. The result was that he would usually appoint another politician, and those two politicians would get a third man really to operate the office. The situation became worse and worse, more and more desperate, and the deficits became larger and larger as the years went by. So we introduced certain legislation.

We wanted two things: First, we wanted a career man, a man who rose from the bottom, a man who knew all about the Post Office Department, from the lowest rung of the ladder up to the very top. For the first time in the history of the country the President of the United States appointed a man of that character when he appointed Jesse M. Donaldson Postmaster General. Mr. Donaldson had been a common, ordinary, everyday letter carrier. From letter carrier he had advanced by merit until finally he came to Washington and became First Assistant Postmaster General.

When the La Follette-Monroney Act came along providing for experts to committees at $10,000 a year, one of the very first things the Committee on Post Office and Civil Service did was to offer the biggest staff job of all to Jesse M. Donaldson. We asked him to come with the committee, to see whether or not, by having the benefit of his advice, we could do something to get rid of the deficit in the Post Office Department. Mr. Donaldson declined. Later we were all very happy unanimously to confirm the appointment of Jesse M. Donaldson to be Postmaster General.

We are now engaged in trying to devise legislation to get rid of the deficit. That brings me to the second point, the second thing which the Eightieth Congress tried to do well under Republican control. At the present time a man in the city of Detroit, Mich., for example,

may have risen from the very bottom. He may have been in the Post Office Department for 30 or 35 years. He may be the most efficient man in the entire city of Detroit. Yet out of a clear sky the Post Office Department can name some ward heeler, a man who knows nothing about the Post Office Department, a man who has had no business dealings with it except that perhaps once in a while he might have bought a postage stamp. Such a man can be named postmaster, and there is nothing the Committee on Post Office and Civil Service of the Senate can do about it. We can refuse to confirm the nomination, but if we do that, we find from experience that he is put in the office as acting postmaster, and he serves as acting postmaster month after month, and year after year.

So we introduced legislation in the Eightieth Congress to provide that in the first-, second-, and third-class post offices the postmaster should be appointed from the ranks. We provided that he should be appointed from the ranks of the men who actually do the work and actually know about the conditions in the particular office. Unfortunately we were unable to have such legislation passed. Unfortunately we still have a situation in which, for example, even the veterans' preference is laughed at in the Post Office Department.

It is a simple matter to keep a veteran from becoming a postmaster in any town. For example, in a town in Connecticut there may be an acting postmaster. Three persons take the examination. The acting postmaster is preferred by the Postmaster General. There is nothing in the law which says that after an examination is held, within a certain time a postmaster must be appointed. So we have a situation in which, if three persons take the examination, one who may be a nonveteran, is acting postmaster, and the other two may be veterans. After the examination is over, 6 months, a year, or a year and a half may go by. I know of an instance in Maryland of two veterans standing by for 2½ years. The question was asked, "When are we going to find out who is to be named postmaster?" The result was that the two veterans finally became tired of waiting. They went into other businesses. One of them left the State. Finally only the acting pastmaster was left, and the acting postmaster at that time is today the postmaster of that town.

Likewise, during the Eightieth Congress we tried very hard to enact legislation which would make the post office self-sustaining. I wonder if Members of the Senate know that today there are four magazines of such large circulation and great weight that to send them through the mails costs the taxpayers of the United States $9,000,000 in subsidies. In other words, the taxpayers pay $9,000,000 a year more to have those magazines sent to the people of the country than the publishers of the magazines actually pay in postage to the United States Government.

I was interested at the time the distinguished Postmaster General testified before the Senate committee. After he had testified the Postmaster General wrote me a letter, which I received this morning, in which he said:

> DEAR SENATOR LANGER: The enclosed statement before the House committee on the rate issue is a little more complete than the one before the Senate committee. I hope you can find the time to read it.

I read it, Mr. President, and I thought it so interesting, so full of facts that I believe every Senator should know, that I concluded the best way to handle this testimony of the Postmaster General was to bring it to the floor of the Senate and go into it in detail. This testimony was given by the Postmaster General 4 or 5 weeks ago. He said:

> In my previous appearance before this committee (the House committee) I made a general statement concerning the necessity for a readjustment of postal rates. I feel that it is important to point out briefly some of the facts previously related, and the urgent necessity for some action upon the part of Congress to eliminate the major portion of the huge deficit in the operation of the Postal Service.
>
> The Post Office Department is today faced with the largest deficit in all its history. This large deficit is brought about by and through things over which the Post Office Department has little or no control.

That is why it is so important that the recommendation in the message sent to Congress today by the President of the United States asking for the adoption of the report of the Commission on Organization of the Executive Branch of the Government, so far as the Post Office is concerned, should be adopted as soon as we can possibly do so. The Postmaster General said:

> Long-deserved wage increases have been granted the postal personnel, beginning with July 1, 1945.

Let me say in passing that those postal employees got no increase in salary from 1925 to 1945. For 20 years, in spite of the increased cost of living those postal employees struggled along, doing the best kind of a job they possibly could on their salaries, which were becoming lower and lower every day because of the increased cost of living.

Let me say further, Mr. President, that up until the Eightieth Congress the postal employees and the other Federal Government employees did not even have a decent retirement system. It is due to the Eightieth Congress and to the Republican Party that today a rural mail carrier or letter carrier knows, when he leaves his home in the morning, that if he is killed during the day, his wife and children will receive $1,500 a year. That is not as much as it should be, but at least they will have for their support $1,500 which they would not have had before the Eightieth Congress was able to make that provision for them.

Mind you, Mr. President, when we succeeded in obtaining the first increase in postal employees' salaries, a strange thing happened: We found that instead of increasing the pay of Federal Government employees, in many instances the amount of take-home pay they had was actually decreased. Up until that time, Federal employees were paid for overtime, and they worked 6 days a week. But less than 2 weeks after we obtained the first increase in pay for them, the President of the United States by Executive order abolished overtime pay and created the 5-day week. Income taxes were also increased. The result was that, as a matter of fact, in a great many instances such employees had less money than they actually had before.

Of course, Mr. Donaldson is correct when he says that the increase in salaries has added to the postal costs in this fiscal year approximately $625,000,000, which was not in the picture prior to July 1, 1945. However, I may add that a great deal of that money went back to the Government in the form of income taxes.

I call further attention to the Postmaster General's statement that—

> Transportation costs in the current fiscal year are approximately $125,000,000 more than they were in the fiscal year 1945. The estimated deficit for the current fiscal year is about $550,000,000.

In other words, the deficit is over half a billion dollars. As I proceed to read from the statement the Postmaster General made before the House Post Office and Civil Service Committee, I shall make very clear why we have this enormous deficit.

The Postmaster General further said:

> Over the years there have been many times in which the postal deficit was discussed and some questions raised concerning the elimination of this deficit. Up to the close of the fiscal year 1945 there were only two or three occasions over the last 100 years in which the postal deficit was of such proportion to really agitate and urge increased postal rates. From 1852 to 1921 the postal deficits ranged from a few thousand dollars to a high of $17,000,000, and during that time there were 10 surplus years. The deficit in any one year during that time was not of such proportion to be alarming or to justify increased postal rates. A deficit in the fiscal year 1921 was $157,000,000, but in the 9 years following it ranged from a low of $14,000,000 to a high of $98,000,000 in the fiscal year 1930. The deficit for the fiscal year 1931 was $146,000,000. The deficit for the fiscal year 1932 was $205,500,000, and this large deficit was of concern not only to the President and to the Postmaster General, but to the Congress.

As was stated by Postmaster Donaldson, the estimated deficit for the current fiscal year is approximately $550,000,000. We can judge from the empty seats around us here in the Senate Chamber that not very many Members of the Senate are concerned about that.

I read further from the Postmaster General's statement:

> As a result of this deficit the postage on letter mail was increased from 2 cents to 3 cents, and therefore the letter mail was required to bear the burden, and the costs of the Post Office Department were not equalized or spread by increasing rates on other classes of mail.

So, Mr. President, after that time when a farmer wrote a letter he paid 3 cents, instead of two, for the stamp to go on it; but the large, rich corporations which publish the big magazines did not have the postal rates on their magazines increased a single penny. On the other

hand, the common people of the country, whether on the farms or in the cities, suddenly found that they had to pay 3 cents, instead of two, for the postage on the letters they mailed. That change in postal rates also meant that if the business concerns, such as the large mail-order houses, had to pay more postage, the increased cost and expense was simply added to the charges paid by those who bought the articles they sold.

I read further from the statement by the Postmaster General:

From 1933 to 1942, inclusive, the deficits ranged from a low of $14,000,000 in the latter year to a high of $112,000,000 in the fiscal year 1933. Then followed 3 years, 1943, 1944, and 1945, in which there were cash surpluses—these were war years. The deficit in 1946 was $129,000,000, and in 1947 it was $205,000,000. The deficit for the fiscal year 1948—

During the year when I was chairman of the committee—

was more than $300,000,000 and, as stated, the deficit for the current fiscal year will be approximately $550,000,000.

The deficit for the fiscal year 1948 was of sufficient size to warrant a recommendation for a readjustment of postal rates. This committee held hearings last year which resulted in a revision of the postal rates effective January 1, 1949.

We revised the postal rates a little, but the increase made was wholly and entirely unsatisfactory. We were able to have the matter brought up in the Senate only on the last night of the session. The big corporations were still untouched, just as they are today.

I read further from the Postmaster General's statement:

However, in adjusting these rates under Public Law 900, no increased rates on second-class mail were provided.

In other words, Mr. President, we soak the common people and make them pay increased postal rates for sending a registered letter or an air mail letter or an ordinary letter, but we leave the big fellows alone, the ones who publish the big magazines that have circulations in the millions, and who charge thousands and thousands of dollars for a single page of advertising. They were untouched. I could not succeed in having their postal rates increased last year or the year before; and unless we do something about the matter, we shall not be able to touch them this year. They are too powerful. They can print on the front pages of their magazines too many beautiful pictures showing their readers what a great man some Representative or some Senator is, and in the picture his cheeks can be tinted up a little, to make him look pretty, and in the magazine beautiful articles about the gentleman can be published.

So, year after year, we have not been able to get these magazines to pay what they should have been paying long, long ago.

I read further from the statement by the Postmaster General:

There was provision in Public Law 900 not only for increased postal rates on certain classes of mail and fees on special services, but also for increased salaries to the postal personnel.

The cost for the increased salaries was approximately double the amount of revenue to be derived through the increased rates. This resulted in further increasing the postal deficit.

That is one reason for my being so proud today to have the President of the United States send to the Senate this message. For the first time in a very long period we find the President doing everything he possibly can to make the Post Office Department self-sustaining. I agree with the Postmaster General that the question of what shall be done about reducing the deficit of $550,000,000 a year must be faced, and faced now.

I quote further from the Postmaster General:

It is my firm belief that the question of what shall be done about reducing this deficit must be faced now.

No fair-minded individual should ask the Post Office Department to continue to operate under such unsound financial conditions. I have repeatedly pointed out that our costs this year are more than $800,000,000 in excess of what they were in the fiscal year 1945. This increase in cost has not been due to any mismanagement. Had we not absorbed a large amount of these increased costs the deficit for the current fiscal year might well be in excess of $750,000,000.

I have recommended increased rates on mail matter of the second, third, and fourth classes, and increased fees covering most of the special services. There has been considerable opposition to the increased rates and increased fees. This opposition comes from the users of these three classes of mail and special services involved. The opposition is natural, as no one likes to pay increased prices for the things they have to buy. I have no criticism to offer because the users of the mails are opposed to these increased rates and fees. I do desire, however, to criticize some of the methods of opposition and the reasons given for the opposition.

Mr. President, I believe that the people of the country are entitled to know what the attitude of the Postmaster General is. I believe the people of America are entitled to know that the publishers of magazines, with circulations running into the millions, are being paid $9,000,000 a year by the taxpayers to help them circulate their magazines, to help them pay the postal rates. Therefore, I ask unanimous consent that I may have included at this point in my remarks the remainder of the statement by the Postmaster General who, in my judgment, is one of the best Postmasters General this country has ever seen, a Postmaster General who has been absolutely fair, a Postmaster General who has determined to make everyone pay his just share of the expense.

The PRESIDING OFFICER. Is there objection?

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

STATEMENT BY POSTMASTER GENERAL JESSE M. DONALDSON BEFORE THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE OF THE HOUSE OF REPRESENTATIVES, MAY 23, 1949

I am disappointed in some of the opposition where there has been a desire to criticize the Post Office Department, charging inefficiency, waste, and poor management, and a failure on the part of the Department to modernize and streamline the service. Such opposition can be construed as a direct reflection not only upon the officials of the Post Office Department, but also upon the half million loyal postal employees who handle the billions of pieces of mail for those who oppose increases in rates, most of which are handled at night while those who oppose these increases sleep.

No one could be more desirous than I am to see that all waste and inefficiency is eliminated wherever it may be found, and we in the Department are constantly striving in that direction. As previously related to this committee, there is some waste and inefficiency in any large business organization. There is no more in the Postal Service than can be found in nongovernmental business institutions of much less size in volume and scope than the Postal Service.

I am inclined to ask: Where is the waste? What suggestions have been made for streamlining the Postal Service? What do they suggest we do to decrease the cost? What is the modernization they imply we should adopt? What substitutions do they offer for the human eyes, hands, legs, and brain so necessary to perform the particular functions peculiar to the Postal Service?

I have repeatedly stated that 95 percent of the cost of the Postal Service is for salaries and transportation of the mails. I have no control over either. I have also stated that 85 percent of the manpower in the Postal Service is devoted to the collection, the distribution, the transportation, and the delivery of the mails.

Do those who oppose increased rates and fees desire that I reduce the cost of the service through reductions in the kind of service rendered? I can reduce costs by placing all rural service on a triweekly basis. I can reduce the costs by placing all city delivery service on a one-trip basis in residential sections and two trips in business districts. I can reduce costs by shortening the hours of all window service to the public. We can do many things to decrease costs by reducing or curtailing service to the public.

I do not believe that we are rendering a superservice which could be subjected to any such curtailment. I am interested in improving the service to the public and not in the curtailment of the service.

Our accounting methods are as accurate as those of any business institution. They are more voluminous and detailed than we would like, but practically all such methods are required by law.

I feel that it is not only my responsibility, but my duty, to report to the Congress on the fiscal condition of the Post Office Department, and in doing so make such recommendations as I feel the existing conditions justify in the light of this large deficit. In presenting these recommendations I do so without any criticism of the Congress or of the users of these classes of mail which are largely responsible for the deficit. The greater the mail volume of low-revenue producing mail, the larger the deficit.

A deficit of over half a billion dollars necessitates additional revenue, as there is no opportunity to reduce the cost of the service through reductions in salaries of the postal people or lessening the cost for transporting the mails. As a matter of fact, many bills are now pending before the Congress having to do with increased salaries for the postal personnel, and cases are pending before the Interstate Commerce Commission and the Civil Aeronautics Board for increased costs in the transportation field by both surface and air.

It has not been possible for me to read all the briefs that have been filed before this committee by those opposing increased rates and fees. Time has not permitted me to prepare detailed rebuttal to all the statements made in opposition to increased rates, even if I did desire to go into all the details. I think much of the testimony of the opposition has been irrelevant so far as the issue is concerned, but of course I recognize

the reasons given as perhaps being paramount to those who oppose increased rates.

SECOND-CLASS MAIL

Second-class mail is responsible for over $200,000,000 of the deficit, and any fair person should realize that this class of mail should pay more postage in order that the burden of the Post Office Department may be distributed where it belongs. Subscription rates will advance accordingly, it is true, but in the end this will result in equalization and not placing the burden on users of the other classes of mail. All the other classes, except first-class mail, have already had rate increases. Publishers have strongly opposed any increases since 1934, and were successful in preventing inclusion of postage raises on newspapers and other periodicals when the Revenue Act of 1943 raised rates all along the line.

Early in the last session of the Eightieth Congress many hearings on the revision of postage rates and fees to reduce the mounting postal deficit were held, and the publishers as a group were successful in opposing any increased rates on second-class matter. At that time it was proposed to raise only about $10,000,000 a year from this class of mail, and notwithstanding the fact that rates on third- and fourth-class matter, air mail, and all the special services were increased, effective January 1, 1949, no action was taken with reference to increasing the rates on second-class matter. Had the publishers shown a more cooperative and reasonable attitude and agreed to the moderate increase proposed they would not now be confronted with the need for a much greater increase at one step-up as a result of the great advance in the cost of operating the postal service due to causes beyond the control of the Department.

On July 8, 1942, the chairman of the Committee on Ways and Means in the House wrote to the Postmaster General, expressing concern about the postal deficit, and made particular reference to the postal rates situation. Among other things, he stated:

"This committee recognizes the magnitude and importance of the subject, but it also appreciates the fact that the question of bringing rates of postage in the second and third class of mail matters more closely in line with the cost of handling such mail has been the subject of considerable discussion for the past 30 or 35 years. Certainly you realize that it is not good business practice to permit these deficits to continue without some remedial action. In spite of past discussions, nothing has ever been done."

Each and every time that officials of the Post Office Department appear before the Appropriation Committees in the Congress the question of the postal deficit is discussed, and it has a great bearing upon arriving at a satisfactory conclusion concerning the amount of money to be appropriated for the conduct of the postal service.

In the report submitted by the chairman of the Subcommittee on Appropriations for the Treasury and Post Office Department appropriation bill for 1950, comment was made concerning the proposed increase in postal rates, and I quote from page 12 of that report:

"On February 21, 1949, the Postmaster General submitted to the House of Representatives detailed suggestions for additional increases in certain postal rates and services which have been incorporated in the provisions of H. R. 2945. This committee is most anxious that favorable action be taken by Congress on this subject, as it feels that the rates should be so adjusted that the postal service, especially for commercial users, will be conducted on a more nearly self-sustaining basis. It is estimated by the Postmaster General that approximately $250,000,000 of additional revenue per annum shall result from the enactment of the recommendations carried in the above-mentioned bill. This would result in a reduction of the postal deficit for 1950 from approximately $403,000,000 to $153,000,000 which is approximately the amount required to cover the cost of official penalty mail, franked mail, air-line subsidies and other costs not properly chargeable to the users of the postal service."

Second-class mail revenues pay less than 20 percent of the cost incurred by the postal service in handling this class of mail. The publishers still feel that the postal service should continue to handle this class of mail under the old act of March 3, 1879. Economic and social conditions prevailing during the early period, which provided a measure of justification for the establishment of low preferential rates to bring about greater dissemination of information of a public character, and other printed matter devoted to the public good, have, for the most part, been met, and the subsidies then provided are therefore no longer necessary to accomplish the ends sought.

The postal service performs a regular business service, to some extent competitive with other transportation media, for the publishing industry. This industry, now in the billion-dollar class, is well organized and no longer in the infant stage. It is in large measure a commercial undertaking conducted with profit motive. It functions as a private undertaking, and is no more a public benefactor than the grocer, the merchant, the hotel, or restaurant operator, the druggist, or any legitimate private businessman that renders an essential public service. These do not receive a Government preference.

The publishing industry pays market prices for all other items entering into its product—labor, paper, ink, private truck and freight services, miscellaneous materials and services—and seeks a return on its capital investment. It would appear only logical, therefore, that this industry should pay the Post Office Department substantially the cost of the service it performs with regard to the limited amounts of the total product presented for handling.

The trend, in the case of many publications, away from the serious reading content found in earlier publications to much matter designed to amuse or entertain, and particularly the present inclusion in many publications of a large volume of advertising matter, ranging to upward of 70 percent in some as compared with but very little presented for handling in the early days, calls for rates which return to the postal service substantially the cost of handling. I cannot believe that these additional burdens placed upon the postal service conform with the type of content which Congress apparently had in mind in the fourth condition of the act of 1879.

I previously stated that most business people, and that includes publishers, have consistently been opposed to governmental subsidies. It is therefore of particular interest to note the opposed increased rates which propose to take away from them a part of the generous subsidies that they have enjoyed for more than 100 years. Such subsidies are only justified in special situations when the need for a product or a special service is great, or when proper development or production cannot be achieved by private means. Second-class mail as a whole does not now qualify under these tests.

Such subsidies should be terminated after their purpose has been served; otherwise there is favoritism to certain groups at the expense of others. The organized publishing industry has long sought to retain the present subsidies, but it would be in far better position to exercise freedom of speech, to which it is entitled, if the subsidies now accorded it were terminated.

Much has been said in the past of the high place of the postal service in our economic and social life, and the valuable service which it performs. Regardless of these statements an increase in rates such as is proposed is a practical present-day necessity. It would serve to place this service on a better business basis and spread the cost of operating the service among the various classes of mail so that each class could bear its proportionate share of the cost. It would help to further improve this service for the public, and at the same time would not interfere with the freedom of any legitimate publication to conduct its business as it chooses.

What the publishers know—but what most folks don't know—is that the present second-class rates are a survival of one of the early congressional acts made under conditions that have long since ceased to exist. Very few people outside of the publishing business know of the free mailing privileges within the county of publication. Few people realize that most publications can be mailed for a year to any address from coast to coast for less than the subscribers pay at home where the publishers make their own delivery. Those who do know this frequently ask: Is it so essential to the dissemination of news that publications be carried far and wide at taxpayers' expense? Should the taxpayers who make up this large deficit be required to do so whether or not they are readers of these publications? Suppose the readers do have to pay more for the publications—suppose advertisers do have to pay higher space rates—suppose the advertisers do pass the higher advertising cost on to the consumer? Would that be bad?

Each and every time there is any recommendation submitted for increasing rates on second-class mail matter, publishers repeatedly charge that the Post Office Department is old fashioned in its methods and that its cost ascertainment is inadequate. It is alleged that the cost ascertainment figures are unreliable, and that we allocate expenditures improperly, especially as it applies to rural and star route and delivery at third- and fourth-class post offices. They also charge that we fail to give credit for services performed by the publishers in routing, sacking, and in transporting the publications to trains.

The portion of the total cost of the rural delivery service for 1948 allocated to second-class mail is $44,426,000. The total cost for this service was $132,159,000. The expenditures for rural-delivery service allocated to second-class matter are based on the volume of such mail handled and the cost of the service actually performed.

The publishers emphasize the needs of the farmer and other rural people for daily newspapers, and are not content with the delivery available by mail, but in any cases set up their own carrier service. I am sure that publications make their profit largely from advertising and to get it must cover the area to which their advertisers look for trade. Around 30,000,000 people, or more than one-fifth of the entire population of the country, are served by rural routes, and they are large purchasers of all kinds of merchandise, equipment, and other articles. The argument that the rural-delivery service should be regarded as a subsidy to the farmer is unsound and inconsistent. It disregards the fact that the business of supplying the needs of the rural population constitutes a very large portion of the total for the whole Nation, amount to billions of dollars.

Obviously without the service rendered by the thousands of small post offices and rural and star routes the vast market made available to the manufacturers, dealers, and others through the media of these postal facilities would not exist, and what has become a billion-dollar trade would slow down to a mere trickle. It would be just as logical to say that the cost of carrying the mails from the point of origin to the small offices and

routes should not be charged against such mail as to contend that the cost of delivery thereof at such offices and on these routes is not a proper charge, but constitutes a service accorded on a subsidized basis as a matter of policy in the interest of the general public. In other words, why subsidize only part of the way?

The foregoing comment also answers the claims of publishers and users of third- and fourth-class mail, as well as the special services, that the salaries and other costs of maintaining the small third- and fourth-class post offices should not be charged against second-, third-, and fourth-class mail and the special services, but should be treated as a subsidized service to the rural population.

The fact is that the postal service is set up and operates to handle all classes of mail and services rendered. Since postal services other than first class and domestic air mail produce about 48 percent of the revenue, and constitute 94 percent of the weight, and 44 percent of the pieces of all mail, the fallacy of considering these services as "fill in" or "byproduct" services is apparent.

With respect to the argument that the cost ascertainment fails to credit publishers for services they perform in routing, sacking, and transporting their publications to other points, etc., this is plausible on its face, but is without merit. The handling and delivery of second-class matter on rural routes is burdensome and time consuming.

The volume is great—in many cases the only matter deposited in a rural box by the carrier is mail of the second, third, and fourth classes—and the allocated expense is that actually entailed in performing the job of delivering pieces of each particular class of mail. The law granting the second-class mailing privilege specifically requires publishers to prepare their mailings in such manner as may be directed by the Postmaster General in order to offset the cost of handling the matter. This is not a new requirement, but has been in effect for more than 50 years. The weighing of copies of publications at publishers' plants and the transportation of the copies by the publishers to other post offices, etc., is a procedure followed at the request of the publishers to assure early delivery and often for competitive reasons. The only saving to the post office is that of transportation, which is only a fraction of the over-all cost of effecting delivery of the individual pieces. The requirement that publishers sort and sack their publications by post offices and routes is one of the conditions incident to the publications enjoying second-class mailing privileges. If the publishers did not perform this service, they would be required to pay higher rates.

In criticizing the cost-ascertainment allocation of expense to the several classes of mail and special services, reference was made to the statement in the Hoover Commission Task Force Report on the Post Office: "At the present time the Department is not in a position to recommend to the Congress a full and proper charge for any of its services because it is not equipped to prove what reasonable costs these services should be." However, the critics ignore the further statement of the task force that "in the meantime, however, necessary revision of rates should not be postponed." Furthermore, they give no consideration to the statement of the task force: "The cost ascertainment has been in operation over 20 years and has been refined and improved many times, and has received the approval of several well-qualified and independent examiners."

The objections of individual publishers, as well as the representatives of the various publishing groups, to increasing the postage rates on newspapers, magazines, and other periodicals follow the same pattern which indicates a joining of forces and collaboration to conduct an all-out, determined campaign to prevent any increase.

It is claimed the proposed rates are too high; that the additional postage required will exceed the profits of the publishers; that the increase cannot be passed on to subscribers or advertisers and would drive publications out of the mails, and in many cases ruin the publishers and put them out of business entirely. This argument is specious and ignores the fact that publishers have increased subscriptions and advertising rates to meet higher costs for all other items incident to the publishing business. It would appear some way can be worked out to meet the additional postage expense by spreading the increase among subscribers and advertisers; also by curtailing expenditures and adopting more efficient and economical methods in carrying on their business, as the publishers so insistently demand of the Post Office Department. It is known and generally admitted by publishers that they do not net a substantial return from subscriptions, but pay the major portion of the subscription price to agencies or otherwise use it to cover the cost of obtaining subscriptions.

Notwithstanding these facts, many publishers are currently soliciting long-term subscriptions at special prices in order, as is understood, to maintain the circulation which they guarantee to advertisers under an agreement to refund a portion of the payment for advertising space in the event the guaranteed circulation is not maintained.

Practically every witness opposing increases in the second-class postage rates has alleged that this is no time to raise such rates; that business generally is experiencing a decline and that advertising is falling off. As to the latter, it can be pointed out that the percentage of advertising appearing in most publications as reported in recent issues of various business periodicals devoted to the publishing industry has not decreased to any considerable extent as compared with the peak of a year or two ago. As a matter of fact, recent issues of some periodicals have carried a greater percentage of advertising than they did a year ago.

The fact that the recommended increases for this class of matter when expressed percentagewise range from 200 to 600 percent or more is mentioned by most publishers. This sounds big, but when figured on the basis of postage per copy or increase per subscriber per year, the increase is not so great as to be impracticable to meet. It would amount from only a fraction of a cent to 2 cents per copy, or from less than 25 cents to not more than $1 on an annual subscription basis, the average being around 50 cents, except for dailies, for which the additional postage would be greater because of their many issues—up to 365 a year.

In view of all the facts and circumstances, the proposed rates are neither fantastic nor unreasonable when considered from the angle that even after the second raise the revenue from second-class mail would still fall short by over $100,000,000 annually of covering the cost of handling this mail.

Publishers say that the elimination of all second-class mail would not reduce the over-all expense of operating postal service in like proportion—some claiming the saving would not even equal the loss of revenue. On this the question has been asked by many at the hearings, in letters from Members of Congress, and in the press: "How much would the postal deficit be if there was no second-class mail?"

This question has been carefully studied by the Director of Cost Ascertainment, and it is his opinion that the withdrawal of second-class matter from the mails would effect annual savings of more than $95,000,000, not including the substantial savings in the rural, star route, and other services. The amount is considerably in excess of the postage (approximately $41,000,000) derived from such mail.

Great emphasis has been placed by publishers, as well as by other mail users, on the consequential results from the proposed rate increases, such as unemployment in the publishing industry and many others dependent on it; decreased need for paper, with like results in that field; reduced demand for commodities, services, etc., following withdrawal of advertising, etc. This view is believed to be much exaggerated. As some witnesses have admitted, ways would be found to meet the higher postal charges without the dire results predicted. Emphasis has also been laid on the educational value of newspapers and other publications, and their importance as a means of disseminating public information, promoting trade and industry, or increasing knowledge of literature, the sciences and arts. It is claimed higher postage rates on second-class matter would hamper the production and cut down circulation of publications, and so defeat the intent of the original law granting low rates and special privileges to this class of mail. Here again is exaggeration, and such fears may be discounted.

Publishers stress value of newspapers as disseminators of public information, unifying people of the Nation, educational character, promoters of trade and industry. All this is granted, but does not warrant continuance of nominal rate of postage in light of the great increase in cost of operating the postal service at such a tremendous deficit for which second-class matter is so largely responsible.

Many objections have been made to the definition of the term "advertising" as usual in the pending bill, particularly the proposed classification of so-called readers or write-ups as advertising. Publishers allege all kinds of dire results, censorship, interference with the freedom of the press, confusion, and a tremendous increase in personnel to determine what is advertising, etc. As a matter of fact, the provision in question is now embodied in paragraph 8 (a), section 541, Postal Laws and Regulations, except the last portion which relates to "merchandise write-ups" giving name of manufacturer, dealer or the source of supply, together with prices, in connection with which the publisher furnishes information obviously designed to enable the reader to obtain the items featured. The examples of the possible application of the provision given by publishers are absurd.

A number of witnesses have stated that they have no objection to it but only to the addition of the provision regarding "merchandise write-ups." Because of the constantly spreading practice of carrying such matter, which actually constitutes a most effective method of promoting the sale of merchandise, and the fact that some publications feature such matter to such extent in such manner as to simulate a catalog, it is felt that legislation on the subject is necessary. In its report on the survey of the Los Angeles post office the representatives of the General Accounting Office criticized the Department's liberal ruling on this type of matter.

There has been a Nation-wide campaign to prevent any increased rates on second-class mail. Some publishers have requested their subscribers to write to Members of Congress in an effort to influence them and prevent rate increase. I desire to call the committee's attention to a one-fourth page advertisement in a certain daily newspaper which is headed "Attention rural mail subscribers." This heading is followed by a statement which I quote in part:

"Pending legislation to raise second-class postal rates an estimated 300 percent will affect you. You now get the Evening Mirror for only $6.50 a year by mail. However, if the Post Office Department increases its rates,

newspapers must increase their rates accordingly. That can make the paper cost you as much as $20 a year. City subscribers and those who get the paper from agents would continue to get the paper at present rates, but our rural subscribers would be forced to absorb the huge rate increase. You can help us and help yourself. Write your Congressman to oppose the increased rates for newspapers."

This is an attempt to defeat any increase in rates regardless of facts, and a make-believe that the total cost for increased postage would be passed on to rural subscribers.

The campaign has included requests that all kinds of civic organizations write Members of Congress protesting increased rates. This is an unethical campaign and a desire on the part of those who instigated such a campaign to keep on enjoying a generous subsidy at the expense of the taxpayers.

Not all little newspapers oppose this increase. Many feel that there should be a sizable increase in postage rates for this class of mail. I quote from one country newspaper on this subject:

"The shedding of tears for the country press is brought about mostly by the fact that the increase will hit large newspapers and magazines and give them considerable of a jolt at that. Considerable space is taken up with the assertion that country weeklies will be forced to go out of business if the new rates are put into effect. The cost of getting the press to our hundreds of readers is such a small percentage of the cost of doing business that we are not going to tear the house down if the rates are raised. Any country newspaper that would be forced out of business by the addition of $15 or $20 to their quarterly mailing bill has little excuse for being in business in these times. In the matter of postal increases, let us admonish the large publishers 'Speak for yourselves, John.'"

I quote from another daily newspaper which is in the class referred to as small publications:

"The Postmaster General proposes to increase second-class postal rates $125,000,000 a year. Such mail showed a deficit last year of $163,000,000. Newspapers and magazines are mailed under the second-class privilege, and Mr. Donaldson can expect a barrage of rebuke from the metropolitan newspapers and magazines. Incidentally, he will get none from us. Just why should this class of mail enjoy a rate that costs the taxpayers a deficit of $163,000,000 a year? Publishers pay a fair price for their paper, equipment, and labor, and there is no reason why they should sap the taxpayers for a subsidy. Subscription rates will advance accordingly, it is true; but in the end it will be equalized and the burden of the Post Office Department will be distributed where it belongs. This small newspaper will be paying more, of course. But if our mail can't be handled profitably at the current price, then it should pay more. Government should be operated on a business basis. Donaldson has the common sense to say so, no matter where the burden falls."

From another publisher of a small daily newspaper I quote from a copy of one edition of his publication:

"Newspapers are now being urged to protest the proposed increase in the postal-rate structure. As one of the recommendations of the Hoover Commission task force, a suggestion was made that the Postal Department be placed on a more businesslike basis, and eventually to become self-supporting. Early this week this newspaper received a bulletin from the legislative committee of the National Press Association, headquartered at the National Capital, prayerfully urging that its publisher get in touch with its Senator explaining what it (the increase in postal rates) will cost your publication. The attitude is typical, the expression of condemnation of pressure organizations who resent interference with their privileges and paeans of praise of men like the former President Herbert Hoover, for the giving of his time and energy to realize long-needed economies in Government. They must surely realize that they are thereby becoming parties to making ineffective suggestions from one whom they applaud for trying to bring about stability and solvency in our Federal Government. The proposed increase is admittedly pretty drastic, yet in the end it might well prove a boon to the better-type newspapers and magazines whose publishers are now sounding such nervous alarms. Within the last month or so the press publishers received a score of cut-rate proposals from many of the nationally circulated magazines and weekly review publications. Evidently their business managers are not too fearful of the prospect of additional postal rates as they bear upon increased poundage."

The Post Office Department realizes the great amount of pressure coming from all quarters in an effort to prevent any increase of postal rates on second-class matter. It must be realized that even though the rates recommended are quite a step-up, there would still be a hundred-million-dollar subsidy on second-class mail even if the rates recommended by me were put into effect. The question of continuing this large subsidy is a policy to be fixed by the Congress, and if after completion of all of the hearings some policy is established by this committee which would provide for less increase in rates than recommended by me, I will be most happy to work with this committee in amending the proposed legislation to meet the policy established by the committee.

POSTAL AND POST CARDS

Government postal cards were authorized by Congress in 1872 at 1 cent each, at which time the deficit in the postal service was only $4,749,000. The private-mailing post cards were authorized by Congress in 1898 at 1 cent each, at a time when the deficit was only $9,000,000.

The Government Printing Office prints the postal cards and the cost per thousand in 1942 was 42 cents. The cost is now 70 cents per thousand.

The rate on postal and post cards was increased to 2 cents by the War Revenue Act of 1917, at a time when there was a surplus in the operation of the postal service of nearly $10,000,000. The 1-cent rate was restored by the act of February 24, 1919, at a time when there was a surplus in the operation of the postal service of more than $73,000,000. The rate on private-mailing cards only was increased by the act of February 28, 1925, effective April 15 of that year, at a time when the deficit in the postal service was nearly $40,000,000. The rate on the private-mailing cards was restored to 1 cent by the act of May 29, 1928, at a time when the deficit for the postal service was $32,000,000.

The increase in rates as mentioned was not brought about by any alarming deficit and there was good reason for restoring the rate to 1 cent. The situation is different now, and there was a loss of $57,000,000 on these postal and post cards in the fiscal year 1948. The revenue is 1 cent on each, and the average cost is 2.59 cents each. Of the total number handled last year—3,601,000,000—over 90 percent were used by utility and other business concerns, a large proportion for advertising purposes.

There is no sound reason for continuing the 1-cent rate for postal and post cards. The same rate should apply to both postal and post cards and no hardship will be worked upon the few people who use the cards for social correspondence.

THIRD-CLASS MAIL

The number of pieces of third-class matter handled in the fiscal year 1948 was 8,188,000,000, and the average weight per piece was 1.08 ounces; while the average revenue was 1.37 cents per piece, and the average cost on the basis of increased salaries under Public Law 900 is 2.81 cents per piece. Of the total pieces handled, 4,826,000,000 were mailed in bulk at the minimum rate of 1 cent each, and a little more than 1,000,000,000 pieces were mailed at the bulk rates of 12 cents, or 8 cents a pound, making a total of 5,855,000,000 pieces handled at the bulk rates.

Third-class mail consists mainly of advertising matter, and the excess of the expenditures over the revenues for such mail, on the basis of both the higher salaries and the increased postage rates provided by Public Law 900, applied to the volume of third-class matter handled in 1948, amounts to $101,000,000. This large discrepancy between the revenues and expenditures, even after including the additional postage at the rates effective January 1, 1949, calls for further readjustment of the rates on this class of mail.

Those who are opposed to these increased rates allege that the cost of handling bulk third-class matter is less than 1 cent per piece, which statement, of course, is not true. The statement that this class of mail generates more first-class mail is true, but there is no longer a profit on first-class mail, and therefore no point in generating additional volume on a class of mail which no longer produces revenue in excess of expenditures. It is now costing approximately 2.95 cents for first-class mail bearing 3-cent postage, and if there are additional costs for the transportation of mail by surface and by air there will be no profit at all in handling first-class mail. Claims made regarding savings on bulk mailings because of sorting and tying into directs to post offices and States by mailers are greatly exaggerated. Post offices are equipped and have trained personnel to do this work most economically. The claim made by those opposing increases that savings are effected by preparing this class of mail by the mailer, to save distribution in the post office, is nullified by their next statement to the effect that third-class mail is a "fill in," worked in slack periods and given deferred delivery. No matter when the mail is worked or delivered, the same effort and time and cost are required. Furthermore, a large portion of third-class matter has a time value, such as market prices and reports, announcements of sales, meetings, etc., on particular dates, which may not be delayed, and often results in preferred treatment.

Statements have also been made to the effect that the higher rates would bring about a large decrease in the volume of this class of mail, and some of the opponents have indicated that the decrease might be as much as 75 percent. Such opponents suggest that the Post Office Department go after more business, promote greater use of its services, and advertise itself out of its deficit by creating profitable or potentially profit-making use of its more than 50 postal services. This statement is made without apparent knowledge of the fact that the Post Office Department does not have sufficient quarters, space, equipment, and facilities to handle the great volume of this low-revenue-producing mail, and that the costs of its operations are so high that any additional volume of business in the low-revenue-producing classes would merely increase the deficit.

FOURTH-CLASS MAIL

I have previously stated that the law contemplates that this class of mail might pay its way. That was the intent of Congress when it established parcel post in 1913. The rates recommended by me are such as to produce sufficient revenue to meet the cost of handling this class of mail.

As you know, there is a case pending before the Interstate Commerce Commission in

which the railroads have asked for an 80-percent increase in transportation costs. The Interstate Commerce Commission has authorized a 25-percent interim increase pending final determination of the case. If this final determination results in further increased transportation costs, which will be retroactive, then the rates recommended in this proposed legislation will not be sufficient to produce revenue equal to the cost of handling parcel post.

SPECIAL SERVICES

The Hoover Commission, as well as the task force employed by that Commission to investigate the Post Office Department, recommended that all special services, which are adjuncts to the postal service, should pay their way. In other words, the fees to be charged for these special services should be sufficient to pay the cost of handling. I am, and I always have been, thoroughly in accord with that recommendation, and the rates recommended by me were such as to accomplish it.

As previously stated, I feel that it is my duty to report to the Congress on the financial conditions of the postal service. This I have tried to do on a factual basis and without any prejudice whatever. I feel that I cannot permit the charges of mismanagement and inefficiency on the part of the postal people to go unchallenged. We in the postal service are trying to render to the public the kind of postal service they have a right to expect, and at the least possible cost.

We are receptive to any suggestions that could eliminate waste and costs, and are constantly studying means by which this vast business can be handled more economically and more efficiently. There is nothing we can do about the increased cost through increased salaries and increased transportation rates, which make up 95 percent of our expenditures. To accomplish a saving of $300,000,000 per annum, as has been so carelessly suggested by some, would result in reducing our personnel by more than 100,000 employees. This would be equivalent to the discontinuance of all postal service at New York City, Chicago, Philadelphia, and Boston, which offices produce approximately 20 percent of our revenues.

I have given much of my time to a study of this rate structure, and I am willing to be of any assistance to this committee in arriving at a satisfactory solution based upon a policy to be promulgated by this committee and the Congress.

It has been suggested that I sit down with the publishers and reach a compromise on second-class rates. In reading the testimony which has been given before this committee I note that some publishers state that they cannot stand any increases, others state that they could agree to a 5-percent increase, and still others have suggested a 10-percent increase in the rates. A 10-percent increase would increase the revenue by only about $4,000,000, involving a $200,000,000 subsidy, and I could not conscientiously agree to any such compromise. I will work with the committee along the lines of any policy that they may formulate on this rate question.

SELLING OF GOVERNMENT BONDS

Mr. LANGER. Mr. President, on Tuesday of this week, on page 8165 of the CONGRESSIONAL RECORD, I called the attention of the Senators to a circular which was sent to me by a lady who had been asked to volunteer in the selling of Government bonds. What I said upon that occasion was called to the attention of the assistant to the Secretary of the Treasury, Mr. Vernon Clark, and I know every Senator upon this floor will be happy to be informed as to just how it happens that these prizes—which I enumerated on Tuesday—are given to volunteers according to the program, and how they are obtained.

As I said on Tuesday, a prize was offered to the person who sold the most bonds, the prize being a trip to Bermuda in an overseas British plane, with 1 week's stay at the Hilton Hotel at Bermuda. In addition, they gave other prizes, consisting of dresses, purses, and a great many other things.

The assistant to the Secretary of the Treasury, Mr. Clark, stated the arrangements are as follows:

We depend upon every town, city, and county to volunteer to sell these bonds. They pay their own expenses and any prizes that are given workers turning in an outstanding performance is a gift from friends of the program; namely, merchants and others who want to see the savings bond program extended because of the thrift it develops for our entire population. We have attempted to operate our division of the Treasury Department in as economical manner as possible. In proof of that our costs of selling bonds is now 60 cents per $1,000 worth of bonds as compared to 81 cents during the war years when we had the help of the Army, Navy, and every other branch of the services behind us. We think that is rather remarkable in view of the fact we have been able to accomplish that by a reduction of personnel of approximately 75 percent and creating a well, efficient organization.

Here we have an instance, as the Senator from Virginia [Mr. BYRD] and I have said upon various occasions, of the effect of adoption of the Byrd-Langer amendment. The effect has been to reduce personnel in some of the departments. Here we find that as a result of that amendment the Treasury Department has reduced its personnel in one division 75 percent. I think that is a fine record on the part of the Treasury Department, cutting the number of employees in one division from something over 500 to about one-fourth of that number.

This clearly enlightening statement by the assistant to the Secretary of the Treasury is especially interesting to me, as I know it will be to many Senators because of the fact that the personnel has been reduced so much.

TELEPHONES FOR FARMS

Mr. LANGER. Mr. President, I now desire to take up another matter, if I may.

Mr. MAGNUSON. Mr. President, will the Senator yield for a question?

Mr. LANGER. I yield for a question.

Mr. MAGNUSON. I have a very important matter that I want to present, and I wonder how long the Senator will take.

Mr. LANGER. I should say about an hour or possibly more. There is nothing more important than the matter I propose to bring up at this time, the matter of telephones for farmers all over the United States.

Mr. MAGNUSON. Mr. President, I may say to the Senator I did not question his estimate of the degree of importance which should be given to the matter he is about to present. I was merely wondering how long it would take.

Mr. LANGER. I should say roughly an hour.

Mr. MAGNUSON. I thank the Senator.

Mr. LANGER. Mr. President, in this morning's New York Times there appears a news item, reading as follows:

PHONES FOR FARMS ADVANCE IN HOUSE—RULES COMMITTEE VOTES TO LET BILL BE DEBATED—PRIVATE COMPANIES PROTEST

WASHINGTON, June 23.—A bill intended to put more telephones on the farms moved ahead a step in the House today when it cleared the Rules Committee. The House may act on it next week. Private telephone companies have opposed it.

The bill would authorize the Rural Electrification Administration to move into the telephone field. It would make loans to private companies or to cooperatives set up by rural residents to finance extension of telephone lines.

The Agriculture Committee approved it some time ago. The Rules Committee, which determines how and when most major bills will be handled on the House floor, voted today to let it come up and to limit debate to 3 hours.

LOS ANGELES, June 23.—The Nation's 6,700 independent telephone companies are doubly jeopardized by Federal taxation and Federal competition, it was asserted today by Charles F. Mason, president of the largest independent, the Associated Telephone Company of California. He spoke before the convention of the California Independent Telephone Association, of which he is president.

"The general public does not realize that the Government is actually making more profit out of the telephone business than the people who own it and try to run it," he said.

"For example, the Pacific Telephone and Telegraph Co. paid a combined tax bill last year of more than $35,000,000, as compared with a net income of $25,000,000. My own company had a tax bill of $2,375,000 while its net income amounted to only $1,560,000."

"An even more serious threat existed," he said, "in the bill before Congress to finance rural telephone service through the Rural Electrification Administration. This project, in using taxpayers' money to underwrite subnormal interest rates and in exempting benefited companies from normal local, State, and Federal taxes and from Public Service Commission control, would amount to limited State socialism rather than free enterprise or even regulated private enterprise," Mr. Mason declared. "The real intent of the bill," he said, "was to perpetuate the REA which had nearly finished its job."

Mr. President, as one of the authors of one of the bills considered by the Senate Committee on Agriculture and Forestry, I want to say that this gentleman, Mr. Mason, simply does not know what he is talking about. He may be the president of a great telephone company, but he does not know the spirit that actuated the Senators who introduced these various bills. The Senators who were interested in these bills were the Senator from Oklahoma [Mr. THOMAS], chairman of the Committee on Agriculture and Forestry, the Senator from South Carolina [Mr. JOHNSTON], the Senator from Alabama [Mr. HILL], the Senator from Iowa [Mr. GILLETTE], the Senator from Oklahoma [Mr. KERR], the Senator from Florida [Mr. PEPPER], the Senator from Alabama [Mr. SPARKMAN], the Senator from Texas [Mr. JOHNSON], the Senator from Vermont [Mr. AIKEN], the Senator from North Dakota [Mr. YOUNG], my distinguished colleague, and myself.

It is interesting to note exactly what the situation of the farmers is so far

as telephone service is concerned. I do not know of any better place to get the information than from the testimony of the distinguished Senator from Alabama [Mr. HILL], one of the Senators who, with the distinguished Senator from Georgia [Mr. RUSSELL], helped to put over the REA program in the United States.

This man Mason, Mr. President, says that the REA program is nearly over, when, as a matter of fact, the truth is that only half the farmers in the entire United States have light and power upon their farms. Of course that does not worry Mr. Mason. In Japan 95 farmers out of every 100 have had rural electrification for a long time. In Germany more than 96 percent of the farms had rural electrification before the war started. In Sweden, Denmark, and Finland the number of farms with rural electrification was nearly 100 percent, while in the United States less than 51 percent of the farms have rural electrification at the present time. Yet Mr. Mason says, according to the dispatch in the New York Times this morning, that we are interested in getting REA to take charge of having rural telephones because REA has nearly completed its job. If his other statements are no more true than that statement, I do not have very much respect for the veracity of Mr. Mason.

The Senator from Alabama [Mr. HILL], when he testified before the committee, went into the matter very carefully. He said:

The facts on the need for rural telephone service speak for themselves. There were actually more telephones on the farms of America in 1920—

Thirty years ago, Mr. President, there were more telephones on the farms—

than there are today, although we have made remarkable progress in every other phase of mechanization and electrification on American farms.

I should like to have this man Mason and some of the rest of the fat boys who are opposed to a farmer having a telephone when he is living 25 or 30 miles out in the country, and who has children and can communicate with doctors only by telephone—I should like to have one of those fellows stay out there when illness strikes the family.

The Senator from Alabama continued:

We call business people, lawyers, doctors, and folks living in our cities, but we cannot reach our farmers. Just as we cannot reach them, they, in turn, cannot reach anybody themselves, no matter how urgent the need may be for them to reach the doctors or some businessman or merchants or suppliers.

In 1920 nearly 2,500,00 farms had telephones. By 1940 this number had dropped to only 1,500,000.

A loss of a million, Mr. President. A million less individual farm homes had telephones in 1940.

Despite a slow increase, in 1945 more than 4,000,000 of America's 6,000,000 farms still had no telephones.

Only one out of three farms, on an average, in the United States has a telephone.

The Senator from North Dakota spoke of the situation in his State. If possible, I may say the situation is even more acute down in my section, in the South where the number of farms with telephones dropped more than 50 percent between 1920 and 1940. We went through the depression and, of course, the way these telephone systems have to be financed and have had to be financed, why, I imagine many of them could not survive, and did not survive, and many other factors entered into it, which factors I will come to as I go along in this statement. In my own State of Alabama, I say to the Senator from North Dakota [Mr. YOUNG], the 1940 census showed only 8,254 farms, 3.6 percent of all the farms in the State—

Three and six-tenths percent, less than 4 farms out of 100—

had telephones, 316 farmers out of 8,254. Many of those were inadequate.

Those they did have were not even in good running condition, according to the Senator from Alabama.

I read further from the testimony of the Senator from Alabama, as follows:

By 1945 some 11,000 Alabama farms—still only 5 percent—had obtained telephones. An increase from 3.6 percent to 5 percent over a 5-year period is progress by inches where we have miles to travel.

At the same time the farmers have shown that they wanted and were able to pay for the benefits of modern living. Approximately two out of three farms have radios and automobiles. Seven out of ten farms have electricity, which means they also have refrigerators, stoves, washing machines, and milking machines. The most recent survey, just completed by the Bureau of Agricultural Economics in the Department of Agriculture, reports as of July 1, 1948, only 37 percent of the farms have telephones and shows no appreciable increase over 1947.

If our farmers are to have telephones, the small, independent telephone companies which serve them must have long-term financing at low rates of interest.

Statements by the independent telephone companies themselves demonstrate the urgent need for this low interest financing.

In a pamphlet entitled "The Farm Telephone Story," issued by the Independent Telephone Institute, its spokesman, Mr. E. C. Blomeyer, in commenting on my original rural telephone bill, introduced by me in 1944, stated, and I quote:

"The vital question is that of how the small independent companies are going to get the money with which to do their part of the job if this legislation is not enacted."

Mr. Blomeyer has recently informed me that conditions are still the same and that enactment of Senate 1254 is the only effective answer to the problem.

The need was further demonstrated by the findings in 1945 of a finance task group of the rural telephone service committee of the United States Independent Telephone Association, studying the credit needs of small telephone companies. The task force report opens with this significant statement:

"The problem of financing for the small telephone company to provide funds necessary for plant replacement and improved equipment is one of major importance in the independent industry."

This bill before us, Senators, Senate 1254, is simple, direct, and straightforward in its steps to meet this need. Briefly, this is what it provides: Senate 1254 would authorize the Rural Electrification Administration to make loans for the extension and improvement of rural telephone service. These loans may be made for a period of not more than 35 years, at an interest rate of 2 percent per annum. The loans are required to be self-liquidating within the time agreed upon and may be used for the financing or refinancing of expansion and improvement of existing facilities.

The opportunity the legislation offers for the refinancing of existing loans is of primary importance to those systems which have outstanding debt, in some cases carrying burdensome rates of interest and amortization schedules which are beyond the system's capacity to meet, and which prevent any modernization of service. The loan terms would be a lifesaver to the many systems which have unsuccessfully been seeking to float new issues with which to extend and improve their rural lines.

Mr. President, I ask that the remainder of the statement by the Senator from Alabama be printed at this point in my remarks.

The PRESIDING OFFICER (Mr. YOUNG in the chair). Is there objection?

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

On February 14 I appeared before a subcommittee of the House Committee on Agriculture to support a similar bill which I am glad to say has been reported by the House committee as now on the House calendar. In the testimony presented by witnesses before the committee on that date were two recent instances where independent telephone systems operating in my own State had ben granted authority by the Public Service Commission to borrow modest sums for the purpose of purchasing new equipment and expanding their plants to serve new subscribers. These companies offered 5 percent interest in one instance and 4¾ percent in the other, but have been unable to borrow this money from private sources even at those rates. I have learned of many similar instances, all of which indicate that private financing is not available, and that there is an urgent need for a program of Government credit in this field.

Support of Senate 1254 has come straight from the grass roots—from farm and rural people who look to this legislation as a means of obtaining at last the telephone service they need and have so long desired.

Support of S. 1254 has come from small independent and mutual systems who see in this type of legislation their only hope of being able to modernize and improve their facilities and continue successfully in the telephone business.

I want to read two or three excerpts from letters from some of these independent companies.

I have here a letter from a man in Minnesota who has recently gone broke in the independent telephone business and now lives in a trailer camp, Senator. He worked for years with the Bell system and with one of the largest independents and served in the Army Signal Corps during the past war. He says in his letter:

"The composite picture is one in which the Bell system and the big independents have combined to oppose a feasible plan for solving an industry problem, for obviously selfish reasons. They have contributed little or nothing toward solving the problem and their operations would be affected very little, if any, by your proposal. * * *"

Senator YOUNG. In fact, Senator, their tolls would be greatly increased.

Senator HILL. Well, Senator, I do not want to get too far off, but I have been here for some time in Congress, and all this takes me back, as Senator THOMAS will recall, to the fight that the private power companies made on REA.

Senator AIKEN. Why do you use the past tense on that? [Laughter.]

Senator HILL. I accept the Senator's amendment. And, of course, the REA has in no way been harmful to the private power companies; it has just afforded a larger and

a better market for the private power companies to sell their commodity, which is electricity.

"They have no legal or moral right to prevent passage of this legislation and they must not be permitted to do so."

A company in North Carolina says, and I would be glad to bring this letter to you:

"We surely hope you will be able to get your rural telephone bill passed by this Congress so that the small telephone companies would be able to borrow money from the Government at a low rate of interest to build farmer lines so we could give the farmers the much needed telephone service. It seems to us that it is just as important for the Government to help the farm telephone business as it is the farm power business. There is a great demand at the present time for farm telephones and the small telephone companies with the low rates do not have the money for the country expansion."

An independent in Alabama, strongly supporting the bill and offering to come to Washington and appear before the committee, writes:

"As far as the need for financing in our industry, it is certainly grave. I find that most of all our telephone men in neighboring companies, and about over the State are able and competent telephone men, ambitious to serve their territory with adequate telephone service, but financing has virtually made it impossible in our dreams, plans, or hopes."

In a letter from a large Midwest independent, the president of the company states:

"We desire to congratulate you on your constructive efforts and extend the hope that this very fine bill will be enacted at an early date.

"In this world of ours it seems that negative thinking is cumulative even when constructive purposes are clearly evidenced. Notwithstanding all that has been said opposing the rural telephone bill which you are sponsoring, I desire to go on record as positively favoring the bill.

"The writer represents approximately 66 thousand telephones in 7 States, including the South and Middle West, where present costs permit only selective extensions of rural service unless long-time money is available at a low rate. Therefore, to do a good job, it is essential that we secure assistance which cannot be classified as a Federal 'handout.' The provision which makes loans available to independents and others for a 35-year period at 2 percent interest adequately meets the need."

The president of another large independent operating in Kansas and Missouri, who is a member of the board of directors of the Independent Telephone Association and vigorously supports the legislation, makes this observation:

"While the problem of the syndicated companies is not so serious, particularly in the more densely settled sections, most assuredly the small individually owned exchange is in a distressed situation insofar as rehabilitation of its existing equipment, and in an almost hopeless position as to its ability to extend into unreserved rural areas contiguous to existing exchanges in sparsely settled areas."

In conclusion this same writer states:

"In the absence of the insurance companies or bankers being willing to step in with a blanket form of mortgage in order to spread their risk and to lend capital to the small companies at interest rates and length of amortization of debt, similar to your proposed legislation, the alternative is for the Federal Government to do so. Thus far the bills in Congress offer the only glimmer of hope in this distressed situation."

Opposition to Senate 1254 is coming from two sources—from the Bell telephone monopoly and from some who claim to speak for the small independent companies.

I can understand the opposition of the Bell monopoly. A report by the Federal Communications Commission made pursuant to Public Resolution No. 8 of the Seventy-fourth Congress had this to say of the Bell system, and I quote from the report of the Federal Communications Commissioner:

"The Bell system has consistently pursued the policy of obtaining control of a Nation-wide unified telephone system. Since its inception the watchword has been 'one system, one policy, universal service.' In achieving its present dominant position, the Bell system has been successful in the elimination of effective competition. There is today no competition, worthy of the name from the Nation-wide standpoint, with the unified Bell system."

The effect of Bell's monopolistic control, not only in the field of communications but also over the manufacture of telephone equipment, was cited—and that is a very important thing. I have not the time to go into it here, but this thing of how you can get your equipment, and how much you have to pay for that equipment, and the control of those who manufacture and sell that equipment is a very important issue.

I am very much in hopes that this committee will report this bill fairly with this Congress, and I urge that. But if for any reason this committee finds it just cannot report, or if we do not pass this bill in this session of Congress, I hope that when the Congress will recess this committee will make it its business—either this committee or a subcommittee of this committee—to investigate and to go into this whole question, not only in the control of the distribution but in the control of the equipment—who manufactures, who owns these manufacturers, how these manufacturers and these distributing agencies and salespeople—and find out what is the control, if any, over them.

The effect of Bell's monopolistic control, not only in the field of communications but also over the manufacture of telephone equipment, was cited in the complaint recently filed by the Justice Department against the American Telephone and Telegraph Co. (Bell) and its subsidiary, Western Electric Co. I quote from page 64 of that complaint:

"By combining under single ownership"—now, notice these words, gentlemen, here is the complaint of the Department of Justice—the control of development, manufacturing and distribution of, as well as complete control of virtually the entire market for, telephone equipment used in the United States, the defendants have fixed the types, quantities, and prices of telephone purchases and sales, and have controlled the plant investments and operating expenses on the basis of which Federal and State regulatory authorities must fix rates to be charged subscribers for both local and long-distance telephone service."

Now, this is one of the answers to your question in the beginning, Senator, that I knew I would come to.

Senator GILLETTE. Senator HILL, are you quoting from a complaint filed by the Department of Justice?

Senator HILL. By the Department of Justice, that is correct.

I would be delighted to furnish for the record the full complaint. I have just taken this quote from page 64.

The CHAIRMAN. Without objection the complete report in the nature of a complaint will be placed in the record at this time in connection with Senator HILL's testimony.

Senator HILL. I would like to have it at the end of my testimony. It is somewhat lengthy.

The CHAIRMAN. It will be placed at the end of your testimony then.

Senator HILL. "The absence of effective competition has tended to defeat effective public regulation of rates charged subscribers for telephone service since the higher the prices charged by Western for telephone apparatus and equipment the higher the plan investment on which the operating companies are entitled to earn a reasonable return."

In other words, this question of what the equipment costs goes right to the heart of the question of what the rates are, and, of course, the question of the rate determines so largely the matter as to whether or not you can go into these rural areas.

It goes back to that thing of the power people. I remember they testified on the House Committee of Military Affairs, of which I was then a member, that we could not do this to any farm without going into bankruptcy. Well, the REA has not gone into bankruptcy, as the Senator from Vermont so well knows.

"The noncompetitive prices of Western's manufactured products have the dual effect—and I am talking about manufactured products now; that goes right to the heart of this thing—of increasing manufacturing profits and of raising telephone operating profits by inflating the rate bases of the Bell operating companies. Both increases accrue to the benefit of A. T. & T. The difference between the apparent and the real costs of telephone service represents hidden profits which are beyond the reach of public regulation. The defendants' triple monopoly of development, manufacture, and sales market of telephones, telephone apparatus and equipment has been so used as to delay and retard the introduction of improvements in the art of telephony which would have made telephone service more efficient and less costly to the subscribers." That is, rural subscribers as well as city subscribers.

That is the end of the quote of the Department of Justice complaint.

Monopolistic arrangements such as those described above have kept the cost of telephone service out of the reach of many farm families. Even so, the industry is now engaged in boosting its rates still further. In a recent article in Business Week it was pointed out that substantial rate increases were won by many of the system's operating subsidiaries during 1947 and, at this time, applications for additional rate increases—some representing second- and even third-round requests—are pending in 29 States.

I am puzzled as to how the United States Independent Telephone Association, the same organization which in 1945 pointed to the problem of financing the small telephone companies as one of crucial importance, can justify to its membership the present opposition to Senate 1254. Perhaps the answer lies in the domination of this association by a small group of large so-called independent companies which in turn apparently are dominated by the Bell system. The testimony these witnesses submitted before the House Committee on Agriculture in February when the committee considered a similar measure is completely contradictory to the views expressed to me in the letters which I have read to you and the many other letters which I have received from operators of small independent telephone companies throughout the country.

Senator AIKEN. Your earlier statement would indicate that the small companies are probably dependent upon the big company for their equipment.

Senator HILL. Yes. If it is not dependent upon the big telephone company, it is dependent upon these people who manufacture and sell the equipment that they must have.

Senator AIKEN. The manufacturing plant which is controlled by the big operation company.

Senator HILL. That is right.

These letters indicate that the telephone lobby here in Washington does not speak for the independent companies which strongly support this legislation intended to help them. This lobby, which is carrying on

a widespread propaganda campaign against this legislation, apparently reflects only the views of the large interests which dominate the telephone industry.

I can only conclude that "the voice is Jacob's voice, but the hands are the hands of Esau."

What are the charges against Senate 1254? They are the cries of "socialism" and "Federal control" and "costly subsidies" which through the years have always been the alarums of reaction against progress.

Let us compare the propaganda and the facts:

First, the bill provides no subsidies that will cost the taxpayers. Instead it establishes a self-liquidating loan program and expressly requires that all loans be repaid with interest. REA's impressive 14-year history of success in rural electrification financing completely refutes any such claim.

Second, the bill will not put any small telephone company out of business. On the contrary, the bill would give a new lease on life to the thousands of small companies, both profit and nonprofit, which otherwise face extinction or involuntary absorption by other companies. By providing credit where credit is not otherwise available, the bill will make it possible for small independent telephone companies to stay in business and operate profitably by rebuilding their systems, improving their service, and refinancing their obligations on a long-term basis.

The bill provides that funds shall be made available on identical terms to private companies, public agencies, and cooperatives.

Third, opponents of the bill have made the claim that Federal financing is a "disguise for social planning and Government interference."

There are many examples to demonstrate that Federal financing does not lead to Federal control. Banks, railroads, utilities, and hundreds of other businesses have borrowed billions of dollars from the Federal Government without losing their independence or becoming "socialized."

In fact, gentlemen, it has always intrigued me that of the agencies that we set up to fight the depression, the one that has continued was the one we set up to help business, which is the RFC. The NRA, WPA, and NYA have long since passed out of existence, but the agency which was to help business, make these loans to business—big business, your railroads and your big utilities and your banks and people like that—as we know, it continus today.

Senator AIKEN. You agree, Senator, that the record of the RFC is not quite as good as the REA as a business?

Senator HILL. I think the REA record is a better business record.

The CHAIRMAN. Does that complete your statement, Senator Hill?

Senator HILL. No; I will be through in just a moment.

The opponents of the bill have sought to create fear in the minds of the operators of small independent and mutual companies—the fear that if this legislation is enacted the Federal Government or REA cooperatives would take over or supplant these small companies.

There is nothing in the bill which would permit the Federal Government or REA cooperatives to take over or supplant telephone companies now giving adequate rural service. Under the bill, REA would have only the power to lend money and to furnish technical assistance where it is wanted and needed. The independent companies will continue to have the full protection of their State utility commissions and regulatory bodies.

You cannot go into any State in this Union that I know of and set up a telephone company without first going to your State utility commission or regulatory body and getting a certificate of convenience and necessity.

The final determination of whether additional telephone service is needed in a particular area is left in the hands of the State authorities. The bill expressly required that a Federal loan can be made only after a certificate of convenience and necessity authorizing the new telephone system has been issued by the State body having authority to regulate telephone service.

The language in the bill which authorizes loans to public bodies and gives such bodies the same preference as existing companies and mutuals was not intended to place either the Federal, State or local governments in the telephone business. In several States, rural-electrification enterprises are organized, under applicable State laws, as power or utility districts which are established by statute as "public bodies." It is unlikely that public bodies, including the power districts, anywhere in the 48 States today have statutory authority to engage in rural telephone service. They may never be authorized to enter this field, for that is a matter entirely within the control of the legislatures of the several States.

Fourth, there has been much talk about the need for an amendment to the bill to prevent duplication of telephone facilities. I have seen the so-called "antiduplication" amendment proposed by the opponents of Senate 1254 and I am satisfied that its adoption would scuttle the program envisaged by this bill.

The proposed amendment would perpetuate the inadequate service now given hundreds of thousands of farmers and it would prevent others—on the 4,000,000 farms which still have no telephones—from getting adequate service.

The provisions of Senate 1254—and as I have said—and the continuing authority of the State regulatory bodies do not permit duplication in those areas where adequate reliable service is being furnished to the farmers who want it. Furthermore, we know that Congress will never appropriate funds for the REA to go into the business of duplication.

Those who continually talk about the need for the amendment are not worried about duplication in terms of facilities which would be built to serve farm people already receiving service; their interest lies in preserving a monopoly in all the rural areas of the United States: This is the same "dog-in-the-manger" attitude taken by the commercial power companies when the rural-electrification program was first established. These companies regarded rural America as their own green pastures to be electrified when and how they saw fit. Since creation of REA, rural electrification has been carried forward without any duplication of the facilities to serve farm people.

As I have suggested the State legislatures and the State regulatory bodies can certainly be relied upon for protection against unfair or uneconomical duplication of electric facilities. They can be relied upon to give the same protection in the field of rural telephone service.

When we do the job we need to do in bringing telephone service to rural people, we put wages into the pockets of workers and money into the cash registers of merchants, manufacturers, and businessmen in every State in the Union.

The expanded rural telephone program provided under Senate 1254 would create 70,000,000 new permanent jobs in private industry.

Senator ANDERSON. How many? Seventy million when there are only fifty-eight million working now?

Senator HILL. Well, every little bit adds just that much more. [Laughter.]

Senator AIKEN. That is quite a lot.

Senator HOLLAND. You mean seventy thousand.

Senator HILL. I beg your pardon. I did not mean seventy million. The figures show exactly seventy thousand.

I will say to the secretary that the chairman here rather suggested that my time had come to a close, and I was reading perhaps too rapidly. It was seventy thousand, I will say to the secretary.

Seventy thousand new permanent jobs in private industry paying $200,000,000 a year in wages, on the basis of available figures on the Nation's telephone industry.

Most States would find, in this expanding industry, a market for one or more of the materials utilized in telephone installation. For example, let us trace the material supply for the installation of a telephone at a farm home in Nebraska. Pine poles might come from Texas, Alabama, Mississippi, or Oklahoma, cedar poles from the Pacific Northwest——

Senator THYE. If I may interrupt you, might we get a few down from Minnesota?

Senator HILL. Well, you might, but I am coming to you next.

Steel from iron mined in Minnesota——

Senator GILLETTE. How do you spell steel?

Senator HILL. S-t-e-e-l. [Laughter].

Copper from Montana and Arizona, cotton from Georgia and California, synthetic rubber from Oklahoma and Texas, plastics from coal mined in Colorado, glass and ceramics from New York and Tennessee, and electronic devices from almost every State. Expansion in the rural telephone field would create a great, new mass market and would represent a fine opportunity for many smaller manufacturers of telephone materials who now have little opportunity to compete in the commercial field.

The facts I have just outlined point clearly to the conclusion that advantages from a rural telephone program would benefit the entire economy, and promote the welfare of the worker and the farmer and the small business man. The possible benefits do not end there. The general public would likely find itself paying less for telephone service as the new program expanded. The potentialities of a cost yardstick seem as great in the telephone field as it was in the field of rural electrification back in 1935.

As we go forward with this program for adequate rural telephone service, the small independent telephone systems of America will be able to operate on a sound and healthy basis—the farm families of America will get their telephones and share in fuller measure the benefits of our Nation.

This bill, Senate 1254, will do for the farmers in the communication field what the Rural Electrification Act has done in the field of electric service. The enactment of the Rural Electrification Act identified the Seventy-fourth Congress as the "rural electrification Congress" to the millions of farm families who had for generations lived and worked by the kerosene lamp and carried the burden and drudgery of tasks which today are performed by a flick of the switch. Just so will enactment of this bill identify the Eighty-first Congress as the "rural telephone Congress" to millions of farm families.

Mr. Chairman, I want to thank you and the members of this committee for your very kind and patient hearing.

The CHAIRMAN. Are there any questions submitted to Senator HILL?

Senator ANDERSON. I would be interested to know if this 2-percent rate for 35 years is available for each privately owned small telephone company.

Senator HILL. That is right.

Senator ANDERSON. Can any other businessman go in and get it for 2 percent?

Senator HILL. We are doing that, as you know, for the REA.

Senator ANDERSON. Well, that is a different situation entirely. This is a small businessman that owns a small corporation.

Senator HILL. That is correct.

Senator ANDERSON. You spoke of one of them who has 66,000 telephones.

Senator HILL. Yes.

Senator ANDERSON. That is a pretty good-sized firm.

Senator HILL. Yes.

Senator ANDERSON. Can he go in and refinance his obligation at 2 percent?

Senator HILL. I would say he would be eligible. He would have to meet certain requirements by the REA, but he would certainly be eligible to file his application.

Senator ANDERSON. Why should this man get a subsidy from the Government?

Senator HILL. He gets it on the basis of getting telephones to the rural farmers.

Senator ANDERSON. When he can refinance what he has already put up? There might be a question to that.

Senator HILL. In other words, the REA might pass on his application as to what he may need as a going, modern concern to serve these rural areas.

Senator AIKEN. Would not he have to be passed on by the State regulatory bodies?

Senator HILL. He would certainly have to go before a State regulatory body.

Senator ANDERSON. Cutting his interest rate from 5 to 2 percent—I just do not understand why you would take a private company—

Senator HILL. A State regulatory body would fix the rates at which he could sell his telephone service.

Senator ANDERSON. I do not know of any other plan involving 35 years at 2-percent interest.

Senator HILL. This is a question we went into with the REA to get electricity.

Senator ANDERSON. Did the REA Act permit small independent companies to come in and borrow at 2 percent?

Senator HILL. We permitted cooperatives.

Senator ANDERSON. But that is an entirely different thing. I am wondering why you are going back to refinancing the small companies that are independently owned.

Senator HILL. We are going back to the refinancing of them so we can get telephones to the farmers.

So far as the legislature was concerned, all they needed was the loans to build the lines to get to the farm homes. They did not need, except in certain exceptional cases of which we, of course, are familiar, to set up the generating facilities to build dams or other generating facilities.

Senator ANDERSON. Well, I am quite well satisfied with the idea of extending rural telephone lines when it is done through a co-op or any other activity of REA that requires their own loans but I have some difficulty——

Senator HILL. Of course, you might work it this way, Senator. You might just make these loans to some cooperatives, but the more direct way is to deal with some local company.

Senator ANDERSON. Yes, but I think you are stepping off into another new field.

Senator HILL. Well, you might make the loans in such a way as to extend their lines in some indirect way, but this is certainly the direct way to do it.

Senator ANDERSON. But how would they differentiate? If American Telephone & Telegraph came in and said: "We would like to refinance all our obligations at 2 percent."

Senator HILL. Well, I do not think there would be any finding by the REA that they needed any financing. I do not think they would need any Government financing.

Senator ANDERSON. Do they have to so find?

Senator HILL. I would say they would.

Senator GILLETTE. Page 4 provides the determination by the Administrator of the need.

Senator ANDERSON. In your refinancing section I did not see anything on that. Section 4 on page 2 gives them the power of refinancing.

Senator HILL. Page 4, line 6, says: "when it is determined by the Administrator * * *." In other words, he has to make a determination of the necessity to furnish telephone service in rural areas—such loans made, et cetera.

The CHAIRMAN. Are there any further questions to be submitted to Senator Hill?

Senator HOLLAND. I understood him to say in his statement that the independent telephone operators association opposed this bill.

Senator HILL. I said I referred to one particular association that opposed it before the House committee.

Senator HOLLAND. That is the organization of independent telephone companies?

Senator HILL. I do not know that that is true. It is supposed to have been independent companies. Now, how much the companies dominate that association and are tied in with Bell—with these people that are controlled by the Bell—I do not know.

Senator AIKEN. You are not sure, in other words, whether the opposition comes from the heart or is of a more formal nature?

Senator HILL. That is right. The Senator is exactly right.

Senator HOLLAND. My next question would be this: Do you have any list of small independent companies who have protested against that position taken by the association?

Senator HILL. I have a number of letters, some of which I read into the record, others I would be glad to supply for the record, from independent members, who are members of the association, who protested that position taken by that particular association.

Senator HOLLAND. You have the names of those?

Senator HILL. Oh, absolutely.

Senator HOLLAND. Do you have a list of the companies from whom you have heard who desire to protest against the stand taken by the independent association, and who support the passage of the bill?

Senator HILL. I have these letters. I do not know that I have made a list of them, but I have the letters which I would be glad to supply.

The CHAIRMAN. Senator ANDERSON.

Senator ANDERSON. I hate to go back, Mr. Chairman, but I have this particular case in mind of a small company trying to get me to find him some way of getting help. I referred him to the RFC, the El Paso area. He has gone to them and been unable to get any help, and I finally had to end up helping him myself in order to keep him alive.

Now it is being turned over to the Director of the REA, who may pass on the adequacy of the case. It is a wholly new function of REA, as I see it, and I cannot help but feel that we are getting quite a ways from rural telephones when you start in rehabilitating private companies.

Senator HILL. When you go into REA to get this telephone service into these rural areas, or to serve rural areas?

Senator YOUNG. Suppose an independent concern, a city-wide service, were to apply, would they be eligible?

Senator HILL. I would say not for the city-wide service. I want to be perfectly frank; it might be that this might be strengthening this company.

Senator ANDERSON. It has done precisely that thing. I think we should take into consideration these small-city operations in refinancing.

Senator HILL. You undoubtedly would have some in certain cases.

Senator AIKEN. But the small city or large town would have to be in a rural area.

Senator HILL. That is right. And the object of the whole thing would be to service these unserviced rural areas.

Senator AIKEN. I think we may well give consideration to the right of independents that Senator ANDERSON points out. In all our recent legislation I think we have written into the bills that money should be furnished at not less than cost to the Treasury, which, a short time ago, was slightly over 2 percent, the idea being that the Government is not to lose money even when it furnishes services and perhaps makes free administrative costs.

Senator ANDERSON. But here you have a small telephone company, privately owned. and this man says he thinks 2 percent for 35 years is right because it could not be classified as a hand-out; it could not be classified as anything else.

Senator HILL. It could not be classified as a hand-out if it is getting this service to this rural area, any more than getting electricity to the farm homes might be classified as a hand-out.

The CHAIRMAN. Senator, we thank you.

Senator GILLETTE.

Senator GILLETTE. I want to add right there on page four, the concluding sentence in the first paragraph, bears out just what Senator HILL has stated. "Loans under this section shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed."

Senator ANDERSON. I do not see where they mention building for rural areas. This is only a banking function.

Senator HILL. But right above that it does say, "when it is determined by the Administrator." He has to make a determination of what will be necessary in order to furnish or improve telephone service in rural areas—in rural areas. That is the only basis on which he can make a loan, when it is necessary to furnish telephones in rural areas.

Senator THYE. Could it not be interpreted, Senator, in a case where you have a city of 14,000 telephones in existence and serving the city, and where they have lines that extend out on this highway and that highway, but where they have few highways where there is no service. Under this act, however, they could refinance their entire service of 14,000 and go out and include a few of these highways.

Senator HILL. I cannot conceive, Senator, that REA would allow that, and I cannot conceive that the Congress of the United States would let them do that.

As you know, they come before Congress every year. They come before the House Committee on Appropriations; they come before the Senate Committee on Appropriations, and I do not suppose there is a year when they have not come before Congress.

Senator AIKEN. Is it not true, Senator, that it will be a long time to come before any available funds would be required in those areas that have no telephone service at all at the present time?

Senator HILL. That is right.

Senator AIKEN. I would expect the Administrator would certainly give preference to those areas that have no service.

Senator HILL. That is the whole spirit and intent of the bill, to take care of those areas.

Senator YOUNG. What is the interest rate provision in the REA Act?

Senator HILL. Two percent.

Senator YOUNG. Two percent straight through?

Senator HILL. That is 2 percent; that is right.

Mr. WICKARD. The interest charge to the borrower is 2 percent.

Senator HOLLAND. As the witness knows, I am sure of the fact that the REA's appropriations have not been nearly adequate to meet all the requests for the electrification of rural areas and for furnishing power to rural home areas of his State, and I assume States generally throughout the Nation.

What does the witness think about the probability of this program, if it were adopt-

ed, curtailing the amount of funds which would be made available for REA?

Senator HILL. I did not think it would interfere there. I think the delay we have had in the extension has been really due more in the past to lack of material than homes.

Senator AIKEN. It seems to me that one of the big advantages of making loans for telephone services would be this: Where an REA line is constructed that the same system could be used for furnishing telephone service, thereby dividing the costs between the telephone service and making it possible to reduce the electric service cost, and at the same time give telephone service for less than the cost would be if a separate line were constructed.

In New England, which is almost fully covered by telephone service anyway, and almost fully covered by electric service, we find a good many lines where the power companies—I live on one of them myself—and the telephone companies went halves. One of them furnished the poles and the other one set them. This was years ago, and that was the only way that I was able to get electric service some 15 to 18 years ago, and it seems to me that would be the principal advantage. The biggest advantage of all is furnishing telephone service to the REA members and being able to divide the costs so that it would not be excessive in either case.

Senator HILL. It has been demonstrated, as you say, right in your State of Vermont.

Senator YOUNG. I do not think there has been a shortage of funds for REA, as Senator HOLLAND said a minute ago. We can ask that question of Mr. Wickard. I do not think there has been any shortage of funds. The last Congress appropriated $875,000,000. I do not think it has been used up yet.

Senator HOLLAND. It has been my information that they have not been able to meet by any manner of means all of the requests for line expansion. Of course, we will have Mr. Wickard discuss that.

Senator YOUNG. I think that question should be answered.

Senator AIKEN. The money would go even further if part of the cost were charged to telephone service.

Senator HILL. You would get both for less cost to each.

Senator HOLLAND. It is not your intention that the telephone cost would be absorbed in the electric power cost and that you would get both the costs for the one?

Senator HILL. No; I would not say you would get both the costs for the one, but I would say this: You could get both for less cost to each.

Senator HOLLAND. I would be glad to have Mr. Wickard state into the record——

The CHAIRMAN. He will be a witness very shortly. We have one witness who desires to leave as soon as possible.

Senator HILL. Thank you, Mr. Chairman.

The CHAIRMAN. We thank you, Senator HILL.

Mr. LANGER. Mr. President, I now wish to quote from the testimony of a farmer, the president of the Missouri Farmers Association, Inc., Mr. F. V. Heinkel. Mr. Heinkel appeared before the agricultural subcommittee and testified as follows:

My name is F. V. Heinkel, and my address is Columbia, Mo. I am president of the Missouri Farmers Association, Inc., a Statewide farm organization having a membership of 126,000 farm families in Missouri, and also represents the National Council of Farm Cooperatives, which represents some 2,600,000 farm families throughout the United States.

Here we have an expert speaking, a man with authority, a man with experience, a man chosen by 2,600,000 farm families to represent them before the Senate committee when it came to considering the bill which some of us Senators had gotten together to introduce.

Mr. Heinkel continued:

This opportunity to present the views of farmers relative to the rural telephone program which you are considering, is deeply appreciated. As a farmer, and living constantly in close touch with farmers, I feel competent to say that there is a dire need for more and better telephone service throughout rural America.

Only about 42 percent of the farms of the United States have telephones. But this figure does not convey the true picture. Service over existing lines ranges from good to bad and indifferent. Out in the Midwest, rural telephone service has a very bad reputation, and that is an understatement.

Missouri's telephone situation is comparable to that existing in most of the country, for Missouri is located in the very heart of America. Agriculture is its biggest industry, and the State ranks well up in point of wealth.

Listen to what Mr. Heinkel tells us about Missouri, the home State of the President of the United States. He says:

According to the 1945 census, only 45 percent of Missouri farms have telephones. In 26 counties, only 20 percent of the farms have telephones, and in 7 counties fewer than 1 farm in 20 has a telephone.

In the great State of Missouri, which gave us the President, 1 farmer out of 20 in some of the counties has a telephone.

I say that if the Republican Party during the Eightieth Congress had followed the advice of men like the Senator from Vermont [Mr. AIKEN], the Senator from North Dakota [Mr. YOUNG], and the Senator from Oregon [Mr. MORSE], and if it had passed some of the bills which were introduced to benefit the farmers, we would not have found the farmers of the country flocking to the Democrats. The Democrats put in their platform the promise that they were going to see to it that the farmers would be taken care of better than they had been taken care of during the 2 years when the Republicans were in control. If the Republicans are dissatisfied with what the farmers did, they have no one to blame but themselves. Some of us stood on the floor of the Senate day after day and week after week and month after month for two whole years, calling these matters to the attention of the Senate. I called the attention of the Republican Congress to the need for action, and begged that something be done for the farmers of America. My distinguished friend the Senator from Vermont begged and begged and begged for a good farm program, but was unable to secure it until the very last night of the final session, and then he said he accepted the bill because he could not get a better one, but that as a matter of fact he advocated things which were much better than those contained in the measure passed on that final night.

This farmer, Mr. Heinkel, continues in his testimony:

It seems incredible in these modern times that in 6 counties in Missouri, a wealthy State located in the center of the United States, there are fewer than 3 telephones per 100 farms.

I have prepared some colored maps for you which show clearly the situation in Missouri according to the 1945 census.

It is true that rural America has many shortcomings. We lack roads, and adequate electric services, and many other modern conveniences that are so commonplace to city dwellers. But one of the worst of our shortcomings is a lack of good telephone service.

Only a tolerant, patient class of people such as farmers would have put up for so long with the lack of such a modern convenience as the telephone. In fact, the younger generation of rural people are not putting up with it. They are leaving our farms in wholesale numbers. In Missouri, for instance, during the period 1920–45 the number of farmers 55 years and older increased 32 percent. In 1945 fewer than 1 out of every 50 farmers was under 25 years of age. The average age of farmers in our State is approximately 47 years.

What is happening is that farm children, who have been attending high school and colleges, are simply unwilling to live under the primitive conditions of their forefathers in this atomic age. Of course, I know that mechanization of agriculture and such influences as a disparity in prices have been at work in this connection, but, by and large, young farm people are simply refusing to stay on a farm where there are no all-weather roads, no electricity, no running water in the house, and no telephone service.

As the young people leave the farm for the bright lights and modern conveniences of the city, and their parents grow too old to operate their farms, the land is sold and merged into larger buildings. Thus, our farms grow larger and fewer in number. The family-sized farms disappear. Absentee ownership increases. Our population in the cities, where all too many of our citizens live in crowded apartments which they do not own, grows apace.

I submit to you that this is an unhealthy condition. It is not good for a Nation like ours—particularly during a period when democracy throughout the world is on trial—to have a large mass of people that own nothing but the clothing on their backs. When they have no actual, visible stake in America, they are a ready prey for those who peddle panaceas.

Aside from this sociological aspect, a lack of telephones is holding back the progress and development of rural America. Farm families badly need good telephone service in order to carry on their business. They need to telephone for repairs to their complicated farm machinery; to call the veterinarian; to call for help in case of fire and accident and sickness; to order supplies; and generally to communicate with their neighbors about their work, as well as to communicate with the outside world.

In Missouri—

Where this man comes from who testified before the committee, and who represents 2,600,000 farmers—

In Missouri, where the dairy industry has been developing as rapidly as roads and electric power will permit, we have several artificial breeding associations. One of them is affiliated with the Missouri Farmers Association. It has a stud of 40-odd dairy bulls, and competent authorities say this is the finest stud of bulls in the United States. Last year it was possible to breed only 30,000 cows. Twice that number of cows could have been bred with the same number of bulls if the telephone service had been adequate.

There's no telling how much Missouri farmers could multiply the State's wealth if they could breed all their dairy cows to fine bulls. For instance, by using good bulls it is possible to add 100 pounds of butterfat to the progeny of one of these animals in one generation. The average butterfat per

cow for the Nation is only 186 pounds, so you see what such an improvement would mean.

This farmer—and when I say "farmer" I mean farm expert, a man who had been asked by 2,600,000 farmers to represent them before the committee—continued:

I have with me a number of letters received recently from Missouri farmers complaining about the lack of good telephone service which I am leaving with the committee for perusal. You will note that a number of them came from inseminators whose business it is to breed cows artifically. Both they, and the farmers themselves, tell how they can't breed cows artifically because they haven't adequate telephone service. These letters say, as I have already mentioned, that even where there are telephones the service is abominable.

As previously stated, Missouri is no exception. In fact, the figures show that our telephone service is slightly better than the national average.

It is noted that the proposal under consideration by you does not provide for Government ownership of telephone service.

Mind you, it is not the making of an appropriation to put our Government into the telephone business. On the contrary, it is the opposite. I continue to read:

It authorizes the Rural Electrification Administration to make loans for the expansion and improvement of rural telephone service under the same terms and conditions which the REA has employed for many years in making loans for rural electrification. It provides that funds shall be made available on identical terms to private corporations and other agencies now operating telephone facilities, and recognizes the authority of State regulatory bodies over rates, service, and service areas.

In my estimation this is a splendid provision. Farmers have been highly pleased with REA service. A common and popular question one hears voiced at meetings of farmers is, "Why can't we have REA telephone service just as we have REA electric service?" I'm sure they would be happy if the privately-owned telephone companies would provide them with service.

Mr. President, the private telephone companies will not do it. As I said upon another occasion on the floor, when I was Governor of North Dakota, my own sister was living on a farm less than a quarter of a mile off the highway down which the line went. I tried to get the company to connect my sister's house with that line. She lived on the farm with her husband and children. The company asked $1,300 simply to connect my sister's house with the line on the highway. That was after 3 years had been spent in negotiating. In the meantime the REA law was passed. North Dakota was the first State to take advantage of the REA law. The REA at Kindred, N. Dak., was the second REA cooperative organization in the United States. As Governor of the State I vetoed the first State law which had to do with the REA in our State, because I said it did not take in enough territory. I insisted that more territory be included. Today the REA at Kindred, N. Dak., is one of the largest REA's in the United States. We took in all the territory in the State, including some farms which the private companies said they wanted $1,300 to connect up to their lines.

I read an interview set out in an Associated Press dispatch of yesterday. At the meeting in California a Mr. Mason said that it would amount to State socialism to give the farmers the benefit of electricity through REA. Yet, mind you, the private companies themselves do nothing about the matter. As the testimony shows, there are fewer telephones today than there were 20 years ago. The private companies are not trying to help the farmer any more than they did with electricity in 1933, 1934, and 1935, and before that time. Yet they object when a group of farmers get together and say, "We are going to have a cooperative. We are willing to have the rates set. We are willing to pay every single penny it costs. We are willing to borrow the money and pay back every single cent with interest, but we want telephones on our farms." We find private firms objecting when, as a matter of fact, they have not lifted a finger during all these years to help the farmers, and are not helping them now.

This man who represents 2,600,000 farmers continued:

The fact that it has been a very, very long time since Alexander Graham Bell invented the telephone and more than half the farmers of America are still without telephone service has not been lost upon farmers. One of the big mysteries to them is why the telephone companies that have served urban areas so well and so long have been unwilling or unable to extend the service to rural areas. Thousands of farmers who have implored the telephone companies from time to time to give them service have just about given up hope.

Mr. President, I ask unanimous consent that I may be permitted to yield to the Senator from Nevada [Mr. McCARRAN], and that the proceedings with regard to the resolution he is about to introduce appear at the end of my remarks.

Mr. McCARRAN. Mr. President, I do not know that the Senator from North Dakota fully understood my request when I conferred with him a moment ago.

There is a matter which the Senator from Washington [Mr. MAGNUSON] wished to take up. It is a matter which I held up on the call of the Calendar the other day. If the Senator from Washington were present, I should like to make a few brief remarks, after which I should have no objection to taking up the measure in which he is interested and disposing of it. I wonder if the Senator from North Dakota would care to yield, with the understanding that the proceedings in connection with that subject shall appear following his remarks.

Mr. LANGER. I am glad to yield. As soon as the Senator from Washington reaches the Chamber, I shall yield the floor.

Mr. President, I ask unanimous consent that the remainder of the testimony of Mr. Heinkel be printed in the RECORD at this point as a part of my remarks.

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

Thousands of farmers who have implored the telephone companies from time to time to give them service have just about given up hope. If the seeming lethargy of the telephone companies is due to their inability to finance the expansion into rural areas, then this measure under consideration by you will provide the solution to their problem.

If, on the other hand, they are simply unwilling to provide such service to rural areas, then it is necessary for Congress to help the rural people to help themselves by making it possible for REA financed cooperatives to render the necessary service. Perhaps a combination of both would be best for the entire country.

Since telephone lines must connect up with the whole network of systems that serve the Nation, it is obvious that a few farmers in a neighborhood cannot provide such a service for themselves—at least in a satisfactory manner. That's why it is necessary, in my opinion, for Congress to help rural people to help themselves.

After having observed how well REA loans have been gradually amortized with interest, we have reason to believe Uncle Sam will lose none of the money that is invested in rural telephone service. It will not be merely an expenditure of money, but an investment that will bring enormous returns in greatly increased wealth produced by agriculture, plus a better rural life that will build more solidly the foundation upon which our country rests and make it safe for a continuance of the free-enterprise system and a democratic form of government.

This program is one of the most important that will come before this Congress, so far as rural America is concerned, and I can assure you that the farmers of our country will be forever grateful to Congress if you adopt it.

The CHAIRMAN. We thank you, Mr. Heinkel. Are there any questions?

We have two more witnesses present from out of town who will find it inconvenient to be here at future dates when the hearings are scheduled to be held. I will call on them for brief statements at the present time.

Mr. LANGER. I also ask unanimous consent that the testimony of Frank R. Price, manager of the Magnolia Electric Power Association of McComb, Miss., be printed in the RECORD at this point as a part of my remarks.

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

STATEMENT OF FRANK R. PRICE, MANAGER, MAGNOLIA ELECTRIC POWER ASSOCIATION, M'COMB, MISS.

Mr. PRICE. I am Frank R. Price, manager, Magnolia Electric Power Association, McComb, Miss., an REA cooperative.

I am primarily interested in this bill because, as manager of an REA cooperative, if our members can let us know of a disruption in service we can render much better service.

To bring that to you clearly, I am stating emphatically that we now get post cards written 3 or 4 days before notifying us that a certain line is out. We cannot do anything about picking up service on that line until we know about it.

With telephones that our rural members can give us the information, we definitely can do a much better job rendering service under REA. The things go hand in hand. I am definitely interested because I know our people need them.

In the area I serve there are 7,200 REA members on our system. About 5 percent

of them, or less, have telephones, and those are the people who are not farmers. They are people who live in the rural areas adjacent to the larger towns where the telephone companies have extended service out to those places. I mean it has extended service to their homes. They are not farmers. They are people who work in town. We need them on our own farms for the reasons that have been stated heretofore so that the people will be able to communicate with each other. It will help their social and cultural relations and it will certainly help their health facilities because they cannot now call doctors.

My experience on telephones is very similar to the one Mr. Bryan stated. My father had a telephone line, when I was a child, that he built, 25 miles, for strictly business purposes. But he did pick up along that line and extended other lines out in order to give the people along the route the facilities also. That line has not been in existence for 25 years now. There is no line in the area there to serve and unless this bill can be passed, or one similar to it has the scope of this bill, I see no chance for our rural people to get telephone service.

I think that is the extent of my remarks.

The CHAIRMAN. We thank you for your appearance.

Mr. LANGER. I also ask unanimous consent that the testimony of Claude R. Wickard, Administrator of the Rural Electrification Administration, which he gave before the committee on June 11, 1949, be printed in the RECORD in full. I am now referring to his statement. I am not referring to the questions which were asked him.

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

STATEMENT OF CLAUDE R. WICKARD, ADMINISTRATOR, RURAL ELECTRIFICATION ADMINISTRATION

Mr. WICKARD. Mr. Chairman and members of the committee, I have a prepared statement and I shall be glad to give the committee copies so they might more closely follow me.

The CHAIRMAN. The copies are being distributed by the clerk.

Mr. WICKARD. I am thankful for your invitation to present my views on Senate bill 1254, which would enable local, private telephone enterprises with the aid of a self-liquidating Federal loan program to meet a most urgent need for the expansion and improvement of rural telephone service.

Through experience gained from having spent most of my life on the farm and a lifetime association with farm people, I know how essential reliable telephone service is to rural people. It is far more than a convenience; it is an absolute necessity. With the possible exception of electric power, it is hard to conceive of anything that means more to the health, happiness and economic well-being of farm people than good telephone service. In time of sickness, fire or other emergencies, a farmer without a telephone is practically helpless, isolated by miles from a doctor or other assistance in his hour of need.

The farm is a place of business as well as a place of residence and the farmer must have fast, dependable communication service if he is to be able to produce efficiently and economically the food and fiber upon which this Nation depends for its existence.

For example, during the harvest season a quick call into several towns in the area may be the only means of locating an essential repair part for a piece of machinery and of saving a crop, the product of a year's labor.

Prompt veterinarian service and adequate and detailed local market information can be quickly and effectively made available only through a reliable telephone.

From a social standpoint the farmer's wife and family, because of their isolation, have much more use of telephone service than any other group of citizens.

Looking at it from every angle, no group of people needs telephone service as much as farmers. Despite this obvious and urgent need for good telephone service, the rural telephone situation in this country is deplorable. Much less than half of our farmers, perhaps somewhere between 37 and 42 percent, have any kind of a telephone at all.

Many of those who do have telephones are forced to put up with inadequate, unreliable, obsolete equipment and service.

Some of us had been hopeful that with the end of wartime shortages some improvement would take place. As a matter of fact, the performance has been very disappointing and, under present conditions, there seems to be little hope for further improvement so far as typical farm areas are concerned. Today the number of farms having telephones is actually smaller than it was 30 years ago. The 1920 census showed 2,498,000 farms with telephones. In 1945 the number had decreased to 1,866,000. Today, by liberal estimates, the total is 2,473,000, or about 25,000 fewer than in 1920.

This leaves 3,380,000 farms in this country without any telephone service at all. The quality of service on most of the systems in the typical farm areas continues to deteriorate.

May I draw upon a recent personal experience which is not an unusual one for farm people. I have on the walls of my Indiana farm home the same telephone instrument that was installed there when I was a small boy, almost a half-century ago. This service, to be as charitable as possible, is uncertain. On the morning of May 17 of this year my small granddaughter was badly scalded in this farm home. At best, doctors are hard to find in a typical farm area. The telephone had been practically useless for several days. However, by heroic effort and urgent pleading my daughter was able to enlist the aid of the operator who relayed her request for help. Only through this extraordinary effort was a doctor obtained and first-aid administered. When I arrived a few hours later I was not able to get any use out of the telephone at all. A man who repairs the line on a part-time basis told me that it would be a day or two before he could get it back into commission. He told me that the line was in such condition that it was getting very difficult to repair, and referred to the fact that the old wire had become so hard and brittle through age that is was very difficult to splice. I told him that after the experience of that day I was hopeful that the service could be improved quickly as I had visions of other emergencies which might arise. He volunteered the information that at least $10,000 was needed on this small mutual system to put it in usable order. He did not venture an estimate as to how much more would be required to really modernize the system.

We are getting letters from all over the Nation describing situations similar to the one which I have just told about. A great number of these letters tell how people have sought telephone service in vain. Some of them relate how the telephone systems that were in the neighborhood have gone completely out of commission. Their letters bear out the fact that little is being done today to improve farm telephone service and that the prospects for the future are dark.

Ever since the first telephone legislation was introduced in 1944 we have been hearing a lot about the plans that the large companies had for expanding their farm service. We had hoped that the announcement of these plans was not merely a gesture in response to the legislation which had been introduced.

We, in REA, worked out a model agreement for joint use of telephone and power facilities with the Bell Telephone officials. We hoped that this would be a means of cutting costs and expediting rural telephone service. Two hundred and six REA cooperatives have entered into these agreements. Yet, the 146 cooperatives which have reported the results indicate that a total of less than 12,000 telephones have been installed through the use of their facilities.

We were hopeful that the telephone companies would take advantage of the increased supplies of materials and labor to bring about an improvement in rural telephone service as has been done in the field of rural electrification. When the war was over, 45.7 percent of farmers had electric service. Today over 73 percent have electric service.

On the other hand, a survey by the Bureau of Agricultural Economics of the Department of Agriculture, which was released on May 4 of this year, indicates no significant change between July 1, 1947 and July 1, 1948 in the total proportion of farms having telephones. I am filing a copy of this survey for the record.

The CHAIRMAN. Without objection the copy will be placed in the record at this point in connection with your testimony.

Mr. WICKARD. The survey points out that during the three-year period 1945 to 1948, the increase in the proportion of farms with electricity was four times the increase in the farms with telephones. The survey also indicated that the percentage of our farms having telephones today is about 2 percent less than it was in 1920. These are the reasons that farm people are appealing for a program to do the job in the rural telephone field that has been so successfully done in the rural electrification field.

The Farm Bureau, Grange, Farmers Union, National Council of Farmer Cooperatives, Missouri Farmers Association, and other farm organizations have all called attention to the seriousness of the telephone problem and have urged that national legislation be enacted to solve it.

There is unmistakable evidence that the A. T. & T. and the large independents are not going out into typical farm territories where a high financial return is not in prospect. On the other hand, the small independents and mutual companies simply cannot get adequate financing today to enable them to take care of these territories.

If it had not been for these small companies, both independent and mutual, most of the farmers who today have telephone service never would have had it, and I would like to pay a word of tribute to them. These small companies have struggled against great odds over the past half-century to bring an essential service to farm people. They were undercapitalized to begin with and they did not have the opportunity to set up adequate reserves such as has been done in the REA program. Today a great number of these small companies are in desperate financial circumstances; they need help and whether they get it or not depends upon enactment of this legislation.

To put it another way, whether farmers get adequate telephone service depends in a great majority of the cases upon this legislation. I know that a number of these small independent companies and mutuals have been told that enactment of this legislation would socialize the industry, that their lines would be duplicated and they would be put out of business. This is a complete distortion of the provisions and purposes of the bill. In the first place, lending Federal

money to local independent and mutual companies is not socialism by any definition of the term. I might point out that the cry of socialism is not raised when thousands of banks, the railroad companies, and large commercial and industrial enterprises borrow money from the RFC.

This is a program for getting telephone service to farmers. It will be accomplished by lending Government funds to the privately owned, locally managed enterprises which will do the job. It will be done on a self-liquidating basis. This is specifically required by the bill.

As to duplication, the bill provides for all the safeguards that can be written into legislation. In addition, there are some very practical reasons why the alarm over duplication is unwarranted. To be self-liquidating, loans must be economically feasible. I don't see how I can possibly certify as to the economic feasibility of loans for facilities to serve people who are already receiving adequate and reliable service. I don't expect to receive applications for such loans. But even if I do, the provisions of the bill which require recognition of State regulatory laws will take care of such applications. Let me point out that this provision is precisely that recommended by the National Association of Railroad and Utilities Commissioners.

I personally want to state that if I were in charge of a program to make loans for rural telephone service, I would think it wise to give preference to those people who are already in the business and who are willing to do everything practicable to furnish satisfactory telephone service. And I can assure everyone that there is no intention on my part to make loans to rural electric co-ops which would put existing telephone companies out of business. As a matter of fact, few if any electric co-ops have a desire or are in a position to enter the telephone field at all. Furthermore, it would be remembered that any administrative action that is unwise, unfair, or not in the public interest can always be halted by the Congress through its continuous control over appropriations.

I am submitting for your consideration a résumé of the farm telephone situation. This résumé bears out in detail the statements that I have made that farm people are not getting adequate telephone service and are not likely to get adequate telephone service under existing conditions.

To sum up, there is a most urgent need for improvement and expansion of telephone service for farmers. This improvement is not taking place and, in my estimation, it will not take place unless there is enactment of legislation such as proposed in S. 1254.

The CHAIRMAN. Mr. Wickard has placed before the members of the committee a rather sizable number of pages, a large number of pages entitled "Farm Telephones." Is that what you just referred to?

Mr. WICKARD. Yes, sir; and that bears out in detail the statement I made here about the failure of this telephone service to improve in typical farm territories.

The CHAIRMAN. You request this be made a part of the hearing?

Mr. WICKARD. Yes, sir, I do.

Senator ANDERSON. I should think it should be made a part of the record.

The CHAIRMAN. Without objection the statement will be filed and made a part of the record, but not necessarily printed in the record.

(The statement referred to will be found in the files of the committee.)

The CHAIRMAN. Each member of the committee will have his copy of the statement.

Mr. WICKARD. It is submitted for the use of the committee to do whatever they see fit with it.

The CHAIRMAN. Later on after we consider this data, if it is thought desirable to make it part of the record we can have it done.

Mr. Wickard, inasmuch as you will probably have charge of the program if it is provided, or your successor will, I would like to have you take this proposed legislation, the several bills that have been introduced in the House and Senate, make a study of them, and then at your convenience submit such suggestions and recommendations as you think should be given consideration by the committee to perfect the bill in the event the committee sees further fit to recommend it favorably, if you will do that.

Mr. WICKARD. Yes, sir, I believe the bill, as now written, is adequate but nevertheless I shall be glad to give it further study.

The CHAIRMAN. I would like to have you give us your considered judgment as to whether or not it is adequate, whether it needs additional provisions, or whether it contains provisions which should be deleted. In other words, we want to get your full consideration and any recommendations to be made a part of the record.

Are there any questions to be submitted to Mr. Wickard?

Senator YOUNG. Is there a shortage of funds to make loans to farmers cooperatives for REA?

Mr. WICKARD. No, sir, there is not a shortage of funds at the present time, a shortage of loan funds. We are not going to be able to loan all of the funds that Congress has made available to us.

Senator YOUNG. Was there a shortage last year?

Mr. WICKARD. No, sir, there was not a shortage in the year just closing. We will not be able to loan all that money. I would say that we just do not have enough people in our organization to make the loans under present conditions which are becoming increasingly difficult.

Senator YOUNG. You think there is a shortage of administration funds?

Mr. WICKARD. Yes, sir, there is a shortage of people to do the kind of a job that I am sure Congress wants done in safeguarding the Government's interest and providing the service in the most economical manner.

Senator YOUNG. Have you employed all the people in your department that your funds would permit?

Mr. WICKARD. We have.

Senator HOLLAND. You do not mean to testify that you have been able to meet all the legitimate applications for extension of service by the REA?

Mr. WICKARD. No, sir, we have not been able to clear all the applications. I think there was a backlog today of more than $400,000,000. We are taking care of them as fast as we can, trying to get all of the projects—they are getting more difficult all of the time. We are getting difficult power problems and a lot of things which would require a lot of study and it just takes time for us and requires the very best experience and judgment that is available to see that the loans are properly made.

Senator HOLLAND. Your statement is simply that the funds have been more than adequate to meet the loans which you have been able to approve with your limited personnel?

Mr. WICKARD. That is right.

Senator HOLLAND. You did not mean to indicate at all that you have been able to meet legitimate requests of farmers for additional service?

Mr. WICKARD. No, we have not been able to grant all the loans.

Senator AIKEN. As I understand it, Mr. Wickard, under the REA law, you can, and have, to a small extent, made loans to private power interests?

Mr. WICKARD. Yes, sir.

Senator AIKEN. But that under the law preference is given to the cooperatives, whereas under this proposed telephone bill the cooperatives and the private telephone companies would be on an equal basis as regards loans, is that right?

Mr. WICKARD. You are correct, Senator AIKEN, in stating that under the REA Act we have authority to make loans to persons which includes corporations and partnerships and individuals, as well as cooperatives and public bodies. Under the REA Act, preference is given to the public bodies and cooperatives. Under this legislation, as I understand it, the existing companies, whether they be mutuals or independents, are on a par with cooperatives.

Of course, if there is no existing company in a territory, then I believe that the cooperatives would be given preference.

Senator GILLETTE. Mr. Chairman, commenting on the statement that Mr. Wickard just made, induces me to recall that when we passed the legislation initiating REA, your predecessor called some of us down from Congress to try to induce the farmers to take the facilities that had been available for REA.

The initiation of that type of legislation and its development could well be considered in connection with what we are now trying to do to initiate this added facility.

Mr. WICKARD. I think that is correct, Senator GILLETTE. I believe when we first started out with the rural-electrification program, under the first Administrator, it was hoped and thought that the existing power companies would avail themselves of the low rate of interest and the long amortization. But they did not, and therefore the Congress specified when it wrote the original REA Act that cooperatives would be given preference. That is the way it stands today.

Now, there was one matter which was brought up here awhile ago by Senator ANDERSON and I may be incorrect in my analysis of the bill—that is, with reference to whether we could finance an existing telephone company which may be intending anyway to extend the service in the rural territory. As I read the bill, it is pretty plain that the Administrator of the program could only loan money for the purpose of the improvement, expansion, construction, and acquisition and operation of telephone lines, facilities, systems to furnish and improve telephone service in rural areas. I believe rural areas are defined as towns of 1,500 or less.

Senator ANDERSON. That very definitely limits the possibilities because you have not used the word "refinanced." If that is your understanding of it, there is certainly no objection on my part to the bill.

Mr. WICKARD. It says "for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural areas."

I would think, Senator ANDERSON, the amount of funds will never be too ample and the objectives of the act, as stated, would limit us to the use of funds to where it was to be shown plainly that a good job of improving and expanding the service in rural territories would take place, rather than to refinance anybody who is in the business now just because he could get a lower interest rate——

Senator THYE. That would be my question——

Mr. WICKARD. That would not be the case.

Senator THYE. That would be my question, Mr. Wickard, assuming that a telephone company existing in a town of 14,000 was owing $50,000 to the local banker—just using the words "local banker"—and that if he made application to you to be refinanced where he would obtain his loan and through your agency to refinance himself to pay the banker the $50,000, on which he might be paying 2, 3, or 3½ percent interest—now you would reject such a loan?

Mr. WICKARD. Under my interpretation of the bill as now written it would not permit it, and I would hope that anybody who

would administer the program would not do it if the bill would permit it.

Senator ANDERSON. Let me give you another one: Suppose this individual is already in the community, a rural community, and he is serving that community and he desires to extend this into rural areas. That is going to upset his financial situation because he probably has a mortgage on his plant and he is not able to expand that mortgage. Therefore he comes to you and says that in order to build these two lines which may represent only 10 percent of his business that he desires to have you refinance his whole existing capital structure at 2 percent for 35 years.

Now, if you have permission to do that, then I cannot help but think that is wrong.

Mr. WICKARD. I agree with you. I do not think the bill gives permission to do that and I think it would be bad policy to do it.

Senator ANDERSON. That is all I am trying to get at, Mr. Chairman.

Mr. WICKARD. I think that discussions like this ought to clarify that particular question that you brought up.

Senator ANDERSON. That is the only question, Mr. Chairman, that I have. If permission is only to finance the extension to an existing system, then I am not as worried about it. I do think that it is far better to provide that, when these private industries and cooperatives are involved, the rate of interest shall be the rate which the Government pays. I think otherwise you get into complications.

Mr. WICKARD. May I say, Senator, that this question is before me at this particular time because a power company, an electric power company in Senator HOLLAND's State, has applied for a loan to improve their transmission system, and I do not look with favor upon that loan because it cannot be clearly demonstrated that that is going to be of great benefit to serve the territory where the local cooperative is dependent upon that company. It is not a new question and it is one you must have some administrative flexibility to meet, but, as I said, I would take very seriously the instructions, limitations, stated in this bill when that kind of question comes up.

The CHAIRMAN. Any further questions?

Senator AIKEN. Going back to Senator ANDERSON's hypothetical case, you would not have any right to finance two rural lines for a system in a town of 14,000 population unless you first satisfied yourself that that system was entirely solvent.

Mr. WICKARD. Yes, and we might be able, or might be required, in order to get into the central system, to build some lines within the city limits, but they would have to be a part of the extension to the rural people, as I see it, before we could do that.

Senator HOEY. With reference to financing private companies where they already have obligations and would need more money in order to make these extensions, is it the policy to require that liens previously entered into shall be canceled out and the Government has the first lien?

Mr. WICKARD. No, sir, that is a problem Senator ANDERSON and you both brought up, of previous liens, but our attorneys must be satisfied, of course, that we are protected on the property on which it is to be built and we want to have a mortgage and the first claim on that, and that does cause difficulty at times, but we do not go in, as we did in the case in your State, Senator THYE, a town in your State which is serving REA lines, and refinance the whole municipal operation or plant. We simply finance only that part which is needed to extend service to the rural people and try to get security upon that part rather than upon the other which would bring about this problem.

Senator HOEY. In so many of these small telephone companies they have a good many obligations and of course if they had to clear it all, as Senator ANDERSON mentioned, unless they did refinance what they had we would not be able——

Mr. WICKARD. They do have some indebtedness which causes them problems. Sometimes we have not been able to make a loan to private companies which wanted to extend service in rural territories because of the problem you bring up.

Senator HOLLAND. Going back to the question of interpretation of the provisions of this proposed measure for the making of loans, I will ask Mr. Wickard to look at the words on lines 14 to 17, page 2, of S. 1254, which reads:

"* * * and for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of facilities to render telephone service."

I ask him to note that the word "acquisition" is used there. Is it not correct that under those words the Administrator would be permitted to approve and to finance the acquisition and operation of facilities now in existence provided they were purchased by some new operating company?

Mr. WICKARD. First, the preference to the loan, which is given down there, the preference is given to a person providing telephone service already provided. Secondly, the consent of the commission of the State might have jurisdiction and it would have to be obtained. Then, the persons who owned the property would have to be willing to sell.

We have the same problem—I think Senator ANDERSON referred to it awhile ago—you cannot very well finance a loan to buy something that is not for sale.

Senator HOLLAND. I am going back to the proposal advanced by Senator ANDERSON: It seems to me that you have answered that you would not be able to finance the present owner who is in trouble, but it seems to me quite clear that under this wording you would be able to finance a new purchaser to acquire and operate and that I would object to more than anything.

Senator ANDERSON. It might be a cooperative—I am trying to get to the situation that has caused a good deal of trouble in the operation of REA, namely, where REA has gone in a community of 45,000 people and has acquired the entire property there from the owner in order that it may use the low rate of interest for other obligations, to finance construction in the areas where it would not otherwise be feasible to carry lines.

I am not in accord with it too much because it is necessary to expand it, but as Mr. Wickard knows, I could give him many communities in my State where that is going on right now, the acquisition of the entire property in the community in order that you would extend that community a lower rate of interest on its applications to carry lines which otherwise would be difficult to sustain. We are pretty well committed on electrification, but does this now mean that you could go to this community and, as Senator THYE was talking about, acquire that telephone line because it was not able to build in rural areas, use it as a nucleus, and then by a new cooperative build a line out to these rural areas that need serving, all the time operating the plant within the municipal boundary?

Mr. WICKARD. Yes, I would say it merits that acquisition if all its conditions were met first. You carry out the objectives of the program if the State commission gives its approval and has jurisdiction, and secondly that the people who have a telephone—who have the facilities—now are willing to sell.

For instance, in your State or in the Southwest, the Fairbanks-Morse people have a subsidiary company which perhaps got into the power business because they have generators to sell. They now want to withdraw and they have offered those facilities for sale and they are making loans to some cooperatives to acquire those properties which are for sale in order that they can have a little of the cream in order to take care of the thin territory in other parts of the area.

Senator ANDERSON. Now, all of the things of that sort are contemplated under this bill—starting telephone companies?

Mr. WICKARD. There could be such things as that, yes, sir, if there was as plain a case given there. I do not know how much of that there would be. As I said, all of the parties would have to be in agreement, give their consent, and all the objectives would have to be met.

Senator AIKEN. I think that some provision for acquisition would be necessary in the bill because I recall the early days of the rural telephone in New England where as few as a half dozen families would build a line to their own homes and tie in with what was the nearest main line of the New England system. I would expect there would have to be some provision for acquisition to permit them to sell out a line which they may have built for themselves even though it might not be more than a couple of miles long. That would not be necessary in New England now, so far as I know, because they combine them into small telephone companies, or already the New England system is taking them over.

But I expect there are still plenty of those cases in other parts of the country.

Senator ANDERSON. I am sure I am not worried about what happens out in rural areas so far as that rural line is rehabilitated. What I am asking about is the provision in this bill to go into a community of nearly any size, acquire their entire telephone property in order that you may be able to use that as a starting point for spreading telephone lines in the rural areas. That does present some problems particularly.

Senator AIKEN. I would think that would be taken care of.

Mr. WICKARD. May I say, as I visualize this acquisition, we exercise this authority mostly in cases where today we have 50,000 or 60,000 small mutuals, or self-help companies which do not have in many cases any central station or any operator and those farmers have a little investment. In order to give them the proper kind of service you would have to take over some of these lines. Many of them are practically worthless, but nevertheless it seems to me there must be some authority to do that sort of thing. I am sure it is not contemplated that the money will be used to go in and buy properties in nonrural towns or areas now unless there must be some very urgent circumstances, because I am sure there would not be enough funds for that and I do not think the need will be in that direction as much as it will be in other directions such as I have just described in these very small isolated lines that farmers themselves are trying to maintain but which ought to be made a part of a larger system.

The CHAIRMAN. It occurs to me that we should consider this legislation with respect to the man who lives in a rural area like we consider the REA to get the service to this individual and to his home. Then, that being the primary consideration, of course secondly we must take into consideration the source or the end or the place where the line starts. It has to start some place and should start at some exchange.

But the first thing, it seems to me, is to consider the bill from the standpoint of the people living way out in the country away from even villages. Then that is going to bring up the question of whether or not the existing lines, poles, and conductors, can be used for the transmission of telephone messages.

Now, I think the members will soon agree, if they have not already, that to be a Member of Congress he should be a specialist, an expert in every line of human activity. Well, of course, that does not happen, and we

are going to require the advice of some electrical engineers to advise us whether or not the existing lines can be used and new lines that are constructed can be used. Can the witness give us any information at the present time whether or not you can transmit, hook up, telephones to our existing power lines and send messages back and forth without detriment to the power lines and get satisfactory service?

Mr. WICKARD. Yes, sir; that is possible and being done today.

The CHAIRMAN. We want information to that effect some time before the hearings are concluded.

Mr. WICKARD. All right, we can give you the number of telephones on REA systems that are using the power line as a carrier for the telephone message.

The CHAIRMAN. If you will advise someone to make a special study of this particular feature and then advise the committee, we will give him an opportunity to advise us with respect to the engineering and scientific features.

Mr. WICKARD. I would say to you, Senator, now, and let me give you further information on that, that the joint use of the power lines for transmitting telephone messages as well as electric power is practicable and is feasible except for one thing: The Western Electric people, who are the only people manufacturing instruments today, are charging so much that it is economically difficult to use that type of service. It is a question of economics rather than engineering.

The CHAIRMAN. We would like to be advised with respect to that feature of the matter.

Mr. WICKARD. We will supply that for the record.

Senator HOLLAND. I would like to ask the witness to elaborate on his statement contained in his formal statement, and I quote from it:

"As a matter of fact few if any electric co-ops have a desire, or are in a position to enter the telephone field at all."

Does that mean that even though there is the chance to utilize the electric transmission lines that there is some reason why the co-ops do not wish to enter this field?

Mr. WICKARD. That perhaps is not too well stated. It meant for the telephone cooperatives to go into the telephone business and operate any kind of telephone facility—now I did not mean to exclude letting the other telephone companies use the poles, or power line itself. I was merely trying to say that I did not know of any REA cooperatives that want to set up a telephone exchange and go into that operation and I say I do not think very many of them are in a position to do so because their State laws do not permit them to do that. There have been a lot of assertions and claims made by some of the people opposed to this bill that the electric cooperatives are going to go in and take over the small mutual independent companies. I am trying to make a statement here that that is not desired by the electric cooperatives and would not be possible if they did desire it, and I do not favor it.

Senator HOLLAND. I want to ask clarification of one more portion of the witness' statement. This is on page 2 of his statement, and I quote—he has just said that a model agreement for joint use of telephone power and facilities has been worked out by REA and that 206 REA cooperatives have entered into this model agreement. Then he comes in with "Yet, the 146 cooperatives which have reported the results, indicate that a total of less than 12,000 telephones have been installed through the use of their facilities."

Does the witness have any figures on the total membership of those 146 cooperatives who were in position to utilize the telephone facilities?

Mr. WICKARD. No, I do not have it. I do not know how close we could come to it. We would know the number of REA subscribers of the number of 146 reported, but I do not believe we would have any way of finding the number of them who do not have telephone service. It would be a sizable number, many times 12,000, but I could not give you the total number that might use this joint agreement if it were possible to do so

Senator HOLLAND. May I ask the witness to elaborate just what in his opinion is the reason for the use of telephone facilities by only 12,000 telephone users in the case of those 146 co-ops using this model agreement who have reported?

Mr. WICKARD. There are several reasons: One of them, and a primary reason, is that the telephone companies themselves are not interested in getting out into the typical rural territory to put in telephones even though this joint use agreement is available. Now this simply goes back to the problem that some of them do not have the finances and those who have the finances are not interested in getting out into typical REA territory. A number of co-ops—and I see the gentleman who just testified nodding his head—have asked that the telephone companies who do enter the joint agreement agree to serve all the people of the territory so you would not have a cutting up and skimming off of the cream through this agreement so there would be a lot of people who never would get service because of this activity.

In other words, there has not been an entering into these agreements to a scale which would satisfy the local REA cooperatives that they were going to get the same kind of telephone area coverage service that they were extending to their patrons.

Senator HOLLAND. Am I correct in my understanding that these 206 joint model agreements were with the Bell Telephone Co.?

Mr. WICKARD. No, sir; they were with Bell and independent both. We worked with Bell trying to work out what we thought was a model kind of agreement. I will have to admit some of the telephone companies thought that it was too much in favor of the cooperatives and some of the cooperatives thought that it was too much in favor of the telephone companies. We did our best working with Bell officials for several months to work out something that we thought might be fair to spread the benefits and economies to both of the cooperatives, power people, and to the telephone companies.

Senator THYE. Mr. Wickard, the wholesomeness of this legislation is to the extent that we are focusing not only our own attention, the public attention, and the utility's attention to the situation and the problem. Now, the utilities will serve a town, or a city, in an excellent manner because the public demands that. The farmer gets out here on the end of a line somewhere and if his line is out of order and it does not affect the utility in general, why it may be several days before he gets any specific relief from the disturbances on the line or the fact that the line is out of order.

So I say that the legislation is creating the type of public interest what is most wholesome to give you better telephone service out in the rural areas. Now, I will say that I have had some experience with it because I not only reside where a mutual operates, a little individual group affiliated by central connection to our regular telephone company in town, but I was manager of it for a number of years. I took all the complaints from the housewives and everybody else and I know just exactly what the situation is. We finally gave it to a private company and they assumed it and broke up the unit that we had and put it on a half-dozen lines so our numbers were changed and the community was in a sense served in a much better condition than we had ever been able to have served ourselves. We did not pay a great deal more for the monthly service charge. But to start with we could not get anybody to build for us, so we built it ourselves, but time finally progressed to a point where they saw fit, or there were enough subscribers, to make it profitable for the company to take us over.

I see the point here that you have got isolated communities that are exactly in the same condition we were 30 years ago.

Mr. WICKARD. I am sorry to say I am still in one.

Senator THYE. I am surprised, sir, you as one of the Cabinet members, or have been in the Cabinet, and now at the head of REA, that you have not convinced the utilities or the company to do something about your line. I am awfully surprised, but you must be in pretty much of an isolated area, or otherwise——

Mr. WICKARD. I do not like to have inferred that we are backwoods people, or a backwoods community. We have our own mutual company and have been there for more than a half-century. I suspect that the farmers in that territory have a little feeling about the matter. [Laughter.]

Senator THYE. I was only kidding you about that. You are in a mutual, and it is your own fault that you are no better off in the service rendered than you are, and the only reason you have not better service is that you did not want to subscribe, or you did not want to charge one another sufficiently to make possible a reconstruction of the line.

Now that is what happened with us. We could not get enough of a subscription for the reconstruction so we just gave it up and gave the line away. Now that is just about where you are right today. One of these days——

Mr. WICKARD. We do not intend to give the line away.

Senator THYE. One of these days your wives will get mad and give it away on you.

Senator HOLLAND. Mr. Chairman, I think it is important for the witness to state, and I am glad that he has stated, that these 206 cases using the model agreements were not all with the Bell Telephone Co., because I had gathered that impression from his statement.

Mr. WICKARD. No, sir; they are not. They are open to any telephone company that wants to use them.

Senator HOLLAND. One more question I have is this: Do you know, Mr. Wickard, why in this act these other services are included within the field of facilities which are covered?

Mr. WICKARD. Well, today we hear a lot about telephony, and I was struck by a pamphlet put out by the American Telephone & Telegraph and a letter that came to my desk a few days ago showing how the great granddaughter of Alexander Bell—a picture of this very nice-looking young lady—was talking over a telephone in her automobile. Now we may have some kind of development like that particularly in some of the isolated farm territories where it is more economical, if developments occur, to use a wireless or a radio-type of telephone communication than it would be to build a long line with a lot of poles and other expensive equipment. So the bill provides for a wireless although I think only the economics involved would say whether you should ever use a wireless type for transmission.

Senator HOLLAND. It is intended, however, to permit REA financing of wireless communications if that proves to be economical?

Mr. WICKARD. Yes; if that is economical.

The CHAIRMAN. I understand we have now some machinery gadget called a "walkie-talkie" outfit where an individual can talk into it and people at a distance can get that and transmit it, receive the sequel, and convert it into language and they can talk back and forth—is that true?

Mr. WICKARD. Yes, sir; that is some of the electronic development. During the war that was used very effectively in combat.

The CHAIRMAN. It would not have to be a "walkie"—it might be a "sitting-walkie-talkie", is not that possible?

Mr. WICKARD. It is possible and might be desirable where distances are great or people are isolated.

The CHAIRMAN. Of course, we all recognize that this is a new invention. There is no legislation on the statute books with respect to this matter definitely, and we are trying to find out just what can be done, and then when we find out what can be done we will decide whether or not we will start to do it. We want all these facts presented to us if we can get them. In order to do that it is going to take time and when this bill is finally reported and passed, we should have definite programs so that the people who are interested would know exactly what we are preparing to do, what we propose to do, and how we propose to do it. If the hearings can bring out those facts upon which we can build a definite conclusion, or state a definite conclusion of what they can get by borrowing money and installing the equipment, they are entitled to know that. I think if we can get that idea before the rural people they will know immediately whether or not they are interested—now perhaps that is the wrong statement—they will know whether or not they want to investigate it.

The REA has taken some time to get to its present status and it will probably be sometime after this is installed before it will be very widely used, but if this system can be developed without the use of poles or wires, that ought to be investigated and made clear in the record. If you will set your engineers to the task of getting this data together and at a later date present that to us, we will be glad to have it.

Mr. WICKARD. Mr. Chairman, I would like to say I am in agreement with what you have stated that perhaps in the beginning we ought to go rather slowly, as we did in the REA program. Experience is a wonderful thing in a thing like this where you do not have a precedent.

I also would like to say that I would like to have this committee very thoroughly discuss these things and give the administrators of this program, this bill, if enacted, all the guidance that they can so that the administrators will know what the Congress intends.

The CHAIRMAN. Thank you, Mr. Wickard.

Mr. LANGER. Mr. President, I also ask unanimous consent that my own statement at that time be printed in the RECORD at this point as a part of my remarks.

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

STATEMENT OF HONORABLE WILLIAM LANGER, UNITED STATES SENATOR FROM THE STATE OF NORTH DAKOTA

Senator LANGER. I want to say, Mr. Chairman, that I have read the statement of Mr. HILL and endorse it in its entirety, every single word and line and paragraph in it.

Out in North Dakota, roughly 30 percent of our farmers have telephone service. I do hope that none of the rural lines are going to be injured. I am sure this committee would in some way integrate those lines already existing, using the REA lines that we now have existing there.

I want to say that the people of our State want it very much. Some of our people are as much as 40 miles away from a doctor, and you can understand what it means to them, especially in wintertime, if they do not have telephone service.

Senator YOUNG. How are you fixed on doctors?

Senator LANGER. Well, we have a doctor in every county except one; outside of Sioux County we have doctors in every one.

Senator YOUNG. But there are towns in the past that have had three or four doctors, and now have a terrible time getting one.

Senator AIKEN. I think you would have difficulty locating doctors in a county where they did not have telephone service, anyway.

Senator LANGER. Thank you very much.

The CHAIRMAN. If we reverse the scale and have telephones, they could phone in to the doctor and either get service or information.

Mr. LANGER. Mr. President, I also ask unanimous consent that the statement of my colleague the junior Senator from North Dakota [Mr. YOUNG], which appears on page 7 of volume I of the hearings held before the Committee on Agriculture and Forestry, be printed in the RECORD at this point as a part of my remarks.

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

Senator YOUNG. I wonder if you would mind an interruption?

Senator HILL. Not at all.

Senator YOUNG. I wonder if you have had the same experience that I have had. I find it impossible to call on almost any farmer regarding business or anything else. For that matter, he may be interested in Washington. Either he has no telephone at all or the system he has is so obsolete you cannot even hear him on a call from Washington.

Mr. LANGER. Mr. President, I also ask unanimous consent that the testimony of Billy Bryan, of the Cattle Electric Cooperative, of Binger, Okla., be printed in the RECORD in full at this point as a part of my remarks.

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

STATEMENT OF BILLY BRYAN, CATTLE ELECTRIC COOPERATIVE, BINGER, OKLA.

Mr. BRYAN. I do not have a prepared statement.

The CHAIRMAN. Give your full name for the record and your residence.

Mr. BRYAN. My name is Billy Bryan, from Binger, Okla. I operate the Cattle Electric Cooperative and I just want to take a few moments to tell you about specific cases.

I have a letter on my desk from the telephone exchange at Eakly, Okla. Eakly is a town of about 450 people. The man who operates that telephone exchange is a cripple. He is broken down with arthritis and that is all than he can do. I think he was a doctor at one time. Today they have probably maybe 200 telephones out there. Recently, just before I came to Washington, they had a little storm out in that part of the world and it occurred some 3 or 4 miles south of Eakly. They attempted to call the highway patrol and the fact that they were attempting to get the highway patrol brought the highway patrol in and we went out with our radio cars from the cooperative and transmitted information back. There was not anyone hurt but we had heard that the town had been blown away, so we rushed out to see what was going on. They had no telephone service at the time.

He had been petitioning the REA and he has written to Mr. Ellis and he has been petitioning to me to get some kind of help.

Another example I want to give you is the town of Alfalfa, which has a population of approximately 150 or so. They have rural service. Now, all of these towns have rural out-lines. I believe now—I am not too positive on this—but I believe that their service lasts from 9 until 5. You have to call at the right hour or you do not get through and they have connections with an independent system in Carnegie. We have a lot of carriers in one carrier, and have a lot of owners billed on our present system with the Bell people. It is a very satisfactory arrangement.

But these localities have never been reached by Bell. I do not think Bell would even reach them because they are too thin.

Another example—going back a little bit—my father was a country doctor and in order for him to get enough practice and to get in touch with these people, he and I built, physically and financially, about 3 or 4 miles of telephone lines. We built it on anything we could find down there, just a lot of blackjack trees—some we nailed to blackjack trees, posts, and anything we could find. At that time we had the little local telephone exchange.

Well, that was a farm home where the ladies stayed there all the time and then did the exchanging around over the country. The question was asked: "What went with the telephones that we used to have?" They are all obsolete, Mr. Chairman. Some of the old-timers are so old that they do not work any more so they just take them out and throw them away. That was back in the days when they hooked the wires together so they could go out and disconnect them in a storm.

The CHAIRMAN. The telephones looked like a coffee grinder connected up and sounded very much like one?

Mr. BRYAN. Very much the same thing. I think those examples will give you a picture.

The farmer today does not have a telephone system. He does in a few places but I am speaking of my own specific area. Telephone lines are down in the grass. They are tied to fence posts. They are tied to blackjacks. They are stuck up on poles. They have no system. The phones are bad. They have no lightning arresters on them.

Did you ever see a fruit jar used as an insulator on a telephone line? We have lots of them where they took a fruit jar, knocked the bottom out of it, and stuck it down over the post and tied those wires to the insulator. I believe that is about the extent of my remarks, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Bryan.

AMERICAN POLICY TOWARD THE CHINESE COMMUNISTS

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared on the subject of American policy toward the Chinese Communists.

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

AMERICAN POLICY TOWARD THE CHINESE COMMUNISTS

(Release by Senator HUGH BUTLER, Republican, of Nebraska, in the Senate, June 25, 1949)

Mr. President, I have been reading what the Senator from New Hampshire, Mr. BRIDGES, had to say about the British minesweepers used to clear the water around Shanghai. He indicated that this was undoubtedly at the expense of the American taxpayers who are being at the same time taxed to conduct a cold war against communism in Europe.

On January 20 of this year, President Truman made a wonderful speech calling for a crusade against communism. He must know that communism is a global movement. He

must know that it is not, as Secretary Acheson once said publicly, an economic movement. It is social, political, and philosophical. Yes, it is even a religion—a pagan religion that defies the state and denies God. Wherever it raises its head, communism must be opposed.

I do not claim to know a lot about international affairs, but I do believe that the same fundamentals of honesty, honor, and courage that have helped us solve our domestic problems are equally applicable to our foreign affairs. I do not like to see my country compromise with evil, and I do not like her to show any fear of other countries or their leaders. I detest hypocrisy and cowardice. The strongest language used by Christ while on earth was used by Him in denouncing hypocrites.

If President Truman is against communism in Asia as well as in Europe, I will gladly follow him and will support a bipartisan foreign policy, but I could never follow a hypocritical or cowardly foreign policy. Mr. President, that is the kind of foreign policy we have today.

I charge that it is hypocritical to fight a "cold" war against communism in Europe and, at the same time, to fail to support the Chinese Nationalists who are conducting the only "hot" war against communism on a large scale in the world today. The advance of communism in Asia could prove to be as dangerous to the security of the United States as its advance in Europe.

I further charge that it is an act of the rankest cowardice for a State Department spokesman to give the impression that we must be careful not to incur the wrath of the victorious Chinese leader Mao Tze-tung. That is the impression that was given to Mr. C. L. Sulzberger of the New York Times, according to one of his feature articles, on February 21, 1949.

I am not a member of the Foreign Relations Committee of the Senate. Therefore, I will not take up the question of the usurpation by the State Department during the last decade of the powers and responsibilities to formulate foreign policy which the Senate, jointly with the President, was given by the Constitution.

But I refuse to stand by and permit a spokesman of the State Department to give the impression to the world that this country is afraid of a Communist leader anywhere. I have waited for a withdrawal of this statement or a rebuke by a superior. None has been forthcoming. The incident called to our attention by Senator BRIDGES seems to give substance to the statement in the Sulzberger article. For these reasons, I feel obliged, as an American and as a member of the Senate, to speak out in protest.

If the State Department spokesman quoted in the article is afraid of the Communist leader of China, the American people are not. If his superiors who have failed to contradict this interview are afraid of the Chinese Communists, the American people are not. I do not believe the American people are afraid of the Communists in China or anywhere else. I believe it is the duty of the State Department, as the official spokesman for the American people in foreign affairs, to make that absolutely clear to all the world.

EXTENSION OF AUTHORITY OF MARITIME COMMISSION TO SELL, CHARTER, OR OPERATE VESSELS

Mr. McCARRAN. Mr. President, I have an understanding with the Senator from Washington [Mr. MAGNUSON] that I would be here at the time he sought to take up House Joint Resolution 235, which I held up the other day on the call of the calendar. I think perhaps it will do no harm for me to proceed in the absence of the Senator from Washington. He is being sent for, and probably will be in the Chamber within a few minutes.

During the interval between the call of the calendar and today a number of representatives of labor organizations have come to me setting forth the conditions which would prevail if this resolution were not permitted to go through. It has been authoritatively stated to me that fifteen or twenty thousand seamen would be thrown out of employment, and that certain vessels would be tied up, and might go into Government management and control, thus impairing employment at a time when there are so many out of employment. That, of course, is a very forceful argument to me. I have decided to permit the joint resolution to go through without objection. Before I do so, I think in all fairness it should be stated, as I think it is quite generally understood by the Committee on Interstate and Foreign Commerce, that the present Maritime Commission is a commission which has in my judgment, based upon observation, violated the very purpose and intent with which that Commission was established. It has practically destroyed shipping on the Pacific Coast.

Those of us who are interested in the development of the Pacific Coast realize that commerce between the Pacific Coast and the Orient has gone far toward the building of the Pacific Coast area. No agency did more for the pioneering and building of the Pacific Coast than did the Dollar Steamship Line, pioneered by that great pioneer of steamshipping on the Pacific Ocean, R. Stanley Dollar. That line was set in operation and became the connecting link between the Orient and western America, and so continued for many years.

The depression which came in 1920 and extended to 1934, and even after, caught that shipping line in bad financial condition, due to a multiplicity of circumstances and conditions which were imposed upon it. That shipping line took advantage of the law, which gave it the right to borrow money from the Government through the Maritime Commission. It pledged its stock as collateral by way of security for the money loaned through the Maritime Commission. That it was a pledge of the stock I think no reasonable person can deny. That it was not a sale, that it was not a total and entire transfer, is so patent from the record that one would scarcely desire seriously to argue the matter. The fact is that the Circuit Court of Appeals of that district—and, in deed, the Supreme Court of the United States, speaking through Mr. Justice Douglas—made very cogent remarks on this subject. I shall read from the opinion of Mr. Justice Douglas. In speaking of the action of the Maritime Commission, Mr. Douglas made a statement which, to my mind, applies directly to the action of the Maritime Commission in the Dollar Line case. He said:

> But public officials may become tortfeasors by exceeding the limits of their authority, and where they unlawfully seize or hold a citizen's realty or chattels recoverable by appropriate action at law or in equity, he is not relegated to the Court of Claims to recover a money judgment. The dominant interest of the sovereign is then on the side of the victim, who may bring his repossessor action to reclaim that which is wrongfully held.

So, Mr. President, I contend that the Maritime Commission in the Dollar Line case wrongfully withheld, and is now wrongfully withholding, the entire Dollar Line, which line gave its pledge by way of putting up its stock as collateral or as security for a debt which it had incurred to the Federal Government. That act in itself warrants putting the Maritime Commission out of business. But that is not all it has been guilty of. To my way of thinking, no Governmnt commission has gone further toward high-handed arbitrariness than has the Maritime Commission.

It was with that solely in mind that I took the position the other day, and which indeed I take today, namely, that this Commission, now under investigation by the Committee on Interstate and Foreign Commerce, should, indeed, so far as its present powers are concerned, be put out of business. But in putting it out of business there is no necessity, so far as I can see, to put thousands of men out of employment. So, if by permitting this joint resolution to be passed, we can save the country from that particular calamity, I shall yield the position which I took the other day, and shall let the joint resolution be passed.

But I say again that it is such high-handed attitude and conduct on the part of public officials in commissions of this kind that lead the citizens of the United States in many instances to lose confidence in their own Government. When one seeking to obtain succor and support from the Government under law pledges all he has—as did the Dollar Line, which pledged its stock to secure the loan—then finds that the Commission, to which the stock is pledged, declares, and stands upon its declaration, that that was an absolute transfer, and by its authority takes the citizen's property away from him and holds it arbitrarily, it is enough, indeed, to destroy confidence in the Government. If we do not do something to prevent conduct of this kind, I wonder why we can complain of other governments upon which we look now with disdain for doing the very same thing?

So far as I am concerned now, although I do not see the Senator from Washington [Mr. MAGNUSON] on the floor at the moment, I shall have no further objection to the passage of House Joint Resolution 235.

Mr. LUCAS. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House Joint Resolution 235, Calendar No. 477.

The PRESIDING OFFICER (Mr. FERGUSON in the chair). Is there objection?

Mr. LANGER. Mr. President, as one of those who objected to the consideration of this measure at the time when the calendar was called, I now withdraw the objection, but I associate myself with the Senator from Nevada in the statement he has made.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 235) to continue the authority of the Maritime Commission to sell, charter, and operate vessels, and for other purposes, which had been reported from the Committee on Interstate and Foreign Commerce, with amendments.

The PRESIDING OFFICER. The clerk will proceed to state the amendments of the committee.

The first committee amendment was on page 2, in line 4, after the word "charter", to insert "(except one in respect of a passenger vessel)."

The amendment was agreed to.

The next amendment was, in line 12, after the word "except", to strike out "coastwise services" and insert "United States continental coastwise and intercoastal services and services between continental United States ports and Alaska."

Mr. McCARRAN. Mr. President, let me inquire of the Senator from Illinois or the Senator from Washington whether it is contemplated that the joint resolution will extend to the Maritime Commission any greater power or authority than it had by the act which created it in the first instance?

Mr. MAGNUSON. This extension of authority for 1 year limits the powers of the Commission to this extent: Whereas the other extensions which have been made, in giving this authority, have given the Commission blanket authority to sell, charter, and operate, this measure limits the Commission's authority, and the authority of the shipper who charters the ship to the extent that in the case of coastwise trade he must keep the ship at least 4 months, and in the case of offshore trade at least 6 months. That is the only provision. I have talked to the distinguished chairman of the House committee, Judge BLAND, who is familiar with the matter, and he is in favor of providing for this authority in this way.

Mr. McCARRAN. So if the Commission had no authority, by the law which created it, to take absolute possession and to run as its own a shipping line coming under its authority and jurisdiction, this joint resolution will not extend such authority to it. Is that correct?

Mr. MAGNUSON. The Senator is correct.

Mr. McCARRAN. Very well.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in line 12, which has been stated.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, in line 15, after the word "and", to strike out "coastwise services" and insert "United States continental coastwise and intercoastal services and services between continental United States ports and Alaska."

The amendment was agreed to.

The next amendment was, in line 20, after the word "charter", to insert "(except one in respect of a passenger vessel)."

The amendment was agreed to.

The next amendment was on page 3, in line 2, after the word "except", to strike out "coastwise services" and insert "United States continental coastwise and intercoastal services and services between continental United States ports and Alaska."

The amendment was agreed to.

The next amendment was in line 5, after the word "and", to strike out "coastwise services" and insert "United States continental coastwise and intercoastal services and services between continental United States ports and Alaska."

The amendment was agreed to.

The next amendment was, in line 11, after the word "vessel", to insert "(except a passenger vessel)."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the joint resolution.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution was read the third time, and passed.

Mr. LUCAS. Mr. President, I wish to express my very sincere appreciation to the able Senator from Nevada [Mr. McCARRAN] and the able Senator from North Dakota [Mr. LANGER] for not objecting to the consideration of what I deem to be a very important measure.

Mr. MAGNUSON. Mr. President, I may also add my complete agreement with the remarks of the Senator from Illinois.

REPEAL OF OLEOMARGARINE TAX

Mr. LUCAS. Mr. President, if there is no further inquiry by any Senator——

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

Mr. LUCAS. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I should like to ask the senior Senator from Illinois when he expects to take up the bill to repeal the tax on oleomargarine?

Mr. LUCAS. That is a very good question. The Senator from Arkansas has made inquiry of the majority leader, and as the Senator well knows, I am for the bill to repeal the tax on oleomargarine. It was reported by the Finance Committee as I recall, almost unanimously.

Mr. FULBRIGHT. That occurred twice, as a matter of fact.

Mr. LUCAS. It is now on the calendar. It is like a number of other very important measures, as to which certain groups are constantly pressing from the right, some pressing from the left, and some pressing from the center, attempting to get the majority leader to take up their measures, which are more important to their particular interest than anything else. Obviously, I wish we could take them all up within a week's time.

Mr. FULBRIGHT. There seems to be nothing pressing now. Why do we not pass it now? We just passed a bill very easily.

Mr. LUCAS. I note the Senator from Vermont is present, and I am sure we could not get unanimous consent to take up the bill and also to pass it.

Mr. FULBRIGHT. I thought the Senator from Vermont was for the bill.

Mr. AIKEN. Mr. President, if the Senator will yield, I suggest that action on the repeal of the regulations on the sale of oleomargarine be postponed until the Government stops buying surplus butter. Colder weather would be more appropriate for the consideration of the bill, because I am sure the heat would melt it, if it were brought to the floor of the Senate within the next few weeks.

Mr. LUCAS. Then in all seriousness I may say to the Senator from Arkansas that I sincerely hope we shall be in a position to take up the oleomargarine bill before we conclude this session of the Congress. It is the intention of the Senator from Illinois to do so. It is an important bill. It is important to the consumers of the country. It is important to the dairy interests also. There will be long debate on it, no doubt, because it is a highly controversial measure.

Mr. FULBRIGHT. Does the Senator know whether it is possible to bring it up after consideration of the pending bill is concluded?

Mr. LUCAS. No; it will not be possible to bring it up when consideration of the pending business is concluded, because I have definitely agreed to bring up the North Atlantic Pact. If I were certain the bill could pass say within 1 or 2 hours on some afternoon, I should not hesitate to bring it up. But I have conferred with some of the Senators from the dairy States who are interested in the bill, and I feel that it cannot pass in one afternoon. I think the Senator from Vermont will agree to that.

ST. LAWRENCE SEAWAY PROJECT

Mr. AIKEN. I should not expect that it could. I should also like to inquire whether the Senator from Illinois thinks it would be possible to get action on the St. Lawrence seaway legislation before the Congress recesses this summer.

Mr. LUCAS. Let me say to the Senator from Vermont in answer to that inquiry, I am not sure just what can be done about it. I have been conferring with the chairman of the Committee on Foreign Relations, and he has agreed to appoint a subcommittee to conduct further hearings. It seems to me that there is very little more to be said perhaps in the way of testimony on the subject of the St. Lawrence seaway. There could be taken whatever additional testimony is necessary in order to bring the record up to date; and we should get from the committee a report on the St. Lawrence seaway before this session adjourns. Whether we can take up the bill is another question. Certainly, as the Senator well knows, a great number of major problems, some of which are before committees and some of which are now before the Senate, must be considered before we adjourn. As one who went along with the introduction of the joint resolution on the St. Lawrence seaway project, I am all for it and am

doing all I can to push it as fast as possible in the Committee on Foreign Relations.

Mr. AIKEN. I thank the Senator for the information.

AUTHORIZATION TO SIGN BILLS

Mr. LUCAS. Mr. President, I ask unanimous consent that the President of the Senate be authorized to sign duly enrolled bills during the recess of the Senate following today's session.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. LUCAS. I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 45 minutes p. m.) the Senate took a recess until Monday, June 27, 1949, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 24, 1949

The House met at 12 o'clock noon.

Rev. James Langley, Central Baptist Church, Malone, Tex., offered the following prayer:

O Lord, our Lord, how excellent is Thy name in all the earth; the whole earth is full of Thy glory. To Thee, the giver of every good and perfect gift, our hearts turn in grateful remembrance for the unspeakable gift of Thy Son. We rejoice in the greatest news of the ages, that He is alive forevermore, and because He lives we, too, shall live.

We acknowledge no other Caesar but Christ. He is King of Kings and Lord of Lords. Who is man therefore that Thou art mindful of him? Yet Thy divine love, like a mighty stream, flows to man and challenges his noblest response.

With the heartthrob of humanity focused upon this Nation, we pray for wisdom. May the men who from these historic halls direct the destiny of the world be God's men for such an hour as this. Grant, gracious Lord, that this great Government, dedicated to the supreme worth of the individual, shall be guided by the eternal verities of Thy written and living word. Send peace through the Prince of Peace, for we pray in the name which is above every name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Hawks, one of his secretaries, who also informed the House that on June 23, 1949, the President approved and signed a bill of the House of the following title:

H. R. 1338. An act authorizing the transfer to the United States section, International Boundary and Water Commission, by the War Assets Administration of a portion of Fort Brown at Brownsville, Tex., and adjacent borrow area, without exchange of funds or reimbursement.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2989) entitled "An act to incorporate the Virgin Islands Corporation, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3333) entitled "An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1950, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 25 and 39 to the above-entitled bill.

SALE OF PUBLIC LANDS IN ALASKA

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2859) to authorize the sale of public lands in Alaska, with Senate amendments, disagree to the amendments of the Senate, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Florida? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. PETERSON, REDDEN, BENTSEN, WELCH of California, and CRAWFORD.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1950

Mr. BATES of Kentucky submitted the following conference report and statement on the bill (H. R. 3082) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1950, and for other purposes:

CONFERENCE REPORT (H. REPT. 900)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3082) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District, for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 11 and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 6, 7, 8, 9, 10, 15, 17, 18, 21, 23, 25, 26, 27, 29, 30, 32, 33, 34, 35, 36, 37, 39, 41, 42, 43, 46, 47, 48, 49, 50, 51, 52, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, and 65, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$260,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$767,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$351,300"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$14,150,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,868,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,154,260"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$420,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,075,250"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,189,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$6,443,989"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,040,000"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$976,222"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,072,098"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 28, 38, 40, 44, and 45.

JOE B. BATES,
SIDNEY R. YATES,
FOSTER FURCOLO,
CLARENCE CANNON,
RALPH E. CHURCH,
LOWELL STOCKMAN,
Managers on the Part of the House.

LISTER HILL,
JOSEPH C. O'MAHONEY,
HARLEY M. KILGORE,
LESTER C. HUNT,
MILTON R. YOUNG,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3082) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1950, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendments Nos. 1 and 2, relating to general administration, executive office: Authorizes limitation of $10,000 for emergency use, and appropriates $222,400 as proposed by the Senate instead of $212,400 as proposed by the House.

Amendment No. 3, relating to general administration, Office of the Corporation Counsel: Appropriates $260,000 instead of $245,100 as proposed by the House and $271,660 as proposed by the Senate.

Amendment No. 4, relating to fiscal service, Assessor's office: Appropriates $767,000 instead of $602,328 as proposed by the House and $777,000 as proposed by the Senate.

Amendment No. 5, relating to fiscal service, Collector's office: Appropriates $351,300 instead of $310,400 as proposed by the House and $354,300 as proposed by the Senate.

Amendment No. 6, relating to District government employees' compensation: Appropriates $110,000 as proposed by the Senate instead of $100,000 as proposed by the House.

Amendment No. 7, relating to workmen's compensation administrative expenses: Appropriates $128,200 as proposed by the Senate instead of $120,000 as proposed by the House.

Amendment No. 8, relating to District government employees' retirement: Appropriates $1,779,000 as proposed by the Senate instead of $1,500,000 as proposed by the House.

Amendment No. 9, relating to regulatory agencies, License Bureau: Appropriates $46,100 as proposed by the Senate instead of $45,395 as proposed by the House.

Amendment No. 10, relating to regulatory agencies, Office of Administrator of Rent Control: Appropriates $125,000 as proposed by the Senate.

Amendment No. 11, relating to regulatory agencies, Office of Recorder of Deeds: Appropriates $201,338 as proposed by the House instead of $207,200 as proposed by the Senate.

Amendment No. 12, relating to public schools, general supervision and instruction: Appropriates $14,150,000 instead of $14,088,490 as proposed by the House and $14,155,000 as proposed by the Senate; and authorizes $10,000 for employment of experts and consultants as proposed by the Senate.

Amendment No. 13, relating to public schools, operation of buildings and grounds and maintenance of equipment: Appropriates $2,868,000 instead of $2,846,868 as proposed by the House and $2,888,900 as proposed by the Senate.

Amendment No. 14, relating to public schools, repairs and maintenance of buildings and grounds: Appropriates $1,154,260 instead of $1,114,260 as proposed by the House and $1,155,500 as proposed by the Senate.

Amendment No. 15, relating to public schools, capital outlay: Includes the furnishing and equipping of Park View Elementary School, as proposed by the Senate.

Amendment No. 16, relating to public schools, capital outlay: Appropriates $420,000 instead of $320,170 as proposed by the House and $427,470 as proposed by the Senate.

Amendment No. 17, relating to public schools, preparation of plans and specifications: Appropriates $29,400 for preparations of plans and specifications and establishes a limit of cost of $1,960,000 on Hine Junior High School building as proposed by the Senate.

Amendment No. 18, relating to public schools, capital outlay: Increases contract authorization for the Spingarn Senior High School to $3,600,000 as proposed by the Senate.

Amendment No. 19, relating to public schools, capital outlay: Deletes provision of the Senate providing for $225,000 for alterations and additions at the Bell Vocational High School building.

Amendment No. 20, relating to public schools, construction: Adjusts the construction total to $2,075,250.

Amendment No. 21, relating to the Public Library: Appropriates $1,212,000 as proposed by the Senate instead of $1,198,750 as proposed by the House.

Amendment No. 22, relating to the Recreation Department, operating expenses: Appropriates $1,189,000 instead of $1,163,878 as proposed by the House and $1,246,000 as proposed by the Senate.

Amendment No. 23, relating to the Recreation Department, capital outlay: Appropriates $180,000 as proposed by the Senate instead of $90,000 as proposed by the House.

Amendment No. 24, relating to Metropolitan Police: Appropriates $6,443,989 instead of $6,334,844 as proposed by the House and $6,468,989 as proposed by the Senate.

Amendment No. 25, relating to Metropolitan Police: Appropriates $10,000 for ceremonies under act of July 11, 1947, as proposed by the Senate.

Amendment No. 26, relating to policemen's and firemen's relief: Appropriates $2,900,000 as proposed by the Senate instead of $2,500,000 as proposed by the House.

Amendment No. 27, relating to the municipal court: Appropriates $504,759 as proposed by the Senate instead of $502,759 as proposed by the House.

Amendment No. 28, relating to the Health Department, operating expenses: Reported in disagreement.

Amendment No. 29, relating to the Health Department, operating expenses: Appropriates $2,100,593 as proposed by the Senate instead of $2,087,282 as proposed by the House.

Amendment No. 30, relating to the Health Department, Glenn Dale Tuberculosis Sanatorium: Includes dentists as consultants as proposed by the Senate.

Amendment No. 31, relating to Health Department, Gallinger Municipal Hospital: Appropriates $4,040,000, for operating expenses, instead of $3,753,274 as proposed by the House and $4,051,824 as proposed by the Senate.

Amendment No. 32, relating to Gallinger Municipal Hospital: Includes fixed equipment under "Capital outlay," as proposed by the Senate.

Amendment No. 33, relating to Gallinger Municipal Hospital: Clarifies language, as proposed by the Senate.

Amendment No. 34, relating to Health Department, capital outlay, Gallinger Municipal Hospital: Deletes language of the House which authorizes the Commissioners to enter into certain contracts for equipping a building.

Amendment No. 35, relating to Health Department, capital outlay, Gallinger Municipal Hospital: Appropriates $382,909 for the pediatrics and crippled children building, as proposed by the Senate, instead of contract authority as proposed by the House, and corrects the total for capital outlay.

Amendment No. 36, relating to Health Department, medical charities: Appropriates $745,000 as proposed by the Senate instead of $735,000, as proposed by the House.

Amendment No. 37, relating to operating expenses of the Department of Corrections: Appropriates $2,905,112 as proposed by the Senate instead of $2,872,878 as proposed by the House.

Amendment No. 38, relating to capital outlay, Department of Corrections: Reported in disagreement.

Amendment No. 39, relating to public welfare, agency services: Appropriates $3,849,790 as proposed by the Senate instead of $3,543,059 as proposed by the House.

Amendment No. 40, relating to public welfare, operating expenses, protective institutions: Reported in disagreement.

Amendment No. 41, relating to public welfare, operating expenses, protective institutions: Appropriates $2,338,613 as proposed by the Senate instead of $2,231,203 as proposed by the House.

Amendment No. 42, relating to public works, office of Chief Clerk: Appropriates $57,906, as proposed by the Senate instead of $56,606 as proposed by the House.

Amendment No. 43, relating to public works, office of Municipal Architect; Appropriates $109,636 and includes limitation for test borings and soil investigations, as proposed by the Senate, instead of appropriating $92,036, as proposed by the House.

Amendments Nos. 44 and 45, relating to public works; Reported in disagreement.

Amendment No. 46, relating to public works, Office of Superintendent of District Buildings: Appropriates $957,200 as proposed by the Senate instead of $951,700 as proposed by the House.

Amendment No. 47, relating to public works, Surveyor's office: Appropriates $138,000 as proposed by the Senate instead of $130,717 as proposed by the House.

Amendment No. 48, relating to public works, Department of Inspections: Appropriates $670,600 as proposed by the Senate instead of $651,861 as proposed by the House.

Amendment No. 49, relating to public works, operating expenses, Electrical Division: Appropriates $1,258,612 as proposed by the Senate instead of $1,254,112 as proposed by the House.

Amendment No. 50, relating to public works, capital outlay, Electrical Division: Appropriates $181,400 as proposed by the Senate instead of $140,000 as proposed by the House.

Amendment No. 51, relating to public works, Central Garage: Appropriates $118,008 as proposed by the Senate instead of $91,713 as proposed by the House.

Amendment No. 52, relating to public works, Department of Vehicles and Traffic: Appropriates $929,800 as proposed by the Senate instead of $924,800 as proposed by the House.

Amendments Nos. 53 and 54, relating to public works, reimbursement of other appropriations: Appropriate $976,222 for reimbursement to Metropolitan Police instead of $950,475, as proposed by the House and $979,972 as proposed by the Senate; and adjust the total to reflect the increase.

Amendment No. 55, relating to public works, operating expenses, Division of Sanitation: Appropriates $3,351,700 as proposed by the Senate instead of $3,209,801 as proposed by the House.

Amendments Nos. 56 and 57, relating to public works, operating expenses, Sewer Division: Authorize a contribution to the Interstate Commission on the Potomac River Basin of $7,200 as proposed by the Senate instead of $5,400 as proposed by the House; and appropriate $1,192,190 as proposed by the Senate instead of $1,182,590 as proposed by the House.

Amendment No. 58, relating to public works, capital outlay, Sewer Division: Appropriates $2,134,000 as proposed by the Senate instead of $1,355,800 as proposed by the House.

Amendment No. 59, relating to public works, operating expenses, Water Division: Appropriates $2,051,000 as proposed by the Senate instead of $2,045,000 as proposed by the House.

Amendment No. 60, relating to the National Guard: Appropriates $90,700 as proposed by the Senate instead of $85,024 as proposed by the House.

Amendment No. 61, relating to National Capital Parks: Appropriates $1,628,018 as proposed by the Senate instead of $1,608,018 as proposed by the House.

Amendment No. 62, relating to National Capital Park and Planning Commission: Appropriates $84,700 as proposed by the Senate instead of $81,500 as proposed by the House.

Amendment No. 63, relating to the National Zoological Park: Appropriates $544,700 as proposed by the Senate instead of $532,800 as proposed by the House.

Amendment No. 64 deletes provision of the House providing for return to the general fund of the District of Columbia funds appropriated for the Spingarn Senior High School, as proposed by the Senate.

Amendment No. 65: Corrects section number.

AMENDMENTS REPORTED IN DISAGREEMENT

The following amendments are reported in disagreement:

Amendment No. 28, relating to an increase in travel allowance for dairy-farm inspectors in the Health Department, from a present 4 cents to 7 cents per mile. The House managers will move to recede and concur.

Amendment No. 38, relating to capital outlay, Department of Corrections: Authorizes transfer of one Diesel locomotive from Transportation Corps, Department of the Army, to the District of Columbia, and appropriates $6,900 for same. The House managers will move to recede and concur.

Amendment No. 40, relating to public welfare operating expense, protective institutions: The House managers will move to recede and concur.

Amendments Nos. 44 and 45, relating to Public Works, Office of Municipal Architect: The House managers will move to recede and concur with amendments.

JOE B. BATES,
SIDNEY R. YATES,
FOSTER FURCOLO,
CLARENCE CANNON,
RALPH E. CHURCH,
LOWELL STOCKMAN,
Managers on the Part of the House.

Mr. BATES of Kentucky. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report and that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 28: Page 25, line 16, after the word "and", strike out the remainder of the line and insert "7 cents per mile but not more than $840."

Mr. BATES of Kentucky. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BATES of Kentucky moves that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 38: Page 29, line 21, insert the following: "Capital outlay: For the purchase of a Diesel locomotive, $6,900; and the Transportation Corps, Department of the Army, is hereby authorized to transfer to the District of Columbia one Diesel locomotive at not to exceed $6,900."

Mr. BATES of Kentucky. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BATES of Kentucky moves that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 40: Page 32, line 24, after the word "School", insert the following: "Temporary home for former soldiers, sailors, and marines."

Mr. BATES of Kentucky. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BATES of Kentucky moves that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 44: On page 35, line 4, strike out "3" and insert "4."

Mr. BATES of Kentucky. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BATES of Kentucky moves that the House recede and concur in the Senate amendment with an amendment as follows: In lieu of the figure proposed by the said amendment insert "3½."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 45: Page 35, line 7, strike out "2¾" and insert "3¾."

Mr. BATES of Kentucky. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. BATES of Kentucky moved that the House recede from its disagreement to the amendment of the Senate No. 45 and concur in the same with an amendment as follows: Page 35, line 7, strike out "3¾" and insert "3¼."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

AGRICULTURAL APPROPRIATION BILL, 1950

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H. R. 3997) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1950, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the report of the gentleman from Mississippi?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is the gentleman going to explain this report?

Mr. WHITTEN. Yes.

Mr. RANKIN. Mr. Speaker, further reserving the right to object, I just want to ask one question: Did the Senate approve the provision for rural electrification that was passed by the House?

Mr. WHITTEN. The report carries the House provision.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 899)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3997) making appropriations for the Department of Agriculture, for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 5, 6, 12, 13, 31, 41, 48, and 52.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 14, 15, 17, 21, 25, 26, 27, 33, 42, 54, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, and 71, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert "$19,000,000, of which not less than $45,000 shall be available for work under Title II for the development of new and expanded market outlets for oilseeds, fats and oils and their products, and not less than $180,000 shall be used under section 10 (a) for additional research on fats and oils, of which latter sum not less than $45,000 may be used for contracts with public or private agencies as authorized by the said Act of August 14, 1946"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$713,293"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$518,800"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,390,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,000,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,236,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,694,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,464,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$401,740"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,966,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert "and the provisions of the Forest Pest Control Act ($250,000 which may be transferred to and made a part of the appropriation 'Forest Pest Control Act'),"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$243,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$645,525"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$575,000"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$750,000"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$3,645,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$565,350"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,920,050"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,159,600"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$26,300,000"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert ", and the limit of cost for not to exceed one building constructed at Horseshoe Organization Camp, West Virginia, shall be $22,500"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$10,348,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$117,188"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$75,000"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$9,500,000"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,400,000"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,225,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert ": *Provided further*, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert "$300,000,000, of which not to exceed $15,000,000 may be used for acreage allotments and marketing quotas"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert ": *Provided further*, That the county agricultural conservation committee in any county with the approval of the State committee may allot not to exceed 5 per centum of its allocation for the agricultural conservation program to the Soil Conservation Service for services of its technicians in formulating and carrying out the agricultural conservation program and the funds so allotted shall be utilized by the Soil Conservation Service for technical and other assistance in such county"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$83,500,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 22, 23, and 24.

JAMIE L. WHITTEN,
WILLIAM G. STIGLER,
EDWARD H. KRUSE, Jr.,
CLARENCE CANNON,
H. CARL ANDERSEN,
WALT HORAN,
Managers on the Part of the House.

RICHARD B. RUSSELL,
CARL HAYDEN,
JOSEPH C. O'MAHONEY,
PAT MCCARRAN,
ELMER THOMAS,
CLYDE M. REED,
CHAN GURNEY,
HOMER FERGUSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3997) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1950, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

OFFICE OF THE SECRETARY

Amendments Nos. 1 and 2: The House authorized a transfer of $11,000 from the appropriation for flood control to the Office of the Secretary; the Senate authorized a transfer of $24,000; the House recedes.

Research and Marketing Act of 1946

Amendment No. 3, for the improvement and development of systems for the distribution and marketing of agricultural products under title II of the act: The House appropriated $6,000,000; the Senate, $6,020,000; the Senate recedes.

Amendment No. 4, total for the Research and Marketing Act: The House total is $19,000,000; the Senate total is $19,020,000. The conferees have agreed upon: "$19,000,000, of which not less than $45,000 shall be available for work under title II for the development of new and expanded market outlets for oilseeds, fats and oils and their products, and not less than $180,000 shall be used under section 10 (a) for additional research on fats and oils, of which latter sum not less than $45,000 may be used for contracts with public or private agencies as authorized by the said Act of August 14, 1946."

It is the intention of the conferees that the sums provided under the appropriation for the Research and Marketing Act for research on fats and oils shall be available for the same purposes as are set forth under the heading "Research on Fats and Oils" in Senate Report No. 362, Eighty-first Congress.

Amendments Nos. 5 and 6: The Senate has added language permitting the use of Research and Marketing Act funds for development of inspection, grading, and standards of fish, shellfish, and products thereof; the Senate recedes.

LIBRARY, DEPARTMENT OF AGRICULTURE

Amendment No. 7: The Senate has restored a House cut of $22,400; of which (a) $4,186 represents the cost of moving a portion of the library collection to an annex building, as to which the House recedes, and (b) $18,214 is an increase for salaries and expenses of the library as a whole, as to which the conferees have agreed upon $9,107.

Amendment No. 8: The House authorized $515,775 for personal services in the District of Columbia; the Senate, $520,840; the conferees have agreed upon $518,800.

BUREAU OF AGRICULTURAL ECONOMICS

Amendment No. 9, personal services in the District of Columbia: The House authorized $2,370,000; the Senate, $2,419,000; the conferees have agreed upon $2,390,000.

Amendment No. 10, economic investigations: The Senate has restored the House cut of $330,000 below the budget; the conferees have agreed upon $2,000,000.

SPECIAL RESEARCH FUND

Amendment No. 11: The Senate appropriated $12,000, not provided by the House, for more effective tobacco research at Florence, S. C.; the conferees have agreed upon $6,000.

RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Amendments Nos. 12 and 13: The Senate restored a House cut of $173,000 for guayule production and processing investigations, including purchase of not to exceed 60 acres of land in Texas; the Senate recedes.

BUREAU OF ANIMAL INDUSTRY

Amendment No. 14: The Senate appropriated $50,000 under animal husbandry for liquidation of the Agricultural Remount Service; the House made no additional appropriation for the purpose but in the House report $50,000 of the general appropriation was earmarked for this work; the House recedes.

Diseases of animals: The House report earmarked $50,000 of this appropriation for work on the cattle grub. In the Senate report the Senate committee "believes the Bureau should have discretion in allocating the funds available to the projects of investigation most needed." The Houses conferees have concurred with the views of the Senate.

Amendment No. 15, meat inspection: The House appropriated $11,995,000; the Senate, $12,577,000; the House recedes.

BUREAU OF PLANT INDUSTRY, SOILS, AND AGRICULTURAL ENGINEERING

Amendment No. 16, field crops: The House appropriated $2,498,000; the Senate, $2,805,000; the conferees have agreed upon $2,694,000.

Amendment No. 17: The Senate included authority, not provided by the House, to use $85,000 of the appropriation for field crops for the construction of an office and laboratory building at the Southern Great Plains Field Station, Woodward, Okla.; the House recedes.

Amendment No. 18, fruit, vegetable, and specialty crops: The House appropriated $2,347,000; the Senate, $2,581,000; the conferees have agreed upon $2,464,000. In lieu of an earmarking of a definite amount for research on diseases affecting gladioli and other flowers, the conferees direct that the Department shall give the problem appropriate study within the amount granted. The conferees deem the work on potatoes and onions to be of special importance.

Amendment No. 19, forest diseases: The House appropriated $383,480; the Senate, $420,000; the conferees have agreed upon $401,740. Under this amount the Department will give appropriate attention to the problems for which the Senate increases were granted.

Amendment No. 20, soils, fertilizers, and irrigation, primarily in the Missouri River Basin: (a) the Senate restored the House cut of $100,000 for soil management and crop-production research, the conferees have agreed upon $66,000; (b) the Senate restored the House cut of $50,000 for soil surveys; the Senate recedes.

Amendment No. 21, construction at Mandan, N. Dak.: The Senate included authorization, not provided by the House, for the use of $16,000 of the appropriation for soils, fertilizers, and irrigation, for remodeling two structures at the United States Northern Great Plains Field Station. Mandan, N. Dak.; the House recedes.

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Amendments Nos. 22, 23, and 24, relating to insect investigations, are in disagreement.

Amendment No. 25, insect and plant disease control: The House appropriated $3,364,000; the Senate, $3,564,000; the House recedes.

Amendment No. 26, foreign plant quarantines: The House appropriated $2,296,000; the Senate, $2,325,000; the House recedes.

CONTROL OF EMERGENCY OUTBREAKS OF INSECTS AND PLANT DISEASES

Amendment No. 27: The Senate struck out the language, included by the House, "to enable the Secretary, through such agencies as he may determine". The House recedes.

Amendment No. 28: The Senate struck out the House language "and of section 1 of the Forest Pest Control Act (16 U. S. C. 594-1)," in lieu of which the conferees have inserted: "and the provisions of the Forest Pest Control Act ($250,000 which may be transferred to and made a part of the appropriation, 'Forest Pest Control Act'),". It is the purpose of the conferees that the $250,000 provided for the Forest Pest Control Act shall be deducted from the total appropriation of $1,745,000 under this head and transferred to and consolidated with the appropriation of $750,000 carried elsewhere in the bill for the Forest Pest Control Act.

BUREAU OF AGRICULTURAL AND INDUSTRIAL CHEMISTRY

Amendment No. 29, personal services in the District of Columbia: The House authorized $242,622; the Senate, $251,870; the conferees have agreed upon $243,000.

Amendment No. 30, agricultural chemical and naval stores investigations: The House appropriated $637,550; the Senate, $653,500; the conferees have agreed $645,525.

Amendment No. 31, Regional Research Laboratories: The House appropriated $5,016,000; the Senate $5,196,000, of which $180,000 was for research on fats and oils; the Senate recedes. The action of the conferees on Senate amendment No. 4 makes $180,000 of the Research and Marketing Act funds available for the fats and oils research stricken from the bill here.

Control of Forest Pests

Amendment No. 32, gypsy and brown-tail moths: The House appropriated $550,000; the Senate, $601,000; the conferees have agreed upon $575,000.

Amendments Nos. 33 and 34, Forest Pest Control Act: The House appropriated $272,300 for surveys under the act; the Senate appropriated $1,000,000 for both surveys and insect control; the House recedes on all but the amount of the appropriation, as to which the conferees have agreed upon $750,000. The latter amount is augmented by a transfer of $250,000 from the appropriation for the control of emergency outbreaks of insects and plant diseases, making in all, for the Forest Pest Control Act, $1,000,000.

Amendments Nos. 35 through 38, white pine blister rust control: The House appropriated $3,595,000; the Senate, $3,695,000; the conferees have agreed upon $3,645,000, which will be allotted as follows: To the Department of the Interior, $565,350; to the Forest Service, $1,920,050; and to the Bureau of Entomology and Plant Quarantine, including work on State and privately owned lands, $1,159,600.

FOREST SERVICE

Amendment No. 39, national-forest protection and mangement: The House appropriated $24,971,000; the Senate, $26,752,000; the conferees have agreed upon $26,300,000. The House conferees have not concurred in the amounts earmarked for the development of the improvements listed on page 19 of the Senate report. However, it is agreed by the conferees that the Department will, out of the total of the appropriation, allot to those projects and to Mount Baker Lodge in the Mount Baker National Forest, to the forest areas adjacent to Salt Lake City and Ogden, Utah, and to Holly Springs National Forest sums which will be appropriate to the special emphasis given herein to the foregoing.

Amendment No. 40, Horseshoe Organization Camp, W. Va., limit of cost of building: The Senate inserted language fixing the limit at $36,000; the conferees have agreed upon $22,500.

Amendment No. 41, forest and range management investigations: The Senate struck out the word "shelterbelts" which had been inserted by the House; the Senate recedes.

Amendment No. 42, forest and range management investigations: The House appropriated $2,808,500; the Senate, $2,818,500; the House recedes.

Amendment No. 43, forest development roads and trails: The House appropriated $9,748,000; the Senate $10,748,000; the conferees have agreed upon $10,348,000.

Amendment No. 44, limitation for personal services in the District of Columbia: The House authorized $111,188; the Senate, $121,188; the conferees have agreed upon $117,188.

Amendment No. 45, acquisition of forest land, Superior National Forest, Minn.: The Senate appropriated $100,000; the conferees have agreed upon $75,000.

FLOOD CONTROL

Amendment No. 46: The House appropriated $8,975,000; the Senate, $10,000,000; the conferees have agreed upon $9,500,000.

SOIL CONSERVATION SERVICE

Amendment No. 47, soil-conservation research: The House appropriated $994,000; the Senate, $1,751,000; the conferees have agreed upon $1,400,000, including an unspecified amount for the establishment of a station and initiation of studies of land drainage

and soil structure in the Flatwoods area of Georgia.

LAND UTILIZATION AND RETIREMENT OF SUBMARGINAL LAND

Amendment No. 48, personal services in the District of Columbia: The House authorized $29,100; the Senate, $32,150; the Senate recedes.

Amendment No. 49, expenses necessary in connection with land utilization and retirement of submarginal land: The House appropriated $1,124,000; the Senate, $1,327,000; the conferees have agreed upon $1,225,000.

CONSERVATION AND USE OF AGRICULTURAL LAND

Amendment No. 50: The Senate inserted language, not included by the House, as follows:

: "*Provided further*, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State or county information employees, but this shall not preclude the answering of inquiries or supplying of information to individual farmers."

The conferees have agreed upon:

: "*Provided further*, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers."

The conferees have agreed upon this language in order to enable the county committees without solicitation or request to disseminate information among the farmers of their respective counties concerning the farm program.

Amendment No. 51, authorizing the amount of the farm-program payments for the crop year 1950: The House authorized $262,500,000; the Senate, $300,000,000; the conferees have agreed upon $300,000,000, of which not to exceed $15,000,000 may be used for acreage allotments and marketing quotas.

Amendment No. 52, maximum farm payment to any one participant in the farm program: The House provided $2,500; the Senate, $1,500; the Senate recedes.

Amendment No. 53, allotments to the Soil Conservation Service for services of technicians in formulating and carrying out the agricultural program: The Senate struck out the provision inserted by the House permitting the county agricultural committee in any county to so allot not to exceed 10 percent of its allocation for the agricultural conservation program. The conferees have agreed upon permission for the allotment of 5 percent of such funds with the approval of the State committee. It is the intention of the conferees that any county committee desiring to avail itself of this authority shall specify to the Soil Conservation Service the particular job or services it wishes to have performed. The county committee and the Soil Conservation Service will then enter into a written agreement for the performance of the work and the Soil Conservation Service would be governed by the specifications in the agreement and payment by the county committee to the Soil Conservation Service will be conditioned upon the observance of the provisions of the agreement.

SECTION 32 FUNDS

Amendment No. 54: The House provided a limit of $500,000 for subsidies to manufacturers of insulation products; the Senate, $150,000; the House recedes.

NATIONAL SCHOOL LUNCH ACT

Amendment No. 55: The House appropriated $75,000,000; the Senate, $87,500,000; the conferees have agreed upon $83,500,000.

MARKETING SERVICES

Amendment No. 56, market news service: The House appropriated $1,864,000; the Senate, $1,900,000; the House recedes. The conferees concur in the directives of the Senate report in the matter of local contributions and respecting the submission in connection with the estimate for 1951 of a proposal for the attainment of uniformity in local contributions toward the expenses of the market news service stations.

Amendment No. 57: Corrects the spelling of a word; the House recedes.

Amendment No. 58: Corrects a transposition of figures in a code citation; the House recedes.

FARMERS HOME ADMINISTRATION

Amendment No. 59, interest to be paid by Secretary on moneys borrowed from the Treasury: The House authorized the loans to be with or without interest not to exceed 3 percent in the discretion of the Secretary of the Treasury; the Senate struck out the option of the Treasury to forego interest; the House recedes.

Amendment No. 60: The House provided that the Secretary may utilize proceeds from payments of principal and interest "on any loans made hereunder" to repay the Secretary of the Treasury the amounts borrowed therefrom pursuant to the authority contained in this bill; the Senate struck out the words "on any loans made hereunder" making it clear that all collections of principal and interest on loans made by the Farmers' Home Administration and its predecessor agencies, whether such loans were made from appropriated funds or from funds borrowed from the Treasury may be utilized to repay amounts borrowed from the latter. The House recedes.

FARMERS HOME ADMINISTRATION

Amendment No. 61, salaries and expenses: The House appropriated $23,249,000; the Senate, $23,649,000; the House recedes.

Regional Agricultural Credit Corporation

Amendments Nos. 62 and 63: The Senate struck out House provisions relating to the Regional Agricultural Credit Corporation, since this agency was abolished by an Act of Congress approved subsequently to the passage of the bill by the House; the House, therefore, recedes.

Corrections of Section Numbers

Amendments Nos. 64 through 71: The Senate has corrected the numbers of sections following a section which has been deleted from the bill; the House recedes.

AMENDMENTS IN DISAGREEMENT

The conferees report in technical disagreement Amendments Nos. 22, 23, and 24, relating to the appropriation for insect investigations. For this item the House appropriated $2,993,000; the Senate, $3,921,600; and the Senate added language alloting $800,000 for work on the Oriental fruitfly, of which $500,000 should be available for contracts with public or private agencies.

The House managers will move that the House recede with an amendment, providing $3,502,300, of which $173,500 is for work on bees. For work on the Oriental fruitfly, $450,000 is allotted, of which $250,000 is available for contracts with public or private agencies, $25,000 is available for transfer to and consolidation with the appropriations "insect and plant disease control" and "foreign plant quarantines" in such proportion as the Secretary may deem best for inspection and/or control work on this pest.

JAMIE L. WHITTEN,
WILLIAM G. STIGLER,
EDWARD H. KRUSE, Jr.,
CLARENCE CANNON,
H. CARL ANDERSEN,
WALT HORAN,
Managers on the Part of the House.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 27, line 16, strike out "$797,600" and insert "$85,800."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 22 and concur in the same with an amendment as follows: In lieu of the sum proposed by said amendment, insert "$802,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 23: Page 28, line 9, strike out "$2,993,000" and insert "$3,921,600."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 23 and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "$3,502,300."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 28, line 9, insert ": *Provided*, That $800,000 of this amount shall be available for oriental fruitfly, of which not to exceed $500,000 may be used for contracts with public or private agencies for research without regard to provisions of existing law, and the amounts obligated for contract research shall remain available until expended."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur in the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert ", of which $173,500 is for bee culture: *Provided*, That $450,000 shall be available for oriental fruitfly, of which $25,000 may be transferred to and consolidated with the appropriations, 'insect and plant disease control' and 'foreign plant quarantine,' to either or in part to each as may be deemed best, for inspection and/or control work on this pest; and $250,000 may be used for contracts with public or private agencies for research without regard to provisions of existing law, and the amounts obligated for contract research shall remain available until expended."

Mr. WHITTEN. Mr. Speaker, this conference report has the unanimous support of the managers on the part of the House. We have been able to clear up the differences with the Senate and the matter is completely settled. I think the gentleman from Minnesota will be glad to say that this is satisfactory to all of the managers, and there is no reason

we should discuss the matter further at this time.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. I think the gentleman from Mississippi should use some time to explain the action taken by the conferees with regard to the most important items, for instance, soil conservation and meat inspection. I think it would be of interest to the House for him to do so.

Mr. WHITTEN. Mr. Speaker, I am glad to discuss this bill as suggested by my colleague from Minnesota, but first I would like to take this time to express my appreciation to the members of our committee for their untiring efforts and cooperation in bringing you a conference report agreed to by all the conferees. As you know, this is my first time to serve as chairman of the committee handling agricultural appropriations. On this committee with me are Mr. STIGLER of Oklahoma and Mr. KRUSE of Indiana, Democrats; Mr. ANDERSEN of Minnesota and Mr. HORAN of Washington, Republicans. Mr. Speaker, we do not have any finer Members of the House of Representatives than these four Members. They are able, sincere, and industrious. They are vitally interested in agriculture and in the welfare of those engaged in agriculture, keeping always in mind the national interest. Mr. STIGLER and Mr. KRUSE are serving on this committee for the first time. Mr. STIGLER, an outstanding Member of Congress for a number of years, brought to the committee his knowledge of congressional operations and his lifetime interest in agriculture. Mr. KRUSE, a new Member of the House, as well as of the committee, has proven himself to be a keen student of the Agriculture Department and of agriculture generally. Both of these gentlemen have made substantial contributions to this bill which we have before you for final passage. The ranking Republican member of our committee is CARL ANDERSEN of Minnesota. Independent in his thinking, experienced in agriculture himself, a man of real ability and having a real interest in the well-being of agriculture, Mr. ANDERSEN has worked just as hard as possible on this measure. He deserves a great deal of the credit for the bill, in its final form. Mr. HORAN, also a farmer with a splendid educational background and experience in agricultural matters has also applied himself for the joint good of agriculture and the Nation. We bring you today a bill that is free of politics, a bill which all five of us on the committee support. True it is that in places there are sums for particular work of the Department that would be changed by one individual member or another of the committee if given his preference. But realizing that in these troubled times we must all stand together for the benefit of the whole we have solved our differences and because of that desire I think almost every phase of the bill is in better shape than it would have been otherwise. Certainly I know that is true in many instances, while in some respects we have not appropriated as much money for particular projects as we would have liked. I do think that, having gone into this matter with a real interest in agriculture we at the same time had to keep cognizance of falling revenues and of the real necessity to keep our expenditures at a minimum for the maximum results. Much credit for the success of our efforts must go to the clerk of our committee, Mr. Arthur Orr, a man of many years experience with the Appropriations Committee and one on whom all members of the committee have relied in bringing this bill before you. He is a splendid and able right hand to the committee.

Now with regard to some of the major provisions of the bill as finally approved in this conference report, we have authorized the Rural Electrification Administration to loan to local REA cooperatives the sum of $350,000,000. In addition, for the first time we provide that in the event all of these funds are loaned as provided by law the REA may lend an additional $150,000,000. These are not appropriations but loan authorizations. The record of this agency shows that less than three-tenths of 1 percent of the loans outstanding are in arrears. Many, many loans are way ahead of schedule in repayment. The interest which the Government collects by far exceeds any amount of probable losses. The committee has urged all local cooperatives to accept their responsibility and to make application for loans that the local distribution system may give area coverage and provide electricity to all farmers in a given area. Most local cooperatives are doing that whether or not we urged the REA to insist to the local cooperatives that expansion be made. Now, Mr. Speaker, if electric lines are not built to farm homes, it will be because of nonaction on the part of the boards of directors of local REA cooperatives. We have provided the funds herein if they will only ask for the loan. I hope that all of them will accept their responsibility to expand the great benefits of electricity which they themselves enjoy to their neighbors. We on this committee have done all we can do. It is now up to the local REA cooperatives. They can if they will.

This bill announces a soil conservation program during the next year of $300,000,000. This is not a grant but is a Federal contribution of approximately one dollar in three toward the expense of restoring the fertility of our soil, certainly one of our greatest national assets. We provide that of that announced program not more than $15,000,000 can be used for quota costs. This would not preclude payment from other sources of actual costs. The committee has increased the limit on the contribution toward the cost of soil conservation on any one farm from $750 as in the present year to $2,500. The lifting of this limitation will enable some larger projects to be performed and will enable the tenants on the larger farms to participate in this program.

The final version of our bill provides that the Soil Conservation Service shall provide technicians to the 171 new soil-conservation districts. We have provided additional funds for soil-conservation work in connection with flood control. This item is vital to many areas of the country and particularly is that true in my area where the War Department has dammed up two rivers and is in the process of damming up two others with the resulting ill-effects on the bottom lands and foothills in the area above these dams. With regard to the Little Tallahatchie and Yazoo watersheds in my own area we have authorized the Soil Conservation Service to do other soil work when approved by the Secretary instead of acquiring additional Federal lands as set out in their original authorization. It is my own view and the committee has approved my recommendation that the Federal Government should not acquire additional lands but other soil-conservation measures should be performed.

In many sections of our country many friends of agriculture believe that what is needed with regard to soil conservation work is more technical advice and planning and other sections of the country find that the production and marketing contribution toward the cost approach is the more desirable. In an effort to assist in those areas where additional planning and technical advice may be desired we have for the first time included a provision where the local agriculture committee may contract for additional technical and planning and may pay for such service from their allotment from the PMA payments. This provision is permissive only. This we believe will help to coordinate the activities of these agencies and result in more soil conservation in some areas.

With regard to the Forest Service we have tried to make adequate provision for this service. The final figure is not as high as our Members from the large forest areas would have liked but should enable the Service to substantially carry on its work. Certainly, it was the desire of all members of the committee that adequate provision be made for the preservation of our forests and also for the cutting of timber on a consistent-yield basis.

We have provided in this bill the sum of $83,500,000 for the school-lunch program. Many organizations and many Members of Congress were before the committee urging that this appropriation be increased to as much as $150,000,000. In view of the financial situation of our Government it is the belief of the committee that we are unable to provide such a sum at this time. However, commodities purchased by the Commodity Credit Corporation will be available in addition to this amount and will substantially increase the size of the program that can be carried on with these funds.

I am much gratified to report that the final version of our bill retains all of section 32 funds for the purposes set out in section 32 of the Agricultural Adjustment Administration Act of 1936. As I am sure you are aware, section 32 of the Agricultural Adjustment Act of 1936 provides that 30 percent of the import duty collected on products coming into this country shall be set aside to promote new uses and to provide export subsidies to

handle our agricultural surpluses. For several years the Congress has recaptured a part of that fund over my objection and the objections of other members of the committee and used it for other purposes. In the present bill we provide that all the funds estimated at approximately $125,000,000 shall be retained to help handle our agricultural surpluses.

Mr. Speaker, our committee handles the appropriations for the Farm Credit Administration, including the various farm-loan organizations and the Production Credit Administration. We have tried to make adequate provision for this loan structure. We have urged the officers of this Administration not to urge farmers to go into debt believing that it is not to their interest to incur debts that they can get by without. At the same time it is the feeling of our committee that we must maintain a sound farm-credit structure. We believe that we have provided for that in our bill.

Our committee also handles the Commodity Credit Corporation which finances the price-support program for agricultural products. We fixed the limitations on the amount that may be spent for administration. We tried to fix that limit at such a level that would permit them to carry out the duties set out in the Commodity Credit Corporation Act. In many areas, particularly in the cotton area from which I come, last year we had a great deal of trouble due to the fact that there was inadequate provision for cotton classing. Reports have come to us that the same situation existed with regard to other commodities. While the Commodity Credit Corporation provided loans to farmers, in many areas it took quite a while for farmers to secure such loan and in many cases they sold their products at a loss because of a delay in classing or grading their commodities. While this bill provides an appropriation for cotton classing and other commodity grading, it also provides that the Commodity Credit Corporation funds shall be available to meet the needs of classing and grading. Thus during a period of high demand for classers and graders the Commodity Credit Corporation is directed to meet the problem from its corporate funds. There should now be no delay in such service.

Mr. Speaker, when this bill was before the House it was believed by our committee that funds paid by the meat packers for overtime could be used by the Department to help pay the cost of meat inspection. Thus it was that the House originally reduced substantially the appropriation for meat inspection. A review of this situation, however, discloses that such funds are not available to meet the costs but are paid directly into the Treasury. The committee fully realizing that adequate meat inspection is essential for the health of the Nation, we have gone along with the Senate increase and have provided fully for such inspection.

One of the greatest hazards to the fruit industry that has appeared in the last few years is the Oriental fruitfly which has virtually destroyed a great part of Hawaiian fruit crops. This fly is a serious threat to the United States and close inspection is now being made to prevent its being brought to the United States. All Hawaiian fruit is being excluded from shipment here. This does not solve the problem and our committee has assigned $450,000,000 in an effort to find some way to prevent this insect from destroying the great fruit areas of our country. Research work will be done and efforts made to locate pests which may in turn destroy this insect.

The Members on the part of the House have gone along with the Senate in a $400,000 increase for the Farmers Home Administration in an effort to retain the present personnel. We believe that while the borrowers are able to pay that it is not only to the Federal Government's interest but that it is to the interest of the borrower to keep the payments up to date.

Mr. Speaker, this bill covers the thousand and one phases of American agriculture. Research which has given us the hybrid corn and the 100-acre corn clubs, provides for the 4-H Club work for which we have provided additional funds. We believe that this is one of the finest investments in American youth and an expenditure of funds which shows real results. This bill covers research in agricultural engineering to which is traced much of the farm machinery which is taken for granted by our farmers. It provides for the research from which comes the means of producing pencillin on a large scale whereby the cost per unit has gone down from a number of dollars to 35 cents. From the research program here has come many of the wonderful things which cause American agriculture to lead the world. These various phases are too numerous to be mentioned. In this bill we provide that $200,000 shall be used for research in oils and fats in an effort to relieve the problem of cotton seed, their storage and use.

As chairman of this committee I am proud to report to the House of Representatives that we have been able to work out a bill which all members of this committee can and do support. We have tried to keep in our minds the absolute necessity for holding down Government expenditures. Against that we have tried to balance the absolute need for a sound agricultural program for prosperous farmers. Unless our farm population has purchasing power our industrial population cannot sell. If the industrial population cannot sell they cannot buy. The budget estimate was $727,906,903. This bill provides in direct appropriation $715,601,607 and except for salary raises passed by the Eightieth Congress would have been substantially less. With salaries fixed and services rendered they must of necessity increase the cost of operations. When our bill was before the House for the first time it was considered and passed by the House in a day without substantial amendment. I am told that this was something of a record. We bring you today the final version in which we have been able to resolve all differences among ourselves and with the Senate conferees. We have a bill of which we are proud, which we believe that every Member of the House can and should support. We must maintain a strong agriculture in the year ahead.

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, we have in this conference report the best compromise that we were able to reach with the Senate. This appropriation bill, as it goes to the President, is a fair bill, liberal perhaps in places, but a well-balanced attempt to do justice to agriculture.

May I personally pay tribute to the splendid work of our chairman, Mr. WHITTEN, and his two colleagues, Mr. STIGLER and Mr. KRUSE. My colleague, Mr. HORAN, has been of great assistance in helping to develop a bill fair to all segments of agriculture, forestry included. It has been a pleasure to work with these gentlemen. I will not take time here today to discuss the many features of this appropriation bill. To me it represents 3 months' continuous work and the lack of argument here today gives evidence of a job well done by the Subcommittee on Appropriations for Agriculture.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

FEDERAL EMPLOYEES' COMPENSATION ACT AMENDMENTS OF 1949

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 265, Rept. No. 901), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3191) to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742) entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," as amended, by extending coverage to civilian officers of the United States and by making benefits more realistic in terms of present wage rates, and for other purposes. That after general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. GREEN asked and was given permission to extend his remarks in the RECORD and include a radio address.

Mr. HARDY asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD and include a radio address.

Mr. MULTER asked and was given permission to extend his remarks in the RECORD in four instances and include extraneous matter.

Mr. CLEMENTE asked and was given permission to extend his remarks in the RECORD and include a speech made by Cadet Maj. Thomas Francis Field.

Mr. DOLLINGER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. RODINO (at the request of Mr. ADDONIZIO) was given permission to extend his remarks in the RECORD in three instances, and include newspaper articles in each instance.

Mr. WALTER asked and was given permission to extend his remarks in the RECORD in three instances: in the first, to include an article by William Schoenberg; in the second, a letter from the head of the Philadelphia Housing; and in the third, a radio broadcast by Charles Collingwood.

Mr. GOSSETT asked and was given permission to extend his remarks in the RECORD in two instances and to include extraneous matter.

Mr. BRYSON asked and was given permission to extend his remarks in the RECORD and include a statement made by him before the House Committee on Education and Labor on Federal aid to public education.

Mr. HARRISON asked and was given permission to extend his remarks in the RECORD and include certain articles.

Mr. GARY asked and was given permission to extend his remarks in the RECORD and include an address delivered by Gen. Alexander Vandegrift, former Commandant of the United States Marine Corps on the occasion of the observance of Flag Day ceremonies held at Richmond, Va., on June 12, 1949.

Mr. WALSH asked and was given permission to extend his remarks in the RECORD.

Mr. CHURCH asked and was given permission to extend his remarks in the RECORD and include a radio speech.

Mr. HUGH D. SCOTT, JR. (at the request of Mr. SIMPSON of Pennsylvania) was given permission to extend his remarks in the RECORD and include a speech delivered by Mrs. BOLTON of Ohio.

Mr. BURDICK asked and was given permission to extend his remarks in the RECORD and include a consensus of opinion of consumers on the Brannan farm plan.

Mr. ANGELL asked and was given permission to revise and extend the remarks he intends to make in Committee of the Whole this afternoon and include certain correspondence.

PERMISSION TO ADDRESS THE HOUSE

Mr. SADLAK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and include a release from the Labor Department of the State of Connecticut.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

[Mr. SADLAK addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. GOODWIN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BOGGS of Delaware (at the request of Mr. NICHOLSON) was given permission to extend his remarks in the RECORD and include extraneous matter.

VETERANS' LIFE INSURANCE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, revise and extend my remarks, and include a letter from the Veterans' Administration regarding veterans' insurance.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, Members have asked me if the VA had the money set apart with which to meet insurance dividends or refunds to the veterans. I believe many of the Members of the House will be interested in a letter I have received from the Veterans' Administration. The letter states:

All moneys received on account of national service life insurance are placed in a special trust fund in the Treasury known as the national service life insurance fund. Except for a comparatively small working balance in cash and assets represented by policy loans, the fund is invested in United States Treasury notes. When amounts are to be disbursed which exceed current income, as will be the case in connection with the special dividend payment, the United States Treasury notes are redeemed for cash.

The letter is as follows:

VETERANS' ADMINISTRATION,
Washington, D. C., June 23, 1949.

Hon. EDITH NOURSE ROGERS,
House of Representatives,
Washington, D. C.

DEAR MRS. ROGERS: In regard to your telephone inquiry as to the manner in which funds will be made available for payment of the special dividend on national service life insurance I am pleased to supply you with the following facts.

All moneys received on account of national service life insurance are placed in a special trust fund in the Treasury known as the national service life insurance fund.

Except for a comparatively small working balance in cash and assets represented by policy loans, the fund is invested in United States treasury notes.

When amounts are to be disbursed which exceed current income, as will be the case in connection with the special dividend payment, the United States Treasury notes are redeemed for cash.

Sincerely yours,
HAROLD W. BREINING,
Assistant Administrator for Insurance.

EXTENSION OF REMARKS

Mr. McGREGOR asked and was given permission to extend his remarks in the RECORD in three instances and to include in each case an editorial.

Mr. ARENDS asked and was given permission to extend his remarks in the RECORD.

Mr. DAGUE asked and was given permission to extend his remarks in the RECORD and include an article by Mr. Gould Lincoln.

Mr. JONAS asked and was given permission to extend his remarks in the RECORD and include a resolution from the Assembly of the State of Illinois.

Mr. EATON asked and was given permission to extend his remarks in the RECORD and include an address by Governor Dewey of New York.

Mr. COTTON asked and was given permission to extend his remarks in the RECORD and include an address delivered by the gentleman from Washington, WALT HORAN.

Mr. ELSTON was given permission to extend his remarks in the RECORD and include an article by Lt. Gen. Leslie R. Groves, which appeared in the Washington Herald of June 19.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and to include extraneous matter.

Mr. SANBORN asked and was given permission to extend his remarks in the RECORD and include a copy of a letter.

Mr. McCULLOCH asked and was given permission to extend his remarks in the RECORD and include an article from the Cleveland Plain Dealer.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

REPAYMENT OF OVERCHARGES ON INSURANCE

Mr. PHILLIPS of Tennessee. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. PHILLIPS of Tennessee. Mr. Speaker, as a member of the Veterans' Committee, I wish to state that in 1947 an investigation was made to determine if overcharges could be paid or returned to the veterans of this country. We are now told there are approximately $2,800,000,000 in overcharges that were collected from the veterans of this country which have not been returned to those veterans. I cannot think of any better thing that could be done by this Congress than to immediately release this great amount of money and to place it into the economy of America. While we are facing unemployment and while the veterans are having difficulty meeting their bills, they should have it now and not a year later.

The SPEAKER. The time of the gentleman from Tennessee has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

[Mr. HALE addressed the House. His remarks appear in the Appendix.]

AGRICULTURE'S NEW ELECTRONIC BRAIN

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, the Associated Press reported last night that there has been delivered to the Agriculture Department "a new electronic brain, bigger than an upright piano and looking like a panel of gymnasium lockers" which has already "started thinking big thoughts for the taxpayers."

We have now learned the worst.

Without question, this thinking machine has already begun work on the Brannan electronic farm plan. This new plan will do more than pay the farmer high prices for produce which will be sold to consumers at low prices with no visible increase in the taxpayer's burden. It will undoubtedly devise a method for growing wheat without planting any seeds, for producing milk without feeding any cows and for gathering wool without shearing any sheep.

When this plan is put into operation, the farmers can all retire to the cities, the consumers can move to cottages in the country, the Bureau of Internal Revenue will wither away and die, and the present Secretary of Agriculture can take a well-earned rest, secure in the knowledge that his replacement—the new electronic brain—is efficient, tireless, and scientifically incapable of the slightest error, political or otherwise.

ALABAMA SUPPORTS LAW AND ORDER

Mr. BATTLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BATTLE. Mr. Speaker, the gentleman from New York, chairman of the House Judiciary Committee, has appointed a subcommittee to investigate recent infractions of the law in Alabama. Since the gentleman from New York [Mr. CELLER] did not consult me about this investigation which will take place in my district, I feel it my duty to warn him that any political exploitation of this serious and regrettable situation will deter rather than facilitate justice.

It is my strong feeling that we in Alabama are entitled to an opportunity to take action on a local level and with the proper law enforcement authorities. Ill-considered action on the part of the United States Congress strengthens the hand of lawless groups because they thrive on outside intervention.

The best way that the Congress can help out is to stay out. If we were helpless to meet the situation or disinterested, it would be different. But our law enforcement officers, backed by a solid force of our citizens, are on the move. A citizens' Committee of Five Hundred has been formed to mobilize our entire community in support of law and order. Veterans' organizations, civic, religious, educational, and industrial groups have united behind the law for the purpose of cleaning house. The newspapers are leading the crusade for justice. These public-spirited groups and law enforcement agents have my full and complete support.

The sense of justice of our people has been greatly aroused. The State senate has just passed a measure by an overwhelming vote to outlaw the wearing of hoods and masks. It is felt certain that the State house of representatives will make this into law when it meets again next Tuesday. A special grand jury has made a careful investigation of the attack on the miners and mine operators which recently occurred 15 miles south of Birmingham. As the presiding judge brought out, this is the first armed violence in this area in more than 40 years. The grand jury has already returned 14 indictments and made 7 arrests in this instance.

I am in constant touch with the FBI and the Justice Department. I have just had a long talk with Attorney General Tom Clark who assured me of his active assistance if any violations of Federal laws are involved. Regardless of what action Congress may take, we in my district are determined to take whatever steps are necessary to clean our house and prevent such lawlessness in the future.

LOW-COST HOUSING RENTALS

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, in the course of debate on the rule bringing H. R. 4009 to the floor, the distinguished minority leader the gentleman from Massachusetts [Mr. MARTIN] said—and this appears in the CONGRESSIONAL RECORD for Wednesday, June 22, page 8295—that families selected for the public housing contemplated under H. R. 4009—"must expect to pay $50 or $60 per month in addition to the Government contribution. No one unable to pay $50 could qualify. The Government subsidy would bring it down to this rental. People able to pay $50 a month should find little difficulty in getting a home built by private enterprise. It is the group who cannot afford to pay half that rent we should worry about. There is no relief in this bill for them."

Evidently, the distinguished minority leader was either mistaken or had not stuided carefully the provisions of the bill nor the report from the House Banking and Currency Committee.

Instead of the $50 or $60 rent stated by the gentleman from Massachusetts to be the minimum, H. R. 4009 will provide housing at an average rent of something under $30 a month including all utilities. This figure appears on page 19 of the report from the House Committee on Banking and Currency.

Thus, the provisions of H. R. 4009 would aid directly those families which the gentleman from Massachusetts is worried about. I wonder, in view of the fact that this bill does directly provide for those families that the gentleman is concerned about, if he will not support it. Furthermore, the amount of subsidy which is available will permit substantial numbers of families to be housed at rents from $10 to $15 per month including all utilities when their incomes are so low as to warrant such very low rents.

I believe that the distinguished minority leader may wish to correct the impression which he has given the House that no one unable to pay $50 could qualify. I know that the distinguished minority leader wishes to be fair.

EXTENSION OF REMARKS

Mr. BUCHANAN asked and was given permission to extend his remarks in the Appendix of the RECORD in 13 different instances.

Mr. RABAUT asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. PRESTON asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and to include a newspaper article in each.

AMENDING THE FEDERAL FARM LOAN ACT

Mr. SMITH of Virginia, from the Committee on Rules, reported the following privileged resolution (H. Res. 266) providing for the consideration of the bill (H. R. 3699) to amend the Federal Farm Loan Act, as amended, to authorize loans through national farm-loan associations in Puerto Rico; to modify the limitations on Federal land-bank loans to any one borrower; to repeal provisions for subscriptions to paid-in surplus of Federal land banks and cover the entire amount appropriated therefor into the surplus fund of the Treasury; to effect certain economies in reporting and recording payments on mortgages deposited with the registrars as bond collateral, and canceling the mortgage and satisfying and discharging the lien of record; and for other purposes (Rept. No. 902), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3699) to amend the Federal Farm Loan Act, as amended, to authorize loans through national farm-loan associations in Puerto Rico; to modify the limitations on Federal land-bank loans to any one borrower; to repeal provisions for subscriptions to paid-in surplus of Federal land banks and cover the entire amount appropriated therefor into the surplus fund of the Treasury; to effect certain economies in reporting and recording payments on mortgages deposited with the registrars as bond collateral, and canceling the mortgage and satisfying and discharging the lien of record; and for other purposes. That after general debate which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee

shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include certain newspaper articles.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. CHRISTOPHER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

[Mr. CHRISTOPHER addressed the House. His remarks appear in the Appendix.]

POST OFFICE DEPARTMENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 239)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and together with the accompanying papers, referred to the Committee on Post Office and Civil Service and ordered to be printed:

To the Congress of the United States:

No Federal activity touches more closely the daily lives of the people of this Nation than the postal service. It is not without reason that for many of our citizens the post office has come to symbolize the Federal Government. The manner in which the Government manages this service, one of the world's largest businesses, is necessarily a matter of direct and vital concern to every person in the United States.

We may justly take pride in the achievements of the Post Office Department. No other country furnishes a better or more varied postal service, and many other countries have used our postal service as a model. The magnitude of its operations may be seen from the fact that the Department in 1 year transports and delivers more than 40,000,000,000 pieces of mail and handles more than 800,000,000 transactions in such special services as money orders, collect-on-delivery mail, and postal savings. The Department has done its vast job well and the effectiveness of its operations is a tribute to the loyalty and know-how of its more than 500,000 officers and employees.

The achievements of the Department are all the more remarkable when it is considered that they have been accomplished despite a number of serious handicaps. Many of these handicaps are enumerated in the report of the Commission on Organization of the Executive Branch of the Government. Among the more important obstacles to the efficient administration of the Department noted by the Commission are (1) the maze of out-moded laws which stifle proper administration, (2) the lack of freedom and flexibility essential to the conduct of a business operation, and (3) methods of budgeting and accounting which are entirely unsuited to a business of the size and character of the postal service.

The budget and accounting procedures prescribed by law are particularly cumbersome. Currently, the postal service is operated under 58 separate appropriation items, each of which must be independently justified by the Department officials, reviewed and approved by the Congress, and apportioned for each quarter by the Bureau of the Budget. These individual appropriation items range in amount from $3,000 to over $600,000,000. Every dollar spent must be charged against a specific appropriation, and transfers from one account to another are permitted only within certain narrow limits. The procedures prevent the Department from operating any office as a fiscal unit with the result that the postal management, the President, and the Congress are unable to obtain a complete and accurate picture of postal operations.

The Post Office Department obviously can control its annual expenditures only within broad limits. As in the case of any other business, its expenses, and also its income, will vary in proportion to the demand for its services. However, unlike a private business, the Department cannot refuse to serve its customers. Consequently, attempts to place rigid and detailed limitations on specific activities constitutes a positive hindrance to sound management and efficient service to the public.

The Commission on Organization of the Executive Branch of the Government indicated that there are four principal objectives toward which improvements in the operations of the postal service should be directed. These are:

(1) Accounting, budgeting, and auditing procedures designed to improve management's control of the business.

(2) Flexibility of expenditures to meet fluctuating demands for postal service and varying conditions of operation on a Nation-wide scale.

(3) Reasonable freedom from restrictive laws and regulations governing contracts, purchases, and personnel practices.

(4) Administrative authority commensurate with responsibility.

I am in wholehearted agreement with the objectives set forth by the Commission.

Several steps are essential if we are to accomplish the above goals. I recommend as one of the first steps that legislation be enacted by the Congress to place the Post Office Department under the Government Corporation Control Act of 1945 so that it will have the benefit of the business-type budget, audit, and accounting procedures prescribed by that act. These procedures were specifically devised by the Congress to provide more satisfactory control over Federal activities of a predominantly business nature. This action will strengthen greatly the accountability of the Department to the President and the Congress. This type of budget and audit arrangements will make available to the President and the Congress for the first time the kind of information which is required to appraise accurately the effectiveness of the postal service and to establish adequate controls over its operations.

It will not be sufficient, however, merely to extend the provisions of the Government Corporation Control Act to the Department. As a corollary, the legislation should give to the Department the same degree of financial and operating flexibility as is now possessed by most Federal business enterprises. Such legislation is essential if the postal service is to be conducted on a businesslike basis. It is an axiom of sound administration that authority should be commensurate with responsibility. No authority of management is more important than that of selecting the personnel who are to operate the business. If the Postmaster General is to be held responsible for the efficient conduct of the postal service, he should be given full authority to appoint postmasters and other postal employees subject only to the provisions of the Civil Service and Classification Acts. Legislation should be enacted which will give such authority to the Postmaster General.

In order to strengthen further the management of the Post Office Department, I have transmitted a reorganization plan to the Congress. This plan gives to the Postmaster General essential authority to organize and control his Department by transferring to him the functions of all subordinate officers and agencies of the Department. It also provides for the establishment of the position of Deputy Postmaster General, and an Advisory Board for the Post Office Department. These measures are essential to furnish the Postmaster General with much-needed assistance and to make available to him the advice of outstanding private citizens.

Legislation is now before the Congress which would authorize the Postmaster General to establish a research and development program. The investigations and studies under this program would be for the purpose of improving and introducing new equipment, methods, and procedures in the postal service in order that the business of the Post Office Department may be more efficiently and economically handled. Such a research and development program will contribute significantly to the improved operation of the postal service. I urge that the Congress act favorably upon this legislation.

The postal deficit for the fiscal year 1950, on the basis of current postal rates, would be more than $400,000,000. This deficit results primarily from the volume of postal business which is carried below cost. If the postal service is to be conducted on a businesslike basis, it is essential that the postal rates be brought in line with the increased costs of postal operations. I again strongly urge, as I have in previous messages during the past 2 years, that the Congress enact an adequate revision of the postal-rate structure.

I believe that Reorganization Plan No. 3 of 1949, submitted earlier this week, together with legislation along the lines herein recommended, will enable the Government better to make substantial improvements in the existing organization and operations of the Post Office Department.

HARRY S. TRUMAN.

THE WHITE HOUSE, *June 24, 1949.*

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 113]

Andresen, August H.	Jackson, Calif.	Plumley
Bland	Jennings	Potter
Boykin	Kearney	Powell
Buckley, N. Y.	Kearns	Rivers
Bulwinkle	Kee	Roosevelt
Cavalcante	Keefe	Sabath
Celler	Kennedy	Scott, Hugh D., Jr.
Clevenger	Kruse	Secrest
Cunningham	Lane	Staggers
Dingell	Lichtenwalter	Taber
Fulton	Lodge	Taylor
Gavin	McMillen, Ill.	Thomas, N.J.
Gilmer	Macy	Thompson
Hall, Edwin Arthur	Miles	Towe
Halleck	Morrison	Whitaker
Hart	Morton	White, Idaho
Hébert	Moulder	Withrow
Hoffman, Mich.	Murdock	
Horan	Murphy	
Huber	Pfeifer, Joseph L.	
	Philbin	

The SPEAKER. On this roll call, 376 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mrs. DOUGLAS asked and was given permission to revise and extend the remarks she will make in the Committee of the Whole today and include certain letters and material relating to the housing bill presently being considered.

Mr. HAYS of Arkansas asked and was given permission to extend his remarks in the Appendix of the RECORD and include certain quotations.

RURAL TELEPHONES

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 267, Rept. No. 903), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PROGRAM NEXT WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, may I ask the majority leader if he can tell us the program for next week?

Mr. McCORMACK. I will be glad to do so, but before taking up the program for next week may I advise the Members that at 4 o'clock this afternoon the third deficiency appropriation bill will be taken up for consideration.

Mr. MARTIN of Massachusetts. Which means that the bill we are presently considering will go over until next week?

Mr. McCORMACK. Yes. For Monday, Tuesday, Wednesday, and Thursday the program is bracketed.

On Monday, District day, there is one bill, H. R. 4705, to be considered. I understand this will take only a short time.

After consideration of that bill is concluded the housing bill will be taken up and consideration continued until that bill is disposed of.

I may say that it is very important for Members to be here on Monday because the housing bill will be considered under the 5-minute rule. General debate will probably conclude this afternoon and the bill will then be read under the 5-minute rule. We want to dispose of this bill as quickly as possible without undue rush.

After conclusion of consideration of the housing bill, the next order of business will be the bill H. R. 2960, the rural telephone bill, then H. R. 3191, which has to do with compensation to injured United States employees. The next is H. R. 3699, the Puerto Rican farm loan bill, and then H. R. 2619, which extends annual and sick leave benefits.

Of course, conference reports will always be given the right of way.

Mr. MARTIN of Massachusetts. The gentleman understands, of course, that the following week will be Fourth of July week, and if I may ask the gentleman, without embarrassing him at all, I would like to know what will be the situation with reference to adjourning over?

Mr. McCORMACK. I am glad my friend asked the question. It is not embarrassing, and I will make a commitment to the House. It is my intention to have no business on Friday of next week. We have to meet Friday just to adjourn over until the following Tuesday, Fourth of July being the following Monday. On Monday ordinarily the Consent Calendar would be called, and the Private Calendar on Tuesday. I am going to ask unanimous consent that both the Private and the Consent Calendars be called on Wednesday following the Fourth. On Tuesday there will be legislation, but not of a controversial nature, and I will make an agreement, so far as the leadership on both sides is concerned, that if there is a request for a roll call that day, we will put it over until Wednesday, if that is agreeable.

Mr. MARTIN of Massachusetts. That is agreeable.

Mr. McCORMACK. That is the plan I have in mind as to the legislative program for next week.

Mr. MARTIN of Massachusetts. I thank the gentleman.

CONSENT AND PRIVATE CALENDARS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Consent and the Private Calendars may be called on Wednesday of the week following the Fourth of July.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

HOUSING ACT OF 1949

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4009) to establish a national housing objective and the policy to be followed in the attainment thereof, to provide Federal aid to assist slum-clearance projects and low-rent public housing projects initiated by local agencies, to provide for financial assistance by the Secretary of Agriculture for farm housing, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4009, with Mr. BOGGS of Louisiana in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Kentucky [Mr. SPENCE] had 32 minutes remaining, and the gentleman from Michigan [Mr. WOLCOTT] had 34 minutes remaining.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. KARSTEN].

Mr. KARSTEN. Mr. Chairman, when all our argument has ended, when the debate is done, and the vote is ready to be taken on this housing bill, there is and can be only one issue, one question that we must face and decide. Are we going to begin to reduce and clear our slums and provide decent housing for low-income families?

If we pass this legislation, we will have a program that can reduce slums and provide low-income housing. If we do not pass this bill, the slums must stand and grow, and millions of men, women, and children of low income in this country will be doomed to wasteful, unnecessary, and disgraceful conditions of life.

We all know that is true. To vote against this bill is to vote for nothing. Nothing will be done if we fail to do our part now. There is no alternative.

But, fortunately, this bill offers a very effective, a well considered, and a practical, sound, and economical method of going about this job.

Public housing and slum clearance are properly set out as separate and distinct operations. Yet they are also properly combined in the same legislation as companion and complementary programs.

We should know by now that clearing slums means more than eliminating a group of structures. It means, first of all, providing for a group of people.

Those who blithely say if the cities would only enforce their health and building laws, the slums would come down, ignore facts, ignore experience, and ignore common reasoning. Such thinking is shoddy mental housekeeping that just will not work. You cannot unhouse people if you do not rehouse them.

City after city throughout the country has been balked in its efforts to prevent the spread of slums by the cold fact that there is no place else for the people to live. When recently public attention was dramatically called to the slums that are almost within the shadow of the Capitol, one plain, hard fact emerged from that situation. That was—you cannot do anything about those slums until you are ready to do something about the people in them. And there just is not any other housing for most of them today.

This same lesson is stated in the 1948 report of the Philadelphia Redevelopment Authority, which says:

> During the current critical housing shortage it would be virtually impossible to provide shelter for displaced persons whose homes would be torn down to make way for improvements * * * it has been almost impossible for the redevelopment authority, or any other agency, to begin the demolition or elimination of residential units, regardless of their substandard condition. Any roof—even a bad roof—must remain a shelter in this time.

The mayor of the city of Baltimore, which has made an aggressive effort to try to remedy slums through ordinances, has testified in unmistakable terms that such measures as the Baltimore plan can accomplish little without public housing and Federal aid in urban redevelopment.

But we need public housing also for the sake of the people who need decent homes. One-fifth of our families have incomes of less than $2,000. And you can't buy decent housing and live at that price today.

We know already what good housing can mean to such people who are otherwise condemned to the slums. We have had a limited experience in this field under the earlier public-housing program, through which 172,000 dwelling units have been provided.

All of the efforts to misrepresent and malign what has been done by communities throughout the country under this program cannot erase the fact that families who live in public housing have found new lives, their children have been given a new outlook on life, their health and their citizenship has immeasurably improved. Record after record of these projects show the remarkable results in lowered delinquency and crime rates, in greatly improved health records, in more secure family and community life that has resulted in better incomes and greater hopes.

We have established in our communities since that program began some 450 local housing authorities with experience and knowledge of how to administer such a program. These authorities have not only carried out responsibilities in low-rent housing, but they served the Nation well in the tremendous task of providing war housing. Their record will stand.

They have provided sound and economical housing for families, particularly for larger families. They did this at an average prewar development cost of $4,649, well under the maximum permitted by law. The projects are simple, well planned, yet designed for healthful and wholesome family living. Their occupants include a great many families, as high as 25 percent in some localities, who are dependent on public relief for their small income, but they include primarily otherwise self-sufficient low-income families who also cannot afford decent private housing and whose needs are as great.

No more false and unjust attack has been leveled at public housing than the cry of those who oppose any housing relief for low-income families on the grounds that public housing has not been serving low-income needs. This is simply not so. The average income of families admitted to low-rent housing last year is just under $1,500 a year, and the average income for all public-housing occupants is less than $1,900. This includes those over-income families whose incomes have risen during the war and who are being progressively moved out as housing within their means becomes available. Yet opponents have attacked public housing for not putting these families who have bettered their economic position, out in the streets, though such critics knew full well that there was no place for them to go. Congress itself prevented such evictions until last summer.

We need public housing, also, if we are to achieve a well-rounded and continuing level of housing production and make the important contribution to our general economic level that must come from this source. We see home-building today dropping off before it has even achieved the rate of performance we need today because people of moderate and lower incomes can't afford the housing that is being built. We see producers of building materials cutting back production, and laying off workers, because of their rising inventories and the slowdown of the flow of materials into home-building.

We see our home-building economy going into reverse at a time when our housing problem is still critical, particularly among people of average and below-average means. This is the stern lesson of what will happen and is even beginning to happen now if we continue to limit our housing market to those of higher income, and fail to broaden it by combined private and Government action to serve our whole people, as this bill would help us to do. Public housing, which will serve the market that private enterprise has no prospect of reaching, is a vital part of our economic strength in housing production. It means employment in the construction, architectural, and materials field that we have no other means of getting. If we want to be coldly businesslike about this matter, public housing is sound and necessary business.

The facts add up to just one thing: This bill provides an effective answer, and without this bill we do not have an answer. You cannot argue away that fact by placing false names and labels on public housing and slum clearance. It may be someone's idea of socialism, but it would be a shocking admission to say that democracy is incapable of providing this type of vital assistance to its people. You can hardly convince millions of people that democracy is the best way of life when the landlord stands on the rickety stoop of a slum with his rent money in his hand and points to the inviting and decent public housing project across the way, and says to the slum dweller: "You see that? That's socialism."

This bill, which brings national resources through the Federal Government to the assistance of responsible local communities and which gives private enterprise the prime role to serve the housing need to the fullest extent possible, is as democratic as our Bill of Rights. Democracy is not a muscle-bound giant. Democracy is doing. Democracy is good housing. Through this bill we can express our confidence and faith in what a democratic nation can do for its people.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. SULLIVAN].

Mr. SULLIVAN. Mr. Chairman, there is one point of view which looks upon housing as merely a domain for the investment of capital; another point of view which looks upon it also as an investment in good citizenship Between these points of view there are inevitable clashes. I subscribe to the theory of good housing as an investment in good citizenship. For this reason, in my opinion, the proposed Housing Act of 1949, H. R. 4009, is one of the most important and epic measures which will come before us in this Congress.

This bill is important because it deals with the very root of American democracy, the home. I know of no single factor in our society that has more to do with shaping the American way of life than the homes our people live in. The home is where the workingman finds the reward for his toil. The home is the environment in which the housewife carries out her honored tasks. The home is where children—the boys and girls who are the keepers of the future—learn the hopes and ideals which we hold most precious.

Each of us can look back into memory and recall what home has always meant. Today we must look around and make a clear-eyed appraisal of the homes America lives in. We need only open our eyes to see on every hand that thousands of American families are existing today in homes that fall below the standards we all agree are essential to maintain the vitality of the democratic way of life.

Let me tell you something about housing in St. Louis, the city I know best. In years past, I have been privileged to learn a lot about my city. I have had a part in its municipal government. I think I know the city's beauties and its virtues. I also know its deficiencies and shortcomings.

It is no reproach to my city to say that St. Louis is suffering from a cancerous disease. It is rotting with blight and decay. Thousands of its families bear the mark of life in the slums. These are harsh words. But they are not a reproach to St. Louis because the same thing is true in every American city.

About a year and a half ago, a joint committee of Congress investigating the housing situation held a hearing in St. Louis. The mayor of the city went before that committee and told them that St. Louis was failing to meet its housing need. For 15 years before the war, he said, marriage licenses had outrun building permits. The war only made things worse. Three years after the end of hostilities, nearly 13,000 families of war veterans were still desperately looking for a place to live.

But that was only part of the story. The city plan commission had even more startling things to report. Its studies revealed that more than half of the city's residential area was obsolete or blighted. Fifty percent of the city's housing was in a state of decay. Eighty-two thousand dwellings—more than a third of all those in the city—were built half a century ago. The only sanitary facilities available for 33,000 dwellings were noisome, disease-breeding outside privies. The families in 25,000 dwellings had to share their toilet facilities with other families.

This sounds like something out of the black ages. But it is the description of a great, modern city in America, the richest and most powerful Nation in the world. It is also a description of how much a city has at stake in the kind of legislation now under consideration by the House.

St. Louis has a primary interest in two of the four titles of the bill, that dealing with slum clearance and urban redevelopment and that concerned with extending the present Federal program of assistance to localities for development of low-rent public housing projects for low-income families.

This is not to say that we feel the other sections of the bill are of no concern to us. Surely the provisions relating to housing research, directed as they are at finding ways to produce better housing at a lower cost to the consumer, are of vast importance. They can be a tremendous help to the private construction industry, which must carry the lion's share of the burden in housing America. The farm-housing provisions, too, are worth while. We know that the well-being of our cities rests fundamentally on the well-being of our neighbors on the farms.

I stress the slum clearance and public housing features of the bill only because they are a little closer to our everyday lives and because I know that they will produce early benefits to St. Louis.

We in St. Louis know what public housing is. We have seen it work, and we know it is good. We have two low-rent projects in operation now, Carr Square Village and Clinton-Peabody Terrace. Together, they provide bright and livable homes for more than 1,300 low-income families who otherwise would be obliged to live in the squalor of the slums.

These projects were built and are operated with the Federal aid provided by the United States Housing Act of 1937. But they are not Federal projects, they are not Government housing. They are owned and managed by the St. Louis Housing Authority, a local public body. Its commissioners are respected leading citizens of the city. We are proud of the housing authority and the work it has done.

Its only fault is that its activities are so limited. We need more projects like Carr Square Village and Clinton-Peabody Terrace. Another project of more than 600 units was planned before the war but never built. It cannot be built now because the existing law limits costs to levels that were reasonable 12 years ago but ridiculous today. The land for this project is ready and waiting. When the Congress enacts the Housing Act of 1949, we can convert our blueprints into homes.

Nor is this all the public housing feature of the bill will mean to us. Some years ago, St. Louis studied its need for low-rent public housing and came to the conclusion that it needed at least 12,000 more units to meet its pressing needs.

We are still waiting for the tools to do this job. The families who need the homes are waiting, too. They are waiting in the slums for us to act.

I have heard it said that we ought to go slow on this matter. I have heard it argued that we cannot afford to spend the money we must to clear out the slums and restore the dying portions of our cities to life. We must hesitate, it is said, in the name of economy.

What kind of economy is it to let the tax base of our cities melt away as blight spreads? What saving is there in the constantly mounting costs of police protection, fire protection, and health and welfare services which now must be provided to the victims of the slums?

Unless we do something about removing slums, we will go on spending, spending, spending to foot the bill for the slums. And when the last penny is spent, we will still have slums.

We have waited too long already. I am told it has been 10 years since a public housing bill has come to a vote in the House. There has never been a vote on an urban redevelopment measure. In the meantime, the costs of the slums go on. They provide no tax revenue for a city. They provide nothing but expense. As long as we do nothing about getting rid of slums, we have no choice but to continue pouring this money down rat holes. And when you speak of rat holes in connection with slums, you mean real rat holes, not figurative ones.

I rejoice that this body will soon have the opportunity to take a constructive step toward putting an end to the disgrace of the slums. I know that thousands of families, all over the Nation, are praying that they may have help in obtaining a decent home for themselves and their children. They ask so little, only their share of the American dream. Our decision on the housing bill can help make that dream come true.

Mr. SPENCE. Mr. Chairman, I yield such time as she may desire to the gentlewoman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, I am not going to make a long speech on the need for the housing legislation before us. I think everyone knows how I feel about slum clearance and a comprehensive housing program. The need for this legislation has been irrefutably presented by the members of the Banking and Currency Committee. I think it is well known that I have urged the passage of this legislation ever since I came to Congress and that I have worked and fought for its passage.

Mr. Chairman, indeed this is a great day. It is the first time since I have been a Member of this body that I can sit relaxedly and thoroughly enjoy the discussions, knowing for certain that the bill before us will pass with a comfortable margin.

I shall not burden the committee with statistics and figures that have been presented over and over and over again. For the past 6 years, investigations, surveys, and reports have been made by the Congress of the United States.

The provisions in the bill before us have been passed in three successive Congresses by the other body. The bill was first introduced in the Seventy-ninth Congress and was known as the Wagner-Ellender-Taft bill.

In the Eightieth Congress it was known as the Taft-Ellender-Wagner bill. I do not know what it will be known as in the Eighty-first Congress. There are 26 sponsors in the Senate—in the House we call it the Spence bill.

The slum-clearance provisions in this bill that have been so hotly discussed were passed in the 1937 Public Housing Act—legislation conceived, drafted, and passed by the Democrats.

We hear a great deal about the Senator from Ohio [Mr. TAFT] these days. I think it is a fine thing that he has supported this legislation in three Congresses, but let us not forget that a decent home for every family in America has been for a long time a Democratic goal. The father of slum clearance was Franklin D. Roosevelt.

Let us not be ashamed of the fact that the home is the foundation of democracy. Let us be proud of the fact that our party, in seeking the goal of a decent home for every family in America, has stood with the churches, with the civic organizations, with all those who know their own community—know how people live, not just in their section of the city, not just on their farm, but their whole community.

Let us be proud of the fact that we have been able to see the needs of the whole community.

Let us be proud of the fact that we have eyes to see and ears to hear and senses to feel.

On the last day of the Eightieth Congress, at 4:30 in the morning, I sat on this floor and watched with anguish the blind forces of reaction—a polite word for sightless greed, Mr. Chairman—kill the slum-clearance and public-housing and farm-housing provisions of the bill before us.

As I sat there, I again heard the words of Dr. George Uhl, chief health officer for the city of Los Angeles, bluntly state "animals in the zoo have better housing than some of Los Angeles' human residents."

I heard again the Los Angeles Superior Court judges give, as their considered opinion based on the hearings of thousands of cases, that Los Angeles' fantastic divorce rate—five divorce actions to every six marriages in 1946—was in large measure attributable to the dire lack of housing in which families could be reared in some degree of decency and permanency.

While listening to the tirades on socialism and communism, I again saw a one-room corrugated iron building, housing over 60 persons. I again saw an ancient, rat-infested, 14-room building in which 71 persons lived. I again saw people actually living in packing cases; in abandoned warehouses, with no water, no toilet facilities. I again saw people living in semidemolished buildings; in junked truck bodies; and I again saw as many as 19 people eating and sleeping in shifts in a single hotel room.

As the threadbare arguments were spun out that last night of the Eightieth Congress "that there are no slums in my city," "that if we just let private enterprise alone it will do the job," "that to pass a slum-clearance program is turning our backs on democracy, robbing Americans of their initiative and undermining family life," as I heard these spurious arguments I saw again the juvenile courts; the reform schools for children; the hospital wards, overcrowded with patients from bad-housing areas.

That last night of the Eightieth Congress I thought of the words of the One Hundred and Fifteenth Psalm:

> They have mouths but they speak not; eyes have they, but they see not;
> They have ears, but they hear not; noses have they, but they smell not;
> They have hands, but they handle not; feet have they, but they walk not.

The voters must have felt somewhat the same on November 2 when they cast their ballots as I felt that night; for the atmosphere is now changed in the Eighty-first Congress of the United States.

This legislation will pass. The majority of the Members understand that this bill is socially desirable and economically sound and politically desirable—politically desirable because good housing strengthens the roots of democracy.

Mr. Chairman, I would like to read into the RECORD a telegram I received from the Republican mayor of our city, the Honorable Fletcher Bowron, and a copy of the telegram sent to Senator HUMPHREY when this bill was before the other body:

LOS ANGELES, CALIF., *June 17, 1949.*

Hon. HELEN GAHAGAN DOUGLAS,
Member, House of Representatives, Washington, D. C.:

Strongly urge your support H. R. 4009 scheduled for House debate Tuesday. This bill affords Los Angeles only opportunity to launch effective community redevelopment program. Both title 1 providing funds for redevelopment and slum clearance and title 2 providing funds for housing families displaced by redevelopment program are absolutely necessary. This legislation will enable Los Angeles to convert blighted tax liability areas into community assets. May I urge you oppose all emasculating amendments.

FLETCHER BOWRON, *Mayor.*

Hon. HUBERT H. HUMPHREY,
United States Senator, Senate Office Building, Washington, D. C.:

Regarding your telegram concerning Senate bill 1070, today Los Angeles experiences housing shortage equal or greater than that immediately following war, particularly for lower income groups. We estimate 88,000 families in city are homeless or in transient facilities or doubled up with others. This figure in addition to 73,000 families estimated to be living in substandard dwellings. Recent survey vacancies in this area considerably less than 1 percent. This confined exclusively to higher rentals. Practically no available housing in low or medium income brackets. Vacancies available for wage earners at this time average $77 to $110 monthly. Most vacant houses exclusively for sale. Study by Los Angeles City Planning Commission shows slum areas costing city five times more for fire, police, and health services than required in normal housing areas. Juvenile delinquency in slum area varies from 5 to 60 times higher than city average; tuberculosis rate 5 to 8 times higher; venereal diseases 13 times higher than city average. Los Angeles needs absolute minimum 10,000 units low rent housing.

FLETCHER BOWRON, *Mayor,*
City of Los Angeles.

Why is it that this Republican mayor does not feel as some Republicans do that private enterprise can do the job?

The lie that California can clean and remedy its slums is best answered by the 1909 Report of the Housing Commission of the City of Los Angeles recently discovered in the city archives.

In this report, actual photographs are presented of slum buildings which continue to stand 40 years later in 1949. In other words Los Angeles as one city in California has had a slum problem at least as far back as 1909 and has been totally unable to cope with the problem until the passage of the United States Housing Act of 1937.

The mayor of Los Angeles supports this housing bill because he knows from the 10th annual report of Los Angeles City Housing Authority, that in the city of Los Angeles alone, intermixed and cramped in among several hundred important industrial plants, are 5,008 units of bad housing. The area comprises 1,928 acres of the city's most valuable industrial and commercial land. Less than 40 percent is being effectively utilized today. The balance is wasted by bad housing.

He knows that downtown Los Angeles has from 12 to 19 times more population than the city average; as much as 60 times more delinquency than the average good housing areas; the highest felony rate and is the recognized focal point from which social disease spreads throughout the city.

He knows that the taxpayers in the good housing areas of Los Angeles are charged for the excessive costs of maintaining the bad housing areas.

Out of every tax dollar collected from the good housing area of the city, only 32 cents is required in that area for normal fire, police, and health protection services.

For every tax dollar collected in the bad housing area not only the full dollar is spent but a tax subsidy of an additional 67 cents is required to pay for the inordinate costs for fire, police, and health protection.

He knows that freeway construction to relieve traffic congestion in Los Angeles is a necessity. For 3 years construction progress has been painfully slowed by hundreds of units of obstructing bad housing. In a 1-mile section of the stalled harbor freeway, for example, there are 2,151 units of predominantly bad housing. In the balance of this freeway there are estimated to be 4,400 additional units of housing, a substantial number of which are bad housing.

Other public improvements are likewise retarded: The tentative site of Los Angeles' new civic auditorium contains 847 units of bad housing. The site of the board of education's administrative center incorporates an estimated 100 units of bad housing; additional space needed by the department of water and power, the city's prime supplier of utilities, is checked by 738 units of the worst housing in Los Angeles.

The mayor knows that every major epidemic in Los Angeles has germinated in areas of bad housing. Workers living in bad housing carry disease to all business, shopping, and residential districts of the city.

In 1946 Los Angeles was threatened with a major postwar outbreak of diphtheria. The epidemic began in bad housing on Bunker Hill. When 31 lives were lost in Los Angeles from bubonic and pneumonic plague the flea-carrying rats were traced to bad housing surrounding the northern end of the downtown shopping district.

Mr. Chairman, no wonder this bill is supported by the Catholic Welfare Bureau of the archdiocese of Los Angeles. I read from the letter sent to me by Rt. Rev. Msgr. Thomas J. O'Dwyer, archdiocesan director of charities:

THE CATHOLIC WELFARE BUREAU,
ARCHDIOCESE OF LOS ANGELES, INC.,
Los Angeles, Calif., May 23, 1949.

MY DEAR CONGRESSWOMAN: About four weeks ago I wrote you regarding the Housing Act of 1949. I urged you to give your wholehearted support to S. 1070 and a similar measure before the House of Representatives.

The overwhelming vote in support of S. 1070 in the Senate was most gratifying to the citizens of California who have been

striving for decent housing in urban and rural areas for many years.

It was gratifying to learn that H. R. 4009 has been approved by the House Committee on Banking and Currency. Reports indicate that this measure may be voted on next week.

The representative of all religious denominations, labor groups, veterans organizations, clubs, in California and throughout the country are confident that you will endorse H. R. 4009. We have waited for nearly seven years for action on a sound and comprehensive housing program for the Nation.

As you know, H. R. 4009 would provide decent housing for families who cannot now afford it and aid in clearing slums that are a menace to family life and draining taxes from city and county treasuries. Passage of this measure will mean building of rental housing at a time when the only housing available is for sale. It will result in relieving serious overcrowding among lower income families. More than 3,000,000 families are now living with relatives.

This measure will provide aid to marginal farm families and assist them in developing a decent farm life. It will strengthen family life. Good housing is essential for good citizenship.

H. R. 4009 is a bipartisan bill and the only groups opposing this legislation are selfish interests who want to continue their high prices and high profits without regard to public welfare.

I trust you have read the testimony presented to the above-mentioned House committee by an outstanding Catholic leader. I refer to the statement made by Rt. Rev. Msgr. John O'Grady, Secretary of the National Conference of Catholic Charities. He has given information which he has gained first-hand from visits to hundreds of cities, large and small, throughout the Nation. In his statement he expresses the mind of the Catholic clergy and laity throughout the United States. His statement has been endorsed by leaders of many other religious denominations as well as by leaders of organized labor and veterans groups. I am counting on your support for H. R. 4009. May I hear from you.

Sincerely yours,

Rt. Rev. Msgr. THOMAS J. O'DWYER,
Archdiocesan Director of Charities.

Mr. Chairman, this bill is supported by the California League of Women Voters and I would like to read a telegram from Pauline M. C. T. Ploeser, president of the California League of Women Voters, and a letter from Anna Lord Strauss, president of the League of Women Voters of the United States:

BERKELEY, CALIF., *May 25, 1949.*

Hon. HELEN GAHAGAN DOUGLAS,
House Office Building,
Washington, D. C.:

Essential to solve housing problem. Our growing State needs better housing. Veterans being urged not to come to California because of housing situation. Redevelopment plans need financing. Slum conditions worse than before war. Evictions causing hardships. California League of Women Voters urges your favorable vote on H. R. 4009.

PAULINE M. C. T. PLOESER,
President, California League of Women Voters.

LEAGUE OF WOMEN VOTERS
OF THE UNITED STATES,
Washington, D. C., June 20, 1949.

Hon. HELEN GAHAGAN DOUGLAS,
House of Representatives,
Washington, D. C.

DEAR MRS. DOUGLAS: The substance of the national housing bill, H. R. 4009, which is now before the Members of the House of Representatives for consideration, has been the object of many years of study and deliberation both inside the Congress and out. A similar bill (S. 1070), with wide bipartisan support, was recently passed for the third time by the other body of Congress by overwhelming vote.

We in the League of Women Voters have been supporting this legislation since 1945. We are disturbed by one of the arguments now being circulated by the opponents of the measure, namely, that for reasons of economy the United States should not undertake a housing program at this time.

The large national debt and the need for curtailing governmental expenditures wherever possible are indeed matters of great concern to all of us. Every authorization of Federal funds must, in our opinion, be weighed in terms of its contribution to the safety and well-being of the Nation.

It is recognized that the country must be kept strong from a military standpoint and Congress, with the consent of the people, makes available billions of dollars for this purpose. Some expenditures must also be made, in our opinion, to assure a citizenry morally and physically strong and devoted to its institutions. We must demonstrate before the world that within the democratic form of government the basic needs of living can be attained. Of these, housing is one of the most important.

Some who in previous years opposed the housing bill as inflationary are now opposing it on the grounds of economy. We think the bill should be judged primarily on what it does to fill a basic need of our society. Another major consideration is what effect enactment of such legislation will have on the economy. On this basis, a period of economic recession is a particularly appropriate time for enacting a housing program. Such a program can make a substantial contribution toward a more stable economy by employing labor and increasing the national wealth.

Unfortunately, the cost of the program has often been misrepresented. The facts are that no appropriation (except for administrative expenses and a small amount for the farm housing program) will be required for fiscal 1950. Thereafter, the cost of contributions and grants will increase gradually over a 5- or 6-year period and finally level off at about $300,000,000 a year for an estimated period of about 30 years.

According to the official communication of the Bureau of the Budget, inserted in the Appendix of the CONGRESSIONAL RECORD, page A3585, instead of requiring total contributions of $16,000,000,000 for the low-rent housing program, a reasonable estimate of the total amount actually required for contributions would be $9,000,000,000 to $10,000,000,000 over the life of this program; to which would be added the contributions for slum clearance and farm housing, totaling somewhat over $500,000,000.

We know you will want to make your decision as to your vote on H. R. 4009 on the basis of facts and in the interest of your constituents and the country as a whole. We feel confident that on both of these counts the housing bill merits your support.

Sincerely yours,

ANNA LORD STRAUSS,
President.

Mr. Chairman, I would like to read into the RECORD two telegrams I have received, one from the Pasadena Citizens Committee on Housing, Gordon Terrace, Pasadena; and one from the San Mateo County division of California Housing Association:

LOS ANGELES, CALIF., *June 21, 1949.*

Hon. HELEN DOUGLAS,
House Office Building,
Washington, D. C.:

HINSHAW urged by many constituents to support H. R. 4009.

PASADENA CITIZENS COMMITTEE
ON HOUSING.

REDWOOD CITY, CALIF., *June 20, 1949.*

Congresswoman HELEN GAHAGAN DOUGLAS,
Washington, D. C.:

San Mateo County division of California Housing Association and many other organizations have wired JACK ANDERSON and also urge you enlist all possible support for Public Housing bill.

FRANK ROSE AND
ONA F. HOULAHAN.

Mr. Chairman, the following two editorials from the Fresno Bee, Fresno, Calif., dated June 20 and 21, 1949, speak for themselves:

[From the Fresno (Calif.) Bee of June 20, 1949]

PEOPLE CANNOT BE HOUSED BY MEANINGLESS CLICHES

President Truman's denunciation of the real-estate lobby was well-timed to coincide with congressional consideration of low-cost housing legislation.

This lobby which purports to speak for the real-estate business—a claim which is open to some doubt—is out to beat the legislation by various means, principally by propaganda and direct pressure on Congress.

The President, who is as right as rain in his statement the country must have more low-cost housing units, understandably is annoyed by the tactics of this powerful lobby, which he has denounced on several occasions.

In a 4,000-word statement sent to Congress, President Truman said:

"There is a little group of ruthless men, claiming to speak for the members of these industries, who spend their time attempting to block progressive housing legislation. By letters, circulars, and paid advertisements, they continue to spread their misstatements, hoping people will eventually accept them as true."

Only one who is completely oblivious to reality could deny that hundreds of thousands of American families still lack adequate, healthful housing, and will be unable to obtain it in the foreseeable future unless it is provided for them by government.

The unconscionable position of the real-estate lobby is that, in exerting every effort to defeat public housing legislation, it proposes no alternative by which these families can be housed.

What are they to do?

Is the real-estate lobby completely callous to their plight?

The Senate recently passed a housing measure. It was sponsored by 11 Republicans, including Senator TAFT, of Ohio, and 11 Democrats, including Senator DOUGLAS, of Illinois.

The fact the housing bill brought together such diverse political and economic thinking as is represented by TAFT and DOUGLAS is the best indication of the urgent need of public housing.

But in the House, unfortunately, a bipartisan coalition of Republicans and southern Democrats has been organized to try to smother the legislation.

[From the Fresno (Calif.) Bee of June 21, 1949]

PROMISE OF HOUSING

Anticipated action by the House of Representatives this week on legislation to relieve the housing-shortage situation is of especial interest to thousands of Fresnans awaiting a chance to enjoy decent abodes at rates they can afford.

A survey only last month revealed the city needs at least 1,000 more dwellings for lower-income-group families.

And, more recently, the city of Fresno and Fresno County housing authorities reported the situation will be worsened by discontinuance of the Calwa and Southern Pacific trailer camps projects.

The skeptics about proposed Federal aid and the actual need for relief should get some first-hand information.

It requires only a casual tour to convince any unselfish observer that all too many people here are in trailers, tents, and other make-shift quarters.

Newly built homes are plentiful, of course, but generally for sale at prices a great number of would-be buyers cannot meet. And as for rental properties, scarce as they still are, prices likewise are beyond the reach of many would-be tenants.

The remedy, under the circumstances, obviously is governmental assistance such as was given and which proved so helpful when the existing local low-cost-housing projects were constructed.

There is good reason for satisfaction because the Rules Committee sent the administration's housing legislation to the floor for a vote.

A proper show-down on the same issue was thwarted during the last session when the committee bottlenecked a similar proposal.

It is to be hoped the changed procedure will assure a measure of relief for many harassed Fresno homeseekers.

Mr. Chairman, the following is a copy of a letter sent to the gentleman from California [Mr. WELCH], together with copies of letters sent to the housing authority of the city of San Francisco and President Truman; also a letter from the board of Christian education of the Presbyterian Church in the United States of America:

SAN FRANCISCO PLANNING AND HOUSING ASSOCIATION,
San Francisco, Calif., June 17, 1949.

The Honorable RICHARD J. WELCH,
House of Representatives,
Washington, D. C.

MY DEAR MR. WELCH: In connection with the floor debate next week on the housing bill, H. R. 4009, I believe you will find helpful a few current facts on the public-housing program in San Francisco.

With the opposition placing so much emphasis on fallacious arguments of economy, it is pertinent to mention just what public housing means to our communities in terms of dollars and cents. In some 9 years of operation, the San Francisco Housing Authority has paid to the city in lieu of taxes an amount just under $2,000,000. (This includes the permanent low-rent program as well as the deferred projects for which land has been purchased, and the temporary war-housing and veterans' war-housing developments.) If the sites on which the projects are located had remained in their pre-public-housing condition, the city would have collected only $89,919.47 in taxes based on the assessed valuation. The permanent public-housing projects alone represent more than half a million dollars of the $2,000,000 payment mentioned.

In contrast with this, the city housing authority has operated its projects without 1 cent of rent subsidy. It is true that some of this, but by no means all, was due to the conversion for a time to war-housing purposes.

The San Francisco Housing Authority along with the housing authorities throughout the Nation is following systematically the edict of the Housing Act of 1949 (Public Law 901) which permits the eviction of overincome families. Each month 30 overincome families receive eviction notices. These notices are based on the highest ineligibility and special attention given to disabled veterans or other handicapped persons to avoid extreme hardship.

Despite the presence of some overincome families the average income of families living in these low-rent developments is $2,659. Average income of tenants being admitted to the projects as of March 1949 is only $1,550. Some rents are as low as $13.50 per month with an average shelter rental of $26.42.

One of the alarming facts about our housing situation here is that the rate of applications filed has accelerated some 25 percent since the beginning of the year. Families are applying for public housing at the rate of 560 per week—these families earn an average of $1,500 per year. Signs of the housing problem are manifest in the tenant turnover in these low-rent units—slightly more than 1 percent per month, the lowest in the history of the authority's operations. You will find of interest copies of letters selected at random from the hundreds on file at the local housing authority.

Because of the real estate lobby soliciting from the man in the street I asked the housing authority to supply me with these letters from its files.

Before describing the San Francisco real estate market, I would like to bring to your mind again the SFPHA study Blight and Taxes published in 1947. This study you may remember showed that the 41 blocks of blighted area in the Geary-Fillmore section costs 12 times as much to maintain (in terms of police, health, fire protection, juvenile delinquency, and related services) as the 53 blocks in the Marina, a standard residential district. The average Geary-Fillmore family paid $21.40 per month for rent; the city received $368,020 in real-estate taxes and the other revenues from this area which fell $373,295 short of paying its own way in 1946.

As for housing market, the Bay Area Real Estate Conference in its report published December 1, 1948, estimated that more than 40,000 are needed in San Francisco to take care of population increases and to allow the same vacancy factor as existed in 1940. This estimate does not take into account the substandard, unfit housing still occupied which is estimated variously as between 24,000 and 34,000.

While no precise data are available on the disposition of the 3,242 units completed in the first 10 months of 1948, information which the office of the housing expediter has obtained from such sources as the San Francisco Chamber of Commerce, Bay Area Council and Bay Area Real Estate Conference indicates that 85 to 90 percent of the accommodations so completed are offered for sale with the sales prices ranging from $10,000 to $30,000. Of those probably offered for rent, using the rule of thumb of 1 percent of cost, rents run from $100 to $125 per month and upward. Thus the supply contrasts sharply with the need as demonstrated by the demand for a ratio of 70 percent rental to 30 percent sale with only, roughly, 15 percent of our residents able to pay rents of $85 and upward.

Mr. D. C. McGinnis, Federal Housing Administrator for this area, was quoted in the San Francisco News of February 8 of this year to the effect that the builders had taken the cream of the market and that the saturation point had been reached for the twelve and fifteen thousand dollar homes—that the big challenge to the builders is to meet the market able to pay between $45 to $55 per month. Thus far the economy house in California has not materialized in quantity, certainly not within the urban centers. An isolated house selling for between $6,500 to $8,200 (which Mr. Earl Smith, realtor of Oakland indicated he could probably do) provides no answer for the need for rental housing in San Francisco and offers less than a glimmer of hope for those families earning less than $1,500 per year who must look to public housing for their salvation from slums. And as one colleague put it recently, our inability to provide decent housing for all families living in the slums is no excuse for not attempting to solve any part of the problem.

Thank you for your continued strong support of decent housing legislation.

Very sincerely yours,
(Mrs. Edward Howden),
MARION BEERS HOWDEN
Chairman Housing Committee.

(Copies to Representatives BRENT SPENCE, HELEN GAHAGAN DOUGLAS, CLINTON D. MCKINNON.)

CITY AND COUNTY OF SAN FRANCISCO,
DEPARTMENT OF PUBLIC HEALTH,
September 29, 1948.

Re Mr. and Mrs. Manuel Garcia, 16A Norfolk Street, San Francisco, Calif.

HOUSING AUTHORITY,
San Francisco, Calif.

DEAR SIRS: Mr. and Mrs. Manuel Garcia (veteran, nonemployed as a truck driver), and their three sons, ages 7 years, 5 years, and 3 years, occupy a three-room first-floor flat at 16A Norfolk Street. This appears to be the only building used for housing on this very narrow street, and it is wedged between factories and industrial plants.

The ceiling of the bathroom is dripping water from the lavatory area of the flat upstairs; two-thirds of the plaster is down from the ceiling and the laths are stained and rotting overhead. Over the sink in the kitchen there is an area about a yard square where the plaster has fallen, also there are other bulging areas where the plaster is cracked and likely to fall at any time. Two window panes are missing so that there is a constant draft and flies and mosquitoes buzz in and out. The walls are stained and in need of paint. There is no heat except from cooking in the kitchen. In the rear of the flat is a rickety unsafe-looking stairway leading to a tiny loose-dirt yard which is enclosed on three sides by walls about as high as the building and which is cluttered by cans of trash, old papers, and broken boxes. The whole place seems damp and musty. There is no play area because the street is so narrow automobiles are parked on the sidewalks.

The owner allegedly has refused to repair even dripping faucets and has an "if you don't like it you can move" attitude. Rent is collected by a real-estate agency.

I feel that this flat is unsanitary and a menace to the health and well-being of this family and contributes to the many upper-respiratory infections among the children. These unsanitary conditions have been reported to the housing division of the department of public health. If there is any housing available this family needs it before the colder rainy season begins.

Very truly yours,
DORIS ROBINSON,
Director, Board of Public Health Nursing.
By CLARA MEIER,
Supervising Public Health Nurse,
San Francisco, Calif.

SAN FRANCISCO, CALIF.

President TRUMAN,
White House, Washington, D. C.

DEAR SIR: I have six children. Five of them sleep in the kitchen on folding beds. We

don't have a bathroom. Five of the children attend school. I can't get apartment with private parties because they don't want children. If you will help me get public housing I will be very thankful to you. I have tried but failed.

Truly yours,

LONNIE J. AUTRY.

CITY AND COUNTY OF
SAN FRANCISCO,
JUVENILE COURT DEPARTMENT,
February 2, 1949.

SAN FRANCISCO HOUSING AUTHORITY,
San Francisco, Calif.
(Attention Mrs. Falcone)

GENTLEMEN: You will recall the application of the Serna family which was discussed with you last Friday by Miss Rickards. This is an intact family consisting of six children with mother and father. They are all living in one room. The father is employed by the Santa Fe Railway and earns a gross salary of $7 a day.

This is a deplorable situation in that three of the children are forced to sleep on the floor as there is no room for even Army cots. It is not a true neglect situation since the problem mainly stems from housing. The family have a great attachment for one another, and we have been doing our best to try and keep all members of the family together. They will need furniture which we will purchase if housing can be found.

We consider this case a real emergency and can also state that we have a number of these cases coming to the attention of the court from time to time. We hope that something can be done as soon as possible in providing an apartment for this deserving family.

Very truly yours,

FOREST R. PETERSON,
Senior Probation Officer.

SAN FRANCISCO, CALIF.,
February 15, 1949.

HOUSING PROJECT OFFICE.

DEAR SIR: Is it still possible for to have a place for renting Mr. Adolph Roman Cruz, of 242 Mississippi Street, a place with your project. It is very urgent that he find a place because his wife and three children are in a very bad housing place located at 242 Mississippi Street. Four rooms would be necessary space he needs. The flat is a basement flat, no heat and a good deal of the windows broken. So it is very cold there. No stove or any way to heat the place, and the landlord charges him a very steep rent.

It is practically too much rent for the wages that Mr. Cruz earns although he works steady every day of the week except Saturdays and Sundays.

So if you in any way have a rental for him would you let him know at once, please.

Because his wife is expecting a new baby very soon it is urgent to have a place for her to come to warmer than the place they now occupy. Thanking you.

Very truly yours,

Mr. ROMAN CRUZ.

CATHOLIC SOCIAL SERVICE,
ARCHDIOCESE OF SAN FRANCISCO, INC.,
San Francisco, Calif., November 24, 1948.

Re Mrs. John W. Baillie, 2261 Mission Street, San Francisco, Calif.

Mr. JOHN W. BEARD,
Housing Authority,
San Francisco, Calif.

DEAR MR. BEARD: Mrs. John W. Baillie has written to me in regard to housing for her. I spoke with Mrs. Baillie and she is really in a very serious predicament. There are five persons living in one room and a kitchen. She has registered with you already, and I understand your staff is making every effort to find her housing.

I would appreciate anything you could do for her.

With kindest regards, I remain,

Sincerely yours,

Rt. Rev. WILLIAM J. FLANNAGAN,
General Director.

THE BOARD OF CHRISTIAN
EDUCATION OF THE PRESBYTERIAN CHURCH IN THE UNITED
STATES OF AMERICA,
Philadelphia, Pa., June 1, 1949.

MY DEAR CONGRESSMAN: Below you will find a copy of the action of our national body on the subject of housing. This action was taken on May 25, 1949 at the regular meeting of the general assembly, Presbyterian Church, U. S. A. This body is made up of over 800 commissioners representing about 8,500 churches throughout the United States.

Respectfully submitted.

FERN M. COLBORN,
Assistant Secretary, Division of Social Education and Action, Presbyterian Board of Christian Education, Presbyterian Church, United States of America.

"STATEMENT ON HOUSING

"Housing: The inability of private enterprise and the failure of our Government to provide adequate housing for our citizens has led to unhealthful conditions, broken homes, delinquency and crime. Christian people are often unaware of the conditions under which others of their fellow citizens are forced to live. We recommend that our churches, in cooperation with other community agencies, conduct surveys of housing conditions in their own communities and initiate whatever steps may be necessary to stimulate private industry to develop housing for the families of lower middle income, and encourage local government authorities to proceed with a slum-clearance and public-housing program for low-income families. We urge Congress to adopt legislation to provide a Federal-housing and slum-clearance program. We recommend that the general assembly communicate with the committees of Congress in charge of legislation securing these ends."

Mr. Chairman, the following is a copy of a photostat, showing the kind of campaign the real estate lobby in Los Angeles, namely the Committee for Home Protection, is promoting to defeat this legislation before us. This campaign is being carried on not only locally but nationally.

I call to the attention of the Members the facts sheet from the Committee for Home Protection, on how to promote prospects and to the campaign workers' instruction sheet on what to say and do. Especially note, that the telegram is to be brought to the campaign headquarters and paid for and sent to the Members of Congress by the Committee for Home Protection.

This is the same real-estate lobby that was successful in defeating proposition 14 in California in the last election. The following facts sheet illustrates the kind of campaign they are waging now and waged against proposition 14.

COMMITTEE FOR HOME PROTECTION,
LOS ANGELES, CALIF.

FACTS SHEET

Use your own words and your own ideas when writing to your Congressman. He wants to hear from you.

Tell him your occupation or your affiliation—such as, "I am a veteran," "I am a housewife," "I am a shopkeeper," "I am a bus driver"—then express in 25 words one of the following arguments:

1. The Federal legislation is substantially the same as proposition 14 and your district voted overwhelmingly against that proposition in the November election.

2. California has no slums it cannot correct and remedy through the use of its own resources and the enforcement of its own health and building codes. Why should Californians be taxed to pay for the clearance of slums in the congested eastern cities?

3. Pressure groups are making a big noise and are well organized through the city housing authorities to get something for nothing for themselves, but the real substantial working people are sick of their high-tax burden and the constant proposition that they should pay for somebody else's rent.

4. The cost of building homes has gone down and the trend will continue if you, as our Congressman, will devote your efforts to cutting the unnecessary red tape and the unnecessary expenses caused by obsolete building codes and building practices, and shorten the lengthy delays in getting FHA loans. Our builders can build cheaper in California, and within the reach of the average wage earner.

5. Government should not compete with its own citizens who have invested their money in rental property, nor should the Government take money away from the taxpayers and turn around and subsidize a business that goes into competition against them.

6. You, Mr. Congressman, are a Member of the House of Representatives, and you are close to the people. Don't let the action of the Senate, which is too far removed from what people are actually thinking, influence you. Vote with the majority of your constituents, who last November demonstrated they are against public housing.

7. Public housing will lead to ruinous taxation. Another $18,750,000,000 would be added to the tremendous cost of Federal Government, which has reached such staggering proportions in recent years. Consider—each family so housed would cost the taxpayers at least $15,000 in Federal contributions alone. Each family will be receiving a tax dole of more than $31 per month toward its rent.

8. It is highly inflationary. Present housing costs are in part a reflection of our near million unit production record in 1948, with the consequent strain on material and labor supplies. If the Government enters the field in competition for limited supplies of critical materials and labor, the cost of both private and public housing will skyrocket.

9. It leads to local and national political pork barrels. It will result in tenants obtaining and retaining benefits of the low rentals only if they are on the right political bandwagon. It is easy to understand why occupants of public housing are readily susceptible to political pressure on behalf of the particular regime that may have made such housing available to them.

10. Public housing leads to socialism. Government ownership and management of homes where tenants are receiving rent benefits in the form of tax payments from the public treasury is one of the first elements of socialism. The individual becomes dependent upon the Federal Government for one of his major living requirements.

WHAT TO DO—CAMPAIGN WORKERS' INSTRUCTION SHEET

You need only this instruction sheet, a supply of telegraph blanks, and a copy of our facts sheet in order to obtain your quota of 20 objectors to public-housing legislation. Here's how you do it:

1. Select your prospect: Get a man who has absolutely no connection with the building or real-estate business. This is a grass-roots campaign; so look for laborers, white-collar workers, veterans, housewives, small-shop keepers—people in the middle and lower-income brackets.

2. Show the prospect your facts sheet.

3. Ask him to write his message on a telegraph blank.

4. Get your prospect to sign his name and address: Getting both the name and address is very important. It proves to that Congressman that this voter lives in his district. Also it gives the campaign office a double check, so that we can be sure the telegram is going to the right Congressman.

5. Send your telegram to the campaign office: Send your telegram, written in your prospect's own handwriting immediately to Frederick C. Dockweiler, chairman, Committee for Home Protection, 672 West Washington Boulevard, Los Angeles. Here it will be checked and filed for delivery in Washington.

Don't worry if neither you nor your prospect knows the name of his Congressman. Our campaign office will check the address and see that it goes to the proper man. For your general information, the map reproduced on the reverse side of this sheet lists our southern California delegation.

NOTE.—Should you have any questions, call W. B. Ross, campaign director, or his assistant, Mrs. Sammelman, at Prospect 7656.

Briefly, Mr. Chairman, here are some of the answers to the facts sheet propaganda prepared by the Committee for Home Protection in their campaign to secure telegrams and opposition to the public housing-slum clearance program. The answers given are numbered in the same serial order as on the facts sheets:

1. A detailed analysis of the campaign waged against proposition 14 by the real-estate lobby in California follows. This analysis was prepared by Mr. Hal Wise, director of the Proposition 14 Campaign, and has been reviewed and approved by the Rt. Rev. Msgr. Thomas J. O'Dwyer, president of the Proposition 14 Campaign.

2. According to the 1940 United States housing census, California had 466,308 families who were living in substandard homes (needing major repairs or lacking adequate sanitary facilities). A county-by-county census report is attached hereto.

The lie that California can correct and remedy its slums is best answered by the 1909 report of the Housing Commission of the city of Los Angeles, recently discovered in the city's archives. In this report actual photographs are presented of slum buildings which continue to stand 40 years later in 1949. In other words, Los Angeles, as one city in California, has had a slum problem at least as far back as 1909 and has been totally unable to cope with the problem until the passage of the United States Housing Act of 1937.

The argument that Californians should not be taxed to pay for the clearance of eastern slums is best answered by the facts presented in the Los Angeles City Housing Authority's Tenth Annual Report. This tax study shows that the taxpayers in the good housing areas of Los Angeles to the tune of many millions of dollars of unnecessary taxes which are required to pay for the excessive fire, police, and health-protection services in the bad housing areas of the city.

3. The only so-called pressure group in Los Angeles fighting for low-rent housing and slum clearance is the Citizens' Housing Council of Los Angeles, chairman of which is the Rt. Rev. Msgr. Thomas J. O'Dwyer. The so-called pressure group in the State of California for low-rent housing and slum clearance is the California Housing Association, the Southern California chairman of which is Earl Thomas of the District Council of Carpenters, A. F. of L.; the northern chairman of which is Mrs. Horace Gray, housing consultant for the California State League of Women Voters. It is important to note that neither of these organizations have office space, a telephone, nor any paid staff. Such work as is carried on is done entirely by the voluntary services of its members. A list of the California Housing Association members is attached. It is interesting to note that these individuals all represent an enlightened taxpayers' point of view regarding the true cost to our State of our slums, as compared with the cost of providing decent homes for those of low income living in bad housing.

4. Estimates released on May 1 of this year of average rental and sales prices on residential properties in Los Angeles County during the first 3 months of 1949 are as follows: (This data is based on the reliable estimates of governmental agencies and private lending institutions.)

A. Average monthly rental on new construction:

One bedroom: Seventy-five dollars and up, excluding utilities.

Two bedroom: Ninety dollars and up, excluding utilities.

Three bedroom: One hundred and ten dollars and up, excluding utilities.

Four bedroom: None available.

B. Average sale price on new and existing single-family houses during the first 3 months of 1949 is estimated to be $12,540, or 262 percent above the same house in 1940. The average sale price on vacant lots sold in Los Angeles during the first 3 months of 1949 is estimated to be $3,570, or 264 percent above the sale price of the same vacant lot in 1940. The data above should be compared with the rent-paying ability of the families in slum areas in the city of Los Angeles.

In September 1948 the health, planning, and housing departments of the city of Los Angeles conducted a door-by-door survey of the Chavez Ravine area (part of California's Fourteenth Congressional District). Of the 823 families living in the area, 387 were found to be earning less than $199 monthly. The median annual and monthly of these lower-income families was found to be $1,389 and $115.75, respectively. According to fair standards, this income represents an average rent-paying ability of from $19 to $23 monthly, including utilities.

5. The Government's public housing program will never compete with private enterprise when it provides shelter for the income groups listed in answer to question four above. For example, the Los Angeles city housing authority reports that the average monthly income of families housed in its low-rent program during the first 3 months of 1949 was $132.83; families housed included those requiring one-, two-, three-, and four-bedroom units. Furthermore, the housing authority is making rapid progress in the removal of the higher-income warworker families who were given occupancy in the public-housing program as a wartime emergency measure. All families whose incomes exceed $5,000 have already been required to move. At present only 12.7 percent of the families in the low-rent program are earning above the income limits set by the authority. It must be remembered that many of these families are earning only a few dollars above these income limits; that a substantial proportion of these families have three or more children; and that many of the families are members of racial and national minority groups, and thereby additionally handicapped in their efforts to secure decent housing within their means.

6. I believe, Mr. Chairman, this is well enough answered by the document prepared by Mr. Hal Wise which follows:

7. The public housing in Los Angeles built under the United States Housing Act of 1937 requires at present only $1.15 per unit per month, or 11.3 percent of the maximum subsidy available. The maximum cost of the program has been estimated by the Bureau of the Budget not at $18,750,000,000 but at less than $10,000,000,000 over a period of about 30 years.

8. The building industry in Los Angeles is actually entering a period of recession, due to the fact that prices have soared so high, that few can afford to buy or rent that which has been and is being produced. The best example of the recession in the building industry is a report released by the Los Angeles County Building Trades Council, A. F. of L., which listed 2 weeks ago the following numbers of unemployed skilled workers: 2,000 carpenters, 400 plumbers, 1,000 plasterers, 500 electricians, and 6,000 painters.

9. Every tenant accepted for occupancy in public housing in the city of Los Angeles is screened for the degree of need by the Veterans Advisory Committee of the Housing Authority, consisting of the county commanders of the 12 veterans' organizations in Los Angeles county.

10. The answer to this question is self-evident. Public housing is just about as socialistic as public schools, public roads, or the 24 Republican Senators who, after many days spent hearing both sides, joined in an overwhelming 57 to 13 vote in favor of the public-housing program.

If this is socialism, then we are all socialists. Among these socialistic Republican statesmen are Vermont's FLANDERS, Ohio's TAFT, New Hampshire's TOBEY and BRIDGES, Michigan's VANDENBERG, Wisconsin's WILEY and MCCARTHY, Missouri's DONNELL, Maine's Mrs. SMITH, Indiana's JENNER and CAPEHART, Massachusetts' SALTONSTALL and LODGE, Nevada's MALONE, and Pennsylvania's MARTIN.

California Housing Association, Board of Directors: Rt. Rev. Msgr. Thomas J. O'Dwyer, State chairman, Los Angeles; Earl Thomas, southern California chairman, District Council of Carpenters, A. F. of L., Los Angeles; Mrs. Shirley Adelson Siegel, southern California secretary, Hollywood; Mrs. Horace Gray, northern California chairman, San Francisco; Mrs. Edward Howden, northern California secretary, San Francisco.

Southern California board: Robert E. Alexander, Los Angeles; George A. Beavers, Jr., Golden State Mutual Life Insurance Co., Los Angeles; George Black, San Bernardino City Housing Authority, San Francisco; Drayton S. Bryant, Hollywood; Floyd Covington, Urban League, Los Angeles; Frederick Crockett, Santa Barbara; William Hartford, Colton; Frances Hartwell, Reginald Johnson, Mrs. Ralph P. Lowe, Pasadena; Ralph A. McMullen, Loren Miller, Los Angeles; James Petrini, Bakersfield; John Quimby, San Diego Federal Trades Council, San Diego; Mrs. Andrew Rosenfelder, Council of Catholic Women, Los Angeles; Mae Saunders, Bakersfield; George W. Scott, Riverside County Housing Authority, Riverside; George Stephan, San Luis Obispo; Paul Sweetzer, board member, Catholic Welfare Bureau, Santa Barbara; George R. Wallace, Oxnard City Housing Authority, Oxnard; Harold F. Wise, Hollywood.

Northern California board: Mrs. Ernest Bernstein, Emanu-El Residence Club (Jewish Charities), San Francisco; Gardner Bullis, California Conference of Social Work, Los Altos; Charles O. Busick, Jr., attorney at law, Sacramento; Mrs. Warner Clark, Young Women's Christian Association, San Francisco; Mrs. Jesse Colman, civic leader, member, SFPHA Housing Committee, San Francisco; Morse Erskine, attorney at law, chairman of SFPHA Urban Redevelopment Committee, San Francisco; Frank Fitzgerald, A. F. of L. Hotel Workers (A. F. of L. representative on Community Chest and chairman of housing committee, Council for Civic Unity), San Francisco; Rt. Rev. William J. Flanagan, Catholic Social Service, San Francisco; Miss Alice Griffith, civic leader, Telegraph Hill Association, San Francisco; Mrs. Paul Heyneman, 1948 president of Berkeley League of Women Voters, Berkeley; John Hogg, A. F. of L. Building Trades, San Francisco; Jack Kent, department of city planning, University of California, Berkeley; Dr. Hubert Phillips, Fresno State College, Fresno; Mrs. Edward Macauley, civic leader and member of SFPHA Housing Committee, San Francisco; Cecil

Poole, vice president Council for Civic Unity, San Francisco; Langdon W. Post, formerly regional director of Public Housing Agency, San Francisco; Frank Rose, formerly deputy regional director, Public Housing Agency, attorney at law, San Mateo.

Substandard housing in California, by county (United States Housing Census of 1940)

County	Total dwellings	Dwellings needing major repairs	Dwellings not needing major repairs but lacking sanitary facilities	Total substandard dwellings (needing major repairs or lacking adequate sanitary facilities)	Percentage substandard dwellings to total dwellings
Alameda	173,031	23,992	8,805	32,797	18.9
Alpine	159	15	95	110	69.2
Amador	2,968	416	998	1,414	47.6
Butte	14,488	2,258	3,695	5,953	41.1
Calaveras	3,159	299	1,565	1,864	59.0
Colusa	3,125	581	513	1,094	35.0
Contra Costa	31,297	5,292	2,170	7,462	23.8
Del Norte	1,836	85	687	772	42.0
El Dorado	6,726	804	2,932	3,736	55.5
Fresno	54,505	7,978	12,127	20,105	36.9
Glenn	3,745	881	909	1,790	47.8
Humboldt	15,386	1,764	3,474	5,238	34.0
Imperial	16,400	3,085	6,506	9,591	58.5
Inyo	2,770	269	1,031	1,300	47.0
Kern	39,801	6,663	7,640	14,303	36.0
Kings	11,110	1,303	4,153	5,456	49.1
Lake	4,126	434	1,063	1,497	36.3
Lassen	4,567	255	1,768	2,023	44.3
Los Angeles	961,531	36,928	69,214	106,142	11.0
Madera	6,945	574	3,211	3,785	54.5
Marin	16,472	740	797	1,537	9.3
Mariposa	2,229	101	1,408	1,509	67.7
Mendocino	8,625	1,550	2,168	3,718	43.1
Merced	14,464	2,411	4,458	6,869	47.5
Modoc	2,979	741	1,368	2,109	70.8
Mono	1,078	56	535	591	54.8
Monterey	23,154	1,840	4,086	5,926	25.6
Napa	8,752	626	1,176	1,802	20.6
Nevada	6,846	884	1,521	2,405	35.1
Orange	49,019	4,452	4,546	8,998	18.3
Placer	10,332	1,810	2,071	3,881	37.6
Plumas	4,159	605	1,475	2,080	50.0
Riverside	36,663	3,047	7,983	11,030	30.1
Sacramento	51,715	5,067	7,563	12,630	24.4
San Benito	3,403	373	689	1,062	31.2
San Bernardino	63,175	4,731	15,899	20,630	32.6
San Diego	100,245	6,576	11,705	18,281	18.2
San Francisco	222,176	9,773	21,146	30,919	13.9
San Joaquin	38,210	3,806	7,335	11,141	29.1
San Luis Obispo	11,891	2,221	1,637	3,858	32.4
San Mateo	37,230	1,919	1,624	3,543	9.5
Santa Barbara	22,664	2,906	1,582	4,488	21.7
Santa Clara	56,406	9,057	4,102	13,159	23.3
Santa Cruz	22,048	1,954	2,403	4,357	19.8
Shasta	9,762	1,453	3,679	5,132	52.6
Sierra	1,395	227	517	744	53.3
Siskiyou	9,493	1,383	3,052	4,435	46.7
Solano	15,312	1,533	1,710	3,243	21.2
Sonoma	26,831	3,085	3,676	6,761	25.2
Stanislaus	22,848	2,821	4,396	7,217	31.6
Sutter	5,686	756	1,620	2,376	41.8
Tehama	4,781	1,137	846	1,983	41.5
Trinity	1,513	185	818	1,003	66.3
Tulare	31,993	7,052	9,215	16,267	50.8
Tuolumne	4,961	536	1,969	2,505	50.5
Ventura	20,772	3,120	2,672	5,792	27.9
Yolo	8,148	1,120	2,032	3,152	38.7
Yuba	5,268	418	2,325	2,743	52.1
Total	2,340,373	185,948	280,360	466,308	19.9

Mr. Chairman, I wish to read a detailed analysis of the campaign waged against proposition 14 by the real-estate lobby in California:

CALIFORNIA'S HOUSING INITIATIVE CAMPAIGN

Don't be surprised when the new Congress is told flatly and with a certain amount of authority that the American people didn't vote for public housing when they voted for Harry Truman. The real-estate lobby is in the process of parlaying a resounding election victory in California into a national mandate against any public-housing action by the Eighty-first Congress.

The disturbing thing is that the real-estate men did win in California by a better than 2 to 1 vote in the same election in which Truman beat Governor Warren on his home ground. They won while reactionary Congressmen like Bertram Gearhart, enemy of the 160-acre limitation, and Ed Fletcher, spokesman for the real-estate lobby, were defeated and progressive Congressmen—HELEN GAHAGAN DOUGLAS, CHET HOLIFIELD, FRANK HAVENNER—were returned to office. It was an election that was generally hailed as a progressive victory. And yet a public-housing proposal similar to New York's law passed during Governor Lehman's Democratic administration, similar in philosophy to the housing plank in the Democratic platform, and similar to the United States Housing Act of 1937, was defeated.

How did the real-estate men win? Do they have a real "mandate" to present to the Eighty-first Congress? A close look at what went on in California in the months leading up to the election will spell out most of the answers.

The housing initiative, proposition No. 14 on California's ballot, was in itself a modern political miracle, a real "people's movement." It grew out of a dissatisfaction with the complete lack of housing action for middle- and low-income families by Congress and the State legislature. It grew out of the results of a legislative investigating committee on "the housing problem," chairmanned by San Francisco's State Senator Gerald J. O'Gara, who reported in January 1947 that there was an immediate need for just short of 750,000 homes in California. It grew out of anger that saw the average sale price on single-family housing in Los Angeles County in 1941 of $5,010 jump to $12,870 by the second quarter of 1948.

While wiseacres shook their heads in disbelief, a citizens' committee headed by the Rt. Rev. Msgr. Thomas J. O'Dwyer, Los Angeles archdiocesan director of Catholic charities, and long-time fighter for decent housing for the ill-housed, put their measure on the ballot the hard way. It was the only measure that got on the ballot exclusively through volunteer circulators and the third proposal to so qualify in recent political history. All other initiative measures on this ballot — eight of them — qualified through professional circulation, including the usual fee for such services, $75,000. Besides the initiatives, California voters were faced with 10 other measures placed on the ballot by the legislature. The housing initiative was there because some 6,000 people got almost 400,000 fellow Californians to sign housing petitions. These circulators, most of whom had never before taken any sort of personal political action, came from the American Veterans Committee, the A. F. of L. and CIO, from minority groups, church groups, and women's organizations.

The measure proposed to create a State Housing Agency, similiar to the ones now in operation in Illinois and New York, equip the agency with $100,000,000 bond-issue money in a revolving fund for loans and up to $25,000,000 in annual subsidy allowances (contrasted with New York's $50,000,000 loan money and $35,000,000 subsidy allowances). The State agency was to operate similarly to the United States Housing Authority as conceived in the Wagner-Steagall Act of 1937 and enter into contracts with local housing authorities, of which there are 65 in California, for the construction and operation of low-rent public housing. Essentially, there was nothing new and different in the proposed California law. It was drafted after careful study of other existing State legislation. It was based on California's housing authorities' 10 years experience gained in working with the Federal Government.

Working with Monsignor O'Dwyer for the passage of proposition 14 was an impressive array of civic leaders and State-wide organizations. Vice chairman and director of the northern California campaign was Langdon W. Post, former tenement house commissioner in New York City and former west coast regional director of the Public Housing Administration. Post is presently a private-home builder operating on California's Monterey Peninsula. Actively supporting the measure was San Francisco's district attorney, Edmund G. "Pat" Brown (often spoken of as the Democratic candidate for governor in 1950), who has vainly tried to enforce the State building code and clean up the slums through the exercise of his police powers. Robert E. Alexander, prominent Los Angeles architect and president of the Los Angeles City Planning Commission, served the committee as secretary, while Capt. Edward Macauley, United States Navy, retired, wartime member of President Roosevelt's Maritime Commission, was treasurer.

Leading the groups that worked diligently in behalf of housing were the California League of Women Voters and the American Veterans Committee. The San Francisco Council of Churches, the Northern California Council of Rabbis, the California Council of Social Welfare, the San Francisco and the Los Angeles Archdiocesan Councils of Catholic Women, the Congregational Church's Committee for Christian Democracy, the Department of Christian Social Relations, Episcopal Diocese of Los Angeles, the NAACP, the A. F. of L., the CIO, the railroad brotherhoods, and the Jewish War Veterans comprise but a brief list of the organizational backers of the measure.

Most significantly, the passage of proposition 14 was one of the main planks of the State's Democratic Party, adopted at their State convention shortly after the national

convention in Philadelphia. Every echelon of the Democratic Party in the State was pledged to work actively to secure the passage of the measure.

How did the real-estate men beat this line-up?

Fundamentally, it was simple. The real-estate boys threw everything their pocketbooks could buy at the voters. According to reports filed with the California secretary of state in accordance with the California election law, the opponents of proposition 14 spent well over $100,000 in Los Angeles County alone while the proponents were doling out $25,000 for the entire State.

They operated through several committees for home protection, which was backed by solid endorsement of the State Republican women, State and local chambers of commerce, the American Legion and leaders of the VFW, the AMVETS, the DAV, and in the final weeks of the campaign, every private enterprise organization that could conceivably be affected by "socialized housing."

Smear, fear and confusion—these were the three techniques of the propaganda line.

Such national smear experts as Herbert U. Nelson, executive vice president of the National Association of Real Estate Boards, and Fulton Lewis, Jr., radio commentator, were imported to blast the "Communistic" plot led by Monsignor O'Dwyer.

Nelson had just returned from Europe, where he had made a study of the housing situation. In the California housing fight he emphasized an important change of attitude on the part of the Soviet leaders. They were beginning to permit individual home ownership, which proved to Nelson that public housing does not work because even the Russians are giving it up.

Mr. Lewis gave proposition 14 his full treatment. He described the proposed law as grotesque and fantastic and likened it to such governmental flops as the Tennessee Valley Authority and the Federal Slum Clearance Act of 1937. But once his natural enthusiasm against anything progressive ran away with him. On his Nation-wide news commentary broadcast in mid-October—on that particular night unsponsored—he hit such a high (or low) in red-baiting and name-calling that local California radio stations were flooded with protests. The results caused some gray hair at Home Protection headquarters. FCC regulations requiring equal time to all sides in a political controversy were pointed out to the Mutual-Don Lee System and Monsignor O'Dwyer was given 15 minutes of free radio time over their 20-station California hook-up, $2,500 worth of radio time the housing initiative committee could not afford to buy.

Concerned with what Monsignor O'Dwyer's distinguished leadership would mean to the church vote, the Los Angeles Committee for Home Protection used a red brush liberally as it addressed a letter to every parish priest in southern California: "* * * I do not like to stigmatize this measure as communistic, but I am sure that you will conclude that it does have many of the aspects of Russian ideology if you will take the time to read the pamphlet herein enclosed. Incidentally, this constitutional amendment was drawn up with the aid of the notorious Communist, Leo Gallagher, and his partner, Mr. Margolis."

Incidentally, neither Gallagher nor Margolis had anything to do with the campaign, much less the drafting of the bill, even though everyone connected with the campaign was titled "communistic" or "Communist duped" before the show was over.

Close to smear came the fear campaign. They tried to scare the voters into believing that the passage of proposition 14 would mean that they would live the rest of their days under the dictatorial whim of a board of five housing commissioners (the bill provided that they would be appointed by the Governor), that cheap labor would flood California in search of free housing, that the voters would be subjected to outrageous taxes, that they would probably lose their homes, that, in short, the entire economy of California would be permanently wrecked.

The confusion element was, in part, the fault of the drafters of the bill. Long, detailed, and involved, the measure was perfect for the purposes of those who wished to take a clause out of context and point with horror. Avoiding the real issue, that there was a need for housing for families who could not afford the private product, the home-protection speakers insisted that private endeavor was building low-cost housing. But they neglected to mention that such housing was miles away from most employment opportunities. Ignoring accepted statistics they insisted the housing shortage would be over in a very short time.

One of their most effective out-of-context weapons was a clever misquotation on the financial arrangement of the proposed State housing agency. After being advised informally by an attorney of the State legislative council office that the fund requirements as stated in the bill would in no way affect the public schools' first call on State moneys, the Home Protection Committee told voters the direct opposite.

Their own funds were a problem for a while to the committees for home protection. Their pleas just didn't seem to work. But they finally hit upon an effective scheme. They had a poll taken. Results of the poll, they claimed, showed that 60 percent of the voters were in favor of proposition 14 (this was 6 weeks before the election). With this ammunition they went to their supporters and said, "We'll never raise $200,000 from among the contractors and realtors, the savings and loans, the banks and the rest of them on $5, $10, and $25 gifts. You have had bad news and your life is at stake." These groups were told emphatically that the passage of proposition 14 would put them out of business and that it ought to be worth 10 percent of their anticipated gross this year to stay in business next year.

Further, they were told that since this campaign was so directly a threat to their businesses that all donations would be income tax deductible as a cost of remaining in business. It is not definite at this point as to whether the Bureau of Internal Revenue will go along with such thinking, but it is certain that those who gave money for the passage of proposition 14 enjoyed no such tax-exemption dreams.

This approach really worked and the money began to roll in, and the propaganda roll out.

The polls pointed their slogans in a new direction, too. At first their billboard and leaflet catch phrase was "Smash this left-wing Wallace scheme." Then they took their poll and found that people really wanted housing, that some people would vote "yes" just because it was a housing measure. So they switched to "For good housing vote no." Finally this was dropped in favor of "Don't pay somebody else's rent."

This threat of socialism threw into gear a machine no political party or candidate could dream of owning. Through the utilization of normal channels of business organizations, which included many groups traditionally identified as nonpolitical, the anti-14 forces were able to reach hundreds of thousands of voters directly.

Led by the California Savings and Loan Association, every savings and loan company mailed to each of their depositor members bulletins and warnings against the dire evils of proposition 14.

During the last week in the campaign over 10,000 apartment-house landlords through the Apartment House Owners Association in southern California tucked under the doors of their 150,000 tenant families sample eviction notices. They said that the tenant might be evicted if proposition 14 passed—and quoted out of context to "prove the point" through the eminent domain provisions included in the proposed law.

Similarly, leading doctors sent a letter to all doctors, pointing out that this was but one step from socialized medicine.

All insurance brokers got a letter from one of their colleagues that started out: "As an insurance man and a key figure in your community, in contact with many individuals and business firms, you should, in your own interest, do everything possible to defeat proposition 14 on the November 2 ballot." It continued later in the letter, "Proposition 14 sets up a supergovernment in California which can eventually control every phase of construction and home building. It means that the State, sometime within the next 50 years, can take over the insuring of property. It is easy to see the disastrous effects of such a measure to our insurance business."

Credit associations, chambers of commerce, merchants associations, trade associations, every organized individual-enterprise business group joined the propaganda parade.

It may come as a surprise to some that all of the major veterans' organizations of the State except the American Veterans Committee and the Jewish War Veterans were used one way or another against the public housing measure. It should be a surprise because every one of these groups has gone on record nationally in favor of public housing, the Legion as late as their national convention in Miami this fall.

The real-estate boards operated primarily behind the front of their committees for home protection. The only State-wide organizations with a broad base and broad appeal to be in front of the opposition's front were the veterans' groups. There is no question but that the continued repetition of the names of the Legion, the VFW, the AMVETS, and later the DAV in opposition had a serious effect on the outcome of the election. The home-protection boys repeated "this is not a veterans' bill" over and over again with deadly results, although the measure had never been claimed to be exclusively for veteran aid. One piece of literature turned out by the committee for home protection had the following to say: "The American Legion says: 'Vote "no" on the Bolshevik proposition No. 14'; the Veterans of Foreign Wars say, 'Proposition No. 14 is a racket'; J. W. O'Sullivan, AMVET housing director, says, 'Proposition No. 14 is a communistic scheme.' "

The Legion, actually, was the only veterans' organization that came out flatly against the bill. The DAV voted in convention in favor of the bill in July—but their State commander announced that he, and, therefore, his organization, was opposed in October. The VFW and the AMVETS officially took no action.

The Legion story is a lesson to amateurs in politics. For 3 months the Legion State housing commission, appointed by the State commander and under the chairmanship of Ferris Sherman of Tulare, studied the bill in detail. No other group that either endorsed or opposed the measure took as much pains to find out all the details as did the Legion's housing commission. At the end of their studies the members of the group voted, not an endorsement, but a recommendation to the coming State convention that the measure be endorsed. They felt that proposition 14 was good legislation, necessary, and in the interests of the veteran and the general public.

Prior to the State convention three southern California districts, representing roughly 120 individual posts, actually endorsed proposition 14.

Came the State convention. The proponents of proposition 14 felt safe—the Legion endorsement was in the bag. But the real-estate lobby had been busy. One of the first orders of business of the convention after it convened was the appointment of a new housing committee to serve just

for the convention and made up of some 30 or 40 men, only one of whom had been a member of the housing commission that had studied the measure so thoroughly during the year. The time of the meeting of this committee to study proposition 14 was not generally announced. Nevertheless, it just happened that at the exact time that the group did meet a fancy luncheon was being served on the other side of town for distinguished Legionnaires. In retrospect it was found that every member of the previous year's housing commission who might have influenced the new group was a distinguished Legionnaire, and of course, at the luncheon, a luncheon sponsored by the Home Builders Institute of San Francisco. That's just about the story. The new committee passed out a damning resolution of opposition which was later rammed through the convention.

At the VFW convention the story was much the same but not quite so lurid. A resolution for endorsement was handed in by the Sacramento County Council. The chairman of the resolutions committee turned it over to a subcommittee of one for report. The subcommittee was a State assemblyman, long an opponent of public housing in the State legislature. Between the subcommittee and the chairman of the resolutions committee the endorsement was killed and never got to the floor of the convention.

The DAV had its State convention early in the summer. Monsignor O'Dwyer's group was informed that the DAV had endorsed proposition 14 as a part of the report of the DAV housing report. From then until 2 weeks before the election the DAV was listed as supporting the housing initiative. Then the State Commander, "Tex" Rose, issued a statement in flat opposition. The State adjutant called the proponents' headquarters and told them to stop using the name of the DAV. During the protesting days that followed nobody at DAV headquarters was able to find the minutes of the State convention wherein the endorsement occurred. The real-estate lobby won another round.

Spearhead of the veterans' drive against proposition 14 was J. W. "Bill" O'Sullivan, State housing chairman of the AMVETS. O'Sullivan, a building materials saleman, was a veteran speaker for the Committee for Home Protection and as such got $25 a speech. Although his organization never did take a position one way or another on the bill, O'Sullivan was generally introduced in his capacity as AMVET housing chairman. At an AMVET State executive board meeting in October, his fellow AMVETS were so incensed at his behavior that a resolution was introduced demanding his ouster. In the interests of preventing bad organizational publicity, however, the resolution was dropped on the promise from O'Sullivan that he would no longer speak in his official capacity. But the damage was largely done by that time.

The real-estate lobby has made California safe from the menace of public housing, at least for a while. Now they are getting ready once again to do the same for the whole United States.

Milton J. Brock, of Los Angeles, president of the National Association of Home Builders, fired the first post-election shot in this campaign when he called a press conference in Washington, D. C., on November 15. Gleefully he told reporters, "The people turned it (proposition 14) down even in the face of their tremendous need for housing. If ever there was a State that felt the need of public housing, California is in that category. The results would have been the same if the issue had been put to a test anywhere in the United States."

Correspondent Frank Rogers, of the Los Angeles Daily News, one of the few metropolitan newspapers of the State that supported the measure, summed up, "Brock called the press conference to express his delight at the defeat of proposition 14 and to reaffirm his organizations's opposition to all forms of Federal participation in the housing business—except the financial end."

In the week following the election, local real estate board presidents throughout California were identically quoted in their various local newspapers. After inserting their own names, they handed out a release prepared in their State headquarters: "The eyes of the Nation were on California during the election campaign. Builders and realtors of the country awaited the electorate's decision as to whether socialized housing would be allowed."

It cannot be denied that coming battles in Congress definitely will be affected by the interpretation the California Real Estate Association has given the California election. The National Association of Real Estate Board directs Washington anti-public-housing strategy. Twenty-five percent of the national real estate organization's membership comes from California. And this machine is warmed up and ready to go.

They won their fight in California while the voters were electing progressive Democratic candidates. They won their fight in the Democratic Seventy-ninth Congress and in the Republican Eightieth Congress. They feel confident that they have the combination that can repeat in the Eighty-first Congress.

Mr. Chairman, the real-estate lobby was able to kill the housing initiative in California. The money spent to defeat proposition 14 will never be tabulated, but it must have run close to a quarter of a million dollars.

The proposition itself was never the issue. Nobody really discussed that. It was "socialism" and "communism" and "bolshevism" and "mortgaging your children's future" and "paying someone else's rent." That was the campaign carried on.

Where the issues were discussed, and they were discussed in the Fourteenth California District, which is the district I am proud to represent, the proposition carried.

The same kind of campaign is being leveled against the Congress of the United States, but this time the forces of reaction and greed will not prevail.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Chairman, I have the honor to represent the Third Congressional District of Oregon, in which the city of Portland is located. It has a large urban population and by reason thereof the citizens of the district are deeply interested in the public-housing question and the bill H. R. 4009, which we are now considering. As in other districts, some of my constituents are for the objectives of the bill, others are opposed. I have advised them that I am endeavoring to keep an open mind on the problem until the legislation has been explored both by the committee and on the floor and until all of the provisions to be included in the bill have been decided upon.

Oregon has had the largest percentage of increase in population since the war of any State in the union, practically 50 percent. The major part of this increase is in my congressional district, which has accentuated the housing problem. The building industry has done a good job in house construction in Portland. Low-priced houses for purchase or rent are still in demand. I want to protect private industry and enterprise and also have adequate low-cost housing for low-income groups and clean up the slum areas.

Pursuant to authority heretofore given, I am including as part of my remarks a statement by the Honorable Dorothy McCullough Lee, mayor of the city of Portland, and a telegram from the Portland Housing and Planning Association, both in favor of the legislation, and a letter from the president of the Portland Chamber of Commerce advising that the board of that organization is opposed to H. R. 4009.

THE UNITED STATES
CONFERENCE OF MAYORS,
OFFICE OF THE EXECUTIVE DIRECTOR,
Washington, D. C., June 22, 1949.

Hon. HOMER D. ANGELL,
House of Representatitves,
Washington, D. C.

DEAR CONGRESSMAN: In a survey which we have made dealing with the need for slum clearance and housing, I have received the attached statement from Mayor Dorothy McCullough Lee of Portland. In your consideration of the housing bill, I thought that you would find this statement of factual interest since it deals with the problem in Oregon's major city.

I am,
Faithfully yours,
PAUL V. BETTERS,
Executive Director.

In recommending early passage of the Housing Act of 1949, H. R. 4009, we have in mind the extended hearing, exhaustive investigation, and full debate, in and out of Congress, which have been devoted to the basic principles and provisions of this measure during the past 4 years. We are fully aware, too, of the bipartisan support which has characterized the proposed general housing bill, presented since 1945. The need for declaration of a national-housing policy and objective, with means for attaining them, is one of the major problems before the Eighty-first Congress. Limited improvements made through passage of the Housing Act of 1948 did nothing to provide aid in the principal problem areas of housing—low-rent public housing, slum clearance, and redevelopment of blighted areas, housing research, and farm housing.

H. R. 4009 constitutes the first step toward meeting these pressing needs and points the way toward fulfillment of one of the basic tenets of democratic government—that it should do for the people those things which they cannot do for themselves.

The housing needs of Oregon and Portland differ only in degree from those in other parts of the Nation. In August 1947, when Oregon's population increase stood at 33.3 percent over 1940, the immediate housing need was estimated at 108,996 new dwelling units, merely to obtain the same ratio of dwellings to families that existed in 1940. As of today, Portland's population increase is approximately 50 percent over 1940. The Columbia River flood of May and June 1948, wiped out 6,353 dwelling units, 5,304 being temporary Federal units in Vanport (19,500 people in that one project alone, as of the time of the flood), occupancy of which was 55 percent veterans.

Prior to the war, only about 2,000 dwelling units were constructed in any one year in Portland. In 1948, permits were issued for 3,075 dwelling units. Private industry has tended to limit its building activities to the higher-price levels, where adequate profit can be made. It has not been able to operate profitably in the lower- and middle-income

field, where the greater part of the need exists. It is our conviction that this greater need can be met only through further governmental aids, as proposed in H. R. 4009.

DOROTHY MCCULLOUGH LEE,
Mayor of Portland.

PORTLAND, OREG., *June 22, 1949.*

Hon. HOMER ANGELL,
House Office Building,
Washington, D. C.:

After careful consideration this organization with more than 30 years work in the field reiterates its previous postion on general housing legislation, therefore we urge your support and vote for House bill 4009 as essential step towards improving local intolerable housing situation.

PORTLAND HOUSING AND
PLANNING ASSOCIATION,
MRS. JOHN CATLIN, *Secretary.*

PORTLAND CHAMBER OF COMMERCE,
Portland, Oreg., May 31, 1949.

The Honorable HOMER ANGELL,
House of Representatives,
Washington, D. C.:

DEAR MR. ANGELL: The legislative committee of this chamber, and today the board, have considered H. R. 4009, the Federal housing bill.

We wanted to pass on to you the opinion that H. R. 4009 would place the Federal Government too deeply in competition with private enterprise in the housing field. There were discussed instances of high cost private home construction and parallel and related instances of very excessive cost of Government construction of housing projects which are well known to you and have been the subject of discussion before Congress in past years.

The bill is regarded here as one which extends the principles of socialism deeply into our present economic governmental set-up. It is argued here that private industry has been making very substantial strides in meeting the housing needs and it can and will continue to do so unless forced into inactivity by a Federal housing bill pitting Federal funds against those of private builders.

Our board wishes you to have these views as a matter of information and as an expression from one organization which arrives at its conclusion in opposition to H. R. 4009 only after extended consideration of the contents of that bill.

Yours sincerely,

ALBERT BAUER,
President.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. GOODWIN].

Mr. GOODWIN. Mr. Chairman, I shall vote against this bill. I will not knowingly commit my people to take another long step down the road toward a welfare state. Even if I felt that the bill provided a program which I deemed to be a proper one under our system of free economy, and not, as I am satisfied it is, a dangerous piece of experimentation with an alien ideology, I would still oppose it on the ground of economy.

I could not continue in good conscience to write my constituents as I am doing every day that I agree with them in favoring the recommendations of the Hoover Commission to save three or four billion dollars and then vote for this bill to burden the taxpayers with a new expenditure estimated at $16,000,000,000 over a period of years.

This country is headed for deficit financing with a consequent further devaluation of the dollar unless we either increase taxes or curtail spending. There is no doubt in my mind as to what the rank and file of the people want. And I am sure they are depending upon us to do it. My mail is becoming increasingly heavy with requests that I vote to cut the cost of government. One exasperated constituent writes to propound a query as cogent as it is curt, "When are you going to stop spending my money?"

If this bill passes every taxpaying citizen is going to be handed a bill to pay somebody else's rent. Such a proposition certainly jars the sensibilities of those of us who have been brought up to believe that America has grown great and strong through the exercise by her citizens of the principles of thrift, industry, and personal initiative. But more than that, the other fellow's rent bill will be for rent in housing put up by the Government at perhaps double the cost for housing built by private industry. Nobody has yet found anything which the Government does which does not cost more than if it were done through private enterprise.

However, the argument of economy need not be urged because the bill should be vigorously opposed on other grounds.

There is an element of deception in the bill. A pitifully small number compared with the number of those who will pay the bills will ever directly benefit, and those relatively few will probably not be those most deserving.

The bill threatens the nationalization of the building industry. Private builders have done a splendid job in home construction and will continue to do so and will lick the housing shortage if encouraged by the Government. But there is no encouragement to private builders in this bill which threatens to deprive them of the men and materials which will be used instead for public housing.

We are here today establishing congressional policy. If this bill passes we will be making it that much easier for a spending administration to carry out its apparent design to set up a welfare state, further pyramid an already topheavy, overlapping bureaucracy and take more billions away from the taxpayers to build our homes, finance our schools, and pay our medical bills.

There is the danger. Bureaucracy begets bureaucracy. The welfare planners take renewed courage with each advance toward the welfare state. Not only will this bill, if enacted, be simply the start toward an ever-expanding political, public-housing empire, but it may serve to pave the way for similar experimentation with planned economy in the other fields now being cultivated by the planners where more power may be centralized in Washington for projects to be financed by public funds. Let us not let the camel get his nose under the tent.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. GWINN].

Mr. GWINN. Mr. Chairman, today or next week at the latest we shall decide whether to abandon, for a long time, liberty under God, self-government, self-responsibility, and individual production of property and responsibility for its disposition. Shall we abandon liberalism? "Liber" means "free," "al" means "pertaining to freedom," and "ism" means the system of freedom.

Must we resort to the only other alternative available to us, and that is the management of the individual's production, his houses, by the crowd, the leader of which shall apportion the production of the free individual in the name of administering charity or satisfying his conscience that he is doing good at the expense of others—and while he is doing it, making an excellent living for himself and accumulating to himself power and further political position.

Those who play in this drama are dramatizing the slums as the moral excuse for the crowd to take over the individual's property under liberty, to clear the slums lest the disease spread and infest the whole of our society. In that way they hope to establish a right to exercise health and police powers under the Constitution.

But this bill, based on the experience of the Housing Authority in the past, eliminates the clearance of slums as specifically provided for in the present law by this language which I read from the law itself:

> That no capital grant shall be made for the * * * construction of new dwellings unless the project includes the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings situated in a locality or metropolitan area, substantially equal in number to the number of newly-constructed dwelling units provided by the project.

That is blocked out in the bill now being considered.

Now, the building authorities can go out into the broad field in the first step of making a chain of poor houses for all of us—a million this year, a million next year, and a million for many years to come. This is no longer a project for the poor. It never has been a project, really, for the poor, because the poor cannot even pay enough rent to keep the projects going even when you charge one-half of the proper rental under Government subsidy. The charity which has to be administered must still be administered by churches and by private citizens. This is a program of socialized housing into which we must all, eventually, move, because the construction of houses under liberty is at this moment dead. It has been dead, and we are not going to kill it in this step—it has been dead for 8 years. It was 8 years ago that we destroyed, substantially speaking, individual construction in this field of our economy.

Seventy percent of all the financing of all the houses which were built since the war have been built on Government credit. No one will build a house today for rental. No one can depend on what the Government is going to do either in regulating rents against the private owner, while it exempts itself from regulation, or setting the rents that will be charged next door to a house owned by an individual for investment. Individual freedom has not failed society. Government itself, with its building projects, and with its management of this branch of our economy, has itself created the

slums and created the difficulties which never will be cured until we restore and revive and reestablish confidence in contract rights, property rights, and the right of the individual to produce and manage his own property so that he can depend upon it for himself for life and for his children after him.

To make this charity look good, the boys in this play took to the sky. Instead of crying out from the housetops about the charity they were going to do at the other fellow's expense, they cried out from the sky and fooled the people again, and told the poor people that they were going to have houses.

The Government cannot give charity. Only the individual can. Political charity screams from the sky and from the house tops to the 557,000 tenants the Government now has.

"Appreciate what we have done for you and believe you we are going to give you 1,050,000 more. Appreciate us. Vote for us. We are giving you charity and crying out about it in typical political form."

Judging from the speeches on the floor, next in importance to the drama of slum clearance is the question in the minds of the Members of whether public housing is socialist.

The CHAIRMAN. The time of the gentleman from New York [Mr. GWINN] has expired.

Mr. WOLCOTT. I yield the gentleman one additional minute.

Mr. GWINN. Nobody wants to confess to socialism, and we dissolve what we are doing as socialism by saying, "Look at the company we keep. Look at the others who are supporting this project. You cannot call them Socialists."

Let me read to you what socialism is. We have not stopped to define it. Here is the Socialist platform itself of 1948:

> Basic Socialist demands. The basic industries—and building is one of the five—public utilities, banking and credit; credit is almost completely taken over—70 percent at least—and all the economic facilities needed for the satisfaction of the fundamental requirements of the people must be socially owned and democratically managed.

Gentlemen, are we going Socialist? Are we deeply into socialism now? Shall we return to liberalism?

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman and Members of the House, the bill to establish a national housing objective, now under consideration, is one of the most important measures to come before this Congress. Tremendous influences, both for and against, have been at work. I think every argument that could be made, either for or against the bill, has been made. This fact together with the knowledge that many of these arguments by proponents and opponents have real merit creates a situation of more or less confusion as to what is the right course to pursue.

I have examined all of these views with great care and sincerity. I am convinced that notwithstanding the admirable job that has been done in providing housing units by private industry the fact, nevertheless, remains that there is a great segment of our people who have not been adequately taken care of. The housing and apartment building that has taken place has gone a long way in providing living quarters for those above what is termed the low-income group. But the houses and apartment dwellings that have been built either sell or rent at a figure that is far beyond the ability of the low-income group to pay. Private industry cannot be expected to build except upon a basis that will provide a profit in addition to the cost of production. That is the very basis of private enterprise. Consequently, attention must be given to some other means of meeting the situation than now exists. That is what this bill and some of the substitutes offered seek to do.

The problem that confronts us includes also what is termed slum clearance. Slum areas exist in all of our cities, and, in some districts that are not even cities. Their presence is a disgrace to our American civilization. I have seen sights and conditions in such areas that cause me to hang my head in shame as a citizen of this great Nation. I would not have believed that such conditions existed had I not seen them with my own eyes. I do not believe that our citizens, in any considerable number, know of these conditions. If they did they would rise up and demand in no uncertain terms their elimination. These places are the breeding places of crime and disease. The children in these areas, future citizens of America, are entitled to better living conditions. We pride ourselves as the greatest, richest and most powerful Nation in all the world. We give aid and assistance to the needy nations of the world, and, then, permit conditions such as I have described to exist. Whatever may be our obligations throughout the world we cannot, and should not, longer overlook the obligation we have to provide housing conditions that will enable our children to be brought up in a manner that will inspire and encourage that type of citizenship that will give strength to our national character.

This matter of housing should not be considered on the basis of partisan politics. Both the Republican and Democratic Parties, and all other parties as well, committed themselves in the last presidential campaign by their respective platforms to a housing program. As a member of the Republican Party I am proud of the stand that was taken by my own party in this respect. It set forth its commitment to this policy in the following language:

> Housing can best be supplied and financed by private industry, but the Government can and should encourage the building of better homes at less cost. We recommend Federal aid to the States for local slum clearance and low rental housing programs only where there is a need that cannot be met either by private industry or by the States and localities.

This is the very purpose of the bill now before us. However, I am of the opinion that in some respects it should and probably will be greatly improved before finally acted upon by the House. This can and should be done, however, in a manner that will not destroy the fundamental objectives.

There has been much loose talk about the bill being socialistic in character. I cannot agree with this contention. Too frequently the claim of socialistic has been sought to be attached to any and all legislation that is progressive in character. I remember when legislation was proposed in my own State, many years ago, for Workmen's Compensation in case of injury, that it was termed socialistic. Today it is recognized as one of the many established rights with no thought of socialism. Many other similar illustrations could be given.

Furthermore, probably the best answer to the claim that it is socialistic is knowledge of the many worth-while national organizations supporting the objectives of this proposed legislation. They are as follows:

American Association of Social Workers.

American Association of University Women.

American Council on Education.

American Council on Human Rights.

American Federation of Labor.

American Home Economics Association.

American Legion.

American Municipal Association.

AMVETS.

American Veterans Committee.

Congress of Industrial Organizations.

Council for Social Action of the Congregational Christian Churches of the United States of America.

Council for Christian Social Progress, Northern Baptist Convention.

Department of christian social relations, women's division, Methodist Church.

Department of christian social relations, United Council of Church Women.

Division of social education and action of the Presbyterian Church.

Family Service Association of America.

Federal Council of the Churches of Christ in America.

Jewish War Veterans.

League of Women Voters.

National Association for the Advancement of Colored People.

National Association of Consumers.

National Association of Housing Officials.

National Association of Jewish Center Workers.

National Association of Rural Housing.

National Conference of Catholic Charities.

National Council of Housing Association.

National Council of Jewish Women.

National Council of Negro Women.

National Farmers Union.

National Federation of Settlements.

National Institute of Municipal Law Officers.

National Lutheran Council.

National Housing Conference, formerly National Public Housing Conference.

National Women's Trade Union League.

National Association of Parents and Teachers.

United States Conference of Mayors.

Veterans of Foreign Wars.

National Urban League.

National Board of the Young Women's Christian Association.

Our Nation today is foremost among the nations of the world. To look back over the years is to be convinced that throughout our entire history there has been an ever continuing effort to promote the welfare of our people. The founders of our Nation did not consider it socialism or any other kind of "ism" than Americanism to promote the welfare of our people. It was to accomplish this and many other worth-while objectives that the Constitution was adopted. The purpose and intent of the framers of the Constitution was clearly set forth in the Preamble to the Constitution, reading as follows:

> We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

My support of a national housing program at this time is based upon the proven need in the different areas covered by the legislation and a desire to promote the general welfare of our people. It is my hope that the administration of the law will be of the character that will give the results that the Congress intends.

Mr. WOLCOTT. Mr. Chairman, I understand there is only one more speaker on the majority side.

Mr. SPENCE. Yes; only one more speaker on this side.

Mr. WOLCOTT. Mr. Chairman, I yield myself the balance of the time on this side.

The CHAIRMAN. The gentleman is recognized for 22 minutes.

Mr. WOLCOTT. Mr. Chairman, I feel very keenly my own intellectual limitations in the presentation of this probably the most important issue which will confront the Congress at this session, but I hope I shall be given credit for being sincere and perhaps make up in my sincerity what I lack in ability to express myself.

Back in 1937 we had a bill of this character before us, at a time when the national debt was something under $30,000,000,000; at a time when we were doing everything we could to make employment and to bring us out of the economic doldrums; at a time when I do not think the majority of us would recognize socialism if we saw it. Being somewhat younger and somewhat more mentally agile than I am now, I made what I consider now a very brilliant and perhaps sentimental speech in respect to slum clearance. I think I convinced myself if I had not been convinced before, of the desirability of clearing slums, and in that respect I have not changed my attitude since. I believe there is not a Member of this House who does not want to see slums cleared, but we have got to be realistic about this bill. We thought that in the 1937 act we were making provision for the elimination of slums; and as the gentleman from New York [Mr. GWINN] has stated, we provided in that bill a mandate that slums should be cleared. Otherwise, none of the moneys made available could be used—unless the contract provided that there be a comparable demolition of slum units. Then came 1939; and I wish those who have quoted the remarks I made on this floor and elsewhere in 1937 would quote as sincerely and as fairly what I said in respect to it in 1939 when, because of disillusionment, when because of a realization that the administrators of USHA had not been intellectually honest with the Congress in the administration of the law; when, as a matter of fact, those on my right who are here today who voted the same as I did in 1937 condemning USHA in much better fashion than I could do it refused to consider its extension. And I want to call attention to the fact that there are 39 Democrats here today still in the House who voted against USHA in 1939. Now, if there is any question about my consistency, I want to know if those same 39 are going to vote consistently with the way they voted in 1939. They voted against it because in practice it was found to be unsound; that it did not clear the slums; and a majority of 32 on this floor after an hour's debate killed the rule in 1939; did not even discuss it here on the floor. It was so obnoxious, so un-American, so dishonest that a majority of this House voted against the extension of the bill. I take pride in the fact that headlines in the papers that circulated in my district at that time gave me more credit than I deserved in saving the country $2,700,000,000. That bill never saw the light of day again. All during 7 years—and although those on my right had big majorities in this House, it was not renewed.

Let us find out just about where we stand. The $2,700,000,000 which we saved in 1939 by repudiating this method of claiming to clear slums is a small fraction, relatively inconsequential, in comparison with the amounts involved in this bill.

Before I get into that, let me point out, as did the gentleman from New York, the provision that there shall be a comparable demolition of slums as provided in the USHA Act. You will find this on page 66 of the report. It is stricken from this bill. So there is no provision that slums shall be cleared. As a matter of fact, if you will refer to page 13 of the bill now before us you will find that in the making of these contracts no consideration shall be given to the demolition of slums until 1951. All contracts made before 1951 must under the mandate of the law not provide for any slum clearance. And there is no provision in the bill compelling the demolition of any slums after 1951. Therefore, let us not call this a slum-clearance bill.

You will notice this bill differs from the 1937 act in that it is called slum clearance and urban redevelopment. Bear in mind that from this moment until 1951 no slums can be cleared and after 1951 there is no mandate in the law which provides for the clearance of any slums. I defy anyone to seriously, conscientiously, honestly call this a slum-clearance bill.

Mr. Chairman, this is a bill to socalize one very important segment of our economy. The same forces which have belabored me for being solicitous as I hope I am in behalf of the American system have taken issue with me when I refer to this as a socialistic bill. I am merely reflecting what the Socialists themselves say about this bill when I say it is socialistic. Last year we had before our committee the Socialist mayor of Milwaukee, a very estimable gentleman, honest in his convictions, who told the committee at that time that he was for the bill because it was in keeping with his concept of socialism. So when I say this bill is socialistic, I am merely reiterating what the Socialists themselves have to say about it.

I have been sworn to protect and defend the Constitution of the United States, which according to my standards indicates the American system of government. This bill as it is written may cost $19,312,500,000. If certain amendments are adopted, which they say are going to be offered to cut it down to 810,000 units, the cost will be reduced to about $16,000,000,000.

For the first year under the bill as it is written we pledge ourselves to raise $666,000,000; 20 percent less if the amendments are adopted; but it does not make any difference whether this bill provides 100,000 units, 800,000 units, or 20,000,000 units, it is policy that we should consider here today.

What is the policy in respect to this bill? The proponents of it do not care whether it is a thousand units or 2,000,000 units. You legislate, as we do here effectively for the first itme, as a matter of policy that it is the obligation of the Federal Government to provide low-rent housing, including slum clearance, and for the first time effectively you will have created a new obligation on the part of the Federal Government.

So, once the declaration of policy has been legislated upon, the proponents of this legislation will see to it that you or your successors will expand this program sufficiently to take care of everyone who might come within the lower 20-percent bracket, which would mean the expansion of this program more than seven times what this bill provides for. If you multiply the $16,000,000,000 on the basis of a million low-rent-housing units by the number of times that they claim is necessary to take care of all within that bracket, you get up to the astronomical figure of $112,000,000,000 in possible commitments. Their policy is expressed.

I think we all recognize that the CIO has been about as active as anyone in behalf of this legislation, so let me read to you what Mr. Edelman, representing the CIO before the Committee on Banking and Currency, on April 27, 1949, said:

> Although we are strongly of the opinion that the number of units of public housing called for in this bill should be increased substantially * * * we are prepared to endorse the attentuated proposal so as to demonstrate that CIO can be as modest and conservative as the next man. Seriously,

however, our belief is that once this program is well under way it will develop sufficient political momentum of its own so that the Congress will automatically in the future increase and extend this authorization to whatever extent may be necessary.

I want to bring out one other point. I think if you will bring yourselves up to date on the finances of the Federal Government you will find that this bill cuts the pattern for an imminent approach to socialism. Let me follow that by saying that this country is within 7 percent of socialism today. I mean by that that no capitalistic system ever prevailed after more than 35 percent of the income of the people was taken for the maintenance of the Government. Almost 33 percent of the income of the American people today is being taken for the maintenance of Federal, State, county, and municipal Governments. There has been passed by this House and by the Senate, and there is pending in this Congress, legislation which has been reported out of committee which will bring that up to over the 35-percent point. Assuming that we are somewhat stronger than the other countries which have gone to totalitarianism, gone to statism, gone to socialism when they have reached 35 percent, assuming we can go up to 40 percent, Mr. Chairman, we are within 7 percent of socialism in this country, and I do not mean the socialization of any segment of our economy such as housing, medicine, agriculture, or industry.

I mean that when we approach 40 percent, or when we will have taken perhaps 38 percent of the income of the American people to maintain our Government, then this Government will collapse as we have known it, the American system will be all through, and you will go completely socialistic.

The course to me is clear. I am going to protect the American system even if it means political suicide for me. I hope that you who are just as zealous as I that the American system be preserved and will show enough courage to save America.

If you feel that you are going to commit political suicide, before you jump decide that you have one more thing to do. Let us get back down and do the one job that is before us today. We can commit political suicide or physical suicide any time. If we have the courage to do that, we have the courage to get back down and do the job that has to be done today, that is, to save America. Let us put our shoulder to the wheel, let us stop demagoging, let us get off the sentimental level, let us be realistic, let us be patriotic citizens and save the American system.

Mr. BARRETT of Pennsylvania. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BARRETT of Pennsylvania. Mr. Chairman, my visit on Wednesday with a bipartisan congressional group to the slum areas of New York and Philadelphia did not reveal much that was not already known to me. I have been completely aware of the long past need for redevelopment of blighted areas in my own city. However, I returned from this "refresher" tour more firm in my determination than ever not to compromise on the proposed program for Federal aid to housing. Already there are persons who are ready to postpone action on this urgently needed legislation by making offers of alternative legislation or emasculatory and damaging amendments. We must not permit ourselves to be deceived and detained by such subterfuges and tactics.

Is it not ironical that in the United States of America—the most prosperous Nation of the world, and in our most prosperous era—more than 5,000,000 low-income families are crowded into city slums or other substandard housing? South Philadelphia contains areas which are indicative of the unhealthy, inhuman manner in which millions of other Americans are forced to live. Prices and rents of decent housing, new and old, are just too far beyond the financial reach of these families.

As virtually no progress has been made in the clearance and redevelopment of slums, and millions are still living doubled up and under disgraceful conditions, immediate remedial action must get under way. The mere establishment of local codes for minimum standards of health, safety, and sanitation is not sufficient to alleviate these conditions. As private enterprise has made no mentionable contribution toward offering decent, low-cost housing, we are left with no alternative but to authorize Federal financial assistance to communities to start on a slum-clearance program. In my own district—South Philadelphia—such a program would relieve the many technical, social, and economic problems confronting the families resident there. The inhabitants of slum areas do not live there by choice but rather from economic necessity arising out of their ability to pay even the lowest rents at which decent housing is available. Many respectable citizens of superior intellect and higher social acceptability are compelled to live and raise their children midst the minorities who are less ambitious and have less respect for law and order. I do not believe that crime waves and juvenile delinquency would be completely annihilated by clearance of the slum areas, but there is no doubt that they would be greatly curtailed.

There is also the factor of those persons who have exceeded the income limitation in existing public-housing projects, such as the Tasker homes in Philadelphia, who are requested to vacate and would gladly do so except for the fact that they have no other place to go because of inadequate housing facilities.

The appalling sights witnessed by our group did not spring up since the beginning of the Eighty-first Congress. These conditions have prevailed for many years without any serious effort on the part of private enterprise to rectify them. The recent international conflict was the only legitimate excuse for not having launched an all-out, determined, and unceasing campaign to improve the standard of living of the millions of Americans living under disgracefully miserable, and mentally, morally, and physically unhealthful, conditions.

H. R. 4009 is a comprehensive plan for essential Federal assistance which will provide decent homes and satisfactory home environments for the American people as a whole. I wholeheartedly recommend its immediate enactment.

Mr. GRANAHAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GRANAHAN. Mr. Chairman, any doubts as to the wisdom and benefits of public housing held by any Member of this House would have been quickly dispelled if he had accompanied the group of us who made a survey of congested sections of Philadelphia and New York on Wednesday of this week.

We saw the slums of these great metropolitan centers in all their grime and filth and unspeakable squalor. And we saw the contrasting cleanliness of conditions in former slum areas which have been rehabilitated by housing projects.

But even more striking was the difference in the spirit, the outlook on life, of the men, women, and children living in those opposite types of areas.

No one who has acquainted himself with the facts, by personal investigation, could ever give the slightest consideration to the ridiculous propaganda that public housing deprives its tenants of their personal liberty.

The individuals fortunate enough to dwell in public housing projects in Philadelphia and New York after having lived in the slums are living a new life. They are proud of their homes, where before they were shameful. They are happy where before they were bitter. They are self-respecting where before they were miserable.

They hold their heads high because they are free—free of the menace of disease, delinquency, vice, and crime—free of the hazards of fire and other dangers bred under insanitary conditions.

So instead of becoming creatures of the State, as the housing lobby would have us believe, they become better citizens and better Americans, no longer prey to the wiles of communism which thrives under the very conditions that public housing eliminates.

The value of these improvements cannot be measured alone in dollars and cents, but must be computed also in terms of the human resources saved and the national security strengthened. But even if considered only on the monetary basis the calculation is all in favor of public housing.

The largest outlays by the Federal Government, in the form of loans, are to be repaid to the United States Treasury. And the expenditures by local governments themselves will be reimbursed many times over in savings on services now required to slum areas. It has been shown in official studies that slum areas pay only about 6 percent of municipal taxes, whereas they absorb about 40 percent of the cost of local government.

The reduction in the Nation's bill for crime, fire losses, juvenile delinquency and disease that will result from the program under this bill will be reflected in increased national income and, consequently, in increased income tax revenue.

Private enterprise will benefit generally, not only by the increase in these standards, but also specifically from the large-scale construction.

And, finally, in spite of the lies so assiduously spread by the opposition, all of this will be accomplished under the direction of local housing authorities and local governments. A former Member of this House, now Mayor D'Alesandro, of Baltimore, has testified before our Committee on Banking and Currency on behalf of the United States Conference of Mayors that the municipal governments of the country are eager and anxious for the enactment of this bill.

So, Mr. Chairman, I hope all my colleagues will consider that in voting on this measure they are answerable to their people back home.

Mr. SPENCE. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I send two letters to the desk and ask that the Clerk read them.

The Clerk read as follows:

THE AMERICAN LEGION,
NATIONAL HEADQUARTERS,
Indianapolis, Ind., June 20, 1949.

Hon. BRENT SPENCE,
Chairman, House Committee on Banking and Currency, House of Representatives, Washington, D. C.

DEAR CHAIRMAN SPENCE: I take this opportunity to reiterate the American Legion's firm support of H. R. 4009 and to convey our appreciation for the splendid fight you are making in behalf of this legislation.

It would be an irreparable tragedy if the organized, and to a great extent synthetic, campaign against the measure were to succeed now in distracting Members of the House from its essential soundness and purpose. The 1948 National Convention of the American Legion went on record in favor of legislation providing for a balanced and realistic program of Federal, State, and local aid for the provision of decent housing, including necessary community facilities, for families of low income, with a first preference among those eligible being given to veterans. In our judgment, the provisions of H. R. 4009 are an indispensable part of such a program.

In its present form the bill provides for a 5-year limit on occupancy preference extended veterans. In view of the continuing nature of the veterans' need in this instance, and of the time lag which would occur between enactment of the law and completion of housing units, the American Legion trusts that the legislation will be strengthened on the floor of the House by an amendment abolishing the preference deadline.

President Truman has properly exposed the motives and techniques of those attempting to kill the bill. Against the fiction of their claims is the fact that hundreds of thousands of American families, including many veterans, are enduring an ordeal from which they cannot escape without outside help. It is our hope that before voting on this measure, the Members of the House will weigh the relative merits of pressure put upon them by propaganda and the hardship exerted by inferior living accommodations upon thousands of American families.

Sincerely yours,

PERRY BROWN,
National Commander.

AMERICAN FEDERATION OF LABOR,
Washington, D. C., June 17, 1949.

Hon. BRENT SPENCE,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN SPENCE: I want to express to you my deep personal concern that the housing bill (H. R. 4009) be enacted at the earliest possible moment. In line with its long-standing policy, the American Federation of Labor adopted a resolution at its sixty-seventh convention last November calling for an effective slum-clearance program and a million-unit public-housing program.

There are some who, though in sympathy with H. R. 4009, are concerned with our ability to finance this program. I believe their fears are entirely unfounded. As the attached table indicates, actual Federal appropriations authorized by this bill are relatively small. At the peak of the program in 1954, total Federal expenditure for slum clearance and low-rent public housing could conceivably reach a maximum of $500,000,000. Even that is only about 1 percent of the present Federal budget.

Two serious misconceptions have caused some people to exaggerate the cost of the program. First, loans to localities for public housing and slum clearance are fully repayable and represent not 1 cent of actual Federal expenditure. Second, individuals have distorted the cost by avoiding the customary discussion of the year-to-year expenditures authorized by the bill, and calculating instead an altogether artificial total cost by multiplying the maximum possible expenditure for any one year by the total period of the public-housing authorization.

We confidently expect that the amount of funds expended for this program will pay for itself many times over by improved health conditions, reduced juvenile delinquency and crime, and lowered fire costs. On behalf of the 8,000,000 members of the American Federation of Labor, I respectfully urge you to vote for H. R. 4009 without amendment.

Sincerely yours,

WM. GREEN,
President, American Federation of Labor.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. SPENCE. I yield to the gentleman for a unanimous-consent request.

Mr. SMITH of Wisconsin. Mr. Chairman, as a member of the American Legion since 1919, I repudiate the statement made by Commander Brown, and I think he is talking through his hat.

Mr. SPENCE. Mr. Chairman, we have heard the prophets of evil and the predictors of disaster. The policy of the opponents of this bill seems to be that if they cannot persuade you, they will try to scare you. I wonder if they ever heard of the melancholy faith of Cassandra, who prophesied the fall of Troy and perished when Troy fell.

They are afraid of socialism. Whenever we attempt to do anything for the plain people, there is always a cry of socialism. I yield to no man in my admiration for our form of government, and in veneration of our Constitution. I yield to no man in my dislike of socialism. But if that cry is going to scare us, we are going to make no progress. The great founder of the Democratic Party, the profoundest of political philosophers, Thomas Jefferson, said:

We hold these truths to be self-evident, that all men are created equal, endowed by their Creator with certain inalienable rights. * * * Among these are life, liberty, and the pursuit of happiness. To secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.

Thomas Jefferson is reputed to have written the Bill of Rights. Although not a member of the convention, Thomas Jefferson exerted great influence. Yet Thomas Jefferson said that one of the fundamental principles of our Government, and among the rights we had that it had to protect was that of the pursuit of happiness. He did not make any strict construction of the Constitution. He did not make it a strait-jacket. He was for the rights of the common man. How can a man pursue his happiness better than in seeking a home? It is as natural an instinct for one to want a home as it is to want life itself. We are trying to give American people homes. You may call it a rental home, but a man who rents his home has the same rights as the man who owns it. We could say of the rented home, "It may be frail, its roof may shake, the wind may blow through it, the storms may enter, the rain may enter, but the king cannot enter."

We are trying to preserve homes for these men who have no homes. Is that socialism? That is but a Christian act, a decent act of government. It has no element of socialism in it. The only thing that might bring socialism is the depression and unhappiness of our people. I saw socialism or some other form of government staring us in the face in 1932, when men were walking the streets, without employment and nothing to live on and were desperate. That is what brings about socialism. Happy people never complain of their government and are always willing to support it. It is discontent that brings change. The things that we do to make people happy do not bring any other form of government. I am tired of listening to this kind of stuff. It is the cry of socialism. It is the cry of the reactionary. It is the cry of him who has wealth and wishes to contribute nothing to the welfare of his people. That is where these protests are coming from.

Now, what does this bill do? We provided for 1,050,000 housing units. At the proper time I shall offer an amendment to reduce it to 810,000 units. Does that mean 810,000 families? No, because it is the epic of American life that a man who is poverty stricken today may have wealth tomorrow. Opportunity, the master of human destiny, knocks at the door of every man who will open it. Opportunity will knock at the doors of these men which may take them from a condition where they have no home, and give them a home and give them confidence and self-respect. They will see their families in better condition and their children better clothed and happier. It will give them hope. It will give ambition to those people. It will raise their wages, because they will be better able to discharge their duties. Those people, when their breadwinner's salary is increased, will leave these homes and others will come in. It is a revolving

number of families who will go in and out of these homes. It is a clearinghouse for the lower-income families of America. Its influence will be felt throughout the length and breadth of the land. I will receive no benefit from it. I have no slums in my district. I do not expect any low-rent housing, but I have never intended to legislate on the narrow principle that I shall only legislate for the benefit of those in my district. I know that the city people have come to the defense of agriculture at every opportunity. I remember but the other day, when we had the Commodity Credit Corporation conference report under consideration, I asked the Speaker to hold up the report until Tuesday because many of the city Members could not return on Monday.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. PATMAN. Is it not a fact that the gentleman will offer other amendments?

Mr. SPENCE. Yes. I intend to offer an amendment to continue title I, and section 608 of title VI, of the National Housing Act for 60 days, in order that we may give ample consideration to the extension of these provisions. If it is advisable to make them permanent, we may consider that. We will continue them for 60 days in order that further consideration may be given to those two sections.

We will also offer an amendment to authorize a half-billion-dollar increase in the insurance of title II. I understand that the authorized insurance under title II will expire this month. In order to continue effectively title II it is necessary that this increase in authorized insurance be granted, and I hope the Committee will agree to this amendment.

There is a salvage feature in this low-rent housing which has not been stressed. The Government makes its contributions to provide for noneconomic rent, and out of those contributions come the interest and the amortization on the principal of the indebtedness. At the end of the period of amortization the projects will belong to the local housing authority, free, clear, and unencumbered. There will be a salvage that cannot be estimated. It probably will not be necessary to subsidize the housing projects thereafter. At that time these projects may be worth more than they are at the present time. Houses, properly built and properly maintained, are almost indestructible. There are houses in Georgetown over a hundred years old now occupied by people of prominence, and they are excellent houses. If maintained, these projects at the end of 40 years will probably be in as good condition as they will be when built. That is the salvage that comes out of this bill. That has not been stressed, but it is well worth considering.

Those opposed to this bill say that we ought to destroy an equal number of units in the slums wherever a resettlement project is provided. How are you going to destroy slums? There are two ways to acquire a slum for destruction. One is by voluntary purchase, which requires submission to the price which the owner sets; the only other way is by condemnation proceedings, for no man's property can be taken from him without due process of law. Those are the only two ways slums can be cleared. How are you going to obtain slum areas immediately through condemnation proceedings? The condemnation process is a slow process. I know in my own State you have to bring a suit in the county court. It is appealed to the circuit court and tried de novo; an appeal may be then taken to the court of appeals. There may not be a final decision for a year, and if there is a constitutional question involved, it may be reviewed by the United States Supreme Court by certiorari. How long do you think it would take? How long do you think a mandatory provision of that kind would slow up this program? I do not think it is practical to do that. If you want expeditious prosecution of the projects we have provided for in this bill I do not think that should be insisted upon. No man would say that he is in favor of a continuation of the slums who would consider the awful effect they have on the children residing in them. They are the future citizens of America. I do not know how far the Federal Government should go in carrying out its moral duties, but it seems to me that a Christian Government founded upon the principles of morality and Christianity, as George Washington said in his Farewell Address, should certainly consider the welfare of these boys and girls who cannot protect themselves.

It is harsh and cruel to say that when you do something for them you are getting away from democracy, you are getting away from our form of government and embracing socialism. I would not want to compliment socialism in that manner. The most unjustifiable thing we can maintain are the slums of our cities.

How are you going to get rid of the slums except by Federal contribution? There is no way in the world to do it. There is no way in the world to have low-rent housing except by the contributions provided in this bill. The builders of America are not engaged in charitable activities. The builders of America are looking for profit. They are going into those fields where there is the greatest profit. They would rather build industrial enterprises, where the profits are greatest, or high-class residences, and, last of all, these low-class houses, where the investment is not great and the profits are small. I do not know why they are opposed to this bill. Do you think the builders of America want to clean up the slums? It is a dog-in-the-manger attitude. They would not invade this field in a thousand years if you gave them every opportunity to do it. Yet they come here and say this is a socialistic activity and this is depriving them of their ordinary functions and their ordinary business opportunities. It is nothing of the kind. They would not go into this business, you could not drive them into it, and there is no profit in it.

It is said that we should put the slum-clearance matter back on the cities. But the cities cannot do it. I have represented three or four cities in my time. I know the limitations of the cities. They are the creatures of the State. They are organized by the State, their charters are granted by the State, and they are limited in their activities under the State constitution. For instance, in the State of Kentucky a municipality is limited in its tax rate, it is limited in its indebtedness, it is limited in its expenditures. In every other State in the Union I think you will find similar provisions. If we put this back on the cities we will have no slum clearance.

Let us look this matter in the face. You have either got to proceed in the way provided by the bill or you have got to let the slums continue, you have got to let men who have no houses remain without homes or with their in-laws and their relatives.

From whence came these conditions we have to meet? They came from the war. I presume when we exercised the power of government over our people during the war that was called socialism by those that denounced this bill for that reason; but we saved ourselves and the world. It was something over which we had no control. I voted for every dollar that our Government asked for at that time. This is the result of 12,000,000 men who were away and who have come back home. Their relationships to life are different. They wanted to establish new homes. They had served their country. They had preserved our liberties.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from New York.

Mr. JAVITS. Would the gentleman tells us in dollar terms what is meant by low-income families in this low-rent public housing title and also as to the gentleman's understanding with reference to the proposed policy of the Administrator should we pass this bill?

Mr. SPENCE. I have no authority to make any statement. As the gentleman knows, those questions are decided by the local housing authority. I should say that a family who has an income of over $2,000 would not be eligible. Those below that would be. I realize there is a different standard for various sections of the country, but I should think that would be a fair over-all estimate. Those that have over that ought not to get the benefit. I think this ought to be a low-rent housing program.

We are trying to put these men back in homes; men who saved our liberties and saved our form of government for the world and yet we are told that that is socialism. That is a compliment to socialism that I do not share in. That is true democracy, I think. Every time anything like this is done we hear that cry, but we did not hear it after the banking holiday when we bailed out every bank in America. We did not hear it

when the Republicans organized the Reconstruction Finance Corporation and said they could only lend to banks and insurance companies and railroads. The Reconstruction Finance Corporation bailed them out with billions and billions of dollars. We never hear of the cry of socialism until we try to do something for the common man, and he is nonvocal. He does not have his representative here, and if we do not speak for him his voice is not heard in this Chamber.

I am not condemning the man that comes here to protect his interest. I am not condemning him if he will come in here and state the truth. He has a right to do that, but, nobody has a right to come here and misrepresent the facts and nobody has the right to come here and attempt to mislead the Members of Congress, and I think my colleagues have higher character and are made of tougher fiber than to be misled by any such arguments, and I feel confident that these arguments are going to have no effect upon you. You have heard today that the American Federation of Labor is for this bill. Every labor organization is for it. The Amercan Legion is for it, the Veterans of Foreign Wars is for it, and all the other veterans organizations are for it. All the organizations that represent the plain people are for it, and the only organizations that do not want it are the organizations for special privilege. There is the choice.

Now, do not be frightened about socialism when you are doing something for the plain people, when you are making the average citizen happy. When you make the average citizen more content with his government, you will strengthen the very fiber of our Nation, and when you are doing something that will make him unhappy with his Government, you are thereby weakening the strength of the United States. Today we are doing something for we the people. It was not the delegates that adopted the Constitution. It was we the people. They delegated that power. They are the source of all power. They can change this Government if they want to. I hope they never will, because I have always thought that a divine providence guided our founders and has watched over us and have led us to the present time. But, the people are the reservoirs of all authority and power; we are their servants and in passing this bill we are doing something for them. I do not believe any lobbyist organization or any hysterical cry is going to have any great effect on the vote in the House. I am confident that this House will pass this bill by a good majority and the experience of time will approve its wisdom.

Mr. ALLEN of Illinois. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ALLEN of Illinois. Mr. Chairman, for some time the loosely thrown around phrase, Federal aid, has been constantly on my mind. If there has ever been an expression used more erroneously, one that gives a more false impression, I do not know of it.

Mr. Chairman, in the true sense, it is impossible for the Government to give Federal aid, because we must never forget that any government cannot give anybody anything unless it takes it from them.

Would anyone contend that if an individual gave another $1,000 under certain conditions whereby he was going to receive considerable more in return that he was giving the first party something for nothing? Of course not—but that is the exact method used under the so-called Federal-aid program. Because before the Federal Government can give any individual, municipality, or State anything, it necessarily must have received it, or will receive it from the same source in the future.

Mr. Chairman, this theory applies to the bill presently before us. The history of housing the past 16 years is deplorable. The various housing agencies under the administration of Henry Wallace, Harold Ickes, Rexford Tugwell, Harry Hopkins and Dr. Alexander has been regrettable. Billions of dollars have been taken from our taxpayers and wasted. I would ask in all fairness: How many Members can truthfully state that during the past 16 years your constituency have been benefited by these thirty-odd Federal housing agencies in comparison to the amount of taxes that has been taken from them to support said programs. Few, I would say. This bill, if enacted, will cost the taxpayers of each congressional district approximately $40,000,000. How many of you honestly believe that your district will be benefited to that degree with the Government handling the administration in opposition to private industry?

Mr. Chairman, I am old-fashioned enough to still believe in private industry. I sincerely believe that private enterprise has done and is doing a splendid job. It hurts me to hear men high in governmental affairs condemn private industry. I listened with amazement to President Truman in his state of the Union message ridicule the steel industry without justification. You can recall that he stated the steel industry was not doing a good production job and he implied that the Government would go into the steel business. The steel industry spokesmen retaliated. They said there was plenty of steel on hand—in fact, there was a surplus. They were correct as best illustrated by the fact that at the present time steel production has been reduced over 10 percent and steel is easily obtainable.

Mr. Chairman, I am greatly disturbed over present business conditions. We are in the midst of a recession, and unless this Administration does not stop attacking private business we are headed for a depression—make no mistake about that. Let us get down to earth.

The CHAIRMAN. The time of the gentleman from Kentucky has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Housing Act of 1949."

Mr. DAVIS of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia: Strike out all after the enacting clause and insert in lieu thereof the following: "That this act may be cited as the 'Slum Clearance and Housing Assistance Act of 1949.'

"TITLE I—ASSISTANCE TO STATES FOR THE ACQUISITION AND REDEVELOPMENT OF SLUM LAND

"SEC. 1. In order to assist any State to clear slum and blighted areas and to assist in protecting the public health, public morals, and the general welfare, the Federal Works Agency is authorized to make grants and loans as provided in this act.

"SEC. 2. Any State is authorized to apply to the Federal Works Agency for grants and loans for the clearance of slum or blighted areas and said Agency is authorized to make such grants and loans as herein provided. Such loans and grants are to be used by the State to acquire title to slum and blighted land by purchase or process of condemnation and to clear such acquired land for redevelopment insofar as possible for private taxpaying ownership according to the highest and best use of the land whether for commercial or industrial uses, housing, including apartments or single-family homes, parks, playgrounds, or appropriate public uses, as determined by a redevelopment plan for the area. The land when cleared shall be sold or transferred to an individual, partnership, cooperative, corporation, or other legal entity or public body agreeing to develop the land to its highest and best use in accordance with the redevelopment plan. The land cleared for redevelopment shall be offered for sale free of tax or assessment liens or other incumbrances at a fair and reasonable price with due regard for the new use of the land. Sale of the land shall be handled in such a manner that the public interest will be protected. The State may use any of its corporate or other instrumentalities for the accomplishment of its said objectives.

"SEC. 3. An applicant shall include in its application a description of the area which has been determined to be a slum or blighted area by an authority recognized by the State, together with a plan for the redevelopment of such area to its highest and best use whether public or private use in a manner consistent with any existing city plan or other plans for the use of land in such area and approved by such authority. Said redevelopment plan shall include a plan for roads and other public ways, public utilities, and a designated use under a zoning law or other land-use regulation or restriction for each tract of land in such redevelopment area. Such application shall include an estimate of the cost of the land to be acquired and an estimate of all clearance costs and an estimate of the value of land as cleared under the use provided in the redevelopment plan. Said application and redevelopment plan shall provide for the conveyance of such lands with reasonable restrictions or conditions to assure the redevelopment of the same as contemplated in such application and plans. The State shall show ability to pay in cash at a reasonable time one-half of the difference between the estimated acquisition and clearance cost and the estimated value of the land as cleared. The Federal Works Agency is authorized to make any investigations it deems to be appropriate to determine the wisdom of the proposed clearance of such slum or

blighted area and the reasonableness of the proposed use of such land. The application, estimates, and redevelopment plan may be amended from time to time.

"SEC. 4. (a) The Federal Works Agency is authorized to grant an applicant a sum not in excess of one-half of the difference between the estimated total acquisition and clearance cost and the estimated sale or new-use value. Such grants shall be payable in a manner to assure that such funds are applied by the applicant to the purchase price and clearance cost of land in slum-clearance area.

"(b) The Federal Works Agency is authorized to advance to an applicant an amount equal to the estimated value of the land when cleared upon the condition that the entire proceeds of the sale of the land purchased, whether more or less than such advance, shall be paid to the Federal Works Agency in extinguishment of such advance and such amount shall be covered into the Treasury as miscellaneous receipts.

"SEC. 5. No grants or loans as provided for in this title shall be made (1) until the applicant has shown the Federal Works Agency that it is able to provide cash equal to one-half of the difference between the estimated total acquisition and clearance cost and the estimated sale or new-use value; (2) until the applicant has committed itself in a manner satisfactory to the Federal Works Agency in the application and plans submitted by the applicant or otherwise for the prompt clearance of such slum or blighted area and also for the prompt sale of the same upon an equitable basis, without discrimination and for the full new-use value of such lands and for the refund to the Federal Works Agency of the proceeds of such sale; and (3) unless it is shown that the State or the city or county in which said slum or blighted area is to be cleared has passed and is enforcing a law or ordinance prohibiting the renting or occupancy of residential property which is dangerous to health or unfit for occupancy by reason of its physical or sanitary condition.

"SEC. 6. Families dispossessed by reason of the acquisition and clearance of land pursuant to this act who are not able to obtain other suitable housing accommodations within their income shall be given immediate accommodations in any low-rent housing project receiving Federal subsidies under the United States Housing Act of 1937, as amended, or otherwise or such dispossessed families shall be provided rental assistance for a reasonable period by the applicant as a condition for the receipt of grants and loans.

"SEC. 7. No land the acquisition of which is assisted under this title shall be acquired by the applicant agency except after open public hearing following notice of the date, time, place, and purpose of such hearing published at least three times, not less than 10 nor more than 20 days prior to the date of such hearing, in at least one English-language newspaper published in the municipality or municipalities within which any land proposed to be acquired is located, nor shall any land the acquisition of which is assisted under this title, be sold or otherwise disposed of except following similar open public hearing held following publication of the date, time, place and purpose thereof as above provided.

"SEC. 8. There is hereby authorized to be appropriated to the Federal Works Agency (1) the sum of $350,000,000 for loans and grants under this title and (2) such sums as may be necessary for administrative expenses to carry out the purposes of this title. Not more than 20 percent of the funds herein provided shall be expended in any one year and not more than 10 percent of the total provided herein shall be allocated and expended in any one State. No commitments or grants shall be made obligating the United States Government to make disbursements or to continue this program after June 30, 1954. Funds received in repayment of or as interest upon loans made pursuant to this title shall be covered into the Treasury as miscellaneous receipts.

"TITLE II—HOUSING FOR FAMILIES OF LOW INCOME

"SEC. 201. (a) In order to stimulate within the shortest possible time maximum production of housing for low-income families, the Internal Revenue Code is amended by inserting after section 124 thereof the following new section:

"'SEC. 124A. Amortization deductions for rental housing for persons of low income, and for which real estate tax exemptions are locally provided.

"'(a) Issuance of certificate: The amortization deduction hereinafter provided shall be allowable only (i) with respect to a facility which by contract with the local legislative body of the municipality in which it is, or is to be, located has received exemption, for a period of at least 10 years, from local and municipal taxes (other than assessments for local improvements) as to such part of the value of the property included in such facility which represents an increase over the assessed valuation of the real property, both land and improvements, acquired for the facility at the time of its acquisition by the taxpayer, and (ii) to the taxpayer to whom a certificate that the dwelling units specified therein constitute a necessary rental housing facility is issued by the Federal Housing Commissioner. Such certificate shall find that said dwelling units are or will be of such character and will be rented at such rentals as in the judgment of said Commissioner are within the means of persons of low income who are unable to afford to buy or rent decent, safe, and sanitary housing then available. In order to assure that the facility shall be kept available for families of low income the taxpayer shall agree, as a condition to the issuance to him of such certificate, that no family shall be admitted to occupancy in any such facility unless such family shall be certified, by the local governmental agency administering public assistance or welfare in the locality, to be either receiving or entitled to receive public rent assistance or of such low income as to be unable to pay rentals then required for the economic occupancy of decent, safe, and sanitary housing in the locality. The Federal Housing Commissioner is authorized to revoke such certificate upon any violation of the conditions and specifications contained therein. Application for such certificate shall be filed with the Federal Housing Commissioner prior to the commencement of construction, alteration, or remodeling of the rental housing facility and such certificate shall be issued only to the person filing such application. The Federal Housing Commissioner is hereby authorized from time to time to prescribe forms and regulations with respect to such certificates.

"'(b) General rule: Every taxpayer, at his election, shall be entitled to an amortization deduction for a period of 120 months with respect to any necessary rental housing facility defined in this section, for which facility a certificate issued by the Federal Housing Commissioner in accordance with this section shall then be in effect. Such amortization deduction shall be an amount, with respect to each month of such period within the taxable year, equal to the adjusted basis (for determining gain) of the facility at the end of such month divided by 120 plus the number of months (including the month for which the deduction is computed) remaining in the 120-month period. Such adjusted basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction above provided with respect to any month shall be in lieu of the deduction with respect to such facility for such month provided by section 23 (l) (relating to exhaustion, wear and tear, and obsolesence), but shall be allowable only if a deduction under section 23 (l) would otherwise be allowable for such month with respect to such facility. If such certificate is revoked by the Federal Housing Commissioner for any violation of the conditions and specifications contained therein, the deduction shall not be allowable for any month ending after a violation upon which such revocation is based. The 120-month period shall begin as to any such facility at the election of the taxpayer, with the month following the month in which the facility was completed, or with the succeeding taxable year.

"'(c) Election of amortization: The election of the taxpayer to take the amortization deductions and to begin the 120-month period with the month following the month in which the facility was completed shall be made only by a statement to that effect in the return for the taxable year in which the facility was completed. The election to take the amortization deduction and to begin such period with the taxable year succeeding such year shall be made only by a statement to that effect in the return for such succeeding taxable year.

"'(d) Definitions: As used in this section—

"'(1) The term "necessary rental housing facility" means any rental housing facility with respect to which a certificate under this section is issued to the taxpayer.

"'(2) The term "rental housing facility" means—

"'(A) Any dwelling unit or units held by the taxpayer for rental purposes, the construction of which is begun at any time on or after July 1, 1949.

"'(B) Any dwelling unit or units held by the taxpayer for rental purposes provided by the alteration or remodeling of an existing structure if such alteration or remodeling is begun at any time on or after July 1, 1949, and if such dwelling unit or units are in addition to the number of dwelling units contained in such structure prior to such alteration or remodeling.

"'(3) The term "dwelling unit" means any dwelling unit containing its own kitchen and bath facilities.

"'(4) The adjusted basis of any necessary rental housing facility shall include only so much of the amount otherwise constituting such adjusted basis as is properly attributable to the construction, or to the alteration or remodeling, covered in the certificate issued under this section. In no event shall the basis of the land on which such facility is located be included in such adjusted basis.

"'(e) Life tenant and remainderman: In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowable to the life tenant.'

"Section 23 (t) of the Internal Revenue Code is amended to read as follows:

"'(t) Amortization deduction: The deduction for amortization provided in sections 124 and 124 A.'

"(c) Section 172 of the Internal Revenue Code is amended by striking out 'of emergency facilities.'

"(d) Section 190 of the Internal Revenue Code is amended by inserting after 'emergency facilities' the following: 'or necessary rental housing facilities'.

"(e) The amendments made by this section shall be applicable to taxable years beginning after December 31, 1948.

"SEC. 202. (a) A certificate issued under the provisions of this title shall require that the taxpayer agree to give preference in occupancy as among families otherwise eligible to families of veterans and servicemen (including families of deceased veterans and servicemen).

"(b) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 26, 1947.

"TITLE III—VETERANS' HOMESTEAD ASSOCIATIONS

"SEC. 301. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by inserting immediately after section 510 thereof the following new sections:

" 'VETERANS' HOMESTEAD ASSOCIATIONS

" 'SEC. 511. (a) In enacting this section to alleviate the existing housing shortage, it is the intent of the Congress to provide means of ownership and financing, within the framework of our private-enterprise system and without vast expenditures of public moneys, whereby veterans themselves, associated together within their own communities, can build, buy, or rent homes upon terms which veterans can afford; and to provide the public facilities essential to such homes without the imposition of additional financial burdens upon veterans who may be owners thereof or tenants therein.

" 'DEFINITIONS

" '(b) As used in this section, except where the context otherwise requires, the term—

" '(1) "Association" means a veterans' homestead association chartered pursuant to this act.

" '(2) "Housing" means permanent type of housing; does not include transient housing such as tourist cabins, motor courts, or apartment hotels; but may include multifamily dwellings or single-family dwellings, whether located on contiguous or scattered sites.

" '(3) "Improve" as applied to real property shall include (a) grading, landscaping, and any other site development; and (b) construction, repair, remodeling, or demolition (whether for salvage or reuse) of buildings and other structures thereon.

" '(4) "Real property" means lands, whether or not improved, and any buildings or other structures thereon, including fixtures and personalty attached thereto.

" '(5) "Public facilities" includes public highways and parks, roads, streets, curbs, gutters, and sidewalks, bus stations and bus stops, water storage, purification and distribution works, sewage, garbage and refuse collection, treatment and disposal facilities (including trunk and lateral sewers), fire stations, fire equipment and fire plugs, street-lighting facilities, schools, community centers, and recreational facilities.

" '(6) "Veteran" means any person described under the provisions of subsection 500 (a) of this title.

" 'ORGANIZATION OF VETERANS HOMESTEAD ASSOCIATIONS

" '(c) The Administrator is hereby authorized, subject to the provisions of this section and under such rules and regulations as he may prescribe, to provide for the organization, incorporation, examination, operation, and regulations of associations to be known as "veterans homestead associations," and to issue charters therefor in such form as he may prescribe, and to consent to the amendment of any such charter: *Provided,* That a certified copy of all such charters shall be filed in each county where such association operates.

" 'QUALIFICATION FOR MEMBERSHIP

" '(d) Five or more veterans of ability, good character, and responsibility as determined by the Administrator, may apply for a charter hereunder. Each association shall determine its own rules of eligibility for membership therein subject only to the conditions that (1) membership shall be limited to veterans; (2) no veteran shall become or remain a member unless and until his accumulated payments to the association, in accordance with subsection (j) shall equal or exceed $100; and (3) no veteran shall become a member of an association until he has executed and filed with the Veterans' Administration an affidavit to the effect that he is not a Communist and does not belong to any subversive organization.

" 'PRIMARY PURPOSE OF ASSOCIATIONS

" '(e) Each organization shall be organized and shall operate on a nonprofit basis. It shall have as its primary purposes, (1) to acquire and improve real property to provide housing to be sold to veterans for occupancy by themselves, personally, together with their families or dependents; (2) to acquire and improve and to operate and maintain real property to provide multiunit housing, including such commercial and community facilities as may be reasonably necessary or desirable to facilitate the use thereof for residential purposes, to be rented to veterans for occupancy by themselves, personally, together with their families or dependents; and (3) to acquire and improve, and to operate and maintain real property to provide multiunit housing, including such commercial and community facilities as may be reasonably necessary or desirable to facilitate the use thereof for residential purposes, to be owned or held by the members of the association on a mutual or cooperative basis, to be occupied by themselves, personally, together with their families or dependents. To this end, and pursuant to rules and regulations issued by the Administrator, each association shall provide maximum opportunity and priority for the purchase or rental of such housing, first to members of such associations, and second, to nonmember veterans.

" 'NUMBER OF ASSOCIATIONS

" '(f) The Administrator may, in his discretion, charter one or more associations in any locality; and he may, in his discretion, refuse to charter any proposed association upon his finding that the veterans in the locality in which it is proposed that such association would operate are or will be adequately served by an association or associations then already chartered for operation in such locality.

" 'POWER OF VETERANS HOMESTEAD ASSOCIATIONS

" '(g) Under rules and regulations issued by the Administrator, each association shall have the following powers:

" '(1) Subject to the provisions and limitations of this section, to purchase, or otherwise acquire, any real property or leasehold or other interest therein, whether improved or unimproved, to subdivide, construct improvements on, repair, modernize, renovate, maintain, and operate any such property, and to purchase, or otherwise acquire, any personal property necessary or desirable for any of the foregoing.

" '(2) Subject to the provisions and limitations of this section, to hold, sell, or contract for the sale of, lease, rent, mortgage, or otherwise deal with, encumber, hypothecate, or dispose of any acquired property; all on such terms and conditions as may be deemed proper and consistent with other provisions of this act: *Provided, however,* That so long as any association is obligated to the Administrator on account of advances or loans made under subsection (m) hereof no association may pledge, mortgage, or otherwise create a lien upon or encumber any real property to which it holds title without the consent of the Administrator: *And provided further,* That each unit sold to or held in cooperative or mutual ownership by an eligible veteran shall be reported to the Administrator, who shall charge against such veteran's guaranty benefit the maximum amount so chargeable if a loan for the full purchase price or cost of such unit had been guaranteed or insured under this title, and shall pay an amount equivalent to 4 percent of the amount so charged to the association to be credited upon the obligation of such veterans to the association, unless such charge and such payment are required to be made otherwise to finance the purchase of such unit.

" '(3) To purchase, construct, improve, or otherwise provide, to receive grants for, and to maintain and operate public facilities (which shall include for this purpose gas and electric distribution lines and facilities) reasonably necessary or desirable for the housing provided by or of the association, where such public facilities are then not otherwise available for such housing: *Provided,* That no association shall operate any mercantile establishment or other commercial enterprise, or operate any amusement enterprise.

" '(4) To borrow money as may be required within the purposes and limitations of this section, and to execute notes or other obligations therefor.

" '(5) To build up and maintain reasonable reserves: *Provided, however,* That such reserves shall not exceed in the aggregate 5 percent of the total obligations of such associations outstanding from time to time.

" '(6) To make, adopt, repeal, and amend bylaws; to employ and to pay reasonable salaries to, the employees of the associations for services performed. Employees need not be veterans.

" '(7) To exercise such other powers, not inconsistent with this title, as are appropriate for the conduct of the business of the association.

" '(8) To require that all officers and employees of the association who handle funds of the association be bonded by an approved surety company in an adequate amount.

" 'ANNUAL AND OTHER REPORTS OF ASSOCIATIONS

" '(h) Every association shall file, with the Administrator, not later than 45 days after the close of its fiscal year, an annual financial statement and shall also furnish to him such other financial statements, at such other times as he may require. All such reports shall be in such form and in such detail as may be prescribed by the Administrator. The Administrator shall make, annually and at such other times as he deems necessary, an examination of the financial books, records, and affairs of each association, in the manner customary for supervision of fiduciary institutions.

" 'PAYMENTS BY ASSOCIATION MEMBERS

" '(i) Members of an association shall not be required to pay dues. Each association shall provide in its bylaws for the payment by each prospective member of the sum of $100 to be credited on the books of the association to the credit of such persons. The sums so paid shall not bear interest. Each such sum shall be entered on the books of the association as a credit to the member making such payment for possible application either (1) as payment on a home purchased by such member from the association; or (2) as security for rent on a home rented from the association by such member. Each association shall provide further, in its bylaws, that a member may voluntarily withdraw from such association at any time and may receive back an amount

equal to the amount of his payment to the association (unless such payments shall have been applied as payment on a home purchased by such member from the association or is held by the association as security for the payment of rent), but only after 1 year following the date of the initial payment and then only upon 60 days' notice to the association.

"'LIMITATION ON COST AND AMOUNT OF HOUSING

"'(k) No association shall purchase or improve, or contract for the purchase or improvement of, or otherwise acquire, any real property, unless, in the opinion of the Administrator, (1) the estimated final cost of the proposed housing (exclusive of related real property designed for commercial operation), as determined by the amounts of firm contracts for the acquisition of real property, the improvement thereof, the construction of buildings and the acquisition of related personal property, plus an amount equal to 5 percent of such contracts plus an allocable share of the estimated indirect or overhead costs and expenses of the association, fairly attributable to such housing, will not exceed a sum equal to the product of the number of family units in such housing multiplied by $10,000; (2) such housing will afford living accommodations for sale or rent to veterans at prospective prices or terms favorable in comparison with any like or similar living accommodations currently available in the locality; (3) the total number of units thereby provided will not be in excess of either the number of members of such association or the number of veterans in the community who may reasonably be considered, in the opinion of the Administrator, prospective purchasers of or tenants of such units.

"'SALE OR RENTAL OF HOUSING OR REAL PROPERTY

"'(k) (1) Subject to such exceptions as the Administrator may approve, all real property of an association shall be sold or leased for such prices or at such rents, as the case may be, as shall reasonably represent the actual cost thereof to the association, including (i) all costs of acquisition, construction, or improvement; (ii) interest on and amortization of obligations of the association fairly attributable to such housing; (iii) direct costs of operation and maintenance of such housing; and (iv) an allocable share of the overhead or indirect costs and expenses of the association fairly attributable to such housing, plus a reasonable contribution to the reserves to be built up and maintained under subsection (h) hereof, nor shall any sale by an association of a commercial unit, or of a dwelling unit other than the sale of a cooperative interest in a multiunit structure, be financed by an association.

"'(2) Any deed or other instrument made by an association for the sale of its housing shall provide that such property shall not be conveyed or otherwise disposed of by the purchaser voluntarily within 3 years from the date of acquisition of such housing by such purchaser unless it shall first have been offered for sale back to the association at the original price paid to such association by such purchaser, less any depreciation which shall have occurred by that time and plus the fair value of any improvements which such purchaser shall have made to such property: *Provided,* That no association may use the property as security for additional loans after deed has been delivered to a veteran, even though the association retains an interest in the property.

"'(3) As a condition to every sale of housing by an association to a veteran, such veteran shall furnish to such association an affidavit stating that he has not theretofore purchased any housing from any association which has not been offered for sale back to the association and he does not own any housing acquired from any association chartered under this title.

"'(4) As a condition of every sale by an association to a veteran, such association shall furnish to such veteran an affidavit stating that no other veteran has purchased the property and if the property has been repurchased from a veteran by the association, the association will guarantee the title as free and clear of encumbrances, except those to be assumed by the new purchaser.

"'(5) Every lease made by an association shall contain a prohibition against subleasing without the consent of the association.

"'LOANS BY ADMINISTRATOR TO ASSOCIATIONS

"'(l) The Administrator is authorized in his discretion to make either short-term or long-term loans to any association, upon either a secured or unsecured basis, for any of the purposes authorized by this section for which funds may be required by such association, including initial working capital and development expenses preliminary to the commencement of actual construction of housing. Advances made on a short-term basis may be refunded on a long-term basis, or may be repaid upon such terms and conditions as the Administrator may prescribe.

"'(1) The interest rate charged to an association on any such borrowings shall not exceed such rate as may be fixed by the Administrator with the approval of the Secretary of the Treasury: *Provided,* That an association may obtain funds for its purposes by borrowings from private lending sources on such terms with respect to rates of interest, maturity, and other matters as it may agree upon.

"'(2) Any loans so made by the Administrator, except as to advances made for interim or temporary purposes, shall be repaid—

"'(i) within a period of 40 years, if the proceeds of such loan are employed by the association to acquire or improve, and to operate and maintain, multiunit structures to be rented;

"'(ii) within a period of 32 years, if the proceeds of such loan are employed by the association to construct or to purchase, and to operate and maintain, multiunit structures sold or held on a mutual or cooperative basis;

Provided, That cash receipts incoming to an association by reason of the sale of any other housing shall be transferred or paid to the Administrator for credit upon the obligations of the association to the Administrator. Each assocation to which any such loan may be made shall make, issue, and deliver to the Administrator, its note in the principal amount of such loan. Each such note shall be a nonnegotiable, unconditional obligation of the association, issued against its general credit, and payable from its general assets.

"'TAX EXEMPTIONS

"'(m) Notwithstanding any provisions of the Internal Revenue Code or any other law to the contrary, the net earnings of any association shall be exempted from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or other local taxing authority.

"'(n) Subject to the provisions of subsection (m) hereof, no State, county, municipal, or other local taxing authority shall impose any tax upon any such association or its charter and franchise, capital, reserves, property, surplus, loans, or income, greater than that imposed by such taxing authority on other similar local nonprofit associations.

"'FUNDS OF ASSOCIATION

"'(o) The funds of an association may, as provided by its bylaws and in accordance with rules and procedures issued by the Administrator, be deposited in any bank or banks. No association shall invest its funds in any securities except obligations of the United States of America, or obligations unconditionally guaranteed by the United States as to the payment of both principal and interest, or obligations of a State, and, in any event no such investment shall be made except with the approval of the Administrator or pursuant to rules and regulations issued by him.

"'DISTRIBUTION OF EARNINGS

"'(p) At the end of any fiscal year any net earnings remaining to an association, after fully providing for the payment of all debts and obligations of such association, then due, and after providing for the reserves then currently required, shall be set aside in a special account to be used (i) for the reduction by the association of its notes or other obligations then outstanding, or (ii) with the express approval of the Administrator, for any other lawful purpose of the association.

"'DISSOLUTION OF ASSOCIATIONS

"'(q) (1) If the members or directors of any association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of such association to violate any of the provisions of this section or of the rules or regulations issued thereunder, the charter, and all the rights, privileges, and franchises of such association shall be forfeited. Such violation shall, however, be determined and adjudged by a proper district court of the United States in a suit brought for the purposes by the Administrator, in his own name, before such association shall be declared dissolved.

"'(2) Any association may, at any time, apply to the Administrator for its voluntary dissolution, and if, in his judgment, adequate provision shall have been made for the payment in full of all debts and obligations of such association, he shall promptly effect such dissolution.

"'(3) Upon any dissolution, whether voluntary or involuntary, the net assets of an association, remaining after payment in full of all its debts and obligations, shall be liquidated under the supervision of the Administrator and the proceeds thereof shall be covered into the United States Treasury as miscellaneous receipts.

"'(r) In any event upon the maturity of all obligations owing to the United States for the financing of properties held for rent under this section, such properties shall be transferred and conveyed to the Administrator of Veterans' Affairs who shall dispose of them for the benefit of the United States and, after payment from the proceeds thereof of any other obligations of the association which it may be proper to so pay, shall cover the remaining proceeds into the Treasury of the United States as miscellaneous receipts.

"'(s) The power of the Administrator to issue rules and regulations for the effective implementation and administration of this section, pursuant to the provisions hereof and not in conflict herewith, shall include, but not by way of limitation, the power—

"'(1) to provide such supervision of associations as he may deem necessary for the proper administration of this section;

"'(2) to provide for the reorganization, consolidation, merger, or liquidation of any association or associations;

"'(3) to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the assets, liabilities, and surplus of the same; and to release any such association from such control and permit its further operation: *Provided,* That in any case where the Administrator appoints a conservator or a receiver for any association, such conservator or receiver shall act primarily for the protection of the creditors of such association;

"'(4) to delegate and authorize successive redelegation of any authority conferred upon

him by or pursuant to this section, to any official or employee of the Veterans' Administration. The Administrator shall not act through, or delegate any such authority to, any other agency or any official or employee thereof.

"'CRIMINAL PROVISIONS

"'(x) (1) Whoever, being connected in any capacity with an association (i) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (ii) with intent to defraud an association, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Veterans' Administration or of an association, makes any false entry in any book, report, or statement of or to the Veterans' Administration or an association, or, without being duly authorized, draws any order or issues, puts forth, or assigns any bond, note, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be guilty of a felony and punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

"'(2) Any veteran who willfully and knowingly makes any false statement in the affidavit required by section 511 (1) (3) to be furnished by him to an association in connection with his purchase of housing from such association shall be guilty of a felony and punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

"'MATURITY OF GUARANTEED OR INSURED LOANS

"'(u) Notwithstanding the 25-year limitation set forth in 500 (b) of this title, any loan made to a veteran for the purpose of purchasing a home from an association may have a maximum maturity not in excess of 32 years.

"'TIME LIMITATION

"'(v) The authority of the Administrator to issue charters to associations and to make loans to associations hereunder shall expire July 25, 1957.

"'ADVISORY COUNCIL

"'(w) There is hereby authorized to be established an advisory council to aid and advise the Administrator in the execution of his duties in relation to veterans' homestead associations. The council shall consist of the Administrator of Veterans' Affairs, who shall be Chairman; the Secretary of Agriculture; the Administrator of the Housing and Home Finance Agency; the Administrator of the Federal Works Agency; and six representatives of the public to be appointed by the Administrator of Veterans' Affairs, who shall be recognized leaders in the fields of finance, real estate, business administration, construction, labor, and housing. The members of the council shall not receive any compensation for their services on the council, but the Administrator of Veterans' Affairs is authorized to provide that the members receive a reasonable per diem allowance for each day of actual service, and in addition thereto be reimbursed for their necessary traveling expenses while on the business of the council.

"'GRANTS FOR PUBLIC FACILITIES ESSENTIAL TO VETERANS' HOUSING

"'SEC. 512. (a) The Federal Works Administrator is hereby authorized to make grants to States, political subdivisions thereof, other public bodies, and to associations for the construction, repair, improvement, or extention of public facilities wherever the Administrator of Veterans' Affairs shall find that such public facilities are necessary for or will facilitate the more effective use within the community of housing provided and to be provided for veterans under section 511 hereof.

"'AMOUNT OF GRANT

"'(b) The amount of any grant made hereunder shall not exceed 50 percent of the cost, as determined by the Federal Works Administrator, of the public facilities provided therewith.

"'GENERAL CONDITIONS OF GRANT

"'(c) No grant shall be made hereunder unless—

"'(1) the public facilities for which such grant is made shall be determined by the Federal Works Administrator to conform to any applicable over-all State, local, or regional development plan approved by competent State, local, or regional authority; and

"'(2) the public body or association to which such grant is made shall give assurance, satisfactory to the Federal Works Administrator, that (i) it will adequately maintain the public facilities for which such grant is made; (ii) the assessments or other charges which would otherwise be imposed for the provision of such public facilities will be reduced by an amount equal to the grant; and (iii) in the case of a public body, it will make available, for the housing for which such public facilities are provided, all other public facilities it then provides for other housing generally, and upon like terms and conditions.

"'SPECIAL CONDITIONS OF GRANTS TO ASSOCIATIONS

"'(d) No grant shall be made hereunder to any associations unless (in addition to the conditions specified in subsection 512 (c) here)—

"'(1) the Federal Works Administrator shall determine that the type of public facilities for which such grant is made are, under applicable local law or practice, customarily provided in the first instance by real-estate developers or builders; and

"'(2) such association shall agree to transfer such public facilities after completion, without compensation, to an appropriate local public body, if and whenever any such local public body may be willing to dedicate such public facilities to public use and to maintain them under the conditions specified in subsection 512 (c) hereof.

"'DELEGATION OF AUTHORITY

"'(e) The Federal Works Administrator may delegate and authorize successive redelegation of any authority conferred upon him by or pursuant to this chapter to any official or employee of the Federal Works Agency.

"'PROVISION OF FUNDS

"'SEC. 513. In order to carry out the provisions of this title there is hereby authorized to be appropriated the sum of $50,000,000 for the purposes of section 512 and the sum of $250,000,000 for the purposes of section 511.'

"TITLE IV—HOUSING RESEARCH

"SEC. 401. (a) It is hereby declared to be the policy of the United States that the Department of Commerce shall be responsible for and it is hereby authorized to undertake technical, economic, and statistical research into, and studies of, housing in order to develop and encourage new and improved techniques in materials and methods of residential construction. Responsibility for statistics and technical and economic matters arising in the course of their own operations shall remain with the respective operating agencies within the Housing and Home Finance Agency.

"(b) To that end there shall be established in the National Bureau of Standards, within the Department of Commerce, a Housing Research Unit which shall undertake and conduct a program of technical research. Such Unit, in order to promote reduction in housing construction costs, is also authorized to undertake research and studies cooperatively with other agencies of the Government, with agencies of State or local governments, with educational institutions, or with nongovernmental research and technical organizations. Contracts may be made by the Bureau, with the approval of the Secretary of Commerce, for technical research and studies authorized by this section for work to continue not more than 4 years from the date of any such contract. Notwithstanding the provisions of section 5 of the act of June 20, 1874, as amended (31 U. S. C. 713), any unexpended balances of appropriations properly obligated by contract with organizations as provided in this subsection may remain upon the books of the Treasury for not more than five fiscal years before being carried to the surplus fund and covered into the Treasury.

"(c) The Department of Commerce, through the Bureau of the Census and the Construction Division of the Bureau of Foreign and Domestic Commerce, or such other bureau or bureaus within said Department as are now or hereafter may be designated for that purpose by the Secretary of Commerce, shall conduct economic and statistical studies into the housing supply, its condition and characteristics, housing market data, the supply of building materials and equipment, housing costs, and other economic and statistical matters important to the home-building industry and to home owners of the United States in order to bring about increased production, reduction in costs and improvement in methods of home construction and marketing.

"SEC. 402. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

"TITLE V—FARM HOUSING

"FINANCIAL ASSISTANCE BY THE SECRETARY OF AGRICULTURE

"SEC. 501. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, subject to the terms and conditions of this title, to extend financial assistance, through the Farmers Home Administration, to owners of farms in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings on their farms to provide them, their tenants, lessees, share croppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings as specified in this title.

"(b) For the purpose of this title, the term 'farm' shall mean a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces or is capable of producing such commodities for sale and for home use of a gross annual value of not less than the equivalent of a gross annual value of $400 in 1944, as determined by the Secretary. The Secretary shall promptly determine whether any parcel or parcels of land constitute a farm for the purposes of this title whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

"(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling for himself and his family and necessary resident farm labor, or for the family of the operating tenant, lessee, or share cropper, or without other farm buildings adequate for the type of farming in which he engages or desires to engage; (2) that he is without sufficient resources to provide the necessary housing and buildings on his own account; and (3) that he is unable to secure the credit necessary for such housing and buildings from other sources upon terms and conditions which he could reasonably be expected to fulfill.

"LOANS FOR HOUSING AND BUILDINGS ON ADEQUATE FARMS

"SEC. 502. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 501 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed 33 years from the making of the loan, with interest at a rate not to exceed 4 percent per annum on the unpaid balance of principal.

"(b) The instruments under which the loan is made and the security given shall—

"(1) provide for security upon the applicant's equity in the farm and such additional security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

"(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

"(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

"(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

"LOANS FOR HOUSING AND BUILDINGS ON POTENTIALLY ADEQUATE FARMS

"SEC. 503. If the Secretary determines (a) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficier to repay the loan in full within the period of time prescribed by the Secretary as authorized in this title; (b) that the income of the applicant may be sufficiently increased within a period of not to exceed 10 years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and (c) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed 10 years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided, the Secretary may make a loan in an amount necessary to provide adequate farm dwellings and buildings on said farm under the terms and conditions prescribed in section 402. In addition, the Secretary may agree with the borrower to make annual contributions during the said 10-year period in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 percent of the principal payments accruing during any installment year up to and including the tenth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvements or enlargement with due diligence.

"This agreement with respect to credits of principal and interest upon the borrower's indebtedness shall not be assignable nor accrue to the benefit of any third party without the written consent of the Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any lien thereon subsequent to the lien given to the Secretary, or to refuse to release the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits.

"OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING AND BUILDINGS

"SEC. 504. In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a farm dwelling occupied by him, or his tenants, lessees, share croppers, or laborers, in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant, to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making other similar repairs or improvements. No assistance shall be extended to any one individual under the provisions of this section in the form of a loan or grant or combination thereof in excess of $1,000 for any one farm or dwelling or building owned by such individual, or in excess of $2,000 in the aggregate to any one such individual, and the grant portion with respect to any one farm or dwelling or building shall not exceed $500. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable in accordance with the principles and conditions set forth in this title. Sums made available by grant may be made subject to the conditions set out in this title for the protection of the Government with respect to contributions made on loans by the Secretary. In the case of such loan or grant with respect to a farm not occupied by the owner of the land, the Secretary may, as a condition precedent to the grant, require that the landowner enter into such stipulations and agreements with the Secretary and the occupants of the farm as will make it possible for the occupant to obtain the full benefit of the grant.

"TECHNICAL SERVICES AND RESEARCH

"SEC. 505. In connection with financial assistance authorized in sections 501 to 504, inclusive, the Secretary shall require that all new buildings and repairs financed under this title shall be substantially constructed and in accordance with such building plans and specifications as may be required by the Secretary. Buildings and repairs constructed with funds advanced pursuant to this title shall be supervised and inspected, as may be required by the Secretary, by competent employees of the Secretary. In addition to the financial assistance authorized in sections 501 to 504, inclusive, the Secretary is authorized to furnish, through such agencies as he may determine, to any person, including a person eligible for financial assistance under this title, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings. The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purposes of stimulating construction, improving the architectural design and utility of such dwellings and buildings, utilizing new and native materials, economies in materials and construction methods, new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

"PREFERENCES FOR VETERANS AND FAMILIES OF DECEASED SERVICEMEN

"SEC. 506. As between eligible applicants seeking assistance under this title, the Secretary shall give preference to veterans and the families of deceased servicemen. As used herein, a 'veteran' shall be a person who served in the land or naval forces of the United States during any war between the United States and any other nation, and who shall have been discharged or released therefrom on conditions other than dishonorable. 'Deceased servicemen' shall mean men or women who served in the land or naval forces of the United States during any war between the United States and any other nation, and who died in service before the termination of such war.

"LOCAL COMMITTEES TO ASSIST SECRETARY

"SEC. 507. (a) For the purposes of this subsection and subsection (b) of this section, the Secretary may use the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in any county or parish in which activities are carried on under this title. In any county or parish in which activities are carried on under this title and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such existing or newly appointed committee shall be allowed compensation at the rate of $5 per day while engaged in the performance of duties under this title, and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedures of the committees, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

"(b) The committees utilized or appointed pursuant to this section shall examine applications of persons desiring to obtain the benefits of this title and shall submit recommendations to the Secretary with respect to each applicant as to whether the applicant is eligible to receive the benefits of this title, whether by reason of his character, ability, and experience, he is likely successfully to carry out undertakings required of him under a loan or grant under this title, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making

of the loan or grant requested will carry out the purposes of this title. The committees shall also certify to the Secretary their opinions of the reasonable values of the farms. The committees shall, in addition, perform such other duties under this title as the Secretary may require.

"GENERAL POWERS OF SECRETARY

"SEC. 508. (a) The Secretary, for the purposes of this title, shall have the power to determine and prescribe the standards of adequate farm housing and other buildings, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwelling for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

"(b) The Secretary may require any recipient of a loan or grant to agree that the availability of improvements constructed or repaired with the proceeds of the loan or grant under this title shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such farms to the latter's disadvantage without the approval of the Secretary.

"ADMINISTRATIVE PROVISIONS

"SEC. 509. In carrying out the provisions of this title, the Secretary shall have the power to—

"(a) make contracts for services and supplies without regard to the provisions of section 3709 of the Revised Statutes, as amended, when the aggregate amount involved is less than $300;

"(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

"(c) compromise claims and obligations arising out of sections 502 to 505, inclusive, of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payments of further consideration, of—

"(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this title; and

"(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this title which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

"(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant to this title, and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this title shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

"(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this title, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans as provided herein to provide adequate farm dwellings and buildings for the purchasers of such property;

"(f) utilize with respect to the indebtedness arising from loans and payments made under this title, all the powers and authorities given to him under the act approved December 20, 1944, entitled 'An act to authorize the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes' (58 Stat. 836), as such act now provides or may hereafter be amended;

"(g) make such rules and regulations as he deems necessary to carry out the purposes of this title.

"SEC. 510. In order to carry out the provisions of this title there is hereby authorized to be appropriated the sum of $400,000,000.

"TITLE VI—DISPOSITION OF WAR HOUSING

DEFINITIONS

"SEC. 601. For the purposes of this title—

"(1) The term 'Administrator' means the Federal Works Administrator.

"(2) The term 'Lanham War Housing Act' means the act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes,' approved October 14, 1940, as amended.

"(3) The term 'war housing' means any interest, owned by the United States and under the control of the Housing and Home Finance Agency, in (a) housing (other than temporary housing) acquired or constructed under the Lanham War Housing Act, under the Second Supplemental National Defense Appropriation Act, 1941 (Public, No. 781, 76th Cong.), as amended, under the Urgent Deficiency Appropriation Act, 1941 (Public Law 9, 77th Cong.), or under the Second Deficiency Appropriation Act, 1944 (Public Law 375, 78th Cong.), and (B) such other property as is determined by the Administrator to be essential to the use of such housing.

"(4) The term 'veteran' means (A) any person in the active military or naval service of the United States during the present war, or (B) any person who served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of the present war, and who has been discharged or released therefrom under conditions other than dishonorable after active service of 90 days or more or by reason of an injury or disability incurred in service in line of duty.

"(5) The term 'dwelling' means a war housing building designed for residential use of one or more families.

"(6) The term 'dwelling unit' means a dwelling, or that part of a dwelling, which is designed for residential use of one family.

"TRANSFER OF WAR HOUSING TO FEDERAL WORKS ADMINISTRATION

"SEC. 602. (a) The functions of the Housing and Home Finance Agency with respect to war housing are hereby transferred to the Administrator.

"(b) There are hereby transferred to the Administrator, to be used or held in connection with the exercise of the functions transferred by this section, (1) the records and property used or held on the date of the enactment of this act in connection with such functions, and (2) so much of the unexpended balances of appropriations, allocations, or other funds available for use by the Housing and Home Finance Administrator or the Housing and Home Finance Agency in the exercise of such functions as the Director of the Budget shall determine.

"SALE OF WAR HOUSING

"SEC. 603. (a) All war housing (except mortgages, liens, or other interests as security) transferred to the Administrator by section 602 shall, subject to the provisions of this act, be sold for cash as expeditiously as possible and not later than December 31, 1950. Wherever practicable each dwelling in a war housing project shall be offered for sale separately from other dwellings in such project. Any mortgage, lien, or other interest as security transferred to the Administrator by section 602 or acquired by him under this act pursuant to a contract entered into prior to February 26, 1947, may, subject to the provisions of this section, be sold for cash.

"(b) (1) Except as provided in paragraph (2) of this subsection, the price to be paid for war housing sold under this act shall be a price not less than the reasonable value thereof at the time of the offer for sale as determined by appraisal made by an appraiser or appraisers designated by the Federal Housing Administrator.

"(2) The price to be paid for any mortgage, lien, or other interest as security sold under this section shall be a price not less than the unpaid principal (plus accrued interest thereon) of the obligation with respect to which the mortgage, lien, or other interest as security is held.

"(c) Except as provided in subsections (a) and (b), the sale of war housing under this act shall be with or without warranty and upon such other terms and conditions as the Administrator deems proper.

"TRANSFER OF WAR HOUSING TO THE WAR OR NAVY DEPARTMENTS

"SEC. 604. Notwithstanding the provisions of this act or any other provision of law, the Administrator may, in his discretion, upon the request of the Secretary of War or Navy, transfer to the jurisdiction of the War or Navy Department any war housing situated within the proximate vicinity of any permanent Army or Navy Establishment and which requests were on file April 15, 1949.

"PREFERENCES

"SEC. 605. (a) Preference in the purchase of any dwelling designed for occupancy by less than five families shall be granted to veterans and their families and to occupants over other prospective purchasers of such dwelling in the following order:

"(1) A veteran and his family who occupy a dwelling unit in the dwelling to be sold.

"(2) A veteran and his family who do not occupy a dwelling unit in the dwelling to be sold but who intend to occupy a dwelling unit in the dwelling to be purchased; but if the dwelling is designed for occupancy by two, three, or four families, equal preference shall be granted to a private corporation, association, or cooperative society which is the legal agent of veterans and their families who intend to occupy the dwelling purchased by such corporation, association, or society.

"(3) A nonveteran who occupies a dwelling unit in the dwelling to be sold.

"(b) In the case of any war housing project where it is not practicable to offer each dwelling for sale separately from other dwellings in the project and in the case of any dwelling designed for occupancy by more than four families, preference in the purchase thereof shall be granted first to any private corporation, association, or cooperative society which is the legal agent of veterans who intend to occupy the war housing purchased by such corporation, association, or society, and second to any city, village, town, county, or other political subdivision, or public agency or corporation (including a housing authority), in whose area of jurisdiction or operation any such dwelling is located.

"(c) The Administrator shall give such notice in such manner as he deems reasonable to enable prospective purchasers who

have a preference under this section in the purchase of war housing to exercise such preference. Any prospective purchaser having a preference under subsection (a) in the purchase of any dwelling may apply for the purchase of such dwelling (1) if the preference is under paragraph (1), within 30 days after the date of the notice of the offer for sale, (2) if the preference is under paragraph (2), within 60 days after the date of the notice of the offer for sale, and (3) if the preference is under paragraph (3), within 90 days after the date of the notice of the offer for sale. Any corporation, association, or society having a preference under subsection (b) in the purchase of any war housing may apply for the purchase of such housing within 180 days after the date of the notice of the offer for sale.

"SALES WITHOUT PREFERENCE

"SEC. 606. If any dwelling or war-housing project is not sold to a purchaser who is granted a preference under section 605 and who applied within the time prescribed in subsection (c) of such section, such dwelling or war-housing project shall be sold as provided in this act without regard to any preferences granted under section 605 and without regard to any restrictions contained in any other law as to whom war housing may be sold.

"TITLE OF PURCHASER

"SEC. 607. A deed or other instrument executed by or on behalf of the Administrator purporting to transfer title or any other interest in property under this act shall be conclusive evidence of compliance with the provisions of the act insofar as title or other interest of any bona fide purchasers for value is concerned.

"VALIDITY OF CONTRACTS

"SEC. 608. Nothing in this title shall be deemed to impair or modify any contract entered into prior to the effective date of this title for the sale of property, or any term or provision of any such contract, without the consent of the purchaser or his assignee, if the contract or the term or provision thereof is otherwise valid.

"DISPOSITION OF PROCEEDS

"SEC. 609. Moneys derived by the Administrator from the disposition of war housing under this title shall be available to the Administrator, as additions to the sum stated in section 8 of title I of this act, for all the purposes of said title. So much thereof as shall not be used by the Administrator for purposes of said title shall be covered into the Treasury as miscellaneous receipts."

Mr. DAVIS of Georgia (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DAVIS of Georgia. Mr. Chairman, I should like to ask if this parliamentary step may be taken. This amendment is lengthy. I do not wish to take the time of the Committee needlessly by having it read. I believe it can be explained so that its provisions will be understood without its being read verbatim. There are copies available in the rear of the room for those who would like to examine the amendment. So, Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with, in the hope that in addition to my 5 minutes on the amendment I may have such additional time as will enable me to explain its provisions.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. CANFIELD. Reserving the right to object, Mr. Chairman, how many pages are there in the amendment?

Mr. DAVIS of Georgia. Fifty-five pages.

Mr. PATMAN. Reserving the right to object, Mr. Chairman, what is the number of the bill?

Mr. DAVIS of Georgia. H. R. 5085.

Mr. JOHNSON. Reserving the right to object, Mr. Chairman, where are the copies of the bill the gentleman says are here? I have been looking for them but cannot find them.

Mr. DAVIS of Georgia. They are at the pages' desk in the rear of the room.

Mr. JOHNSON. There are plenty of copies for all Members?

Mr. DAVIS of Georgia. I specifically asked that 25 copies be sent here, and I know there are that many in the room.

Mr. WHITTINGTON. Reserving the right to object, Mr. Chairman, is the request made with the understanding that the amendment will be printed at this point in the RECORD?

The CHAIRMAN. That will be done.

Mr. WADSWORTH. Reserving the right to object, Mr. Chairman, does the gentleman believe he can explain a bill of 55 pages in 15 or 20 minutes?

Mr. DAVIS of Georgia. I have an analysis which I believe will cover the principal points.

Mr. WADSWORTH. Does the gentleman say there are only 25 copies of the bill available?

Mr. DAVIS of Georgia. That is all I have asked be sent to the Chamber. There are other copies, but I have not asked for more than that number to be sent here.

Mr. WADSWORTH. I shall not object, but it puts a strain on the intelligence of every Member to understand a 55-page bill with a 10-minute explanation.

Mr. MONRONEY. Reserving the right to object, Mr. Chairman, in order to submit a parliamentary inquiry, may I ask if a point of order may be made against the amendment at this time?

The CHAIRMAN. If a point of order is to be raised against the amendment, it must be made either after the reading of the amendment or after unanimous consent is obtained to dispense with the further reading of the amendment.

Is there objection to the request of the gentleman from Georgia?

Mr. SHAFER. I object, Mr. Chairman.

Mr. COUDERT (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COUDERT. Mr. Chairman, I have a substitute amendment for the amendment which has just been offered, which is in the nature of a substitute for the bill. Is it in order to offer my amendment now or after debate has been concluded on this amendment?

The CHAIRMAN. It will be in order after the gentleman from Georgia [Mr. DAVIS] finishes his remarks and in the event that the gentleman from New York secures recognition.

Mr. CARROLL. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is out of order.

Mr. CARROLL. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

Mr. WOLCOTT. Mr. Chairman, I must demand the regular order.

The CHAIRMAN. The gentleman from Colorado understands that the amendment is being read, and until the Clerk completes the reading of the amendment, or the further reading is dispensed with, the gentleman cannot be recognized for that purpose.

Mr. CARROLL. Mr. Chairman, a parliamentary inquiry.

Mr. WOLCOTT. Mr. Chairman, is it in order to interrupt the reading of an amendment for a parliamentary inquiry?

The CHAIRMAN. It is in order and it is within the discretion of the Chair.

The gentleman from Colorado will state his parliamentary inquiry.

Mr. CARROLL. My purpose in making this parliamentary inquiry is to know whether it would be possible to amend this amendment or substitute as it is being read. May I say that I note the gentleman from Georgia made a speech in the RECORD.

The CHAIRMAN. In reply to the gentleman's parliamentary inquiry, the Chair states that the amendment first has to be read and then that would be in order.

Mr. PATMAN. Mr. Chairman, in view of the fact that copies of the amendment are available and can be furnished by the pages to any Member who desires a copy and in view, also, of the fact that the amendment is 55 pages long, I renew the request asking unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. SHAFER. Mr. Chairman, reserving the right to object, the gentleman from Georgia has admitted that there are only 25 copies available on the floor. Therefore I object to any such request.

Mr. PATMAN. Mr. Chairman, I understand there are more than that.

The CHAIRMAN. The Clerk will read.

Mr. PATMAN (further interrupting the reading of the amendment). Mr. Chairman, I renew my request that the further reading of the amendment be dispensed with.

Mr. SHAFER. Mr. Chairman, I understand there are now 27 copies of the bill on the floor, so I withdraw my objection.

Mr. PATMAN. There are several hundred copies.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. MONRONEY. Mr. Chairman, I would like to reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Oklahoma reserves a point of order.

The gentleman from Georgia [Mr. DAVIS] is recognized.

Mr. DAVIS of Georgia. Mr. Chairman, I ask unanimous consent that I may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. SPENCE. Mr. Chairman, reserving the right to object, and I will not object to the five additional minutes requested, but we have had 8 hours of general debate and we want to move along as fast as we can. I will object to any further request for extension of time.

Mr. COUDERT. Mr. Chairman, reserving the right to object, I also have an amendment in the nature of a substitute. If the gentleman from Georgia [Mr. DAVIS] is going to be allowed five additional minutes, I shall certainly make the same request. If the distinguished gentleman from Kentucky [Mr. SPENCE] is going to object to any further requests for extension of time, I shall be constrained to object to the gentleman's request for further time at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia [Mr. DAVIS]?

Mr. COLMER. Mr. Chairman, reserving the right to object, while it is true that 8 hours were devoted to general debate, yet it is also true that many Members who wanted to speak on this bill have not had an opportunity to. This is a very important piece of legislation, and I sincerely hope that the distinguished chairman of this committee, the gentleman from Kentucky, will not try to cut off debate at the beginning of consideration under the 5-minute rule.

Mr. SPENCE. Mr. Chairman, I withdraw my request.

Mr. KUNKEL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KUNKEL. Inasmuch as there are four or five substitutes to be offered would the Chair entertain a consent request that each Member who offers a substitute be recognized for 10 minutes? Could we have that understanding at this time?

The CHAIRMAN. The Chair would be constrained not to invite that procedure. The Chair will entertain requests as to each substitute when the requests are submitted.

The gentleman from Georgia asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Georgia is recognized for 10 minutes.

Mr. DAVIS of Georgia. Mr. Chairman, I believe the Members now have available the printed copies of H. R. 5085. This is a bill which I introduced carrying provisions under which none of the various administrations involved may obtain money without going to the Committee on Appropriations. This bill provides that for all expenditures which are to be made appropriations must be recommended by the Committee on Appropriations and enacted by the Congress. The various provisions in the several titles of this bill merely authorize appropriations for the purposes set out in this bill.

Title I is the slum-clearance title. It presents a plan under which a beginning can be made to clear the slums of the Nation under what are believed to be sound principles. It deals with the question of slums in a manner that recognizes that they are a problem within themselves and that a plan to deal with them should not be one which makes the question simply a feeder for public housing. The two problems are separate and distinct and should not be connected. Under the provisions of this title the Federal Works Agency is the agency which will administer the slum-clearance provisions. This agency deals with the States or with the subdivisions of the States, such as municipalities, cities, towns, and counties. I regard this as being sounder procedure than that which is provided for under H. R. 4009, under which the Federal Government deals directly with the local agency involved. This title under H. R. 5085 preserves the principle of local self-government and the principle of States' rights. Under this title of H. R. 5085 the Federal Government makes loans and grants to the States to be used by the State or its subdivision to acquire slum property for its redevelopment for its highest and best use. Land so acquired may be devoted to commercial or industrial uses, housing, parks, playgrounds, or appropriate public uses as determined by a redevelopment plan. The land is sold at a reasonable price with due regard for the new use thereof.

This bill provides that loans will be made to the subdivisions of the State involved for an amount estimated to be equal to the resale value of the land which has been acquired and cleared; that is, if a block of slum land has been acquired and cleared, a sufficient sum is lent to the city or the agency involved estimated to be equal to the resale value of that land. When the land is sold the loan is repaid. Then, under this bill the Government donates one-half of the difference between the cost of the land and it's clearance and the resale value. The city or the county or the subdivision doing the work donates the other 50 percent of that cost. A total of $350,000,000 is provided. The bill also provides that not more than 20 percent shall be used in any one year and that not more than 10 percent shall go to any State in the Union. It provides that the program shall run into 1954, a period of 5 years.

This will give us a start into genuine slum clearance. It will enable us to feel our way as we go along. It enables the Appropriations Committee to carefully investigate the methods and procedure and if any flaws develop Congress will have an opportunity to correct them. That is the great difference between my bill and H. R. 4009. Under that bill no such opportunity exists for the Congress to review or reexamine and correct errors. The power to do that is divested from Congress whenever H. R. 4009 is enacted into law. From then on Congress would have no supervision over the expenditure of the money.

Title II of this bill is the low-rent housing provision and provides for low-rent dwellings on an incentive basis. The bill contains provisions, as you will see from examining it, for proper representations to be made at the time application is made for the tax abatement and the favors granted in this bill to the builder. It provides for a period of 10 years the local ad valorem taxes, State, county, and city shall be frozen at the figure at which they are assessed at the time application is made. To use an illustration, let us say a block of slum houses is assessed at $25,000. That assessment will remain in effect for a period of 10 years even though a million dollar apartment house may be erected on the property. It provides a further incentive in that depreciation at the rate of 10 percent per annum is allowed for a period of 10 years which may be credited against the Federal income taxes of the developer.

It provides two methods of tax reduction which will make a substantial saving to the tenant. The bill requires that these savings be applied to the rent. They cannot be placed in the pockets of the taxpayers. As I inserted in the RECORD in my remarks yesterday, it will result in cutting a normal rent of $80 down to $46.26.

This is private industry. It does not cost the Government anything whatsoever. It simply prevents an increase in taxation because of the improvement and does not cost the Federal Government anything because the taxpayer, unless these improvements are made, would not be paying the Federal income tax anyway. It does not cost the Federal Government a dollar, it does not cost the local government a dollar; yet it results in real low-rent dwellings for those who need them.

The bill contains certain provisions that only those who do need them can be admitted as tenants. It contains the machinery by which they may be ascertained to be needy people before they are entitled to enter as tenants.

The bill contains a provision, which was investigated by this Congress to a large extent last year, known as the Veterans' Homestead Act, introduced in the Eightieth Congress, considered by the Veterans' Affairs Committee and reported out. It will give to veterans the opportunity to have low rental housing or to buy their dwellings at a price which veterans can afford.

You members of the Committee on Veterans' Affairs who are familiar with it, know that the Veterans' Homestead Act does contain workable, practical provisions that will give low rental housing to veterans under the cooperative system and will enable them to purchase dwellings under that system at reasonable prices. The maximum allowed is $10,000 construction cost per unit. The bill provides that the veteran may borrow the $10,000 necessary to provide payment for the dwelling. It authorizes an appropriation of $250,000,000, and the program is to be administered by the Veterans' Administration. This bill also contains provisions for farm aid loans and assistance.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. MONRONEY. Mr. Chairman, I raise a point of order against the amendment. I make the point of order that the amendment is not germane to H. R. 4009 in that it contains a major section amending the Internal Revenue Code, and therefore is not germane to either the activities of the Committee on Banking and Currency or the bill H. R. 4009 now under consideration.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard on the point of order?

Mr. DAVIS. No, Mr. Chairman.

The CHAIRMAN. The Chair would like to inquire of the chairman of the committee whether or not there are any provisions in H. R. 4009 affecting the Internal Revenue Code.

Mr. SPENCE. No, Mr. Chairman. There is no provision of that character in the bill.

The CHAIRMAN. The Chair is ready to rule. On page 7 of the amendment, title II, section 201 there is a provision relating to the Internal Revenue Code. Legislation affecting the Internal Revenue Code comes under the jurisdiction of the House Committee on Ways and Means and not the House Committee on Banking and Currency. The Chair, therefore, sustains the point of order.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUCHANAN. Mr. Chairman, this bill would represent a completely unworkable and inadequate substitute for the basic programs contained in H. R. 4009.

TITLE I. ASSISTANCE TO STATES FOR THE ACQUISITION AND REDEVELOPMENT OF SLUMS

This title would authorize appropriations of $350,000,000 for loans and grants to States of which not more than 20 percent could be spent in any year and none after June 30, 1954, would require half of all losses to be met in cash by the States, and would provide no effective means for the rehousing of families displaced by slum clearance.

Few if any States could participate in this program on the basis of their present constitutional or statutory powers. Even if all the Federal funds authorized could be expended by June 30, 1954, which is highly doubtful, the program would be grossly inadequate even as a start on slum clearance.

This title is substantially similar to a draft of a proposed bill circulated among some Members of Congress early this year by Morton Bodfish of the United States Savings and Loan League.

TITLE II. HOUSING FOR FAMILIES OF LOW INCOME—ACCELERATED TAX

This title is a complete misnomer. Its proposal for accelerated tax depreciation of rental housing has been previously exposed as a device for income-tax subsidies for private builders and investors. There is nothing in this plan which would reduce rents one penny. While the requirement for abatement of local real estate taxes might reduce rents by $10 a month, many States would require new legislation in order to authorize such tax abatement. Even where tax abatement was available, average rents would be about $75 a month at current cost levels, or far above the paying ability of low-income families. Since the bill would limit occupancy to families certified as in need of public rent assistance or unable to pay rents for adequate private housing, little, if any, housing would be certified by the FHA, as required under this title.

TITLE III. VETERANS' HOMESTEAD ASSOCIATIONS

The program proposed in this title would produce at the most 25,000 units of housing. The provisions of the title are substantially similar to the veterans homestead bill of 1948 although greatly reduced in size. That bill was originally sponsored by the American Legion which is now strongly supporting H. R. 4009 and is not supporting H. R. 5085.

TITLE IV. HOUSING RESEARCH

This title would authorize a limited program of technical research and would place it in the Department of Commerce which has no direct contact with housing. The title runs completely contrary to the recommendations of the Joint Committee on Housing in the Eightieth Congress which strongly recommended a comprehensive program of housing research in the Housing and Home Finance Agency, as is done in H. R. 4009.

TITLE V. FARM HOUSING

This title is largely identical to title IV of H. R. 4009.

TITLE VI. DISPOSITION OF WAR HOUSING

This title would require the sale of all permanent war housing by the end of 1950. While it purports to give preferences to veterans, it imposes rigid and unworkable requirements which would probably have the effect of dumping most of this housing into the hands of speculators.

ADMINISTRATIVE REQUIREMENTS

H. R. 5085 would lead to confusion and overlapping in the administration of housing programs. It would place responsibility for its so-called slum-clearance program in the Federal Works Agency—which will shortly be absorbed in a new general services agency under legislation approved by both Houses—would transfer permanent war housing to FWA while leaving temporary war housing in the Public Housing Administration, and would place housing research activities in the Department of Commerce.

This dispersal of responsibility for housing runs directly counter to the recommendations of the Hoover Commission that all housing activities be placed in one agency under a single administrator.

The Hoover Commission stated that substantial progress has been made toward unifying the housing activities of the Government by the establishment of the Housing and Home Finance Agency and recommended, in addition, that the GI loan program of the Veterans' Administration, the Federal National Mortgage Association, and the Office of the Housing Expediter be transferred to that Agency.

STATEMENT IN OPPOSITION TO H. R. 5085

H. R. 5085, which was introduced on June 9, is intended as a substitute for H. R. 4009. The bill, which has not yet been considered by the Committee on Banking and Currency, contains six lengthy titles. It is clearly impractical to consider this entire bill without benefit of committee study and public hearings. It would be impossible to perfect this bill on the floor unless we stayed in session until September. Indeed, with the exception of the farm housing title, which is similar in many respect to the farm housing title of H. R. 4009, I believe that each of the titles in the bill is fundamentally unsound.

Quite apart from the many positive defects which are contained in the bill, it is deficient in that it makes no provision, whatsoever, for housing families of extremely low income. These families, whose need for decent housing is the most desperate of all, cannot possibly hope to benefit from any of the provisions of H. R. 5085. There is one title of the bill which is headed "Housing for families of low income." However, analysis of this title makes it plain that it does not accomplish its stated purpose. Furthermore, in the absence of any effective provision for housing families of low income, many of whom dwell in slum areas, the slum clearance title of the bill, to the extent that it might prove effective, would actually make their plight even worse. Slum clearance, unaccompanied by effective provision for rehousing displaced families, merely has the effect of further crowding the families into remaining slums.

TITLE I. ASSISTANCE TO STATES FOR THE ACQUISITION AND REDEVELOPMENT OF SLUM LAND

This title, which would be administered by the Federal Works Agency, provides for grants and loans to States for the acquisition and clearance of slum land for redevelopment. The Federal grants would be limited to one-half of the write-down in land values as a result of putting the slum land to new use, and the States would bear the cost of the remaining half. Grants and loans and administrative expenses are authorized in the aggregate amount of $350,000,000, of which not more than 20 percent could be expended in any 1 year.

This program is inadequate and basically unsound. The many studies of this subject which have been made during the past 5 years by the House and Senate Committees on Postwar Planning, the House and Senate Committees on Banking and Currency, and the Joint Committee on Housing, all lead to the conclusion that a larger program and a larger percentage of Federal support than would be provided by this title are necessary if an effective beginning is to be made in clearing out slums. Indeed, many of our States would be financially unable to participate in the proposed program.

Furthermore, the studies by these congressional committees unanimously taught the lesson that a slum clearance program is justified and desirable only if adequate provision is made for rehousing the displaced families. H. R. 5085 makes no such provision. True, it

recites that displaced families shall be given "immediate accommodations" in Federally subsidized low-rent housing or shall be given "rental assistance for a reasonable period" by the States. However, it is perfectly clear, that, unless the construction of additional federally subsidized housing is authorized, there is no possibility that any considerable number of displaced families could be accommodated in such housing. It is also abundantly clear that the contemplated rent certificates will not provide the housing which is necessary to replace demolished slum dwellings. Indeed, it would be economic folly for private investors to provide the necessary additional housing in reliance on the rental assistance which, by the very terms of the bill, would be available for only a brief period of time.

If the highly improbable were to happen, and substantial slum clearance were actually to result from this most inadequate program, the effect would merely be to force families residing in the cleared slums to crowd into the remaining slums at higher rentals, thereby boosting realty values in those remaining slums, and giving the slums a firmer grip on life.

Thus, the basic defect of this title is that it fails to recognize that the work of slum clearance cannot properly be carried on without regard to the need for rehousing the residents of the slums which are cleared. No doubt, it is the failure to recognize this fact which also leads the sponsors of the bill to vest responsibility for the program in the Federal Works Agency, rather than in the Housing Agency, working with the local communities.

TITLE II. HOUSING FOR FAMILIES OF LOW INCOME

This title proposes, as a substitute for the low-rent public housing provisions of H. R. 4009, an amendment to the Internal Revenue Code permitting an investor to depreciate rental housing investment for tax purposes at the rate of 10 percent per year (instead of the normal rate of 2½ percent) over a period of 10 years. Thus the full capital cost could be written off in 10 years, instead of 40 years under the present normal depreciation rate. This accelerated depreciation would be available only to investors who had received an eligibility certificate from the Federal Housing Commissioner. The certificate could be issued upon agreement by the investor to rent the facilities only to families whom the local government welfare agency certifies as receiving or entitled to receive public rent assistance or as having insufficient income to afford decent housing. A further prerequisite for issuance of the eligibility certificate is the exemption from local taxes of the increase in value of the property by reason of the housing improvement.

In contrast with low-rent public housing, this proposed substitute will not produce any substantial amount of decent housing at rents which low-income families could afford to pay. Accelerated depreciation itself would not result in reduced rents. Most proponents of accelerated depreciation have claimed only that it will stimulate rental housing investment; they have not claimed that it will reduce rents. True, the higher depreciation rate will tend to wipe out the investor's income taxes on the project for the first few years, but since he would not be able to claim depreciation after 10 years, the higher taxes in the later years would tend to wipe out most of his earlier advantage. There are three contingencies which might make accelerated depreciation attractive. One is sale of the project, which would permit the investor to retain some of his earlier advantage as a result of the lower capital gains rate which would apply to the sale. Another is lower income tax rates in later years. A third is the prospect of lower competitive rents, and thus reduced income tax liability in the later years. But it is not conceivable that an investor would pass on in reduced rents his earlier cash advantage simply on the possibility that any of these contingencies might relieve him of the necessity to pay most of it back to the Government. That is not the way an incentive works.

If valid, the local tax exemption contemplated under the bill could achieve some rent reduction. However, this would require the enactment of State legislation which would undoubtedly take several years. Also, such tax exemption for individuals would be of doubtful constitutionality in most States. On a typical project, the rent reduction from such exemption would not exceed $10 per unit per month. At current costs, the average rent on a project assisted under the bill would be about $77 in contrast to $50 claimed by its proponents. This compares with an average gross rent (including all utilities) of about $22.50 per month—or $15.50 shelter rent—which could be achieved under the low-rent public housing provision of H. R. 4009 through Federal contributions and local tax exemption.

Housing renting for $77 per month could not qualify for the FHA eligibility certificate required by the title. The title would thus become a dead letter. However, if the accelerated depreciation provision of H. R. 5085 were not coupled with the requirement that low rents be achieved, it could result in a substantial loss of Federal revenues without commensurate public benefit. Substantial benefits would flow however to a limited class of wealthy investors, and the benefits conferred would be unrelated to any assistance given housing construction. Under no circumstances could this title serve as a substitute for low-rent public housing.

TITLE III. VETERANS' HOMESTEAD ASSOCIATION

This title provides for the formation of Veterans' Homestead Associations which would construct housing with the aid of Federal loans made at low interest rate by the Administrator of Veterans' Affairs. These loans would be authorized in the amount of $250,000,000. The associations, which would be chartered by the Veterans' Administrator on the application of five or more veterans, would be authorized to rent or sell the housing to veterans of World War II. The Federal Works Administrator would be authorized to make 50 percent grants aggregating $50,000,000 for streets and water and sewer facilities necessary to serve the housing constructed by the Veterans' Homestead Associations.

The title is substantially similar to H. R. 4488, Eightieth Congress, the veterans' homestead bill of 1948. That bill was originally sponsored by the American Legion. It is interesting to note that the Legion is no longer sponsoring this legislation, and in its place is now sponsoring other housing legislation, including H. R. 4009.

Title III of H. R. 5085 is defective in a number of very important particulars. The title would make very little contribution toward increasing the volume of residential construction or toward decreasing its cost. The title is addressed primarily to the provision of additional housing credit, and fails to recognize that the level of construction costs, rather than lack of credit, constitutes the major obstacle to providing housing for a higher percentage of our families. The enactment of the title would probably tend to maintain or increase excessive construction costs and sales prices. It would also bypass established channels of home financing and would have a disruptive effect on the mortgage market, without securing any substantial savings to veterans.

It should be noted, too, that the title would provide for a large number of federally chartered associations which would necessarily be subject to a fairly close degree of supervision by the Veterans' Administration. This would require the Veterans' Administration to duplicate or overlap many functions of other Federal agencies.

Finally, it should be noted that the grants for the construction of streets and utilities seem unjustified as an indirect and relatively expensive form of subsidy to veterans' housing, since the streets and utilities would generally benefit entire neighborhoods and not merely the housing constructed by the Veterans' Homestead Associations.

TITLE IV. HOUSING RESEARCH

This title would repeat and perpetuate mistakes and deficiencies that have characterized past ventures of the Federal Government into the field of housing research. It ignores completely the recommendations of the Joint Committee on Housing with respect to housing research. The title sets up an artificial distinction in the research duties of the Housing Agency and the Commerce Department which could produce nothing but confusion and duplication and calls for a division of responsibility not found in other Federal programs. Technical and economic matters arising in the course of their own operations would be handled by the operating agencies of the Housing and Home Finance Agency. Other housing research would be in the province of the Commerce Department.

However, there is no problem, technical or economic, which does not arise in the course of agency operations. To cite only one example, the FHA cannot agree to insure the mortgage on a property incorporating a novel construction method until it is satisfied that the method is a sound one. And likewise it cannot agree to insure the mortgage on a large rental housing project until the market facts as

to housing need and demand in the locality have been collected and reviewed. To do otherwise would represent a failure to protect the interests of the Government.

H. R. 5085 treats housing research as though it were an abstract matter capable of being detached from close contact with the industries that are expected to benefit from it. Such treatment would perpetuate the technological lag in housing research compared with research concerning the rest of our economy. It is true that the bureaus of the Commerce Department possess facilities and skill which have been developed through the years. The Bureau of the Census, the Bureau of Foreign and Domestic Commerce, and the National Bureau of Standards all carry on valuable scientific or economic inquiries of broad general interest. The American people paid for the development of the facilities and skills developed by the bureaus, and are entitled to their full benefits.

The efficient way to use the facilities of the departments of commerce, as well as those of private enterprise, for the improvement of housing is the one proposed in H. R. 4009. That bill follows the recommendations of the Joint Committee on Housing that the Housing Agency be charged with the responsibility of utilizing fully existing private and public research and testing facilities and of disseminating the results in ways designed to encourage a modernizing of the industry.

TITLE V. FARM HOUSING

The financial aids to farm housing in H. R. 5085 are substantially the same as in H. R. 4009. The farm housing titles of the bills differ in the following major respects:

H. R. 5085 authorizes the appropriation of $400,000,000 to finance the program. Other than this maximum amount to be appropriated for all purposes, H. R. 5085 contains no separate limitations on funds for contributions, grants, and loans. H. R. 4009, would authorize a maximum of $250,000,000 in loans, $50,000,000 in contributions, and $12,500,000 in grants.

There are two desirable provisions of H. R. 4009 which are omitted from H. R. 5085. One is an authorization of moratoriums upon the payment of principal and interest on loans in certain cases, as well as cancellation of interest payments during moratorium periods in cases of extreme hardship. The other is a provision that the Secretary of Agriculture prepare estimates of national farm housing needs and recommendations for executive and legislative action to meet those needs.

TITLE VI. DISPOSITION OF WAR HOUSING

Title VI of the bill would transfer all functions of the Housing and Home Finance Agency with respect to war housing (other than temporary housing) to the Federal Works Administrator and would provide that all the housing transferred shall be sold for cash not later than December 31, 1950, at a price not less than the reasonable value thereof at the time of the offer for sale as determined by appraisal made by appraisers approved or designated by the Federal Housing Administration. The Federal Works Administrator would be authorized to transfer to the jurisdiction of the War or Navy Departments any housing situated within the proximate vicinity of any permanent Army or Navy Establishment the transfer of which is requested by the Army and Navy prior to April 15, 1949. The bill also establishes certain preferences to veterans in the sale of the war housing. Proceeds from the sales of the housing would be available to the Federal Works Administrator for assistance to States for the acquisition and redevelopment of slum land pursuant to title I of the bill with any surplus to be covered into the Treasury as miscellaneous receipts.

These provisions—with the exception of the provision for using proceeds for slum clearance—are similar to the provisions of H. R. 3492 which was passed by the House on June 18, 1947, prior to the establishment of the Housing Agency on a permanent basis.

These provisions of the title would impose inflexible and unworkable limitations on the disposal of war housing which would be detrimental to veterans and to present occupants.

Transferring permanent war housing to the FWA and leaving temporary housing in the HHFA would result in a duplication of work and personnel. In many cases permanent war housing is intermingled on a single site with temporary housing. In other cases permanent and temporary housing are adjacent and served by common utilities. The HHFA is familiar with the local situations with respect to the housing since it was built under its supervision and the agency has been engaged in consultation with local communities with respect to its disposition. The proposed transfer of housing functions is also contrary to the Hoover Commission recommendations.

The requirements that the housing must be sold not later than the end of 1950 and at not less than the appraised reasonable value, may prove mutually contradictory. In addition the requirement of cash for the purchase of the housing might make it difficult for veterans to exercise their preference and might result in making the housing available for sale to speculators. The time restriction would make it difficult for veterans to organize cooperatives and arrange for the financing of large projects.

The provisions for preferences to veterans do not give them any preferences they do not already have and in addition are defective in that under the definition of veteran men still in uniform, including those who saw war service, may be deprived of a preference and widows of veterans are not given a preference. Also, the requirement that associations purchasing large projects shall be composed entirely of veterans may nullify their preference since experience has shown that it is necessary and desirable to include some nonveterans in associations purchasing large projects. In addition, present occupants are given no preferences unless they are veterans.

The provision that all dwellings shall be sold at not less than their appraised value would repeal the benefit of an existing law that permits veterans to purchase housing for occupancy at either the market value or its cost to the Government, whichever is less.

It thus seems clear that many provisions of the obsolete legislative proposals now embodied in this title are clearly defective and basically wrong.

Mrs. BOLTON of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BOLTON of Ohio: Strike out all after the enacting clause and substitute the following: "That this bill may be cited as the Housing Act of 1949."

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with, and point out that there are summaries at the desk near the door.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. WADSWORTH. Mr. Chairman, reserving the right to object, may I inquire how lengthy the amendment is?

The CHAIRMAN. The amendment is 78 pages long.

Is there objection to the request of the gentleman from New York?

Mr. SHAFER. I object, Mr. Chairman.

The Clerk read as follows:

DECLARATION OF NATIONAL HOUSING POLICY

SEC. 2. The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth and wealth of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power. The policy to be followed in attaining the national housing objective hereby established shall be: (1) Private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need; (3) appropriate local public bodies shall be encouraged and assisted to undertake positive programs of encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes, and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs; (4) governmental aid to eliminate substandard and other inadequate housing through the clearance of slums and blighted areas to facilitate community development and redevelopment and to provide adequate housing for urban and rural nonfarm families with incomes so low that they are not being decently housed in new or existing housing shall be extended to those localities

which estimate their own needs and demonstrate that these needs are not being met through reliance solely upon private enterprise, and without such aid; and (5) governmental assistance for decent, safe, and sanitary farm dwellings and related facilities shall be extended only where the farm owner demonstrates that he lacks sufficient resources to provide such housing on his own account and is unable to secure necessary credit for such housing from other sources on terms and conditions which he could reasonably be expected to fulfill.

TITLE I—URBAN REDEVELOPMENT AND SLUM CLEARANCE

LOCAL RESPONSIBILITY TO AID HOUSING COST REDUCTIONS

SEC. 101. In extending financial assistance under this title, the Administrator shall give consideration to the extent to which the appropriate local public bodies have undertaken a positive program of encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

LOANS

SEC. 102. (a) To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevelopment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment. Such loans (outstanding at any one time) shall be in such amounts not exceeding the expenditures to be made by the local public agency as part of the gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, 45 years from the date of the bonds evidencing such loans), as may be deemed advisable by the Administrator. Such loans may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the local public agency can obtain loan funds from sources other than the Federal Government at interest rates lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(b) The Administrator may make loans to local public agencies for surveys and plans in preparation of projects which may be assisted under this title, and the contracts for such loans may be made upon the condition that such loans shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to such agency for the undertaking of the project or projects involved.

(c) To obtain funds for loans under this title, the Administrator, on and after July 1, 1949, may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $25,000,000, which limit on such outstanding amount shall be increased by $225,000,000 on July 1, 1950, and by further amounts of $250,000,000 on July 1 in each of the years 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed $1,000,000,000) such limit, and any such authorized increase therein, may be increased, at any time or times, by not to exceed an additional $250,000,000 upon a determination by the President that such action is in the public interest.

(d) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purposes is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

CAPITAL GRANTS

SEC. 103. (a) The Administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans. The aggregate of such capital grants with respect to all the projects of a local public agency which are assisted under this title shall not exceed two-thirds of the aggregate of the net project costs, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid required with respect to the project pursuant to section 104.

(b) The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants, with respect to projects assisted under this title, aggregating not to exceed $100,000,000, which limit shall be increased by further amounts of $100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed $500,000,000) such limit, and any such authorized increase therein, may be increased, at any time or times, by not to exceed an additional $100,000,000 upon a determination by the President that such action is in the public interest. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated the amounts necessary to provide for such payments.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which such contracts have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 103 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency which are assisted under this title to an amount not exceeding two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in section 110 (f) of land in such projects).

LOCAL DETERMINATIONS AND RESPONSIBILITIES

SEC. 105. Contracts for financial aid shall be made only with a duly authorized local public agency and shall require that—

(a) the redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;

(b) when land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for the project area; (ii) to begin the building of their improvements on such land within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds are necessary to carry out the purposes of this title;

(c) there be a feasible method for the temporary relocation of families displaced from the project area, and that there are or are being provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families: *Provided*, That, in view of the existing acute housing shortage, each such contract shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1951, if in the opinion of the local governing body such demolition would result in undue hardship for the occupants of the structure.

GENERAL PROVISIONS

SEC. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, shall—

(1) appoint a director to administer under the direction and supervision of the Administrator the provisions of this title;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of loans and capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government; and

(4) make an annual report to the President, for transmission to the Congress, to be

submitted as soon as practicable following the close of the year for which such report is made.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title, and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title; and

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding.

(d) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING

SEC. 107. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the redevelopment plan shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

SURPLUS FEDERAL REAL PROPERTY

SEC. 108. The President may at any time, in his discretion, transfer to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it shall be sold at a price equal to its cash value, and the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 109. In order to protect labor standards—

(a) any contract for financial aid pursuant to this title shall contain a provision requiring that not less than the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary of Labor, shall be paid by any contractor engaged on the project involved; and the Administrator may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract;

(b) the provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., title 40, secs. 276b and 276c), shall apply to any project financed in whole or in part with funds made available pursuant to this title;

(c) any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within 5 days after the close of each month and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective pay rolls on the particular project, the aggregate amount of such pay rolls, the total manhours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Redevelopment area" means an area which is appropriate for development or redevelopment and within which a project area is located.

(b) "Redevelopment plan" means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) to indicate proposed land uses and building requirements in the project area: *Provided*, That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

(c) "Project" may include (1) acquisition of land within (i) a slum area or other deteriorated or deteriorating area which is predominantly residential in character, or (ii) any area which is to be developed or redeveloped for predominantly residential uses and which prior to such development or redevelopment constitutes a deteriorated or deteriorating area or open urban land which because of obsolete platting or otherwise impairs the sound growth of the community or open suburban land essential for sound community growth; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term "project" shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term "redevelopment" and derivatives thereof shall mean develop as well as redevelop.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or any other entity, in the form of (1) cash grants; (2) donations, at cash value, of land (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project), and demolition or removal work, or site improvements in the project area, at their cost; and (3) the provision, at their cost, of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan. No demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, for such work, of the construction of such improvement or facility, shall be eligible for inclusion as a local grant-in-aid in connection with a project or projects assisted under this title.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan.

(g) "Going Federal rate" means the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more, determined at the date the contract for loan is made. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and

the Territories, dependencies, and possessions of the United States.

(i) "Administrator" means the Housing and Home Finance Administrator.

TAX EXEMPTION

SEC. 111. Obligations, including interest thereon, issued by local public agencies for projects undertaken pursuant to this title, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

TITLE II—LOW-RENT PUBLIC HOUSING

LOCAL RESPONSIBILITIES AND DETERMINATIONS; TENANCY ONLY BY LOW-INCOME FAMILIES

SEC. 201. The United States Housing Act of 1937, as amended, is hereby amended by adding the following additional subsections to section 15:

"(7) In recognition that there should be local determination of the need for low-rent housing to meet needs not being adequately met by private enterprise—

"(a) the Authority shall not make any contract for financial assistance pursuant to this act with respect to any low-rent housing initiated after March 1, 1949, (i) unless the public-housing agency has demonstrated to the satisfaction of the Authority that there is a need for such low-rent housing which is not being met by private enterprise; and (ii) unless the governing body of the locality involved has entered into an agreement with the public-housing agency providing for the local cooperation required by the Authority pursuant to this act; and

"(b) the Authority shall not make any contract for annual contributions pursuant to this act with respect to any low-rent housing initiated after March 1, 1949, unless the public-housing agency has demonstrated to the satisfaction of the Authority that a gap of at least 20 percent has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise is providing (through new construction and available existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof.

"(8) Every contract made pursuant to this act for annual contributions for low-rent housing projects initiated after March 1, 1949, shall provide that—

"(a) the public housing agency shall fix maximum income limits for the admission and for the continued occupancy of families in such housing, that such maximum income limits and all revisions thereof shall be subject to the prior approval of the Authority, and that the Authority may require the public housing agency to review and to revise such maximum income limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of this act;

"(b) a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (i) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing; and (ii) lived in an unsafe, unsanitary, or overcrowded dwelling, or had been displaced by a slum-clearance or land assembly and clearance project or by off-site elimination in compliance with the equivalent elimination requirement hereof, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant: *Provided*, That the requirement in (ii) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than 5 years after March 1, 1949;

"(c) in the selection of tenants (i) the public housing agency shall not discriminate against families, otherwise eligible for admission to such housing, because their incomes are derived in whole or in part from public assistance and (ii) as among applicants eligible for occupancy in a dwelling and at the rent involved, the public housing agency shall (subject to the veterans' preference prescribed in subsection 10 (g) of this act) give preference to families having the most urgent housing need; and

"(d) the public housing agency shall make periodic reexaminations of the net incomes of tenant families living in the low-rent housing project involved; and if it is found, upon such reexamination, that the net incomes of any such families have increased beyond the maximum income limits fixed by the public housing agency (and approved by the Authority) for continued occupancy in such housing, such families shall be required to move from the project."

VETERANS' PREFERENCE

SEC. 202. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By adding the following new subsection to section 10:

"(g) every contract made pursuant to this act for annual contributions for low-rent housing projects initiated after March 1, 1949, shall require that the public housing agency in selecting tenants shall give preference, as among applicants eligible for occupancy of the dwelling and at the rent involved, to families of veterans and servicemen (including families of deceased veterans or servicemen), where application for admission to such housing is made not later than 5 years after March 1, 1949. As among applicants entitled to the preference provided in this subsection, first preference shall be given to families of disabled veterans whose disability is service-connected."

(b) By adding the following new subsection to section 2:

"(14) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term 'serviceman' shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 26, 1947."

COST LIMITS

SEC. 203. Subsection 15 (5) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows:

"(5) No contract for any loan, annual contribution, or capital grant made pursuant to this act shall be entered into by the Authority with respect to any low-rent housing project completed after January 1, 1948, having a cost for construction and equipment of more than $1,750 per room (excluding land, demolition, and nondwelling facilities); except that in the case of Alaska any such contract may be entered into with respect to a project having a cost for construction and equipment of not to exceed $2,500 per room (excluding land, demolition, and nondwelling facilities): *Provided*, That if the Administrator finds that in the geographical area of any project (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such housing, he may prescribe in such contract cost limitations which may exceed by not more than $750 per room the limitations that would otherwise be applicable to such project hereunder. The Authority shall make loans, grants, and annual contributions only for such low-rent housing projects as it finds are to be undertaken in such a manner that such projects will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration. In order to attain the foregoing objective, every contract for financial assistance entered into with respect to any low-rent housing project initiated after March 1, 1949, shall provide that no award of the main construction contract for such project shall be made unless the Authority, taking into account the level of construction costs prevailing in the locality where such project is to be located, shall have specifically approved the amount of such main construction contract."

PRIVATE FINANCING

SEC. 204. In order to stimulate increasing private financing of low-rent housing projects, the United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) The last proviso of subsection (b) of section 10 is repealed, and subsection (f) of said section is amended to read as follows: "Payments under annual contributions contracts shall be pledged as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate.";

(b) The following is added after section 21:

"PRIVATE FINANCING

"SEC. 22. To facilitate the enlistment of private capital through the sale by public-housing agencies of their bonds and other obligations to others than the Authority, in financing low-rent housing projects, and to maintain the low-rent character of housing projects—

"(a) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect to the covenants or conditions to which the public-housing agency is subject (as such substantial default shall be defined in such contract), the public-housing agency shall be obligated to convey to the Authority the project, as then constituted, to which such contract relates;

"(2) the Authority shall agree to reconvey the project, as constituted at the time of reconveyance, to the public-housing agency by which it shall have been so conveyed or to its successor (if such public-housing agency or a successor exists) upon such terms as shall be prescribed in such contract and as soon as practicable: (i) after the Authority shall be satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligations to make annual contributions available unless there are any obligations or covenants of the public-housing agency to the Authority which are then in default. Any prior conveyances shall not exhaust the right to require a conveyance of the project to the Authority pursuant to subparagraph (1), upon the subsequent occurrence of a substantial default.

"(b) Whenever such contract for annual contributions shall include provisions which the Authority, in said contract, determines are in accordance with subsection (a) hereof, and the annual contributions, pursuant to such contract, have been pledged by the public-housing agency as security for the payment of the principal and interest on any

of its obligations, the Authority (notwithstanding any other provisions of the act) shall continue to make annual contributions available for the project so long as any of such obligations remain outstanding, and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding 12 months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security: *Provided*, That such annual contributions shall not be in excess of the maximum sum determined pursuant to the provisions of this act; and in no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.";

(c) In the fourth sentence of section 9 the words "going Federal rate at the time the loan is made," are deleted, in the first proviso of subsection 10 (b) the words "going Federal rate of interest at the time such contract is made" are deleted, and in lieu thereof in each case there are substituted the words "applicable going Federal rate"; and subsection 2 (10) is amended to read as follows:

"(10) The term 'going Federal rate' means the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That for the purposes of this act, the going Federal rate shall be deemed to be not less than 2½ percent."

(d) Section 9 is amended by striking out the period at the end of said section and adding a colon and the following: "*Provided*, That in the case of projects initiated after March 1, 1949, loans shall not be made for a period exceeding 45 years from the date of the bonds evidencing the loan: *And provided further*, That in the case of such projects or any other projects with respect to which the contracts (including contracts which amend or supersede contracts previously made) provide for loans for a period not exceeding 45 years from the date of the bonds evidencing the loan and for annual contributions for a period not exceeding 45 years from the date of the first annual contribution for the project is paid, such loans shall bear interest at a rate not less than the applicable going Federal rate.";

(e) Subsection 10 (c) is amended by striking out the period at the end of the last sentence and adding a colon and the following: "*Provided*, That, in the case of projects initiated after March 1, 1949, contracts for annual contributions shall not be made for a period exceeding 45 years from the date the first annual contribution for the project is paid: *And provided further*, That, in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding 45 years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the amount provided in the first proviso of subsection (b) of this section by 1 percent of development or acquisition cost.";

(f) The first sentence of subsection 10 (c) is amended to read as follows: "Every contract for annual contributions shall provide that whenever in any year the receipts of a public-housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which, in the determination of the Authority, will effect a reduction in the amount of subsequent annual contributions.";

(g) Section 14 is amended by inserting the following after the first sentence: "When the Authority finds that it would promote economy or be in the financial interest of the Federal Government, any contract heretofore or hereafter made for annual contributions, loans, or both, may, with Presidential approval, be amended or superseded by a contract of the Authority so that the going Federal rate on the basis of which such annual contributions or interest rate on the loans, or both, respectively, are fixed shall mean the going Federal rate, as herein defined, on the date of Presidential approval of such amending or superseding contract: *Provided*, That contracts may not be amended or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged.";

(h) Section 20 is amended to read as follows:

"SEC. 20. The Authority may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,500,000,000. Such notes or other obligations shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Authority with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or other obligations by the Authority. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Authority issued hereunder and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.";

(i) Subsection 2 (5) is amended to read as follows:

"(5) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment in connection with a low-rent housing project. The term 'development cost' shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings."

ANNUAL CONTRIBUTIONS

SEC. 205. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By inserting the following after the first sentence of subsection (e) of section 10: "With respect to projects assisted pursuant to this act, the Authority (in addition to the amount authorized by the first sentence of this subsection) is authorized, with the approval of the President, to enter into contracts, on and after July 1, 1949, for annual contributions aggregating not more than $85,000,000 per annum, which limit shall be increased by further amounts of $55,000,000 on July 1 in each of the years 1950, 1951, and 1952, respectively, and by $53,000,000 on July 1, 1953: *Provided*, That (subject to the total additional authori ation of not more than $308,000,000 per annum) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than $55,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That 10 percent of each amount of authorization to enter into contracts for annual contributions becoming available hereunder shall, for a period of 3 years after such amount of authorization becomes available, be available only for annual contributions contracts with respect to projects to be located in rural nonfarm areas. With respect to projects initiated after March 1, 1949, the Authority may authorize the commencement of construction of not to exceed 135,000 dwelling units after July 1, 1949, which limit shall be increased by further amounts of 135,000 dwelling units on July 1 in each of the years 1950 through and including 1954, respectively: *Provided*, That (subject to the authorization of not to exceed 810,000 dwelling units) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as provide, in lieu of the requirement for tax exemption and the authorization of payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute, in the form of cash, at least 20 percent of the annual contributions paid by the Authority. In respect to low-rent housing projects initiated prior to March 1, 1949, the Authority may, after the effective date of the Housing Act of 1949, authorize payments in lieu of taxes for each of the project fiscal years in respect to which annual contribution dates occurred during the 2-year period ending June 30, 1949, in amounts which, together with amounts already paid, will not exceed the greater of either (i) 5 percent of the shelter rents charged in such projects for each of such project fiscal years, or (ii) the amounts specified in the cooperation agreements in effect July 1, 1947, between the public housing agencies and the political subdivisions in which the projects are located, or in the ordinances or resolutions of such political subdivisions in effect on such date. In respect to such low-rent housing projects initiated prior to March 1, 1949, the contracts for annual contributions may be amended as to project fiscal years in respect to which annual contribution dates occur on or after July 1, 1949, so as to require exemption from real and personal property taxes in lieu of any other requirements as to local contributions and to permit payments in lieu of taxes on the terms prescribed in the first sentence of this subsection; in the event that the contracts for annual contributions are not so amended, payments in lieu of taxes in respect to such project fiscal years

shall be limited to the amounts specified in the cooperation agreements or ordinances or resolution in effect July 1, 1947."

SPECIAL PROVISIONS FOR LARGE FAMILIES OF LOW INCOME

SEC. 206. In order to enable low-rent housing to better serve the needs of large families of low income, the United States Housing Act of 1937, as amended, is hereby amended by deleting the second sentence of subsection 2 (1) and substituting therefor the following: "The dwellings in low-rent housing as defined in this act shall be available solely for families whose net annual income at the time of admission, less an exemption of $100 for each minor member of the family, other than the head of the family and his spouse, does not exceed five times the annual rental (including the value or cost to them of water, electricity, gas, other heating and cooking fuels, and other utilities) of the dwellings to be furnished such families. In determining the net income of families for the sole purpose of eligibility for continued occupancy, the Authority may also authorize the exclusion of all or any part of the income of minor members of the family other than the head of the family and his spouse. For the purposes of this subsection, a minor shall mean a person less than 21 years of age."

TECHNICAL AMENDMENTS

SEC. 207. The United States Housing Act of 1937, as amended, is hereby amended as follows:

(a) By deleting from section 1 the words "rural or urban communities" and by substituting therefor the words "urban and rural nonfarm areas."

(b) (1) By adding the following new subsection to section 2:

"(15) The term 'initiated' when used in reference to the date on which a project was initiated refers to the date of the first contract for financial assistance in respect to such project entered into by the Authority and the public housing agency.";

(2) By adding to subsection 2 (11) the following: "It is the intent of this act that the Authority shall deal directly with a State if the State makes application to the Public Housing Administration for Federal assistance for a project under the terms of this act."

(c) By adding to section 6 the following new subsection:

"(e) With respect to all projects under title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, references therein to the United States Housing Act of 1937, as amended, shall include all amendments to said act now or hereafter adopted.";

(d) By deleting from the proviso in subsection 10 (a) and in subsection 11 (a) the following: ", unless the project includes the elimination" and substituting the following: "unless, subsequent to the initiation of the project and within a period specified by the Authority, there has been or will be elimination";

(e) By amending the second sentence of subsection 13 (a) to read as follows: "The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or acquire (pursuant to section 22 or otherwise) any project which it previously owned or in connection with which it has made a loan, annual contribution, or capital grant; and in such event the Authority may complete, administer, pay the principal of and interest on any obligations issued in connection with such project, dispose of, and otherwise deal with, such projects or parts thereof, subject, however, to the limitations elsewhere in this act governing their administration and disposition.";

(f) By amending subsection 21 (d) to read as follows:

"(d) Not more than 10 percent of the total annual amount of $320,000,000 provided in this act for annual contributions, nor more than 10 percent of the amounts provided for in this act for grants, shall be expended within any one State."; and

(g) By renumbering sections 22 to 30, inclusive, so that they become sections 23 to 31, inclusive.

TITLE III—HOUSING RESEARCH

SEC. 301. Title III of Public Law 901, Eightieth Congress, approved August 10, 1948, is hereby amended to read as follows:

"SEC. 301. The Housing and Home Finance Administrator shall—

"(a) Undertake and conduct a program with respect to technical research and studies concerned with the development, demonstration, and promotion of the acceptance and application of new and improved techniques, materials, and methods which will permit progressive reductions in housing construction and maintenance costs, and stimulate the increased and sustained production of housing, and concerned with housing economics and other housing market data. Such program may be concerned with improved and standardized building codes and regulations and methods for the more uniform administration thereof, standardized dimensions and methods for the assembly of homebuilding materials and equipment, improved residential design and construction, new and improved types of building materials and equipment, and methods of production, distribution, assembly, and construction, and sound techniques for the testing thereof and for the determination of adequate performance standards, and may relate to appraisal, credit, and other housing market data, housing needs, demand and supply, finance and investment, land costs, use and improvement, site planning and utilities, zoning and other laws, codes and regulations as they apply to housing, other factors affecting the cost of housing, and related technical and economic research. The Administrator shall disseminate, and without regard to the provisions of section 6 of the Treasury and Post Office Departments Appropriation Act, fiscal year 1940 (Public Law No. 65, 76th Cong.; U. S. C., title 39, sec. 321b), the results of such research and studies in such form as may be most useful to industry and to the general public.

"(b) Prepare and submit to the President and to the Congress estimates of national urban and rural nonfarm housing needs and reports with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation as may be necessary or desirable for the furtherance of the national housing objective and policy established by this act, with respect to urban and rural nonfarm housing, together with such other reports or information as may be required of the Administrator by the President or the Congress.

"(c) Encourage localities to make studies of their own housing needs and markets, along with surveys and plans for housing, urban land use and related community development, and provide, where requested and needed by the localities, technical advice and guidance in the making of such studies, surveys, and plans.

"SEC. 302. In carrying out research and studies under this title, the Administrator shall utilize, to the fullest extent feasible, the available facilities of other departments, independent establishments, and agencies of the Federal Government, and shall consult with, and make recommendations to such departments, independent establishments, and agencies with respect to such action as may be necessary and desirable to overcome existing gaps and deficiencies in available housing data and the facilities available for the collection of such data. The Administrator is further authorized, for the purposes of this title, to undertake research and studies cooperatively with industry and labor, and the agencies of State or local governments, and educational institutions and other nonprofit organizations, and to make grants to educational institutions and other nonprofit organizations.

"SEC. 303. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title."

TITLE IV—FARM HOUSING

ASSISTANCE BY THE SECRETARY OF AGRICULTURE

SEC. 401. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, through such agency officers and employees as he may determine and subject to the terms and conditions of this title, to extend financial assistance to owners of farms in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and facilities incident thereto on their farms to provide them, their tenants, lessees, share croppers, and laborers, including migratory workers, with decent, safe, and sanitary living conditions as specified in this title.

(b) For the purposes of this title and the acts amended hereby, the term "farm" shall means a parcel or parcels of land operated as a single unit which is used for the production of one or more agricultural commodities and which customarily produces such commodities for sale and for home use of a gross annual value of not less than the value as determined by the Secretary to be equivalent to a gross annual value of $400 in 1944. The Secretary shall promptly determine whether any parcel or parcels of land constitute a farm for the purposes of this title whenever requested to do so by any interested Federal, State, or local public agency, and his determination shall be conclusive.

(c) In order to be eligible for the assistance authorized by paragraph (a), the applicant must show (1) that he is the owner of a farm which is without a decent, safe, and sanitary dwelling and related facilities adequate for himself and his family and necessary farm labor, or for the family of the operating tenant, lessee, or share cropper; (2) that he is without sufficient resources to provide the necessary housing on his own account; and (3) that he is unable to secure the credit necessary for such housing from other sources upon terms and conditions which he could reasonably be expected to fulfill.

LOANS FOR DWELLINGS ON ADEQUATE FARMS

SEC. 402. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 401 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed 33 years from the making of the loan with interest at a rate not to exceed 4 percent per annum on the unpaid balance of principal.

(b) The instruments under which the loan is made and the security given shall—

(1) provide for security upon the applicant's equity in the farm and such additional security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources

whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest, protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

LOANS FOR DWELLINGS ON POTENTIALLY ADEQUATE FARMS

SEC. 403. If the Secretary determines (1) that, because of the inadequacy of the income of an eligible applicant from the farm to be improved and from other sources, said applicant may not reasonably be expected to make annual repayments of principal and interest in an amount sufficient to repay the loan in full within the period of time prescribed by the Secretary as authorized in this title; (2) that the income of the applicant may be sufficiently increased within a period of not to exceed 10 years by improvement or enlargement of the farm or an adjustment of the farm practices or methods; and (3) that the applicant has adopted and may reasonably be expected to put into effect a plan of farm improvement, enlargement, or adjusted practices which, in the opinion of the Secretary, will increase the applicant's income from said farm within a period of not to exceed 10 years to the extent that the applicant may be expected thereafter to make annual repayments of principal and interest sufficient to repay the balance of the indebtedness less payments in cash and credits for the contributions to be made by the Secretary as hereinafter provided, the Secretary may make a loan in an amount necessary to provide adequate housing on said farm under the terms and conditions prescribed in section 402. In addition, the Secretary may agree with the borrower to make annual contributions in the form of credits on the borrower's indebtedness in an amount not to exceed the annual installment of interest and 50 percent of the principal payments accruing during any installment year, up to and including the tenth installment year, subject to the conditions that the borrower's income is, in fact, insufficient to enable the borrower to make payments in accordance with the plan or schedule prescribed by the Secretary and that the borrower pursues his plan of farm reorganization and improvement or enlargement with due diligence.

This agreement with respect to credits of principal and interest upon the borrower's indebtedness shall not be assignable nor accrue to the benefit of any third party without the written consent of the Secretary and the Secretary shall have the right, at his option, to cancel the agreement upon the sale of the farm or the execution or creation of any lien thereon subsequent to the lien given to the Secretary, or to refuse to releasee the lien given to the Secretary except upon payment in cash of the entire original principal plus accrued interest thereon less actual cash payments of principal and interest when the Secretary determines that the release of the lien would permit the benefits of this section to accrue to a person not eligible to receive such benefits.

MORATORIUM ON PAYMENTS UNDER LOANS

SEC. 404. During any time that any such loan is outstanding, the Secretary is authorized under regulations to be prescribed by him to grant a moratorium upon the payment of interest and principal on such loan for so long a period as he deems necessary, upon a showing by the borrower that due to circumstances beyond his control, he is unable to continue making payments of such principal and interest when due without unduly impairing is standard of living. In cases of extreme hardship under the foregoing circumstances, the Secretary is further authorized to cancel interest due and payable on such loans during the moratorium. Should any foreclosure of such a mortgage securing such a loan upon which a moratorium has been granted occur, no deficiency judgment shall be taken against the mortgagor if he shall have faithfully tried to meet his obligation.

TECHNICAL SERVICES AND ADVICE

SEC. 405. (a) In addition to the financial assistance authorized in sections 401 to 404, inclusive, the Secretary is hereby authorized to furnish to all persons, without charge or at such charges as the Secretary may determine, technical services such as building plans, specifications, construction supervision and inspection and advice and information regarding rural dwellings and other farm buildings. The Secretary and the Housing and Home Finance Administrator are authorized to cooperate in research and technical studies in the rural housing field. In furnishing such services and information, the Secretary may utilize, through the Agricultural Extension Service, the facilities and services of State agencies and educational institutions.

(b) The Secretary of Agriculture shall prepare and submit to the President and to the Congress estimates of national farm housing needs and reports with respect to the progress being made toward meeting such needs, and correlate and recommend proposals for such executive action or legislation as may be necessary or desirable for the furtherance of the national housing objective and policy established by this act with respect to farm housing, together with such other reports or information as may be required of the Secretary by the President or the Congress.

PREFERENCE FOR VETERANS

SEC. 406. As between eligible applicants for assistance under this title, the Secretary shall give preference to veterans (defined for the purposes of this title to mean persons who served in the military or naval forces of the United States during World War II).

LOCAL PUBLIC AGENCIES AND COMMITTEES TO ASSIST SECRETARY

SEC. 407. (a) Wherever a local public agency now exists or may be hereafter created which possesses authority to assist low-income persons and families outside of urban areas to obtain decent, safe, and sanitary housing and related facilities, the Secretary is authorized, and after agreement with such agency is directed, to utilize the facilities of such local public agency for the purpose of making the benefits of this title available to the eligible owners of farms (as defined in section 401) lying within the area of operation of said local public agency.

(b) Whenever the facilities of a local public agency are not utilized, the Secretary may utilize the services of any existing committee of farmers operating (pursuant to laws or regulations carried out by the Department of Agriculture) in the county or parish where the farm is located. In any county or parish where the facilities of a local public agency are not utilized and in which no existing satisfactory committee is available, the Secretary is authorized to appoint a committee composed of three persons residing in the county or parish. Each member of such existing or newly appointed committee shall be allowed compensation at the rate of $5 per day while engaged in the performance of duties under this title and, in addition, shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. One member of the committee shall be designated by the Secretary as chairman. The Secretary shall prescribe rules governing the procedure of local public agencies and committees utilized pursuant to this section, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistance as he deems may be required by any committee.

(c) The local public agency or committee utilized pursuant to this section shall examine applications of persons desiring to obtain the benefits of this title and shall submit recommendations to the Secretary with respect to each application as to whether the applicant is eligible to receive the benefits of this title, whether by reason of his character, ability, and experience, he is likely successfully to carry out undertakings required of him under a loan or grant under this title, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan or grant requested will carry out the purposes of this title. The local public agencies or committees shall also certify to the Secretary their opinions of the reasonable values of the farms. The local public agencies and committees shall, in addition, perform such other duties under this title as the Secretary may require.

GENERAL POWERS OF SECRETARY

SEC. 408. (a) The Secretary, for the purposes of this title, shall have the power to determine and prescribe the standards of adequate farm housing, by farms or localities, taking into consideration, among other factors, the type of housing which will provide decent, safe, and sanitary dwellings for the needs of the family using the housing, the type and character of the farming operations to be conducted, and the size and earning capacity of the land.

(b) The Secretary may require any recipient of a loan or grant to agree that the availability of housing constructed or improved with the proceeds of the loan or grant under this title shall not be a justification for directly or indirectly changing the terms or conditions of the lease or occupancy agreement with the occupants of such housing to the latter's disadvantage without the approval of the Secretary.

ADMINISTRATIVE PROVISIONS

SEC. 409. In carrying out the provisions of this title, the Secretary shall have the power to—

(a) make contracts for services and supplies without regard to the provisions of section 3709 of the Revised Statutes, as amended, when the aggregate amount involved is less than $300;

(b) enter into subordination, subrogation, or other agreements satisfactory to the Secretary;

(c) compromise claims and obligations arising out of sections 402 to 405, inclusive, of this title and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into as circumstances may require, including the release from personal liability, without payment of further consideration, of—

(1) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume the outstanding indebtedness to the Secretary under this title; and

(2) borrowers who have transferred their farms to other approved applicants for loans who have agreed to assume that portion of the outstanding indebtedness to the Secretary under this title which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the Secretary determines that the original borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

(d) collect all claims and obligations arising out of or under any mortgage, lease, contract, or agreement entered into pursuant

to this title and, if in his judgment necessary and advisable, to pursue the same to final collection in any court having jurisdiction: *Provided*, That the prosecution and defense of all litigation under this title shall be conducted under the supervision of the Attorney General and the legal representation shall be by the United States attorneys for the districts, respectively, in which such litigation may arise and by such other attorney or attorneys as may, under law, be designated by the Attorney General;

(e) bid for and purchase at any foreclosure or other sale or otherwise to acquire the property pledged or mortgaged to secure a loan or other indebtedness owing under this title, to accept title to any property so purchased or acquired, to operate or lease such property for such period as may be necessary or advisable, to protect the interest of the United States therein and to sell or otherwise dispose of the property so purchased or acquired by such terms and for such considerations as the Secretary shall determine to be reasonable and to make loans to provide adequate housing for the purchasers of such property;

(f) utilize with respect to indebtedness arising from loans and payments made under this title all the powers and authorities given to him under the act approved December 20, 1944, entitled "An act to authorize the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes" (58 Stat. 836), as such act now provides or may hereafter be amended;

(g) make such rules and regulations as he deems necessary to carry out the purposes of this title.

LOAN FUNDS

SEC. 410. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine to make loans under this title but not in excess of $25,000,000 on or after July 1, 1949, an additional $50,000,000 on or after July 1, 1950, an additional $75,000,000 on or after July 1, 1951, and an additional $100,000,000 on or after July 1, 1952. The notes and other obligations issued by the Secretary shall be secured by the obligations of borrowers and the secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligation of the Secretary of Agriculture issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

CONTRIBUTIONS

SEC. 411. In connection with loans made pursuant to section 403, the Secretary is authorized, on or after July 1, 1949, to make commitments for contributions aggregating not more than $500,000 per annum, and to make additional commitments on or after July 1 of each of the years 1950, 1951, and 1952 which shall require aggregate contributions of not more than $1,000,000, $1,500,000, and $2,000,000 per annum, respectively.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 412. There are hereby authorized to be appropriated to the Secretary (1) such sums as may be necessary to permit payments on notes or other obligations issued by the Secretary under section 410 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal sums due on loans made pursuant to section 403, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; and (2) such further sums as may be necessary to enable the Secretary to carry out the provisions of sections 401 to 412, inclusive, of this title.

TITLE V—PRIVATELY OWNED HOUSING FOR FAMILIES OF LOWER INCOME

PURPOSE

SEC. 501. This title is not designed to supplant or alter any of the existing systems of mortgage insurance under the National Housing Act, as amended, but is to supplement such systems by a program of direct Federal loans at lower interest rates to meet the housing needs of lower-income families whose needs are now negelected. In providing liberalized credit to reduce the monthly cost of housing for such families, this title contemplates that the housing produced with this liberalized credit shall limit admissions to families whose incomes are below the level where they can afford to obtain housing currently made available under the FHA mortgage system or other existing aids to housing undertaken by private enterprise. The more liberal credit aids hereunder shall be combined with all proper incentives to cost reduction through the adoption of appropriate new materials, techniques and methods and through increased efficiency in production and management and the elimination of unnecessary restrictive practices by all concerned in the complex building industry.

HOUSING LOAN ADMINISTRATION

SEC. 502. There is hereby established in the Housing and Home Finance Agency, under the Administrator thereof, a constituent unit to be known as the Housing Loan Administration with a Housing Loan Commissioner (hereafter referred to as the Commissioner) at the head thereof with the same salary as other Commissioners in the Housing and Home Finance Agency. The Housing Loan Commissioner shall carry out the functions, powers, and duties prescribed by this title. The powers and authorities conferred upon other Commissioners by section 502 of the Housing Act of 1948 are hereby granted to the Commissioner hereunder with respect to his functions under this title.

LOANS TO COOPERATIVES AND NONPROFIT AND LIMITED-DIVIDEND CORPORATIONS

SEC. 503. (a) For the purpose of assisting the development or acquisition of housing projects for families of lower income, the Commissioner may make loans to—

(1) mutual-ownership or cooperative housing corporations undertaking projects which will be restricted in occupancy to members of such corporation;

(2) nonprofit corporations; or

(3) limited-dividened corporations or other housing corporations and redevelopment companies restricted by Federal or State laws, regulations, or contract, so as to conform to the requirements of this title and the regulations of the Commissioner issued hereunder as to rents, charges, capital structure, rate of return, and methods of operation.

(b) Such loans shall not exceed the development or acquisition cost of such projects and shall bear interest at a rate not less than the going Federal rate of interest at the time the loan is made plus one-half of 1 percent. Such loans shall be secured in such manner as may be deemed advisable by the Commissioner and shall be repaid within a period representing the estimated period of the useful life of the property involved, but in no event to exceed 60 years.

SEC. 504. The Commissioner shall issue such regulations and retain such rights as will assure that the housing developed or acquired with the aid of loans hereunder, will serve the low-income families as contemplated by this title and otherwise accomplish the purposes hereof. Every contract for a loan under this title shall provide that with respect to the housing to be developed or acquired with the aid of said loan—

(a) The borrower shall fix maximum income limits for the acceptance of families for occupancy of such housing and that such maximum-income limits and all revisions thereof shall be subject to the prior approval of the Commissioner;

(b) The families accepted for occupancy of such housing shall be limited to those whose net income at the time of acceptance does not exceed five times the annual rental or housing cost (including the value or cost to them of water, electricity, gas, other heating and cooking fuels, and other utilities) of the dwelling to be occupied by such families, except that in the case of families with two or more minor dependents, such ratio shall not exceed 6 to 1. In determining the net income of families, the Administrator may also authorize the exclusion of all or any part of the income of minor members of the family other than the head of the family and his spouse. For the purposes of this subsection, a minor shall mean a person less than 21 years of age;

(c) In the case of any such housing on which construction is hereinafter initiated, the housing is to be developed in such a manner (1) that such projects will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration, and (2) that the average construction cost of the dwelling units (excluding land, demolition, and nondwelling facilities) in any such project is not greater than the average construction cost of dwelling units currently produced, in the locality or metropolitan area concerned, under the legal building requirements applicable to the proposed site, and under labor standards not lower than those prescribed in this act.

LOAN FUNDS

SEC. 505. The Commissioner may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury, in an amount not to exceed $500,000,000 which limit on such outstanding amount shall be increased by an additional $500,000,000 on July 1 in each year of the years 1950, 1951, 1952, 1953, and 1954, respectively. The Commissioner may increase or decrease the rate of making loans, depending upon a finding by the President after receiving the advice of the Council of Economic Advisers, that conditions in the building industry justify such increase or decrease, but such additional loan funds shall not exceed $250,000,000 in any one year: *Provided*, That the total notes and obligations outstanding at any one time shall not exceed $3,000,000,000 without further authorization of Congress. The notes and other obligations issued by the Commissioner shall be secured by the obligations of borrowers and shall be repaid from the payment of principal and interest on the

obligations of the borrowers. The notes and other obligations issued by the Commissioner shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as be prescribed by the Commissioner with the approval of the Secretary of the Treasury.

Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Commissioner issued hereunder and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

SEC. 506. Any contract for loans pursuant to this title shall contain a provision requiring that the principal contractor involved at the site in the construction or erection of housing shall file a certificate or certificates (at such times in the course of construction or otherwise as the Commissioner may prescribe) certifying that the laborers and mechanics employed at the site in the construction or erection of the housing involved have been paid not less than the wages prevailing in the locality for the corresponding classes of laborers and mechanics employed on construction or erection of a similar character as determined or adopted by the Commissioner prior to the beginning of construction or erection of the housing involved.

GENERAL PROVISIONS

SEC. 507. (a) In the performance of, and with respect to the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions by any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the financial transactions of the Commissioner in the making of loans and vouchers approved by the Commissioner in connection with such financial transactions shall be final and conclusive upon all officers of the Government; and

(3) make an annual report to the President, for transmission to the Congress, to be submitted as soon as practicable following the close of the year for which such report is made.

(b) Funds made available to the Commissioner pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title, other than loans authorized pursuant to section 503, and all funds available for carrying out the functions of the Commissioner under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Commissioner in connection with the performance of such functions.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale of any project or part thereof in connection with which he has made a loan pursuant to this title. In the event of any such acquisition, the Commissioner may, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(3) with respect to any real property acquired and held by the Commissioner under this title which had been subject to taxes immediately prior to its acquisition, the Commissioner shall make payments in lieu of taxes to the State or political subdivisions involved in an amount which shall approximate the taxes which would be payable upon such property in private ownership;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to this title; and

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this title will be achieved.

(d) The Commissioner shall make available to eligible borrowers technical and other assistance which they may require in the initiation, development, and administration of their project.

(e) Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed $1,000.

VETERANS' PREFERENCE

SEC. 508. Every contract made pursuant to this title for loans to nonprofit or limited-dividend corporations and redevelopment companies for housing for lower-income families shall require that such corporations in selecting tenants shall give preference, as among applicants eligible for occupancy of the dwelling and at the rent involved, to families of veterans and servicemen (including families of deceased veterans and servicemen), where application for admission to such housing is made not later than 5 years after the date of the approval of this act, and that as among applicants entitled to the preference provided in this subsection, first preference shall be given to families of disabled veterans whose disability is service-connected: *Provided*, That this shall not preclude a cooperative, otherwise eligible for a loan hereunder, from building and administering housing for its own veteran or nonveteran members. For the purposes of this section the term "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term "serviceman" shall mean a person in the active military or naval service of the United States who has served therein on or after September 16, 1940, and prior to July 26, 1947.

DEFINITIONS

SEC. 509. When used in this title—

(a) The term "development" means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with the housing and nondwelling facilities involved. The term "development cost" shall comprise the costs incurred by the borrower in such undertakings and their necessary financing (including the payment of carrying charges up to date when the project is completed and ready for occupancy), and in otherwise carrying out the development and initial occupancy of such project. Construction activity may include or be confined to the reconstruction, remodeling, or repair of existing buildings.

(b) The term "going Federal rate of interest" means, at the time a loan contract is made, the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) then specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more.

(c) The term "families of lower income" shall mean families whose net annual income at the time of acceptance for occupancy of housing assisted under this title does not exceed the limits prescribed pursuant to the requirement of section 504 hereof.

TITLE VI—AMENDMENTS TO EXISTING AIDS TO PRIVATELY FINANCED HOUSING

SEC. 601. This title is designed to supplement and amend existing systems of mortgage insurance under the National Housing Act, as amended, and other existing Federal aids to privately financed housing, in order to bring such housing within the financial means of more of the people, including larger families. To this end the amendments provide incentives to produce more such housing at the lowest achievable capital costs by making available for such housing more liberalized financing which will reduce the monthly costs of housing.

TITLE II AMENDMENTS

SEC. 602. Title II of the National Housing Act, as amended, is amended as follows:

(a) Section 203 (b) (2) (D) is amended—

(1) by striking out "$60,000" where it appears and inserting in lieu thereof "$7,600";

(2) by inserting the following new proviso after the first proviso thereof: "*And provided further*, That with respect to single-family residences, which include more than two bedrooms, the principal obligation of the mortgage, as aforesaid, may be increased by an amount not to exceed $1,000 for a third bedroom and a like amount for a fourth bedroom."

(b) Section 203 (b) (3) is amended by striking out in the proviso the words "twenty-five years" and inserting in lieu thereof "thirty years", and by striking out the words "thirty years" and inserting in lieu thereof "thirty-five years" and by striking

out the period at the end thereof and inserting a colon and the following additional proviso: "*And provided further*, That the maturity of the mortgage shall not exceed the estimated period of the useful life of the property."

(c) Section 203 is amended by adding the following new subsection at the end thereof:

"(g) No mortgage (i) covering a dwelling which is approved for mortgage insurance prior to the beginning of construction, or (ii) having as the mortgagor the initial occupant of the dwelling, shall be eligible for insurance under this section unless the principal contractor shall provide a warranty (and be liable for any breach of such warranty of which the contractor is notified within a period of one year following the completion of the dwelling), for the benefit of the mortgagor and of subsequent owners of the dwelling, at such time and in such form as shall be prescribed by the Administrator, against structural and other defects in construction, faulty materials, or workmanship, and any violation or breach of, or noncompliance with, any specifications, covenants, or conditions set forth in any of the construction contracts, or any technical standards of construction and design prescribed or approved by the Administrator: *Provided*, That the provisions of this section shall not be applicable to mortgages the application for insurance of which has been made prior to the date of enactment of this subsection."

(d) Section 207 (c) (2) is amended—

(1) by striking out "90 per centum" and inserting in lieu thereof "95 per centum" and by striking out "95 per centum" and inserting in lieu thereof "100 per centum."

(2) by deleting from the second sentence thereof the words "forty years" and inserting in lieu thereof the words "forty-five years", and by adding at the end of that sentence the following proviso: "*Provided, however*, That the maturity of the mortgage shall not exceed the estimated period of the useful life of the property."

(e) The following new section is added at the end of title II:

"SEC. 213. With respect to mortgages insured under section 203 (b) (2) (D) which involve a mortgage with a principal obligation of not to exceed $8,000 (except that with respect to any single family residence which includes more than two bedrooms, the principal obligation of the mortgage may be increased by an amount not to exceed $1,000 for a third bedroom and a like amount for a fourth bedroom) on a property purchased for occupancy by a veteran of World War II and his immediate family, no premium charge shall be made to any such veteran hereafter for the insurance of such mortgages under this title, but in the case of such mortgages, the premium that would otherwise be chargeable shall be paid into the insurance fund by the Administrator out of funds which are hereby authorized to be appropriated out of the Treasury in such amounts as may be necessary for such purposes."

TITLE VI AMENDMENTS

SEC. 603. Title VI of the National Housing Act, as amended, is hereby amended as follows:

(a) Section 603 (a) is amended by striking out in the part of the second proviso referring to mortgage insurance under section 608 "March 31, 1949" and inserting in lieu thereof "March 31, 1950."

(b) Section 608 (3) is amended by adding the following proviso at the end of the second sentence thereof: "*Provided*, That the period of amortization shall not exceed the period of the estimated useful life of the property, but in no event more than 45 years."

(c) Section 609 is amended—

(1) by adding the following sentence at the end of subsection (a) thereof: "To achieve these objectives of modern mass production, the Administrator shall exercise his powers under the National Housing Act, as amended, in a manner which will assure uniformity and standardization in the requirements for mortgage insurance (except for variations required by climatic or other differences of geographical areas); and enable the necessary accumulation of a balanced inventory for mass production."

(2) by adding the following proviso at the end of subsection (c) thereof: *Provided*, That in order to assure the continued availability of the proceeds of the loan until its scheduled maturity of 1 year, the Administrator may consent, at the time the loan is made, to the later assignment of additional purchase contracts in substitution for other purchase contracts or for the proceeds of the sales of houses delivered thereunder."

(d) Section 611 (b) (3) is amended—

(1) by striking out "80 percent" from subparagraph (A) thereof and inserting in lieu thereof "90 percent"; and

(2) by striking out of subparagraph (B) thereof "$6,000 or 80 percent of the valuation, whichever is less, with respect to each single-family dwelling," and inserting in lieu thereof "$8,000 or 90 percent of the valuation, whichever is less, with respect to a single-family dwelling which includes two or less bedrooms, plus an amount not to exceed $1,000 for a third bedroom and a like amount for a fourth bedroom."

(3) by adding at the end of said section 611 the following new subsection:

"(e) In order to facilitate the marketing of mortgages insured under this section and to accomplish the purpose hereof to improve financing operations on large-scale construction or erection operations, the mortgage insured hereunder shall cover, during the construction period, all the dwellings and properties involved: *Provided*, That upon the completing of such construction, the mortgage covering such properties may be replaced by individual mortgages covering each individual dwelling and property involved; such individual mortgages may be insured under this section with the mortgagor being either the builder who constructed the dwellings or the owner and occupant of the property at the time."

SERVICEMEN'S READJUSTMENT ACT AMENDMENT

SEC. 604. Section 500 of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended by adding at the end of subparagraph (b) the following proviso: "*And provided further*, That in the case of real-estate loans on housing the loan shall be payable during a period which will not exceed the estimated period of the useful life of the property (but in no event to exceed 30 years), and no loans on new housing construction started after the date of enactment of this amendment shall be guaranteed hereunder, unless the mortgagee certifies that the housing with respect to which the mortgage was made meets the construction standards prescribed for insurance of mortgages on the same class of housing under the National Housing Act, as amended."

SEC. 605. (a) Paragraph (E) of the proviso of section 301 (a) (1) of the National Housing Act, as amended, is amended by adding the following proviso at the end thereof: "*Provided, however*, That in order to avoid further increases in interest rates on new construction of housing and to provide for necessary strengthening of the secondary market on mortgages on such housing, this second limitation on the percentage of mortgages which can be purchased by the association from any one mortgagee shall not be applicable with respect to such mortgages on new construction as are insured under the National Housing Act, as amended, or guaranteed as insured under the Servicemen's Readjustment Act of 1944, as amended, after the date of the enactment hereof."

(b) Section 301 (a) of the National Housing Act, as amended, is amended by adding the following subparagraphs at the end therof:

"(3) to utilize its powers to purchase insured or guaranteed mortgages, as aforesaid, with special emphasis on providing a market for mortgages with longer maturities and lower interest rates in order to encourage necessary reductions in the monthly costs of housing.

"(4) to make real-estate loans which are accepted for insurance under the provisions of the second proviso of paragraph (2) of section 207 (c) of this act."

TITLE VII—MISCELLANEOUS PROVISIONS

ADVISORY COMMITTEES

SEC. 701. The Housing and Home Finance Administrator may appoint such advisory committee or committees as he may deem necessary in carrying out his functions, powers, and duties, under this or any other act. Service as a member of any such committee shall not constitute any form of service or employment within the provisions of section 281, 283, or 284 of title 18, United States Code.

AMENDMENTS OF NATIONAL BANKING ACT

SEC. 702. (a) The last sentence of paragraph seventh of section 5136 of the Revised Statutes, as amended, is amended by inserting before the colon, after the words "obligations of national mortgage associations", a comma and the following: "or such obligations of any local public agency (as defined in sec. 110 (h) of the Housing Act of 1949) as are secured by an agreement between the local public agency and the Housing and Home Finance Administrator in which the local public agency agrees to borrow from said Administrator, and said Administrator agrees to lend to said local public agency, prior to the maturity of such obligations (which obligations shall have a maturity of not more than 18 months), moneys in an amount which (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or such obligations of a public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured either (1) by an agreement between the public housing agency and the Public Housing Administration in which the public housing agency agrees to borrow from the Public Housing Administration, and the Public Housing Administration agrees to lend to the public housing agency, prior to the maturity of such obligations (which obligations shall have a maturity of not more than 18 months), moneys in an amount which (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or (2) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing

Administration which is authorized by subsection (b) of section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22 (b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations."

(b) Section 5200 of the Revised Statutes, as amended, is amended by adding at the end thereof the following:

"(11) Obligations of a local public agency (as defined in sec. 110 (h) of the Housing Act of 1949) or of a public housing agency (as defined in the United States Housing Act of 1937, as amended) which have a maturity of not more than 18 months shall not be subject under this section to any limitation, if such obligations are secured by an agreement between the obligor agency and the Housing and Home Finance Administrator or the Public Housing Administration in which the agency agrees to borrow from the Administrator or Administration, and the Administrator or Administration agrees to lend to the agency, prior to the maturity of such obligations, moneys in an amount which (together with other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity, which moneys under the terms of said agreement are required to be used for that purpose."

CONVERSION OF STATE LOW-RENT OR VETERANS' HOUSING PROJECTS

SEC. 703. Any low-rent or veterans' housing project undertaken or constructed under a program of a State or any political subdivision thereof shall be approved as a low-rent housing project under the terms of the United States Housing Act of 1937, as amended, if (a) a contract for State financial assistance for such project was entered into on or after January 1, 1949, and prior to January 1, 1950, (b) the project is or can become eligible for assistance by the Public Housing Administration in the form of loans and annual contributions under the provisions of the United States Housing Act of 1937, as amended, and (c) the State or the public housing agency operating the project in the States makes application to the Public Housing Administration for Federal assistance for the project under the terms of the United States Housing Act of 1937, as amended: *Provided*, That loans made by the Public Housing Administration for the purpose of so converting the project to a project with Federal assistance shall be deemed, for the purposes of the provisions of section 9 and other sections of the United States Housing Act of 1937, to be loans to assist the development of the project.

NATIONAL HOUSING COUNCIL

SEC. 704. The Secretary of Labor or his designee shall hereafter be included in the membership of the National Housing Council in the Housing and Home Finance Agency.

Amendments of the Government Corporations Appropriations Act, 1948, and the Government Corporations Appropriations Act, 1949.

SEC. 705. (a) The second proviso in the paragraph under the heading "Federal Public Housing Authority" in title I of the Government Corporations Appropriations Act, 1948, is hereby repealed as of July 1, 1947.

(b) The second proviso in the paragraph under the heading "Public Housing Administration" in title I of the Government Corporations Appropriations Act, 1949, is hereby repealed as of July 1, 1948.

(c) The first proviso in the paragraph under the subheading "Public Housing Administration" in title II of the Government Corporations Appropriations Act, 1949, is hereby repealed.

CENSUS OF HOUSING

SEC. 706. (a) The Director of the Census is authorized and directed to take a census of housing in each State, the District of Columbia, Hawaii, Puerto Rico, the Virgin Islands, and Alaska, in the year 1950 and decennially thereafter in conjunction with, at the same time, and as a part of the population inquiry of the decennial census in order to provide information concerning the number, characteristics (including utilities and equipment), and geographical distribution of dwelling structures and dwelling units in the United States. The Director of the Census is authorized to collect such supplementary statistics (either in advance of or after the taking of such census) as are necessary to the completion thereof.

(b) All of the provisions, including penalties, of the act providing for the fifteenth and subsequent decennial censuses, approved June 18, 1929, as amended (U. S. C., title 13, ch. 4), shall apply to the taking of the census provided for in subsection (a) of this section.

ACT CONTROLLING

SEC. 707. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

SEPARABILITY

SEC. 708. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances, but shall be confined in its operation to the provisions of this act, or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

Mr. PATMAN (interrupting the reading of the amendment). Mr. Chairman, it is my understanding that copies of this amendment are available now. Therefore, I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. SHAFER. I still object, Mr. Chairman.

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, in view of the fact that the amendment is so long and that copies of it are available, I renew the request that further reading of the amendment be dispensed with.

Mr. CANFIELD. Reserving the right to object, Mr. Chairman, is it not true that about 30 Members of the House have introduced bills similar in nature to the amendment that is now being read?

Mr. SPENCE. Yes, I think about 30 Members have introduced such bills.

Mr. SHAFER. I do not care if there are 150, I still object.

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, it is obvious that the reading of the amendment accomplishes nothing except to consume time. A filibuster is evidence of weakness. I again renew my request that the further reading of the amendment be dispensed with.

Mr. MARCANTONIO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MARCANTONIO. Since this amendment has been available to the Members and since its provisions are known, is not the insistence on the reading of this lengthy amendment but another method of accomplishing a filibuster?

The CHAIRMAN. The gentleman does not state a parliamentary inquiry. Is there objection to the request of the gentleman from Kentucky?

Mr. SHAFER. Mr. Chairman, I object.

The CHAIRMAN. The Clerk will read.

Mr. SHAFER (interrupting the reading of the amendment). Mr. Chairman, the Clerk is not reading all the words in the amendment. He is reading the amendment scientifically, and I must insist on a proper reading of the amendment.

The CHAIRMAN. The Clerk will continue reading the amendment.

Mr. PHILLIPS of California. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PHILLIPS of California. Mr. Chairman, may the Committee be informed as to what page and line the Clerk is reading?

The CHAIRMAN. Page 49.

Mr. SHAFER. Already?

Mr. CANFIELD. Mr. Chairman, I hope the Clerk reads very carefully. This is the bill which ought to be approved by the House.

The CHAIRMAN. The Clerk will read.

Mr. MULTER (interrupting the reading of the amendment). Mr. Chairman, in view of the fact that copies of this bill are now available for Members and a copy of it is set forth in full in the committee hearings before the other body, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. MULTER]?

Mr. SHAFER. Mr. Chairman, reserving the right to object, any substitute for the present bill certainly is worth reading in this House. There is no filibuster in the reading of any amendment. I object.

Mr. JAVITS (interrupting reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. SHAFER. Mr. Chairman, I object.

Mr. JAVITS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred sixteen Members are present, a quorum.

The gentlewoman from Ohio is recognized.

Mr. SHAFER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHAFER. Mr. Chairman, would it be out of order for me to call attention to the fact that about three paragraphs were read on this amendment which were not contained in the original substitute?

The CHAIRMAN. The gentlewoman from Ohio has been recognized by the Chair.

Mrs. BOLTON of Ohio. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mrs. BOLTON of Ohio. Mr. Chairman, in submitting H. R. 1883 as a substitute for H. R. 4009 I want to make it very clear that I am doing so as the alphabetical first of the group of 10 who on the 27th of last January introduced identical bills.

The date of our bills—January 27, 1949—is good proof that they are not the result of pressures from real estate lobbies, from labor, or any other groups. They are quite definitely the result of individual conviction that the welfare of the American people, which is our prime consideration, demands the enactment of a comprehensive housing bill in this session of the Congress.

To those who are honestly troubled—and who is not?—at the financial status of the country I suggest that public housing may be a losing venture from the money angle, but it cannot help but be an abundant dividend-paying venture insofar as health, good citizenship, and a stable society is concerned.

H. R. 1883, is a well-balanced, comprehensive bill, which, while it puts great emphasis upon housing for those whose need cannot be met by private enterprise or by the States and localities—I quote from the Republican platform—takes into consideration other groups, not least among them those who cannot finance the present high costs of building or purchasing but who can and will ultimately pay their way.

H. R. 1883 and its companion bills advocates the authorization of about $300,000,000 annually to construct a total of 810,000 housing units as against $400,000,000 to construct 1,050,000 units in the original committee bill.

H. R. 1883 initiated the principle of the accelerator and decelerator clause accepted by the committees of both Houses, giving the President power, upon the advice of the Economic Council, to contract sharply the low-rent housing program if conditions in the building industry and the general economy of the country require it.

H. R. 1883 contains the protection that low-rent housing with Federal aid will come into an area only if the local authority desires it and will manage it, and if local needs make it necessary. It also emphasizes and increases the scope of private industry by its loan provisions, thereby setting up a far more balanced program than is contained in any of the other bills at hand.

It is my understanding that all but two of the major aspects of this bill have now been adopted or will be adopted during the course of the debate so that even though this effort to substitute our bill as such is not successful, we shall be voting in almost all particulars with two major exceptions.

The principal one of these is a unique program for privately owned rental housing for lower middle-income families, who constitute 20 percent of the almost 40,000,000 families in the United States and for whom nothing has as yet been suggested. Ineligible for public housing, they cannot afford the private housing now offered for sale or rent. Since we introduced our bill 22 Members have introduced bills very similar to our title V. Under H. R. 1883 a beginning of 350,000 plus units is practicable at rentals or prices fully within the capacity of the family income range of $3,000 a year.

Believing as we do that a balanced program is necessary if our American system of life is to be maintained, our bill contains encouragement for a maximum amount of private construction by the liberalization of titles II, III, and VI of the Federal Housing Act.

Mr. Chairman, there are available at the desk copies of the bill and of a comprehensive summary of H. R. 1863 and its companion measures which I include at this point that will give you at a glance the résumé of the contents of the various titles. You will see at once the balance that is set up, which is the reason for our action in submitting H. R. 1883 as a substitute for H. R. 4009, which, though it contains major elements of H. R. 1883, does not present certain features which make for balance—important if the whole balance of our American way of life is to be maintained.

Mr. Chairman, certain of the co-sponsors of this bill will ask for recognition in order to go into various details of H. R. 1883 and to answer such questions as may be asked. I am asking favorable consideration of the substitution of H. R. 1883 after the enacting clause.

SUMMARY OF COMPREHENSIVE HOUSING BILL SPONSORED BY TEN REPUBLICAN MEMBERS

Following is a summary of the comprehensive housing bill containing titles for urban development, redevelopment, and slum clearance, low-rent public housing, housing research, farm housing, privately owned housing for families of lower income, and amendments to existing aids to privately financed housing, introduced by the following Republican Members January 27, 1949: Representatives FRANCES P. BOLTON, Ohio; CLIFFORD P. CASE, New Jersey; GORDON CANFIELD, New Jersey; T. MILLET HAND, New Jersey; JACOB K. JAVITS, New York; KENNETH B. KEATING, New York; JOHN DAVIS LODGE, Connecticut; WILLIAM L. PFEIFFER, New York; R. WALTER RIEHLMAN, New York; and THOR TOLLEFSON, Washington. A summary of the bill follows:

Declaration of policy: Establishes a national housing policy with the ultimate goal of a decent home for every American family.

Title I. Urban development, redevelopment, and slum clearance: Loans are provided communities to assist them in clearing blighted areas by assembly, clearance, preparation, and sale or lease of land for redevelopment. A total of loans of $1,000,000,000 is authorized over 5 years. Capital grants totaling $500,000,000 over 5 years are also authorized to enable the communities to make redeveloped land available at its fair value by absorbing some of the costs of redevelopment. The Federal grant can amount to a maximum of two-thirds of the project's cost to the community; the community supplying at least one-third of the cost. In order to participate in this program communities must demonstrate that they have made an active effort to modernize building codes.

Title II. Low-rent public housing: Provision is made for the construction by State, county, or local housing authorities of a total of 810,000 public low-rent housing units to be built over 6 years. The annual construction rate of 135,000 units may be increased to 200,000 or decreased to 50,000, upon a determination by the President with the advice of the Council of Economic Advisers that conditions in the building industry and the national economy justify such an increase or decrease.

The upper-rental limits for admission to such low-rent housing are at least 20 percent below the lowest rents required to live in decent private housing. The bonds issued by the local authorities participating in the program remain tax exempt. Contributions of $85,000,000 are authorized for the first year and increased during each of the succeeding 4 years to the annual rate of $308,000,000 maximum annual contributions for 40 years.

Title III. Housing research: Directs the Housing and Home Finance Administration to undertake a program of research to develop and promote the use of new techniques and materials to achieve lower building costs. Authorizes grants to educational institutions and other nonprofit organizations for research.

Title IV. Farm housing: Permits loans to adequate farms with earning capacity to carry interest and amortization charges but unable to get private financing to construct, improve, or repair housing. For farms which through improvement are potentially self-sustaining, a program of loans and grants is provided. This title is administered by the Secretary of Agriculture.

Title V. Privately owned housing for families of lower income: Provides a program of direct Government loans to cooperatives, limited dividend and redevelopment companies and nonprofit corporations for constructing low-rent housing units for families with incomes too low to afford private housing and too high to occupy public housing. Lower rents would be achieved through use of the going Federal interest rate and an extended period of amortization. Five hundred million dollars of loan funds are authorized for each of 6 years to enable an estimated total of 360,000 units to be built.

Title VI. Amendments to existing aids to privately financed housing: Liberalizes the provisions of title II and title VI of the National Housing Act by permitting increased maximum mortgage limits, increased percentage guaranty, and extended amortization. Title VI is extended until March 31, 1950. The Servicemen's Readjustment Act is also amended to permit loans for 30 years. The 50 percent limit on sale of mortgages on the secondary market imposed by the Housing Act of 1948 is lifted. New limitations are to be set by regulation of the RFC.

Title VII. Miscellaneous provisions: This title provides for a census of housing in conjunction with the regular decennial censuses. It also permits conversion of State low-rent or veterans' housing projects to assistance provided by title II. In addition, there are the regular provisions, on separability.

A comparison between the administration bill, the Senate bill, and the House bill introduced by the members mentioned previously follows:

	H. R. 4009 as reported by Banking and Currency	House bill of Republicans	S. 1070 (Senate bill)
Slum clearance	Identical	Identical	Identical.
Number of public housing units	1,050,000	810,000	810,000.
Duration of program	7 years	6 years	6 years.
Maximum rate of construction	250,000	200,000	200,000.
Minimum rate of construction	50,000	50,000	50,000.
Maximum possible annual cost after 4 years	$400,000,000	$308,000,000	$308,000,000.
Housing research	Largely identical	Largely identical	Largely identical.
Farm housing	$250,000,000 in loans and $5,000,000 in grants for self-sufficient and potentially self-sufficient farms.	Same	Same.
	$12,500,000 in grants for hopelessly inadequate farms.	No so-called outhouse provision for inadequate farms.	$25,000,000 in grants for hopelessly inadequate farms.
Direct loans for lower middle income housing	No	Yes [1]	No.
Private financing aids (improvements to FHA)	No	Yes [2]	No.

[1] Provision for 60,000 units a year over 6 years.
[2] Substantial improvements to aid private financing of housing construction.

Mr. JAVITS. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON of Ohio. I yield.

Mr. JAVITS. Some questions have been raised about interlineations in the amendment which is on the Clerk's desk. The interlineations are three. First, an amendment to the National Banking Act, which will permit national banks to deal in housing-authority bonds.

Mrs. BOLTON of Ohio. Yes; that is right.

Mr. JAVITS. Second, the adoption of the formula of the other body which established dollar cost limits on public-housing construction; and

Third, the adoption of the exact number of units, 810,000, now in the bill passed by the other body, plus the same financial requirements.

I think it should be pointed out to the Committee of the Whole that the financial requirement of $308,000,000 which is contained in this bill is the maximum allowable annual payment and represents a reduction of some $12,000,000 from the original amount as proposed by our amendment. The difference in the amount is attributable to reduced estimates of construction costs; and the amendment respecting the National Banking Act which will result in broadening the market for housing-authority bonds and in resultant interest savings as they are underwritten locally.

Mrs. BOLTON of Ohio. Yes; this is so.

Mr. JAVITS. There is just one other point that I think should be made clear: That our purpose in offering this substitute is that we desire to get a comprehensive housing bill. The missing element in the bill now under consideration, H. R. 4009, is some provision for the lower middle-income families. The effort which is made in our amendment to take care of the lower middle-income families, I understand, has now been taken up by over 25 Members on the other side.

We believe that this is the time to bring out a comprehensive bill. We are concerned that time will not be found in the future, after the consideration of this bill is completed, to take up a new bill to take care of the lower middle-income groups; we think that now is the time to do it.

Mr. MULTER. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON of Ohio. I yield.

Mr. MULTER. I notice that there are four titles in the gentlewoman's proposed substitute which have counterparts in H. R. 4009; so there has been no attempt to improve it with amendments as suggested in the Committee on Banking and Currency as a result of their having these four titles that have the same counterparts, but nevertheless are different in language than those in H. R. 4009 and different from the language reported out by the Senate and passed by the Senate. Is not that so?

Mrs. BOLTON of Ohio. They are somewhat different.

Mr. JAVITS. Mr. Chairman, will the gentlewoman yield further?

Mrs. BOLTON of Ohio. I yield gladly.

Mr. JAVITS. Let me say to the gentleman from New York that that is so, and that if members of the legislative committee feel that such text amendments should be offered to our substitute they are free to do so; but those, I believe, the gentleman will agree, are not major and certainly can be made.

The CHAIRMAN. The time of the gentlewoman from Ohio has expired.

Mr. DAVIS of Georgia. Mr. Chairman, I offer a substitute for the amendment offered by the gentlewoman from Ohio.

Mr. PATMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. I make the point of order that one substitute is already pending.

The CHAIRMAN. This is a substitute for the original amendment offered by the gentlewoman from Ohio.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia as a substitute for the amendment offered by Mrs. BOLTON of Ohio——

Mr. DAVIS of Georgia. Mr. Chairman, I ask unanimous consent that further reading of the substitute be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. BUCHANAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUCHANAN. What is the substitute?

Mr. DAVIS of Georgia. Mr. Chairman, this is the bill H. R. 5085 with title II stricken out, the title against which the point of order was sustained a few minutes ago.

Mr. BUCHANAN. In other words, it is the same bill without title II.

Mr. DAVIS of Georgia. This is the same bill with title II stricken out and the subsequent titles renumbered.

Mr. MULTER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MULTER. Mr. Chairman, I make the point of order that this substitute is subject to the same point of order that was sustained with regard to the substitute originally offered by the gentleman from Georgia in that the language in subdivision (m) on page 25 beginning in line 10 and continuing through line 21, is an amendment of the Internal Revenue Code and not germane to the bill.

The CHAIRMAN. The Chair is ready to rule.

On page 20 of the Bolton amendment is a tax-exemption provision. Essentially the same provision is contained on page 25 of the substitute offered by the gentleman from Georgia.

In view of the fact that the time has now elapsed for the urging of a point of order against the Bolton amendment, the Chair overrules the point of order made by the gentleman from New York [Mr. MULTER].

Mr. DAVIS of Georgia. Mr. Chairman, I feel that the provisions of the bill H. R. 5085 are of sufficient merit that I should again make an effort to bring it to the attention of the committee, giving the committee an opportunity to vote upon it. I have now stricken from my amendment title II, the provision for low-rent housing construction.

May I say that if the committee sees fit to adopt this substitute, it is my purpose to offer as a separate bill title II of this amendment to provide low-rent housing. That is the title of the bill which provides for the freezing of the local tax assessment for a period of 10 years at the rate existing before the improvements were made and also providing for the 10 percent depreciation per annum to be given as a credit to the taxpayer on his Federal income tax. If the substitute is adopted without this provision in it then I propose to offer it as a separate bill and will undertake to have it passed as a separate matter.

Mr. Chairman, at the time my 10 minutes expired when I had the floor a few minutes ago, I was explaining that part of H. R. 5085, my amendment, which deals with the veterans cooperatives and which was contained in the bill known

last year as the Veterans Homestead Act. That title provides for the formation of veterans' cooperatives for the purpose of building rental units to be occupied by veterans and for the purpose of building dwelling units to be purchased by veterans. It provides that the maximum cost per unit shall be $10,000 and that the sum of $250,000,000 is authorized to be appropriated, to be administered by the Veterans' Administration to finance the operation of these cooperatives.

It also provides that if a veteran decides to purchase one of these dwellings, he may borrow 100 percent of the purchase price up to $10,000 and may repay it over a period of 32 years. The rental units may be financed by the cooperative and it is paid for over a maximum period of 40 years.

The title also provides that this $250,000,000 involved in the amendment is merely authorized and will have to be appropriated. In other words, every dollar that is provided to be used in this bill will have to be appropriated. Thus the Appropriations Committees of the Congress will have the right to review the expenditure of every dollar that the bill provides.

In addition to that, there is a section which provides for housing research, and in the amendment the housing research is placed in the Department of Commerce, which, in my opinion, provides a much more impartial research than would be obtained by having the research provision under the same jurisdiction as the slum clearance, the low-rent housing, and public housing, and all these other items that are provided in H. R. 4009.

There is also in this bill a title which provides farm assistance for the erection of dwellings, barns, and equipment, for the repair and rehabilitation of existing farmhouses, barns, and buildings. It also provides that the $400,000,000 provided for is merely authorized in this bill, and such money as is expended must be appropriated and must go through the Committee on Appropriations and must be passed by each House of Congress.

The last title in this bill provides for the disposition and the sale for cash of the housing which is known as Lanham War Housing. That is to be disposed of immediately and the proceeds of these sales also will be made available for slum-clearance purposes.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. CANFIELD. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DAVIS of Georgia. With reference to the disposition of the war housing, this title deals with the permanent housing accommodations constructed under the so-called Lanham Act, Public Law 849, Seventy-sixth Congress, as amended, and further amendments. The bulk of the housing was constructed under the so-called Lanham Act and is referred to as Lanham Act Permanent Housing. The job of constructing this housing was assigned to the Federal Works Administrator, but was transferred to the Federal Public Housing Agency pursuant to an Executive order. According to a 1947 report of the Federal Public Housing Association the Government constructed approximately 78,113 permanent buildings, and of these 30,783 were designed for single-family occupancy, 35,000 designed for two-family occupancy, and the remaining 12,000-plus were designed for occupancy by more than two families. These 78,000 buildings provided permanent housing accommodations for approximately 166,000 families. The buildings constructed for one and two families present no disposition problem. They can and should be sold for individual-owner use. The so-called multifamily buildings contain an average of 5.3 dwelling units per building, and will prove attractive for purchase by individuals or by a few families joining in cooperative ownership of the building.

According to the figures furnished by the public housing authority the development cost of those permanent-housing units was approximately $743,000,000, almost three-quarters of a billion. This development cost includes the site and the development of the project, and the average cost was approximately $4,461. The cost of operation, maintenance and expense are met out of rents from income from the properties, and according to the annual report of the National Housing Agency for 1945, the net income after such expenses for that type of dwelling, averages about $13 per month per unit. It is assumed that these figures would apply to the 30,000-odd units reported in the later tabulations.

This bill provides for the immediate sale of these houses for cash. It gives the veterans preference, and this cash is then to be used in the further financing of slum-clearance projects. Again, I want to say that, this slum-clearance provision calls for the expenditure of $350,000,000, not more than 20 percent of which can be expended in any one year and not more than 10 percent of which can be expended in any one State. The program will run for 5 years, and it will give us an opportunity to try out this real slum-clearance program on the basis of local administration and on such a basis that the Congress can at each step of the proceedings and in any one year of the program review it and ascertain whether or not there are any flaws in it and whether it can be improved, and, if it can be improved, then take such action as will bring about that improvement.

The bill as now offered contains these titles: The slum-clearance, the veterans' cooperative construction program, known as the Veterans' Homestead Act, the farm assistance program, the technical services and research program, and disposition of the Lanham housing. I submit it to you for your consideration. If you see fit to adopt it, it will then be my purpose to reintroduce title II, which is now stricken out on a point of order, and have it considered as a separate bill.

Mr. DEANE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I commend my colleagues on the left side of the aisle on coming forward with a comprehensive housing bill. I recall that the two major speeches made against the bill H. R. 4009 were made by the gentleman from New York [Mr. GWINN] and the gentleman from Michigan [Mr. WOLCOTT]. Much of their argument was that the bill is socialistic.

I must point out to these two gentlemen that we Democrats are in splendid company in promoting a comprehensive housing program. I do not think my colleagues on my left are socialistic in their thinking, yet they are sponsoring almost an identical bill to H. R. 4009. Some moments ago the gentleman from New York [Mr. JAVITS] admitted that title I, title II, title III, and title IV of their bill was practically the same as H. R. 4009.

At this point, Mr. Chairman, I would compare the two bills.

BRIEF COMPARISON OF JAVITS-BOLTON BILL WITH H. R. 4009

Title I. Slum-clearance program:

The capital grants which represent the whole cost to the Federal Government—excluding administrative expenses—are $500,000,000. This is the same as under H. R. 4009.

The loan fund provided, which does not represent a cost to the Federal Government, is $1,000,000,000, the same as in H. R. 4009. The substantive provisions of this title are generally similar to those in title I of H. R. 4009.

Title II. Low-rent housing program:

The Republican bill authorizes construction of 800,000 new units instead of 810,000 in the reduced program proposed under H. R. 4009.

The annual contributions which represent the whole cost to the Federal Goverment—excluding administrative expenses—would be a maximum of $320,000,000 per annum instead of the maximum of $308,000,000 under H. R. 4009 as reduced.

Under the Republican bill, the cost would thus be approximately 4 percent higher than under H. R. 4009, and 10,000 less units would be authorized.

The present $800,000,000 loan fund of PHA is increased by $700,000,000 to $1,500,000,000. This is the same as under H. R. 4009. The general provisions of this title are substantially the same as title II of H. R. 4009.

Title III. Housing research:

This is substantially the same as title III of H. R. 4009.

Title IV. Farm-housing program:

Annual contributions are limited to $5,000,000 per year for 10 years. This is the same as under H. R. 4009.

No provision is made for grants for minor improvements to farm housing and buildings. H. R. 4009 authorizes grants of $12,500,000 for this purpose.

Loan funds of $250,000,000 are provided. This is the same as in H. R. 4009.

Loans are limited to the construction and improvement of "dwellings and facilities incident thereto" and loans for construction of essential farm buildings are not specifically authorized, as in H. R. 4009.

Title V. Federal loans for middle-income housing:

The Republican bill authorizes $3,000,000,000 in direct Federal loans at 3 per-

cent interest for periods of up to 60 years for construction of housing for families of lower income by cooperative and nonprofit or limited dividend corporations.

No contributions or subsidies would be provided.

H. R. 4009 has no provision for this type of program.

Title VI. Amendments to existing aids to privately financed housing:

This title covers a variety of amendments to the FHA and GI loan programs. The subject matter of this title is generally comparable to Congressman SPENCE's bill, H. R. 1938, on which the Banking and Currency Committee has not yet held hearings.

I call to the attention of the gentleman from Michigan [Mr. WOLCOTT] and the gentleman from New York [Mr. GWINN] that if we who are sponsoring H. R. 4009 are socialistic then we are certainly in good company, when I note the names of the distinguished gentlemen who are sponsoring the bill introduced by the gentlewoman from Ohio [Mrs. BOLTON]: Mr. CASE of New Jersey, Mr. CANFIELD, Mr. HAND, Mr. KEATING, Mr. LODGE, Mr. WILLIAM L. PFEIFFER, Mr. RIEHLMAN, and Mr. TOLLEFSON.

I also noted with interest an insertion in the RECORD of January 27, 1949, by the gentleman from Massachusetts [Mr. HERTER] who said:

> We believe that the housing bills being filed today in the House and the Senate by Republican Members are a constructive approach to an urgent but highly complex problem. We believe that they offer a better base for final legislation than does the administration proposal. We endorse this move on the part of our colleagues while at the same time reserving our rights with respect to some of the details pending further consideration of both measures.

This statement was signed by Mr. HERTER, Mr. NIXON, Mr. HOLMES, Mr. AUCHINCLOSS, Mr. HESELTON, Mr. JUDD, Mr. KEAN, Mr. WOLVERTON, and Mr. JONAS.

Let me repeat what I said during general debate, that I look on this housing legislation as nonpartisan and on that basis we should join our efforts in bringing out a comprehensive housing bill. I am glad that up to this particular moment the thought of partisanship has not entered into the debate. We must note the vote in the other body how outstanding members of both parites supported a bill similar to H. R. 4009. When we go back into our own respective districts let us be able to say that the housing legislation was a joint effort of Democrats and Republicans. While I cannot support the amendment offered by the distinguished gentlewoman, I do commend her desire and those in her party who want better housing. I would like to say at this particular point that in a session of our Committee on Banking and Currency our chairman assured some 15 or 20 members of the committee that legislation concerning direct loans will certainly come before our committee. I want, therefore, to express my sincere appreciation and I am sure I voice the sentiment of those of us on the Democratic side in commending our friends on the left for taking this progressive, outstanding step in an effort to improve the housing conditions in our country.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. McCORMACK. I thoroughly agree with everything that the gentleman from North Carolina has said, but I take it that the gentleman's position is that without urging the defeat of the Bolton substitute amendment it should however, be rejected and then we should go ahead with the bill, both bills being in substance practically the same.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. JAVITS. I would like to ask the majority leader whether he is prepared to add to the very gracious statement that he has just made, some practical assurance with respect to consideration of a measure for this lower middle-income group of the general character which is suggested in the substitute and which so many Democratic Members have introduced.

Mr. McCORMACK. The gentleman from North Carolina said that the chairman had assured a number of the Members that they would be given hearings. I would be glad if my friend from New York would address his inquiry to the chairman, because, while I certainly would cooperate, I do not have the authority to make such a decision and would not like to interfere with the jurisdiction of others.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina [Mr. DEANE] may have an additional minute so that the question I have asked may be answered.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Chairman, I want to thank the gentleman from North Carolina very much for his very fine statement and for his approval of our approach. May I now address the question I asked of the majority leader to the chairman of the committee?

Mr. SPENCE. There are a good many measures which have been presented to the committee. It is our function to have hearings upon them. There is one proposal with reference to direct loans. I cannot state the definite time that hearings will be held on them. The committee has been very busy. The committee devoted a great deal of time to the bill which is now before us. It is our purpose to give hearings to those bills when we have the opportunity and the time.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia, Judge DAVIS. I shall vote for it because I think it is the only bill which will really provide houses for veterans. Thus far I find that even with the present priority of veterans in Federal houses they secure very few houses. Last year the Committee on Veterans' Affairs reported the Legion homestead bill, as amended by the committee. Judge DAVIS was one of the sponsors, and together with almost every member of our Committee on Veterans' Affairs, in all some 32 Members of the House, introduced that bill. The American Legion at its convention last autumn passed a resolution endorsing it again. It was reported out unanimously by our committee after extensive hearings. However, we failed to secure a rule for its consideration. I shall vote for this amendment offered by the gentleman from Georgia for that reason especially, and also because I like the provisions for loans to farmers and the provisions for slum clearance.

Mr. WICKERSHAM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. SPENCE. Mr. Chairman, I must object. An agreement has been made that the Committee shall rise at 4 o'clock and extending the gentleman's time would take us beyond that time.

Mr. McCORMACK. Mr. Chairman, if the gentleman will yield, may I say that the objection is not directed individually to the gentleman from Oklahoma, but we have an agreement to rise at 4 o'clock. Of course, if the gentleman from Oklahoma wants to wait until Monday to speak on the bill, he may then secure the additional time.

Mr. WICKERSHAM. Mr. Chairman, I appreciate the privilege of addressing the House under those conditions. I withdraw my request for additional 5 minutes at this time. I feel I am experienced in legislative matters and with the real-estate needs of this day. Some years ago I built homes. Two and a half years ago, when I went out of Congress, I started a real-estate business and continued in it about 2 years. Since I have been back in Congress I have devoted all of my time to my congressional duties. But I do know the housing needs of today.

Just this week I asked for the papers from last Saturday's and Sunday's editions throughout this country. If all the papers were stretched end to end, eight columns wide, containing only ads of houses for sale, houses for rent, apartments for rent, and rooms for rent, they would total a distance of 6½ miles. I have the papers here from such large cities as the St. Louis Post-Dispatch, the San Diego Union, the Buffalo News, the Long Beach Press-Telegram, the Nashville Tennessean, the Portland Oregonean, the Kansas City Star, the Los Angeles Times, the Louisville Courier-Journal, the San Antonio Express, the Columbus Post Dispatch, the Miami Herald, the Pittsburgh Press, the Chicago Sunday Times, the Nevada State Journal, the Akron Beacon-Journal, the Baltimore Sun, the Florida Times of Jacksonville, the Detroit News, the Indianapolis Star,

and the Cleveland Plain Dealer. I shall be delighted to show you those from your section later today.

There are as many as 60 pages of real-estate ads for sale and for rent.

In a report sent in from the city of Tulsa, Okla., last week, one-fourth of the garage apartments are for rent. There are 400 vacant houses. There are about 650 additional vacant houses for sale. From 4.8 to 12.5 percent of the apartments at this time are for rent, and there are about 1,800 houses and apartments under construction; also vacant one-family houses, 0 to 11 percent.

Six months ago conditions were not as they are today. Times have changed in the last 6 months.

If you gentlemen would do like former Secretary of State, Mr. Byrnes, and go home and get out of the shadow of these big government buildings, out of the cobwebs of all of these different administrative buildings around here, get back to the short grass, and the forks of the creek you would be just like I. You would say that the needs for the public housing bill are not as great as you think they are.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WICKERSHAM. I would rather not. I am not in a yielding mood. My brother and his wife and my sister and her husband each lived two or three years, in one of these public housing projects. They paid from ten to fifty dollars a month, based on income. None of the people in those dwellings were satisfied. It seemed that jealousy existed everywhere. I saw with my own eyes where it cost $81 to replace a $2.70 window pane, after the appraisers had come out and looked at it on two occasions, and the carpenters had been there and the painters, with their helpers, to replace the broken pane.

Here are a few of the ads in these papers. We are obligating the next 20 Congresses for a period of 40 years, if we pass this legislation. This Congress would be comparable to the Egyptians, who in pursuit of the Israelites who were trying to escape their bondage, plunged into the Red Sea, which, because of the wrath of God, engulfed and destroyed them. Do we, gentlemen, want to vote for legislation that will place our people in a red sea of debt through which they will have to flounder under the burden of taxation for the next 40 years, and maybe eventually destroy them?

You men were elected for 2 years, but you are voting for 40 years.

Here are just a few of the ads. Here is the St. Louis Dispatch: 310 rooms for rent, 123 apartments, 40 houses at reasonable prices and very reasonable down payments. There are 12½ pages of "for sale" ads.

Mr. BUCHANAN. At what prices?

Mr. WICKERSHAM. Twenty-five dollars and $50. I will read them to you in just a minute.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. WICKERSHAM. I am still not in the yielding mood. Here is the San Diego Journal. There are eight pages of for sale ads; 43 apartments for rent. One hundred and twenty-nine apartments and 82 houses, renting for $35 and $40.

Mr. CANFIELD. Mr. Chairman, the gentleman has already gone a hundred miles and he refuses to yield. There are no prices indicated.

Mr. WICKERSHAM. All right. I will indicate the prices. Here are 52 rooms for rent. Sixty-eight apartments for rent at $35 and $40.

Here are 2½ pages of houses for sale and many apartments at $50.

I wish to call your attention to the fact that this is only 1 day's ads in the papers.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOGGS of Louisiana, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4009) to establish a national housing objective and the policy to be followed in the attainment thereof, to provide Federal aid to assist slum-clearance projects and low-rent public-housing projects initiated by local agencies, to provide for financial assistance by the Secretary of Agriculture for farm housing, and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3082) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1950, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 44 and 45 to the above-entitled bill.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 235. Joint resolution to continue the authority of the Maritime Commission to sell, charter, and operate vessels, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3997) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1950, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 22, 23, and 24 to the above-entitled bill.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States No. 49–16.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication which was read by the Clerk:

WASHINGTON, D. C., *June 23, 1949.*

The Honorable SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the House Committee on Expenditures in the Executive Departments.

With kindest regards, I am,
Sincerely,

LOUIS B. HELLER.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

APPOINTMENTS TO COMMITTEE

Mr. DOUGHTON. Mr. Speaker, I offer the following privileged resolution (H. Res. 268).

The Clerk read as follows:

Resolved, That FRANKLIN D. ROOSEVELT, JR., of New York, be, and he is hereby, elected a member of the standing Committee of the House of Representatives on Expenditures in the Executive Departments.

The resolution was agreed to.

Mr. DOUGHTON. Mr. Speaker, I offer a further privileged resolution (H. Res. 269).

The Clerk read as follows:

Resolved, That LOUIS B. HELLER, of New York, be, and he is hereby, elected a member of the standing Committee of the House of Representatives on Public Lands.

The resolution was agreed to.

THIRD DEFICIENCY BILL, 1949

Mr. KERR. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5300) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes; and pending that, I ask unanimous consent that general debate be limited to 40 minutes, one-half to be controlled by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5300, the third

deficiency bill, 1949, with Mr. YOUNG in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from North Carolina [Mr. KERR] is recognized for 20 minutes.

Mr. KERR. Mr. Chairman, I yield myself such time as I may need.

The CHAIRMAN. The gentleman from North Carolina is recognized.

Mr. KERR. Mr. Chairman and Members of the Committee, this third deficiency appropriation bill will probably be the last appropriation bill of the present session of Congress.

The bill contains funds totaling $127,032,243.75. The estimates considered by the committee amounted to a total of $162,691,073.75. Thus the committee has reduced the estimates considered by more than $35,600,000. Of the amount recommended in the bill, something over $5,500,000 is for payment of damage claims and judgments against the United States.

Excluding the damage claims, the budget estimates for the fiscal year 1949 were $51,627,000, and the total of appropriations contained in the bill against that estimate is $51,273,100.

Activities for which funds are recommended in the bill include care, handling, and disposal of surplus property abroad, final liquidation of the lend-lease program, vessel-operating functions of the Maritime Commission, administration of the War Claims Commission, and others I shall subsequently refer to.

Very little savings could be effected in the items presented as deficiencies for the current fiscal year because in most instances the deficiencies had already been incurred owing to added responsibilities, or due to the enactment of legislation subsequent to the passage of the regular appropriation bills last year. There is $34,000,000 in the bill to reimburse the Commodity Credit Corporation for expenditures made by the Department of Agriculture in the control and eradication of the hoof and mouth disease in Mexico. This money has already been expended under provisions of the Department of Agriculture Appropriation Act, fiscal year 1949, and there was nothing we could do about it.

Also included in the fiscal year 1949 figure is $16,100,000 for the domestic air mail service of the Post Office Department, made necessary by increased rates authorized by the Civil Aeronautics Board. There are also included several Post Office items for the fiscal year 1948, likewise resulting from the increased rates approved by the Civil Aeronautics Board and by the Interstate Commerce Commission.

For the fiscal year 1950 the budget estimates totaled a little over $102,000,000. Against this total request the committee is recommending $67,055,560. Within this latter amount is an item of $2,022,000 for extra clerk hire which is recommended as a result of recent action by the Congress providing for this added expense. By far the largest item in the bill for the fiscal year 1950 is that for grants to States for unemployment compensation and employment service administration. This amounts to $33,000,000, although the budget estimate for this item is $41,000,000. Testimony before the Labor-Federal Security Subcommittee, which considered this request for the committee, revealed a very urgent situation in the States in connection with this program. The unemployment claims work load has increased substantially since the regular budget was considered in February and the turn-over in employment is creating an added problem, as you are aware.

While this is a direct appropriation, the States actually contribute a portion of taxes on employers for the administration of this program.

Another item of major importance is the $3,550,000 recommended for the National Labor Relations Board. Funds for the operations of this agency are normally provided in the regular annual Labor-Federal Security bill, but because of the fact that legislation governing the exact scope and status of the functions of that agency was pending at the time the regular bill was considered, it was omitted at that time. The situation is still unchanged, but some provision must be made for the agency in the meantime.

The Federal Mediation and Conciliation Service is in circumstances similar to those mentioned regarding the National Labor Relations Board. The Mediation and Conciliation Service functions independently pursuant to authority of and for the purposes set out in title II of the Labor-Management Relations Act of 1947. Budgetary provision for the agency is normally made in the Labor-Federal Security appropriation bill but was omitted when that bill for 1950 was reported to the House on account of the then existing legislative situation with respect to the basic law under which the service operates. Although the legislative situation is substantially unchanged, it is necessary to make provision for operation of the service in the year beginning July 1. The committee recommends $2,700,000 for this agency in fiscal 1950, a reduction of $40,000 below the budget estimate.

I want to say a word about surplus property disposal. The Supplemental Independent Offices Appropriation Act for 1949 contained a provision for liquidating the War Assets Administration. The administration subsequently decided that this agency should be continued until June 30 of this year and a deficiency estimate was approved in order that more time may be available for liquidating.

The estimate for the fiscal year 1950 for this agency is $26,500,000. The subcommittee on independent offices determined, and rightfully so, that we should finally liquidate this last remaining wartime agency. Accordingly, the bill contains no money for the War Assets Administration as such, but does include in lieu thereof $3,500,000 for the Treasury Department, and $4,000,000 for the Reconstruction Finance Corporation. It is believed that this money will be adequate to allow these two agencies of the Government to finally terminate the surplus property problem and enable the Government to relieve itself of excessive administrative costs which are inherent in the operation of any Federal organization. The Government should get out of the retail business as rapidly as possible, and I hope that the committee and the House will concur in this recommendation.

Funds are also included in the bill for certain activities of the Department of State. Financing United States participation in the International Civil Aviation organization is provided by reappropriation of unexpended balances. Although $2,300,000 was requested by the Bureau of the Budget for this purpose, the committee recommends a reduction of $705,000 since no international action has yet been taken with respect to the amount requested.

For international information and educational activities the sum of $1,800,000 is provided in the bill, a decrease of $155,000 in the budget estimate for the fiscal year 1950 for this item. This amount will provide for a continuation of the information and educational program in Korea, the responsibility for which was transferred from the Army to the Department of State on January 1, 1949. During the 6-month period from January 1 through June 30, 1949, funds for the program have come from the appropriation for "Government and relief in occupied areas." Although the amount recommended for the Korean program is somewhat larger than that provided for the information and educational program in many other countries, it is believed justified since Korea has become a testing ground in which the validity of democratic principles is being matched against the practices of communism. It is important that the continued United States interest in, and the support of, the Korean Republic be publicized throughout Korea.

There is very little else I can add in explanation of the bill. The report presented to you is in adequate detail, perhaps in greater detail than deficiency reports usually run. I believe it to be a good bill and hope that all items contained therein will receive full approval of the House.

Your committee is most fortunate in having a very careful and thorough executive secretary who prepares these reports, Mr. C. D. Orescan, and I assure you that he is always delighted to explain any item in our report and disclose the facts which induced the committee to recommend every dollar which is in this bill. These reports are always available before these matters come up in the House and may be secured by a request to our secretary.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. KERR. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetss. I am very glad the committee made the money available for the amputees who have not yet been able to apply for their

cars. That is made available in the bill on page 9, is that correct?

Mr. KERR. The gentlewoman is correct.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill carries a total of about $127,000,000, and is about $35,600,000 below the budget estimates.

It really represents the work of some 6 out of the 9 subcommittees of the Committee on Appropriations, the work having been divided up, and then brought together in the bill, which is before you at this time. There are Members present, I think, of each subcommittee that handled items in the bill, who can comment if necessary upon the particular items which came before them for consideration.

Personally, as a member of the deficiency subcommittee, in view of the explanation which the chairman of that subcommittee has just given, I have only one item in mind in respect to which I will comment briefly in passing.

I refer to the item of $34,000,000 for the eradication of the foot-and-mouth disease.

I appreciate fully the importance of the work in this connection, but I think no one can read the hearings without coming to the conclusion that there has been much unnecessary expenditure in connection with this work.

Almost every item in 1949 exceeds the cost of the same item in 1948. For administration expenses alone we are putting up well over $2,000,000 a month, compared with about $100,000 contributed by the Government of Mexico. We have some 600 people patrolling a border 1,900 miles in length, or a little over 3 miles on an average per individual. In addition to these 600 people we have some 1,070 people employed in this work, as well as some 5,240 Mexicans secured through the Mexican Government.

We are engaged in an extremely costly program of canned-meat purchases which we are forbidden by law to resell in the United States, and on which we are losing, when we sell abroad, at least 33 percent under the most favorable conditions.

Progress has been made. The infected area is smaller than it was. During the last 2 months only 58 infected cattle have been discovered.

While it is impossible to do anything in respect to the item in this bill, because it is merely a case of reimbursing amounts that have been borrowed from the Commodity Credit Corporation, the committee has inserted in the report very definite language, indicating that it will expect very substantial economies in this work duing the fiscal year 1950.

Mr. Chairman, the consideration of this bill completes the initial action of the House with respect to regular appropriations during the present session of the Congress.

I have here a table which has been prepared for me, which summarizes the action of the House to date. Under leave to extend my remarks, I shall insert it at this point in the RECORD:

Appropriation comparisons as passed by the House, June 24, 1949

	1949 approved by Eightieth Congress		1950 request		House action		House action versus 1950 request		House action versus 1949 approved	
	Appropriation	Contract authorization	Appropriation	Contract authorization	Appropriation	Contract authorization	Appropriation	Contract authorization	Appropriation	Contract authorization
Independent offices	$6,787,102,402	$620,576,500	$7,775,566,830	$983,500,000	$7,104,571,603	$942,314,628	−$670,995,227	−$4,118,372	+$317,469,201	+$321,738,128
Civil functions	641,575,666		767,733,220		593,292,270		−174,440,950		−48,283,396	
State-Justice-Commerce	511,129,662	85,741,499	740,023,456	68,000,000	684,616,102	62,600,000	−55,407,354	−5,400,000	+173,486,440	−23,141,499
Labor-Federal Security	1,866,053,700	114,854,750	2,235,065,685	97,377,300	2,211,794,085	106,707,300	−23,271,600	+9,330,000	+345,740,385	−8,147,450
Treasury-Post Office	2,244,727,680	300,000,000	3,172,666,750	211,000,000	3,072,817,903	250,000,000	−99,848,847	+39,000,000	+828,090,223	−50,000,000
Agriculture	577,546,953	7,900,000	726,879,908		[1] 943,117,979		+216,238,071		+365,571,026	−7,900,000
District of Columbia	99,729,483		103,321,427		98,923,621		−4,397,806		−805,862	
Government corporations	38,479,061								−38,479,061	
Interior	407,836,974	51,547,500	616,805,020	55,300,000	536,461,908	41,112,500	−80,343,112	−14,187,500	+128,624,934	−10,435,000
Armed services	11,403,477,413	2,545,000,000	13,219,835,700	2,058,546,000	13,272,815,800	2,636,301,000	+52,980,100	+577,755,000	+1,869,338,387	+91,301,000
Deficiencies, supplemental, etc	[2] 2,034,554,306		1,938,994,047	302,360,000	1,866,887,092	270,954,000	−72,106,955	−31,406,000	−167,667,214	+270,954,000
Foreign aid	6,030,710,228		6,322,200,000		[3] 6,127,251,426		−194,948,574		+96,541,198	
Legislative	56,140,401	20,600,000	73,898,184		62,200,705		−11,697,479		+6,060,304	−20,600,000
Total	32,699,063,929	3,746,220,249	37,692,990,227	3,776,083,300	36,574,750,494	4,309,989,428	−1,118,239,733	+533,906,128	+3,875,686,565	+563,769,179

[1] House report adjusted for errors.
[2] Includes $500,000,000 for refunding internal-revenue collections. Subsequently handled as an offset against receipts.
[3] Adjusted to 10½-month basis.

A—CONGRESSIONAL RECORD, Aug. 17, 1948.
B—House reports.
C—Senate reports.

Briefly, the table indicates that for the fiscal year ending June 30, 1949, the Eightieth Congress made available through appropriations about $32,699,000,000, and through contract authorizations about $3,746,000,000.

For the fiscal year ending June 30, 1950, the budget recommendations of the President call for funds through appropriations amounting to some $37,692,000,000 and through contract authorizations to some $3,776,000,000.

The House action to date, assuming that the amounts recommended in this bill are approved, makes available through appropriations some $36,574,000,000 and through contract authorizations some $4,309,000,000.

In other words, Mr. Chairman, if we consider both appropriations and contract authorizations, the House has already made available for the fiscal year ending June 30, 1950, funds in excess of those made available for the fiscal year ending June 30, 1949, to the extent of over $4,439,000,000, an increase of more than 12 percent; having reduced the budget estimates with respect to the fiscal year 1950 by about $548,000,000, or about 1.6 percent.

In addition, Mr. Chairman, some $6,650,000,000 has been made available, through permanent appropriations, which require no action by the Congress.

While the final action by the Senate and in conference is not yet completed, the indications to date are that the funds made available by the House will be substantially increased before enactment into law.

The totals given do not, of course, include such further funds as may be required for implementing the Atlantic Pact, or because of the enactment of additional legislation recommended by the President.

The Joint Committee on Internal Revenue has recently estimated 1950 receipts at $38,900,000,000, from which it would appear that a deficit for the next fiscal year is already assured.

This is a discouraging picture, Mr. Chairman, particularly in the light of the recent sharp decline in Federal revenue, for those who believe that a balanced budget, reduced taxation, and decreased cost of living, are called for in the interest of the national welfare.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. HAND. Can the gentleman assure us that the present bill provides sufficient appropriations for the proper maintenance of the unemployment offices in the unemployment security division? The gentleman will recall that some of those offices were required to close several months ago. I am a little anxious about that situation since the unemployment is increasing.

Mr. WIGGLESWORTH. I share the gentleman's concern. At the time which he has in mind I supported an amendment on the floor of the House, which was defeated and later adopted by the other body, which would have materially

increased the funds provided for this purpose.

I am not a member of the subcommittee which handled this particular item, and I will ask the gentleman from Kansas [Mr. SCRIVNER] to correct me if I am wrong. My understanding, however, is that the reduction of $8,000,000 shown in the committee report is in respect to a contingency fund of $16,000,000, and that the outright appropriation provided results in about $160,000,000 for the next fiscal year as compared with about $150,000,000 for this year.

Mr. SCRIVNER. As compared with about $140,000,000 for this year. The only reduction was in the contingency fund. In other words, we have gone up to $160,000,000. The department itself could not tell us what the prospective load would be, although its testimony now as compared with that given in February shows a sharply rising number in unemployed. However, it can come back in January if the load is increased, and get whatever is necessary to make these grants to the States.

Mr. WIGGLESWORTH. I understand that over and above the direct appropriation there is also provided an $8,000,000 contingency fund.

Mr. SCRIVNER. That is right.

Mr. HAND. Mr. Chairman, will the gentleman yield further?

Mr. WIGGLESWORTH. I yield.

Mr. HAND. The gentleman will recall the anxiety on the part of Members concerning the failure to appropriate for the War Claims Commission in order to take care of the proper claims of the defenders of Bataan and Corregidor. There was a virtual promise made by the committee to the gentleman from California [Mr. HINSHAW] and others who were concerned with that, in the second deficiency appropriation bill. I observe there is a provision for the War Claims Commission, which has been cut from the budget recommendation of $525,000 to $281,250. Does the gentleman feel that is sufficient for the present purposes and to get the machinery going for the persons who suffered in the Philippines?

Mr. WIGGLESWORTH. I will say to the gentleman that I am happy that at last an item has been inserted in an appropriation bill to take care of these claims of veterans and others for whom the Commission is responsible. My understanding is that the reduction to which the gentleman refers was due to the fact that the organization of this Commission is to be delayed longer than anticipated. I will ask the gentleman from California [Mr. PHILLIPS] to confirm my understanding in this connection.

Mr. PHILLIPS of California. That is entirely correct. The subcommittee is not resistant to any money which the Commission needs.

Mr. HAND. I thank the gentleman, and I appreciate the action of the committee in that respect.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. CANFIELD. As I understand it, this is the last deficiency appropriation bill for this session of the Congress.

Mr. WIGGLESWORTH. We were so advised in the full committee, and I hope that will prove to be the fact.

Mr. CANFIELD. While it is true that the House has been quite prompt in the passage of the regular supply appropriation bills, is it not also true that last year and the year before the Eightieth Congress was far ahead in the final enactment of the regular supply bills?

Mr. WIGGLESWORTH. My memory in that connection is in accord with the gentleman's.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Kansas.

Mr. REES. How much of an increase or decrease is there in this legislation as compared with the budget estimates?

Mr. WIGGLESWORTH. The total carried in the deficiency bill now under consideration is about $127,000,000. That is about $35,600,000 below the budget estimates.

Mr. REES. The gentleman called attention to the fact that the House on the one hand and the other body on the other hand have already obligated the Treasury for something more than $4,000,000,000 in excess of 1949 appropriations. Is that correct?

Mr. WIGGLESWORTH. The statement I made was that the House action to date, leaving out of the picture the action of the other body, had resulted in making available funds in respect to fiscal year 1950 in excess of those made available in respect to the current fiscal year to the extent of over $4,439,000,000. This figure includes both appropriations and contract authorizations.

Mr. REES. That overruns the budget estimate already, does it not?

Mr. WIGGLESWORTH. It is about 12 percent over the appropriations made by the Eightieth Congress in respect to the current fiscal year. It is about 1.6 percent below the Budget estimates of the President in respect to the next fiscal year.

Mr. REES. At the rate we are going we shall have obligated the Treasury of the United States beyond the Budget estimate.

Mr. WIGGLESWORTH. That depends on the action in the other body and in conference, of course; the signs are not very propitious.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the balance of my time to the gentleman from Nebraska [Mr. STEFAN].

The CHAIRMAN. The gentleman from Nebraska is recognized for 5 minutes.

Mr. STEFAN. Mr. Chairman, I rise at this time to inform the membership of the committee that this third deficiency bill represents the judgment of not only the Deficiency Committee but also members of the subcommittees of the full Committee on Appropriations, because, in the considered judgment of the chairman of the Committee on Appropriations in giving to the regular subcommittees which handled the various supply bills for the various agencies of the Government in order that they could study the additional and supplemental requests, I feel that considerable money has been saved—over thirty-seven million under the budget. Heretofore, I took the floor and objected to agencies coming to the Deficiency Committee for additional money without giving full information to the regular subcommittees which from year to year spend considerable time in studying all phases of the money requests from the different agencies. Many times the Deficiency Committee had no time to go into all of the details as have the regular subcommittees; frequently, we members of the subcommittees are disappointed when we suddenly find supplemental requests from the various agencies which were not discussed with or disclosed to us when we considered the regular annual request from these agencies. This change, in my opinion, has resulted in considerably better feeling between the subcommittees and the regular Deficiency Committee members, and if continued it will result in more savings. I am glad to support any further change in procedure if it will effect more economy.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. KERR. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, this bill is the third and last deficiency bill of the session. And in view of the fact that there now seems to be little prospect of an extra session this year, we may take it for granted that it is the last appropriation bill which will be reported by the Appropriations Committee to the House in either the fiscal or calendar year.

It closes an extraordinary record of appropriations. Concluding with this bill we have disposed of one of the largest appropriation programs more effectively and in less time than ever before in the history of the American Congress.

We began the first hearings on these bills on the 29th of January and by the 15th day of April—before the Easter recess—we had reported to the House, and the House had passed and messaged to the Senate, every major supply bill for this session of Congress—a record without parallel in any previous session of Congress.

As a result of the reorganization of the subcommittee system of the Committee on Appropriations at the beginning of the session, under which members have been assigned to a single bill and all major bills have been considered simultaneously, the committee had reported, and the House had passed, all annual supply bills by April 15.

I append, at this point, a statement showing the date upon which the appropriation bills for the first session of the Eighty-first Congress were reported, and the date on which they passed the House and were transmitted to the Senate.

No. of bill	Title	Reported	Passed House	Reported in Senate	Passed Senate	Sent to conference	Conference report agreed to in—		Date approved	Law No.
							House	Senate		
	APPROPRIATION BILLS									
H. R. 2632	First deficiency, 1949 (Rept. No. 111)	Feb. 14	Feb. 16	Mar. 22	Apr. 13	Apr. 14	May 16	May 16	May 24	71
H. R. 3082	District of Columbia, 1950 (Rept. No. 167)	Mar. 1	Mar. 2	June 17	June 21	June 22	June 24	June 24		
H. R. 3083	Treasury and Post Office, 1950 (Rept. No. 168)	do	Mar. 3	Apr. 29	May 11	May 18, June 23	June 15	June 22		
H. R. 3333	Labor and Federal Security, 1950 (Rept. No. 228)	Mar. 8	Mar. 9	Apr. 14	May 17	June 7	June 23	June 24		
H. R. 3734	Civil functions, 1950 (Rept. No. 307)	Mar. 23	Mar. 29	May 10	May 20	June 1				
H. R. 3838	Interior, 1950 (H. Rept. 324)	Mar. 28	Mar. 30							
H. R. 3997	Agriculture, 1950 (Rept. No. 384)	Apr. 4	Apr. 5	May 10	May 19	June 7	June 24	June 24		
H. R. 4016	State, Justice, Commerce, 1950 (Rept. No. 386)	Apr. 5	Apr. 7	June 1	June 7	June 9				
H. R. 4046	Second deficiency, 1949 (Rept. No. 401)	Apr. 6	Apr. 8	do	June 2	June 13	June 15	June 20		
H. R. 4146	National military, 1950 (Rept. No. 417)	Apr. 9	Apr. 13							
H. R. 4177	Independent offices (Rept. No. 425)	Apr. 11	Apr. 14							
H. R. 4830	Foreign aid, 1950 (Rept. No. 657)	May 23	May 26							
H. R. 5060	Legislative, 1950 (Rept. No. 763)	June 8	June 9	June 14	June 15	(House agrees to Senate amendments June 16, 1949)			June 22	118
H. R. 5300	Third deficiency, 1949 (Rept. No. 879)	June 23	June 24							

The significant feature, however, is not the effectiveness or the expedition with which the supply bills have been disposed of this session, but the fact that this is the first step preliminary to putting into effect the long-planned consolidation of all annual appropriations into one omnibus bill, which will make it possible to present at one time, and in complete outline, in conjunction with total available revenues, the entire financial program of the Government.

Beginning in 1920, with the first drafting of the budget system, authorized by the Legislative and Accounting Act of 1921, the Committee has been hoping eventually to submit in one over-all bill all proposed Federal appropriations. Due to the handicap of an antiquated subcommittee system, the attainment of that objective has not been practical until the beginning of the second session of the Eighty-first Congress.

With the new subcommittee system at last operating effectively, the way is now open for the submission of the practical consolidated budget and consolidated appropriation bill so long planned for. Accordingly, hearings will begin in December and then a complete omnibus appropriation bill will be reported to the House not later than April 15.

It may be noted that the bill before the House today is in the nature of a preview of the omnibus bill to be submitted at the next session. As indicated to you by the gentleman from Nebraska [Mr. STEFAN], who has just yielded the floor, this bill is not the usual bill from the Deficiency Committee. It is a composite bill prepared by collaboration of the various subcommittees of the Committee on Appropriation, formulated and put together exactly as we will formulate and put together the omnibus appropriation bill to be reported next April.

So we have here, in miniature, a consolidated appropriation bill, differing from the consolidated bill to be reported in the future, only in size, scope, and coverage. A glance at the printed hearings will indicate even more clearly the routine to be followed in the drafting and submission of the annual bill.

As the gentleman from Nebraska well says, the process has resulted, even in this one small bill, in material savings and standardization and we expect in the next session, with all appropriations presented simultaneously in one bill, accompanied by a complete résumé of proposed expenditures and an authoritative estimate of prospective national revenues, to be able to make material savings. Such a system must inevitably promote increased efficiency of administration and secure material retrenchment of expenditure and a corresponding lightening of the tax burdens of the Nation.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Nebraska.

Mr. CURTIS. I am very much interested in what the gentleman says about a single appropriation bill. What is being done with reference to those items of expenditure of a recurring nature that will not come back to the Congress, sort of an automatic debt transaction? Is the Committee on Appropriations doing something to regain control of that?

Mr. CANNON. That is a matter for the House to determine through its legislative committees. I am certain the gentleman understands that under the rules it does not come within the purview of the Committee on Appropriations. It might be considered in connection with some of the legislative recommendations made by the Hoover Commission.

Mr. CURTIS. Well, is not the housing bill now before the House one of that type? Does it not call for an expenditure annually that will not be channeled through the Committee on Appropriations?

Mr. CANNON. Of course, that is a matter of legislation which under the rules could not come before the Committee on Appropriations. The Committee on Appropriations handles no legislation. It merely implements with appropriations such authorizations as the House in its wisdom has previously embodied in law enacted on recommendation of some of its legislative committees.

Mr. CURTIS. My view is that you will never get a chance to implement them; that the appropriation is entirely automatic.

Mr. CANNON. That rests with the gentleman himself and his colleagues in the House, and the gentleman and the House can take such action as seems to them best when the legislative bill is disposed of next Monday.

Mr. Chairman, reverting to the subject before the House at the time I was interrupted with an inquiry which has no relation to the matter under discussion, it is interesting to note that editorial comment by the metropolitan press has been uniformly favorable as indicated by the following excerpts:

[From Business Action, official organ of the Chamber of Commerce of the United States]

New hopes for subsequent years have been inspired by announcement that the House Appropriations Committee will combine all appropriations in a single bill, beginning in the next session for fiscal 1951.

A single appropriation bill, its sponsors believe, should be more conducive to restraints upon the rising cost of government. * * *

Favorable action by Congress on a scheme for Executive cuts in expenditures for the coming fiscal year would be notice that the legislative branch is insistent on a balanced budget without any increase in taxation.

Failure of the Administration to bring the budget into balance by reductions below authorized expenditure totals would throw the problem back into the hands of Congress in next winter's session. Lumping of all appropriations in a single bill should make it less difficult to hold expenditures within revenues, although by no means providing complete assurance of avoidance of a tax increase.

Abolition of the system of multiple appropriation bills is in line with efforts by the National Chamber to improve legislative machinery for control of expenditures.

[From the Milwaukee (Wis.) Journal]

A SINGLE FEDERAL BUDGET BILL

Chairman CANNON of the House Appropriations Committee says he will try next year to get all Federal appropriations into a single omnibus bill. Senator TAFT approves this step. Senator BYRD has long favored it. We hope that enough other influential Members of Congress will join these men to put the idea across.

The present practice of considering appropriations for departments singly, or of combining the appropriations for two or three departments, is bad because it tends to minimize in the congressional mind the staggering totals that are amassed in this piecemeal fashion.

Putting all appropriations in a single measure would keep the attention of Congress and the people on the total. Every change made, up or down, would be seen in its relation to the total, and to the taxes required to meet that total.

We are inclined to agree with Chairman CANNON that if we are able to have economy, we must first have this change in procedure. It is too easy now to slip in a few extra hundreds of millions here and there, without reckoning the ultimate cost and without comparing taxpayer benefits with the accompanying taxpayer burdens.

[From the Mobile (Ala.) Press Register]

CONGRESS SHOULDN'T LET BUDGET TALK CAUSE IT TO PASS UP BUDGET CUTTING

Congress has yet to give a final answer about cutting the Federal budget of almost $42,000,000,000 which the administration asks for the next fiscal year.

But in the meantime it has started talking about using a new approach to the budget for the year after that.

This proposed departure from customary budget practice in Congress contemplates a single-package appropriation bill—that is, all Government money bills would be lumped into a single measure.

The purpose to adopt that procedure for the fiscal year beginning July 1, 1950, has just been announced by Representative CLARENCE CANNON (Democrat, Missouri), chairman of the House Appropriations Committee.

Under present practice, Congress deals with a flock of appropriation bills, or, as the United Press expresses it, the Government's annual budget "goes through Congress in a dozen or so separate bills and Federal agencies often come back later with 'deficiency' requests."

The new method which Congressman CANNON says will be offered for the 1951 fiscal year (to begin July 1, next year) is designed to do away with piecemeal handling of the budget.

In its report of Mr. CANNON's comment on the single-package proposal, the United Press related in a Washington dispatch:

"Announcing plans for the far-reaching reform to the House, he said it would enable Congress to see the over-all spending picture in a single frame and balance it against Government income.

"He said it would put squarely up to Congress the issue whether to keep within the Federal income or 'continue to spend more than our income and increase the stupendous national debt.'

"He also said the single-package plan would focus the Nation's attention on Government spending and help Members 'withstand pressure groups more successfully.'"

International News Service quoted Chairman CANNON of the House Appropriations Committee as making these remarks:

"When the consolidated (single-package) appropriation bill is presented we will also have an authoritative estimate of the national income.

"We can determine whether the budget is to be balanced with a surplus for debt retirement, or whether there is to be further deficit spending with increases in the national debt.

"There can be no sidestepping or shifting of responsibility on the question of whether we are to live within our income or continue, as during the war years, the spending policies which have boosted the national debt to unprecedented heights."

According to INS, "leaders of both major parties on Capitol Hill" applauded the proposal to lump into one bill all the Government appropriations for the 1951 fiscal year.

"Some obstacles were seen in the new plan," INS reported, "but the consensus was that the possible economies in Government spending make it a worthy undertaking."

Congressional comment aside from Mr. CANNON's included that of Representative JOHN TABER, Republican of New York, ranking minority member of the House Appropriations Committee and its chairman in the preceding Congress.

He said he considers the single-package appropriation proposal "worth trying," although he is not as enthusiastic about it as Chairman CANNON.

Most taxpayers, we are convinced, would like for Congress to try something to better safeguard against wasteful spending by the Federal Government.

Furthermore, while talking about budget procedure for the 1951 fiscal year, Congress should crack down against wasteful spending in the 1950 fiscal year soon to begin. But will it?

[From the Wall Street Journal]

A RAY OF HOPE

Chairman CANNON, of the House Appropriations Committee has promised that next year Congress will get a clear look at what it is doing before it starts spending money.

It is easily done. No legislation or elaborate reorganization plan is required. The Appropriations Committees, while continuing separate hearings on individual spending bills, will simply bring them all to the floor in one bundle. Each Congressman can then see at one look the total amount of the money he is voting to spend.

This is a revolutionary idea. True, it has been long advocated by Senator BYRD and others alarmed at the loose spending practices of Congress, but because it is revolutionary—that is, it would upset old and comfortable customs—it has met heavy opposition. Many Congressmen, it would seem, prefer not to look at what they are doing.

The plan is no panacea for budget pains; it would not prevent Congress from voting as big a spending bill as it chooses to do. It does have the merit of bringing that body face to face with its extravagance. Under the present piece-by-piece method of appropriating extravagance can slip upon the Congress, and the public, unawares.

It won't empty the pork barrel, but it will bring it out in the open where we can see what's inside. And when everybody can look at it some surprising things may happen.

[From the Cleveland (Ohio) Plain Dealer]

APPROPRIATION PROCEDURE

Representative CANNON, the chairman of the House Appropriations Committee, has announced that next year all appropriation measures will be put into one bill so that the Members of Congress will have some idea of the total cost of the Federal Government when they authorize the expenditures.

Under existing procedure, Congress votes separately on a number of supply bills, each containing appropriations for one or more branches of the Government. Nobody can tell what the total cost will be until the last bill has been passed.

With an omnibus bill before it, CANNON pointed out, Congress could compare the total with the estimates of anticipated revenues. Such a comparison would show the need for either budget cuts or additional taxes or, in the case of a surplus, how much money could be applied on the national debt. It would also enable Congress "to more successfully withstand pressure groups and high-powered lobbies," CANNON said.

One flaw has been found in the proposal. The President would be unable to exercise his veto power over appropriations without disapproving the single financing measure for the entire Government.

This objection could be overcome if the Federal Government adopted the appropriation procedure in effect in Ohio and some of the other States. For years it has been the custom of the Ohio Legislature to lump general appropriations into one bill, but the State constitution gives the governor the right to veto any item or items in any bill making an appropriation of money.

There is no similar provision in the Federal Constitution. An amendment probably would be necessary to give the President the power to veto specific items and this would take some time. But that is no reason why a trial of the omnibus appropriation procedure should be delayed.

[From the Cincinnati (Ohio) Post]

ONE BIG BILL INSTEAD OF ELEVEN

Representative CLARENCE CANNON of Missouri, chairman of the House Appropriations Committee, says that in the next session of Congress the whole Federal Budget will be lumped into a single appropriation bill.

This is a reform long advocated by Senator BYRD, of Virginia. The Democratic leadership in Congress now apparently has accepted it, and many Republicans are said to be for it.

The Government's spending measures now go through Congress in 11 or more separate bills. Until the last of these is passed, which usually is just before a new fiscal year begins, Congress never knows accurately how much money it will vote for spending in that year.

Under the new plan, Mr. CANNON says, when the single bill is ready for passage Congress will have an estimate of probable income and can either cut spending to stay within that income or determine to meet a deficit by voting higher taxes or increasing the stupendous public debt. "Thus," he promises, "there will be no sidestepping or shifting. The issue will be clear."

The change will be an improvement. Whatever may be hoped for from it, however, it won't help this year's situation, which finds most of Congress shouting for economy but voting for spending far in excess of probable Federal revenue and, at the same time, sidestepping higher taxes.

[From the Washington (D. C.) Post]

ALL IN ONE

Chairman CANNON, of the House Appropriations Committee, plans to put all appropriation items next year into a single omnibus bill that would give Congress an over-all view of the spending program. His proposal has bipartisan support within the committee and is hailed by Senator TAFT as a step in the right direction. Senator BYRD has long advocated the use of a single appropriation bill of this kind, pointing out that the practice of passing separate appropriation bills over a period of several months is a legislative handicap that prevents Congress from considering the budget as a whole and making intelligent reductions in expenditures.

The Legislative Reorganization Act of 1946 attempted to put a ceiling on spending in advance of detailed appropriation requests. But the proposed legislative budget has never been put into effect. To estimate total expenditures early in the session before spending plans were fully known proved an impossible task. Moreover, the Budget Committee did not have a staff equipped to do the work entailed in studying and revising budget estimates. The present Congress decided to defer the date for agreement on the legislative budget to May 1 and ended by doing nothing at all about it. The failure of this effort to establish some sort of comprehensive control over fiscal policy adds to the feeling of frustration that overwhelms many congressmen who believe that Government spending must be curtailed, but lack the information needed to reduce expenditures without impairing essential services. Consequently, there is growing support for the type of omnibus bill that Mr. CANNON is proposing.

Opponents of the plan fear that it might result in undue delay in passing appropriation measures. But if both House and Senate held hearings on spending proposals concurrently the Senate would be ready to act promptly on the final measure approved by the House. Another objection to the plan is that it would bar the President from exercising his right to veto appropriation measures, since the veto of an omnibus bill

would leave the Government without any funds for carrying on operations. However, the exercise of the veto power in case of appropriation bills always creates grave disturbances and is seldom resorted to. If the President ventured to veto an unacceptable omnibus bill, the very gravity of the resultant emergency would doubtless insure prompt remedial action.

In our opinion, the need for a control measure of this kind has been convincingly demonstrated. Improved machinery for control of expenditures will not, as the recent CED report on tax and expenditure policy says, assure wise congressional action. But without such machinery Congress cannot be expected to act wisely. An omnibus appropriation bill is, of course, only one means of giving Congress a better insight into fiscal problems. Budget and accounting reforms, such as those recommended by the Hoover Commission, are also imperative if legislators are to know what specific spending projects will actually cost in any given year and in succeeding years.

[From the Washington (D. C.) Daily News]

ONE BIG BILL

Representative CLARENCE CANNON, of Missouri, chairman of the House Appropriations Committee, says that in the next session of Congress the whole Federal budget will be lumped into a single appropriation bill.

The Government's spending measures now go through Congress in 11 or more separate bills. Until the last of these is passed—which usually is just before a new fiscal year begins—Congress never knows accurately how much money it will vote for spending in that year.

Under the new plan, Mr. CANNON says, when the single bill is ready for passage Congress will have an estimate of probable income and can either cut spending to stay within that income or determine to meet a deficit by voting higher taxes or increasing the stupendous public debt. "Thus," he promises, "there will be no sidestepping or shifting. The issue will be clear."

The change will be an improvement. Whatever may be hoped for from it, however, it won't help this year's situation, which finds Congress talking economy but voting for spending far in excess of probable Federal revenue and, at the same time, sidestepping higher taxes.

[From the Washington (D. C.) Evening Star]

LUMPING APPROPRIATIONS

There is a lot of merit in the plan to consolidate all of next year's regular appropriation bills into an omnibus measure. The idea has been advanced at several sessions of Congress by Senator BYRD without success. It is encouraging, therefore, to learn that Chairman CANNON, of the House Appropriations Committee, intends to press for adoption of the single-bill proposal at the next session. He has considerable bipartisan support.

It is now clear that Congress has abandoned hope of bringing appropriation and revenue bills into some sort of balance through a legislative budget scheme. The budget system, authorized by the Congressional Reorganization Act, has proved to be unworkable. It was found that it was infeasible to set a spending limit at the outset of a session because it is impossible to estimate accurately the needs of departments in advance of hearings.

Frustrated in the budgeting approach, Mr. CANNON tried a new tack this year. He instituted simultaneous hearings on the major departmental appropriation bills, with a view to having all of them reported at approximately the same time, so that Congress would have at least a general over-all idea of what it was appropriating. The simultaneous hearings were made possible by reassigning subcommittee membership so that each member of the Appropriations Committee served on only one subcommittee.

The single-bill plan would carry the simultaneous-hearing arrangement a logical step further. By wrapping up all the departmental appropriations in one package, Congress would have before it the grand total of proposed expenditures. Thus it would know exactly how much money would have to be raised to avoid a deficit. Under the old piecemeal system of voting on appropriations, the legislators had only a hazy conception of what the spending might amount to. Usually when the last appropriation was made and the costs were summed up, it was found that appropriations far exceeded original estimates of revenues that would be available.

There is urgent need for some method of bringing appropriations under over-all scrutiny and control. The loose procedures of the past have imposed upon the taxpayers huge deficits that might have been avoided had Congress operated along sound business lines. The omnibus appropriation plan offers some hope of relief.

The CHAIRMAN. The time of the gentleman from Missouri has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1949, and for other purposes, namely.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in view of the discussion which just took place about the importance of appropriations, it seems to me that we should call attention to the exact language in the Constitution and the exact language in the housing bill that is pending before the House. I should like to follow up the point that was brought up by the gentleman from Nebraska [Mr. CURTIS].

The Constitution states very definitely:

No money shall be drawn from the Treasury but in consequence of appropriations made by law.

The housing bill now pending before the House of Representatives in two specific places carries language which it seems to me flys against the spirit of that constitutional provision. At one point the bill authorizes the Administrator to issue notes and obligations, and then it states:

The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended.

In other words, in that provision the Administrator will be able to issue notes and obligations and the Secretary of the Treasury is directed to purchase those notes and obligations.

Then, at another point in the bill the Administrator of the housing program would be authorized to contract to make capital grants with respect to certain projects.

Then the bill states:

The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title and there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

Clearly there rests upon the Congress then the mandate to make the appropriation as the gentleman from Nebraska just pointed out for it says that the faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title.

There can be no question in the mind of anyone who has ever worked on the Committee on Appropriations or in connection with any phase of public financing that here is a device proposed to siphon money out of the Federal Treasury without the withdrawal coming in the form of a true appropriation considered by the Committee on Appropriations.

One instance, the Administrator is authorized to issue notes and obligations which the Secretary of the Treasury is not merely authorized, but is directed, to purchase and is authorized to use the proceeds of Liberty bonds or other public revenue for the retirement of those obligations.

In the other instance the Administrator is authorized to contract and to make capital grants and then the faith of the United States is solemnly pledged to make good those contracts. True, it says that appropriations are authorized to take care of those obligations, but when the same sentence pledges the credit and faith of the United States solemnly, then the work of the Committee on Appropriations will be merely a figurehead proposition.

Every Member of this body should recognize that in the housing bill, it is proposed to write into law the most violent raid upon the ordinary method of making appropriations that has ever been considered by the Congress.

I yield to the gentleman from Nebraska.

Mr. CURTIS. As one Member of the House I would be delighted if the chairman of the Committee on Appropriations would assert the rights of that committee to control the appropriations of funds for the House of Representatives and I would also like to point out that this housing bill which authorizes the expenditure of money without a further act of Congress cannot under the Constitution originate in the other body.

Mr. CASE of South Dakota. That should be true; and would be if these subterfuges are recognized as appropriations.

I yield to the gentleman from Illinois.

Mr. CHURCH. If the gentleman will look at the debates of Wednesday, June 22, day before yesterday he will find in my statement that the bill for public housing bypasses the Committee on Appropriations entirely—except in two small instances with reference to the

small administrative costs and interest on bonds.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

LEGISLATIVE BRANCH

HOUSE OF REPRESENTATIVES

Clerk hire, Members and Delegates

For an additional amount for clerk hire necessarily employed by each Member and Delegate and the Resident Commissioner from Puerto Rico, in the discharge of his official and representative duties, as authorized by law, for the fiscal year 1950, $2,022,000.

Mr. CHURCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHURCH: On page 2, line 4, strike out lines 3 to 8 inclusive.

Mr. CHURCH. Mr. Chairman, I shall not take but a moment.

This matter has been thoroughly discussed by me before. My amendment strikes out those lines which the Clerk has just read, which are as follows:

CLERK HIRE, MEMBERS AND DELEGATES

For an additional amount for clerk hire necessarily employed by each Member and Delegate and the Resident Commissioner from Puerto Rico, in the discharge of his official and representative duties, as authorized by law, for the fiscal year 1950, $2,022,000.

Mr. KERR. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. CHURCH].

The amendment was rejected.

The Clerk read as follows:

CARE, HANDLING, AND DISPOSAL OF SURPLUS PROPERTY ABROAD

Not to exceed $7,500,000 of the unobligated balance on June 30, 1949, of funds appropriated under this head in the Second Deficiency Appropriation Act, 1948, and allocated to the Department of the Army, shall remain available to said Department until December 31, 1949, for expenses necessary for the care and handling of surplus property located outside the continental United States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands, and for the care and handling of surplus property located in the United States but disposed of to foreign governments: *Provided,* That $6,000,000 of the amount herein continued available shall be used exclusively for the care and handling of surplus property located in the United States but disposed of to foreign governments.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was not surprised, and I am sure the rest of the Members were not surprised, when they heard the distinguished chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON] stand on the floor of this House a few minutes ago and praise all the work of the Appropriations Committee during this session of the Congress.

The facts are that before we get through appropriating for all the functions of Government for the fiscal year 1950 there is no question but that we will appropriate around $44,000,000,000, which will be at least $3,000,000,000 more than the Eightieth Congress appropriated for the fiscal year 1949 and even then we spent more than was necessary to my way of thinking.

The gentleman from Missouri bragged about pushing these appropriation bills through in jig time. They did that. They did that because they had a purpose in doing it. His party leaders knew they had to push these high appropriation bills through before the Fair Deal honeymoon was over. They were scared to death that the reckless campaign promises of President Truman and his party would bring about the condition in the country that it has. They knew full well that unless their enormous spending program on which their success on election day has depended for many years would get through the House quickly, that the American taxpayer would demand economy in Federal spending to the detriment of their party. So they shoved these bills through. They pushed us every minute. I can say, and I dare say, that if the gentleman from Missouri [Mr. CANNON] had been anxious to economize, as he says he is, we could have trimmed off three or four billion dollars from President Truman's huge appropriations requests. If we had the job to do today of coming back and sitting in hearings every day for weeks and months like we used to do, to consider these appropriation bills and consider every item, if we would bring those bills in today after the American people have awakened to what has happened to them and the terrible situation which we are now in financially, the subcommittees which have brought in these huge appropriations would have reduced them by billions of dollars, because the American people are demanding it. Public sentiment is still powerful in our land. If all thinking Americans will but speak up and speak out loud against wasteful spending, socialism and crookedness in Government, we might yet save America.

But, what did the gentleman from Missouri do? He sat in every subcommittee to see to it that the President's budget was scarcely touched especially when administrative costs were considered. Now the gentleman stands on the floor of the House and makes a great economy speech as he has done on previous occasions to try to make the people of America think that he is for economy. It is the most disgusting thing that we folks in this House have to listen to, especially we members on the Committee on Appropriations who sit with him in executive session and see him fight to keep us Republicans and some of the more conservative Democrats from cutting out a lot of fat and needless stuff from these appropriation bills. The gentleman from Missouri is sitting right here on the floor. I would not speak of him as I have if he were not listening, and he knows I have spoken the truth. I have not enjoyed making these remarks about a colleague, but someone had to give the American people these facts.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The Clerk read as follows:

NATIONAL LABOR RELATIONS BOARD

Salaries and expenses: For expenses necessary, fiscal year 1950, for the National Labor Relations Board to carry out the functions vested in it by the Labor-Management Relations Act, 1947 (29 U. S. C. 141–167), and other laws, including personal services in the District of Columbia; expenses of attendance at meetings concerned with the work of the Board when specifically authorized by the Chairman or the General Counsel; printing and binding; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a); payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 2672); and a health service program as authorized by law (5 U. S. C. 150); $8,550,000: *Provided,* That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2 (3) of the act of July 5, 1945 (49 Stat. 450), and as amended by the Labor-Management Relations Act, 1947 (Public Law 101, approved June 23, 1947), and as defined in section 3 (f) of the act of June 25, 1948 (52 Stat. 1060).

Mr. CANNON. Mr. Chairman, it is to be regretted that the attention of the House and the interest of Members in the bill before the House, must be diverted by partisan personalities. But the absurd statements just made cannot be allowed to go unnoticed, irresponsible as they may be.

Mr. Chairman, in response to the statement that has just been made, I never have at any time insisted or even suggested that the budget estimates be adhered to.

On the contrary, as all members of the Committee on Appropriations are aware, I have, in the committee, in every individual subcommittee, and in the House repeatedly urged that the budget be cut and that all bills be reported below the budget estimates. I have in every subcommittee urged that the budget be cut, when gentlemen on that side of the aisle insisted that it be not cut; and that items be increased. Not a single bill has been reported this session on which I did not plead for reductions which were opposed by gentlemen on that side of the aisle.

If required, I can indicate the items and give the names of the men who insisted on their being increased or maintained.

Mr. Chairman, there have been increases, but these increases have been in many instances the direct result of laws passed in the Eightieth Congress. One of them alone, Public Law 900, resulted in the increase of 1950 appropriations by considerably more than half a billion dollars. And that is only one of many instances in which attempts are being made to saddle this Congress with responsibility for expenditures which were necessitated by enactments of the last Congress.

Of course this Congress has been faced with a serious international situation which has made it impossible to economize on many items.

National defense and the preservation of national safety made imperative the

expenditure of vast sums of money both in armament and in assistance to our European allies, which have swelled the total appropriations recommended to the House by the committee at this critical session. They could not be avoided.

When the session opened we were engaged in a cold war, and we were losing that war. Today we are winning the cold war. But we had to win it with dollars. There was no alternative. Now, the imminence of war, the prospect of conflict is receding in the distance. But had we not provided the dollars, had we not given notice not only to our friends but to our enemies throughout the world by appropriating vast sums of money—more than one-third of our entire budget—for armament, that we were in position to defend ourselves and would defend ourselves, it is appalling to imagine what the consequences might have been.

The only reason why we are not in conflict today is because we have demonstrated not only our ability but our willingness to spend money necessary to national defense.

We submit that in view of the exceptional demands for defense of the Nation and Christian civilization and in view of the necessity of maintaining our domestic economy our record has been one of studied economy. Every supply bill has been reported, and has passed the House, below the budget estimate.

And in the second session of the Eighty-first Congress, with the added facilities of the one-bill system we are in a position to make and will make even greater reductions.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. BAILEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BAILEY: On page 7, line 11, after "$8,550,000" strike out the semicolon, insert a period and strike out the remainder of the paragraph down to and including line 20.

Mr. BAILEY. Mr. Chairman, from a study of this legislation I fail to understand any reason why such language should have been put in this bill at the present time or why any segment of labor should be denied the right and privileges of the use of the facilities of the National Labor Relations Board. Nobody has explained that to my satisfaction.

I think the committee should give very serious consideration to striking this language out and I hope it will be the pleasure of the committee to strike it.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from California.

Mr. PHILLIPS of California. As I understand, the gentleman asks to have it explained to him. I shall be glad to explain it to him.

Mr. BAILEY. The gentleman can do it in the form of his own right on the floor in speaking against the amendment, if he cares to do so.

Mr. PHILLIPS of California. I am perfectly willing to do so. I thought the gentleman wanted information.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. PHILLIPS of California. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from West Virginia.

Mr. Chairman, the gentleman from West Virginia states this prohibits the organization of agricultural laborers. It does not.

Mr. BAILEY. I made no such statement.

Mr. PHILLIPS of California. Will the gentleman please repeat his statement?

Mr. BAILEY. The gentleman is reading something I did not say. I did not make any such statement.

Mr. PHILLIPS of California. Then I will explain to the gentleman what it does provide.

It says that this shall not prohibit the organization of agricultural laborers by those who are entitled to organize them. It does not say there shall be no organization among agricultural laborers. This says that money appropriated in this bill by the Congress shall not be used by a Federal agency, the National Labor Relations Board, to organize agricultural laborers. That is obviously the regulation under which we want the National Labor Relations Board to act, and the past history in several States, including California, has been such that for several years this provision has been put in an appropriation bill to tell the National Labor Relations Board that they have plenty to do to conciliate and to settle without going out as organizers. That is all there is to it. We have in past years adopted this provision in the bills, and I hope that we will adopt it again this year.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Colorado.

Mr. CARROLL. I have been a little bit disturbed about this provision and have tried to find out something about its legislative history, because I note on page 7, line 11, it says "that no part of this appropriation shall be available to organize or assist in organizing agricultural laborers." I cannot understand that. Here is what I think is highly objectionable: "or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers."

Mr. PHILLIPS of California. That is referred to in the act.

Mr. CARROLL. We know that there are labor unions in the processing field. I have gone back to the basic law here, because the gentleman has referred to the amendment to the Labor-Management Relations Act, Public Law 101, approved June 23, 1947, and the act of June 25, 1938. That is what I am afraid of.

Mr. PHILLIPS of California. Will the gentleman let me interrupt? Has the gentleman found in reading the act that it did not apply to agricultural laborers?

Mr. CARROLL. No. I am afraid I cannot arrive at that conclusion, because I am thinking of what it might do to those who are in the processing field.

Mr. PHILLIPS of California. Let me just say to the gentleman that the National Labor Relations Board already does come into disputes involving labor in processing. There is no great difference of opinion with the gentleman on that point. I make a definite demarcation in my mind between what constitutes agricultural labor in general, field labor, and labor in the packing houses. For several years I have been one of the Members who introduced bills here trying to establish a definition of agricultural labor, which would clear up some of these difficulties. This is the customary provision which, by the way, went through the entire committee, with no one raising any question or protest about it. I just said that the National Labor Relations Board has plenty to do without thinking they are organizers, as they have sometimes in the past tried to help organize agricultural labor. It really is a very simple amendment, and I am afraid the gentlemen are trying to read into it something which has never been interpreted that way either by the National Labor Relations Board or by the people to whom it has applied.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. RABAUT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I would feel remiss in my duty today were I to fail to come into the well of this House when a reference such as was made a few minutes ago by the gentleman from Iowa against the distinguished chairman of the Committee on Appropriations went unanswered.

Of all the hard-working Members of this body, I do not think you could put one above the distinguished gentleman from Missouri, the chairman of the Appropriations Committee, our friend, the Honorable CLARENCE CANNON. He is on the go from morning until night. If ever the midnight oil was burned in any man's office, you will find it up there on the far corner of the seventh floor.

He has been present at every conference that has been held this year, and at the writing up of every bill. The first four bills returning from the Senate were increased in the sum of $400,000,000. That is the reason the conferences are being delayed, for we are determined as far as possible to practice economy.

The statement that the distinguished chairman was present at all times just to support the budget is one that would not stand the cold light of scrutiny. I will say openly on this floor it is not true. It never was true.

Mr. JENSEN. Then you are calling me a liar, are you?

Mr. RABAUT. Nobody knows better than a man who sits in the committee, and who has been present when different items have been considered.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I do not yield now. The gentleman has had his time.

If it had been a colleague who was not a member of the committee I would not mind the statement, but when a person is a member of the committee and has

been present, and was present on a specific well-remembered occasion, when the distinguished chairman raised his voice in protest against the amount recommended by an able chairman for a subcommittee, we were all surprised, we were really surprised, because he sought for further cuts, and the action of the chairman on that and other occasions is as well known to the gentleman from Iowa as to any other man in this body.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I will not yield to you.

Mr. JENSEN. Of course you will not. You are afraid to yield.

Mr. RABAUT. I am afraid of nothing.

Mr. JENSEN. Yes, you are.

Mr. RABAUT. Sometimes the truth hurts, and this is one of those occasions.

Mr. CARROLL. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. CARROLL for the amendment offered by Mr. BAILEY: On page 7, line 13, after the word "laborers", strike out "or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers."

Mr. CARROLL. Mr. Chairman, I think this amendment is in the nature of a clarifying amendment, because from the remarks of the gentleman from California, I think that originally when this was passed, some two, three, or four sessions ago, there was some apprehension of what the National Labor Relations Board might be doing with reference to agricultural labor. As a result of that they put in this term which I think now experience has taught us is too comprehensive, for this reason, certainly no one here would want to preclude the National Labor Relations Board from spending money for investigations, hearings, directives, or orders concerning any bargaining unit composed of agricultural labor. Then we come to define a later act which is a very complex one. Under the old law of 1938 we have attempted to define agricultural labor. I think in the mind of the gentleman from California, if I can interpret his mind from what he says, I do not think he intends to impose a penalty upon agricultural labor, the processors, those men who belong to processing unions. I do not think he intends to deny them the right to have hearings, investigations, or orders based upon findings. I do not think that is his intention at all. May I ask the gentleman from California if it is not his intention to merely limit the activity of the National Labor Relations Board to that type of agricultural labor which works upon the farms?

Mr. PHILLIPS of California. Yes, but there is a middle class which the gentleman from Colorado well knows it has been difficult to define and which I think should be defined. He would interpret it as I would interpret it, that where the farmer has agricultural labor and that agricultural labor is employed in his own packing house or part time in his packing house and part time on the land, which is a common thing in his State and in my State, that the National Labor Relations Board was in the habit of interpreting the definition of agricultural labor to suit itself. We have frequently seen amendments offered on the floor of the House by the gentleman from California, Mr. Lea, one year, the gentleman from California, Mr. Elliott, another year, and other amendments at different times trying to pin down the definition in the minds of the National Labor Relations Board.

Consequently, while I would be willing to say that the gentleman from Colorado and I are probably shooting at the same target and in the same direction, in order to prevent the situation arising again which arose in the past, and first made this provision desirable, we should not adopt, may I say respectfully, we should not adopt his amendment, but should leave these words in until somebody is able to provide a definition of agricultural labor which can be understood and adhered to by several different agencies of the Government of the United States.

Mr. CARROLL. Of course, what the gentleman is saying, it seems to me, defeats his own argument. What he is saying is that by virtue of the fact that they are unable to write a satisfactory definition, we will put in such a comprehensive restriction into the law that it may deny people who are properly organized under the law, the right to have directives, investigations, and hearings. I do not know whether that would be the natural consequence which would naturally flow from it.

Mr. PHILLIPS of California. If the gentleman will yield further, I intend to ask for more time for him.

Mr. CARROLL. I yield.

Mr. PHILLIPS of California. They have not, under this provision, ever been denied that so far, so the supposition that they would be denied that right is not well-founded.

Mr. BAILEY. I would like to ask the gentleman from California if it did not apply in the case of the Di Giorgio strike in the San Joaquin Valley.

Mr. PHILLIPS of California. Now, Mr. Chairman, I definitely ask unanimous consent that the gentleman may have 5 minutes, that he may use 3 minutes of that time which I used and that I may have 2 minutes to answer the absolutely misrepresentative statement of the gentleman from West Virginia [Mr. BAILEY]. I can answer it in 2 minutes.

The CHAIRMAN. Is there objection?

Mr. GRANGER. Mr. Chairman, I object.

Mr. PHILLIPS of California. Then I ask that the gentleman may have 3 minutes to make up for what I used of his time.

Mr. CARROLL. Mr. Chairman, I ask unanimous consent that I may proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CARROLL. I do not come from an agricultural area, but I look at this as a matter of law. It seemed to me as I read this provision that you are placing a restriction upon an agency created by law. You are saying to them: "You will not use the money in connection with investigations concerning bargaining units." What do we mean by bargaining units?" Units composed of agricultural labor. I know this in my experience on my own committee. We are trying to determine what is agricultural labor. I do not want to get into this dispute about what happened in California, because I am not familiar with it, but it seems to me you can clarify the law and accomplish the objective of the gentleman from California and still not put any handcuffs on the National Labor Relations Board. It will cost no more money and it seems to me that we ought to have a clear directive from this Congress. It seems to me the National Labor Relations Board, if there is a properly organized bargaining unit, has the duty to go forward and conduct hearings and make findings and upon those findings issue orders.

That is the whole purport of my substitute amendment.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. CASE of South Dakota. I think the gentleman's argument would be persuasive except for the fact that the last two lines of the paragraph are binding upon what agricultural laborers are. It is units composed of agricultural laborers, and has reference to such and such a section as defined in a certain act. Those laborers are laborers who are on the farm, or who stay on the farm.

Mr. CARROLL. I have the act here and I have just quoted from it. Now, the gentleman from California placed his finger on it. In some of the farm areas where the farmer has the packing house on his own land, we concede that to be farm labor. But let us assume that he transports his products to a packing house in another place. The National Labor Relations Board has a right to conduct an investigation to determine whether or not they are agricultural laborers. If you do not do it, it would seem to me that you would run into trouble. It seems to me that no harm could be done by adopting this substitute, striking out those two or three lines.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. CARROLL] has again expired.

Mr. SCRIVNER. Mr. Chairman, I rise in opposition to the amendment and the substitute.

I am sorry that the gentleman from Wisconsin [Mr. KEEFE,] is not able to be present today, because he is fairly familiar with all the arguments which have taken place in previous years when these amendments which have been adopted by the House three or four times were considered. This is the first year I have been a member of this particular subcommittee. I attended every session. I was there all the time. I can recall of no statement by anybody from the Department which said anything at all about this particular provision handcuffing them in their operations.

To go back over the debate that has taken place in previous years, when this amendment has been previously adopted, would serve no useful purpose at this late hour. Inasmuch as no reported harm has come to any person or group

or organization, it is my hope that the substitute will be voted down. Then next year, with this discussion in mind, there will be ample time to go into all the facts surrounding this situation. Possibly by that time there will be a more thoroughly stated definition relating to this class of workers and the field of operations in which the National Labor Relations Board is to engage.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. SCRIVNER], has expired.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, certainly I know the gentleman who offers this amendment and the gentleman who offers the substitute amendment are motivated by a desire to see that there are no crippling restrictions on the operations of the National Labor Relations Board. Like others who have spoken on this matter, I am not from California, and my knowledge of the problem they had out there a few years ago comes from the debates on this floor, from the press, and from other public reports, you might say, incident to the troubles they have had.

There is only one point I would raise at this time in opposition to these amendments in the House—nobody has made any objection, the committee has not heard of any objection, there has been nothing to show that anybody has been injured as a result of the present operations of the law. This amendment was first offered by Mr. Lea, of California, who so far as I know was friendly towards the National Labor Relations Board. However, whether he was or not the people of his area apparently were in accord with his stand for he was here in Congress for many, many years without opposition, I understand, from the Democratic side, and frequently with both nominations to say the least; but, be that as it may, the point is that we have operated under this provision for 3 or 4 years, apparently satisfactorily. I believe that the gentleman with his desire to be fair will want to go into this question more fully before changing the existing provisions. None of us knows exactly what his amendment would do.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. CARROLL. It is my understanding that there has always been some resistance to this particular provision, and that as a result of this—the gentleman knows about the Committee, there was no particular protest at this time, but I do not think that the fact that there was no testimony reflects the fact that there was some opposition; but they wanted to go along. I understand there has been vigorous protest over this provision. I, joining with the gentlemen from California, am trying to achieve the desire, the objective of you folks from the agricultural area. I can see your position, but I think you ought to see the position of those of us who want to protect the National Labor Relations Board in any properly organized bargaining unit.

Mr. WHITTEN. Insofar as I personally am concerned, the particular problem in California never bothered me before this provision was written; it has never been of serious import to my area since it has been in the appropriation act. I cannot speak for California, but I do know that they have had less trouble since this provision was incorporated in the appropriation bills than they had before. We have had no complaints from Members from that area. We have here a situation that has apparently been satisfactory under this provision. Why should we disturb it? I thing the proposition raised by the gentleman's amendment is a matter that should be gone into pro and con; and pending the working out of a proper provision in that way I believe that the status quo is much better. My sole purpose in opposing it is based on my feeling that pending a full hearing when we can go into the matter and see what the present situation is and see if it is in any way restricting the operations of this national agency, it is much better to let the matter stand as it is. For that reason I hope that you will stand back of the Committee on Appropriations and all the members of the Committee on Appropriations, insofar as their reporting the bill out is concerned, until they have a chance to go into it in all its different phases.

Mr. CARROLL. Mr. Chairman, will the gentleman yield further?

Mr. WHITTEN. I yield.

Mr. CARROLL. As I understand, this bill is a composite bill coming from various subcommittees.

Mr. WHITTEN. That is true though the whole committee has the hearings available to it and receives a report from the subcommittee before the whole committee reports it out.

Mr. CARROLL. Actually, the full Committee on Appropriations does not know the attitude of the subcommittee on this particular provision. I just make the point that where we have made a mistake I believe it is not right that we should perpetuate that mistake.

Mr. WHITTEN. I say to the gentleman from Colorado that if we have made a mistake we should not perpetuate it but should correct it; but I do not believe we can start to correct the matter until we know whether we have made a mistake, and there is nothing in the record to show that we have. I believe experience shows that when you set out to correct a mistake you have to know whether it is in fact a mistake lest you make a bigger one. If we have made a mistake I am afraid we may make a bigger one by adopting this amendment in the absence of testimony showing that the plan is not working satisfactorily insofar as that area is concerned. All the matter presented before the Committee on this item was one-sided and it was one-sided in support of the provisions of the bill. Pending proof to the contrary, certainly it is the wiser course to hold to the status quo—and make any needed changes after proof is taken.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

The question is on the substitute amendment offered by the gentleman from Colorado.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 44, noes 56.

So the substitute was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. BAILEY].

The question was taken; and on a division (demanded by Mr. BAILEY) there were—ayes 38, noes 58.

So the amendment was rejected.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise at this time to call the attention of the members of the subcommittee and also the Members of the House to what I consider is an untimely mistake in this deficiency bill. On page 8, in the section that we are coming to in a few minutes, funds for the War Assets Administration are being referred to the Treasury Department and the RFC totaling $7,500,000.

On June 8 in this House we transferred the War Assets Administration to the office of General Services. On June 21 the Senate passed the bill. We have just finished the conference and we are in full agreement, particularly in reference to the section which is found on page 12 of the Property and Administrative Act passed by both Houses where it says that the functions, records, property, personnel, obligations, and commitments of the War Assets Administration are hereby transferred to the General Services Agency.

We are now in a position of sending the money to the Treasury Department to take care of the War Assets Administration and we are sending War Assets over to the General Services office. The General Services bill will undoubtedly become law. It has been agreed to by both Houses of Congress without opposition in either body. It will become effective before June 30, I am confident.

If the present deficiency bill passes it will mean you are going to have the War Assets Administration without any money to operate on, because the War Assets Administration dies on June 30; yet here you have an agency with close to $2,000,000,000 worth of property. It has in its custody much real and personal property and they will be without authority to function and without funds to function because you are sending the money one place, which would have been all right under Public Law 862, but Public Law 862 is being superseded by this other act which both bodies have passed, and you are sending the War Assets Administration over to another agency with all their personnel and no money with which to operate. It is a mix-up. This could be helped. It could be prevented if a simple amendment were accepted at this time by the committee which would transfer this $7,500,000 to the War Assets Administration or to the agency to which it is transferred, whether it is the RFC or the other agency.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. I trust the gentleman from California will permit me to say that I think he is raising a very important question because many of us have inquiries, and I intended at the conclusion of his remarks to propound some questions to the gentleman from Missouri [Mr. CANNON]. Under the terms of this bill it is contemplated that the personal property shall be handled by the Treasury Department or the Bureau of Supplies in the Treasury Department, and it is contemplated that the real estate shall be handled by the RFC.

Mr. HOLIFIELD. That was according to Public Law 862.

Mr. WHITTINGTON. Under the Federal Property Administrative Act of 1949 I understood, and I understand now, that the War Assets Administration is transferred to that Administration.

Mr. HOLIFIELD. Exactly. The gentleman is right.

Mr. WHITTINGTON. I want to know if that includes the transfer of the personal property of the War Assets Administration and the real estate as well, or not.

Mr. HOLIFIELD. The act says that the functions of the War Assets Administrator are transferred to the Administrator of General Services, War Assets Administration, and the office of War Assets Administration, and the office of the associate War Assets Administration are hereby abolished. All of these functions go into the General Services, and they are not being given the money to operate with.

Mr. WHITTINGTON. Under the terms of the act of February 21, 1949, it appears that the personal property goes to one agency and the real estate to another. The only property that remains in the Treasury would be the personal property.

Mr. HOLIFIELD. Both personal and real property are transferred by H. R. 4754 to the office of General Services.

Mr. WHITTINGTON. I remember the language to which the gentleman refers, but I agree that we are likely not to be able to advise our constituents as to what agency will dispose of the real estate, which agency will dispose of the personalty, and if this language remains in the bill, whether or not the property will be disposed of under the Surplus Property Act of 1945 or under the terms of the act entitled "Federal Property Act." The difference is very great between the terms of those provisions.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that the gentleman be given three additional minutes because this is very important.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. HOLIFIELD. It is important. The complete functions will be taken over by the office of General Services. Public Law 862 will die on June 30, only next Thursday. So, here we have this situation that should be corrected either in this House or in the other body.

Mr. WHITTINGTON. What I want to call attention to is that I am not sure that the language in the act that is now in conference, the Federal Property Act, is broad enough to cover both the real and personal property. It strikes me that there is an utter inconsistency that should be clarified in this bill that is pending here or in the conference report that is presented finally, on either one of these bills. I would like to ask someone on the committee if I am not correct in that statement?

Mr. RABAUT. The gentleman is correct in that statement. I know the point that has been raised here is very proper now that it has been raised. We did not recognize it at the time we wrote the bill, because the two actions were going on almost simultaneously.

Mr. HOLIFIELD. That is right.

Mr. RABAUT. The action in our committee and in the other committee. But, inasmuch as the gentleman has raised the point and has so well explained it, as has the gentleman from Mississippi, I think this will constitute due notice to the other body to make the proper correction when it goes to that body before we vote on the bill again.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In other words, if the conference report on the bill that is about to be reported, establishing a new agency, is agreed to, then, of course, it is just ridiculous to have this provision here, because you have a new agency absorbing the War Assets Administration. The money in the deficiency bill goes to the Treasury and some to the RFC. When the new bill goes into effect July 1 the War Assets Administration will go to the Office of General Services.

Mr. WHITTINGTON. If the gentleman from California will yield further, I take the liberty of stating that I think it is important for the conferees on this particular Federal property bill to investigate the matter so as to be sure there is being transferred a lot of real estate, which is the really valuable property now in the Assets Administration to the Administrator of that bill.

Mr. HOLIFIELD. We held hearings on that point, and the hearings will disclose that all property of the War Assets Administration, both personal and real, goes into the Office of General Services, all of it. Public Law 862 will not remain in effect, because it dies on the thirtieth. This law H. R. 4754 undoubtedly will be signed by the President before then.

Mr. WHITTINGTON. So that after July 1 the property is not going to be disposed of under the old Surplus Property Act of 1945 but under this act, and our constituents ought to know it and not be confused.

Mr. HOLIFIELD. I wish to abide by the committee's judgment on this matter. I talked this matter over with them. I have no desire to raise a conflict with the committee.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Michigan.

Mr. RABAUT. I wish to commend the gentleman on his alertness in bringing it to our attention. As I said before, two things were happening simultaneously in two different functions of the Congress.

Mr. HOLIFIELD. That is right.

Mr. RABAUT. The gentleman, having raised this point on the floor here, places the other body on due notice that the changes should be taken care of, and the committee is on notice, so, if it is not done originally by the Senate, certainly in conference it will be done between the two bodies.

Mr. WHITTINGTON. Those of us who are not on either committee want to have some assurance that this matter is going to be ironed out so we can tell our constituents about it.

Mr. RABAUT. There is no amendment before us, so I think it is the best way for it to be ironed out.

Mr. WHITTINGTON. I think it is, too.

Mr. HOLIFIELD. I will accept the gentleman's statement on that, but I will point out very respectfully that on June 30, next Thursday, Public Law 862 dies. Unless action is taken between now and next Thursday it will leave the War Assets Administration completely without power, completely without funds, and they will have 2,000 personnel hanging there in mid air. Does the gentleman think this can be worked out between the conferees of the House and the conferees of the Senate by June 30?

Mr. RABAUT. We will do the best we can.

The CHAIRMAN. The Clerk will read.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, and be open to points of order and amendments at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. Are there any points of order? If not, are there any amendments?

Mr. PHILLIPS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no intention whatever to belabor the House at this time of the afternoon with an argument over a situation which exists in another Member's district, but may I suggest to the gentleman from West Virginia that if he would be willing to take time with me some afternoon, as a special order, I could also explain that to him.

I may have shown a little heat a few moments ago, but even the most good-natured and tolerant Member of the House dislikes to hear the constant repetition of a misstatement.

Because the Members still on the floor heard the question of the gentleman

from West Virginia, for whom I have great respect, with regard to a farm in California known as the Di Giorgio ranch, I should like to make these brief statements, and then suggest to the gentleman from West Virginia that, if he disagrees with me, he come on the floor and we take another time really to argue this thing out.

The ranch is not in my district, but as I know a great many farms in California, I know the Di Giorgio farm. There used to be a time in the United States when a man could come to this country without anything, as an immigrant, and by his own hard work put water on the land and make it into a farm, and make a competence for himself—as I say, there was a time in this country when that was considered an admirable thing. I do not know what has come into Members of the House, and into citizens of the United States, that this now should be considered something to criticize or condemn. The Di Giorgio ranch probably pays twice as high wages as anyone pays in the State represented by the gentleman from West Virginia. It pays, as all California farms pay, higher wages than any State in the United States except on one commodity in the State of Washington.

The statement of the gentleman from West Virginia is based upon propaganda which starts something like this: "There is a strike on the Di Giorgio ranch."

Mr. Chairman, there is no strike on the Di Giorgio ranch, and there has never been a strike on the Di Giorgio ranch. There was a picketing by people who never worked for Mr. Di Giorgio, except possibly a half dozen, several of whom had been planted on the ranch before this alleged "strike" was called. There is a petition signed by more than a thousand employees of the Di Giorgio farm, where several generations have grown up, and are still working there, saying that they were eminently satisfied. There was a film shown here, purporting to show poor housing conditions on the Di Giorgio ranch, but those houses were not on the Di Giorgio ranch. They were outside the Di Giorgio ranch in spots which exist, I am quite sure, even in the State of West Virginia. The film said there was no school there. There is one of the finest schools in California on land given by the Di Giorgio farm. The school was built by the Di Giorgio farm.

The propaganda said there were no churches on the ranch. There are, within what is considered a short distance in California, let us say 10 miles, 7 churches, and I think there is at least one church on the farm, on land given by Di Giorgio.

Even as a good-natured and tolerant member of this legislative body, used to hearing statements which often have no foundation in fact, I did rise a little bit to the bait. I apologize to you, Mr. Chairman. And if the gentleman from West Virginia really wants to find out about the Di Giorgio ranch or anything else in California, I suggest that he ask someone who knows, perhaps the gentleman from California [Mr. WERDEL] in whose district the farm is located.

In other words, we are just a little bit tired of hearing untruthful statements, and seeing pictures, which were not taken on the place, put up as representative of our State or of this farm. I am sure there can be improvements in the State of West Virginia and even in the district so admirably represented by the gentleman from West Virginia [Mr. BAILEY].

I wonder if the gentleman had not better sort of confine his attention to the State of West Virginia?

Mr. PACE. Mr. Chairman, I move to strike out the last word, for the purpose of propounding a question to a member of the subcommittee relating to the item on page 9 entitled "Veterans' Administration," reading as follows:

Funds heretofore appropriated for automobiles and other conveyances for disabled veterans are hereby continued available until June 30, 1950.

Mr. Chairman, I am delighted to find that item in the appropriation bill. I want to propound a question to the committee. Was it the intention and the purpose of the committee and was it the understanding of the committee that together with continuing availability of the unexpended balance of the funds to permit applicants to apply for automobiles when they are eligible after June 30, 1949?

Mr. KERR. The authority has been extended, as well as the money and it has been cleared with the general council.

Mr. PACE. I thank the gentleman very much.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentlewoman.

Mrs. ROGERS of Massachusetts. I would like to express my great appreciation to the committee for doing this. I took the matter up in the first instance with the chairman of the committee, the gentleman from Missouri [Mr. CANNON]. Something had to be done because there are 220 boys waiting for automobiles. They will not be discharged for some months and they are waiting and will probably make application after the 30th. They will not be discharged for some months. All of them have been in hospitals since the early days of the war when they were wounded.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. PACE] has expired.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

I note, Mr. Chairman, that the Committee on Appropriations has carried out its promise made earlier to include in this bill funds for the War Claims Commission.

When we go back into the House I shall ask unanimous consent to insert a statement of the committee concerning the War Claims Commission.

The statement is as follows:

WAR CLAIMS COMMISSION

The committee considered an estimate of $525,000 for the administrative expenses of the Commission, regarded by the budget as necessary for its operations during the fiscal year 1950. Hearings held by the committee on June 17 disclosed that the members of the Commission had not been appointed or confirmed and no definite information was available as to when such appointments would be made or when the organization of the staff was contemplated. While the committee is not opposed to the general purpose of the act, it does not believe that the amount proposed in the budget estimate will be required, in view of the delay in organization, and that a substantial saving can be effected. For this reason it has recommended a total of $281,250 for this purpose during the next fiscal year.

I yield back the remainder of my time, Mr. Chairman.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no desire to express any personal recriminations or any personal comments on the gentleman from California [Mr. PHILLIPS]. What I asked during the discussion that was being carried on by two other gentlemen was that I hoped the gentleman would explain his interest in this matter. I did make reference to the Di Giorgio farm strike. I did not use the word strike, but I referred to this Di Giorgio farm.

I would like to say to the gentleman from California that we had some testimony in hearings on the minimum-wage bill, and we received considerable information from both sides on that Di Giorgio farm strike, if there was a strike. The gentleman says there was not, but evidently they had some difficulty because some people were killed. The fact is that the National Labor Relations Board could not take part in that because they were prohibited by this very language. They had no money. They could not even send an investigator to California. Consequently, nothing was done about it. These men were not even permitted to have access to the National Labor Relations Board because they were not recognized.

I am not going to yield. The gentleman would not yield to me. He is just wasting his time.

As a member of the Committee on Education and Labor, I can assure the gentleman that this Congress will have the facts on that situation in California if we have to send a subcommittee out there to get it, and then we will act in accordance with the information that that committee reports.

As I recall, the gentleman was a Member of the Seventy-ninth Congress. This legislation was supported by Mr. Elliott and by Mr. Lea. They are not now in Congress, and the gentleman from California [Mr. PHILLIPS] has taken over. Apparently somebody is interested in protecting such groups as the Di Giorgio farms. That is not the only one. There are many of those farms of 15,000, 20,000, and 22,000 acres. The time has come when they will have to be controlled, or they will destroy the average American farmer as we understand the term farmer.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. GRANGER. I did not hear the gentleman say there were not any schools on this ranch. Did he say that?

Mr. BAILEY. There was no testimony about it.

Mr. GRANGER. But did the gentleman say there were slums on the ranch?

Mr. BAILEY. I did not hear anybody testify about that. I believe they did show a film of some kind.

Mr. GRANGER. But the gentleman was answering you, supposedly. Did you say anything about that?

Mr. BAILEY. No, I did not say anything about that.

Mr. GRANGER. Or about churches?

Mr. BAILEY. Or about churches, or anything else. Certainly not.

Now, I know that conditions are not so good in the State of West Virginia. I might remind the gentleman from California that he could add considerably to the peace, quiet, and sedateness of the State of West Virginia had he voted to bar mandatory injunctions in the recent labor bill, which I am sure the gentleman did not do.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. KERR. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House without amendment, with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. YOUNG, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 5300, directed him to report the same back to the House with the recommendation that the bill do pass.

Mr. KERR. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. KERR. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS

Mr. FURCOLO asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. WHITE of California asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and include in each extraneous matter.

Mr. HINSHAW asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include therein a statement of the Committee on Appropriations concerning the War Claims Commission.

Mr. HARVEY asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter.

Mr. WIGGLESWORTH asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include a table.

Mr. CROOK asked and was given permission to extend his remarks in the RECORD on the subject of Federal housing.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon, on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

POWERS AUTHORIZED TO BE EXERCISED DURING ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next the Clerk of the House be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PAYMENTS BY THE ADMINISTRATOR OF VETERANS' AFFAIRS ON PURCHASE OF AUTOMOBILES OR OTHER CONVEYANCES FOR DISABLED VETERANS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and include a copy of a Senate bill.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I wish to include as part of my remarks the provisions of a Senate bill concerning which the gentleman from Florida and I appeared. I today introduced a companion bill in the House. A very similar bill, H. R. 283, was introduced by me earlier in the Congress.

S. 2115

A bill to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes

Be it enacted, etc., That, subject to the conditions hereinafter set forth, the Administrator of Veterans' Affairs is authorized and directed to provide or assist in providing an automobile or other conveyance, by paying on the purchase price of such automobile or other conveyance not to exceed $1,600, including equipment with such special attachments and devices as the Administrator may deem necessary, for each veteran of World War II who is entitled to compensation under the laws administered by the Veterans' Administration for any of the following:

(a) Loss or permanent loss of use of one or both feet;

(b) Loss or permanent loss of use of one or both hands;

(c) Permanent impairment of vision of both eyes of the following status: Central visual acuity of 20/200 or less in the better eye, with corrective glasses, or central visual acuity of more than 20/200 if there is a field defect in which the peripheral field has contracted to such an extent that the widest diameter of visual field subtends an angular distance no greater than 20 degrees in the better eye.

SEC. 2. The benefits of section 1 shall be granted under the following conditions:

(a) That under such regulations as the Administrator may prescribe the furnishing of such automobile or other conveyance, or the assisting therein, shall be accomplished by the Administrator paying the total purchase price, if not in excess of $1,600, or the amount of $1,600, if the total purchase price is in excess of $1,600, to the seller from whom the veteran is purchasing under sales agreement between the seller and the veteran.

(b) The United States shall not be liable for the repair, maintenance, or replacement of any automobile or other conveyance provided under the provisions of the first section of this act and shall not be liable to any person by reason of any damage caused by the use of such automobile or other conveyance.

(c) No veteran shall be entitled to receive more than one automobile or other conveyance under the provisions of this act; and no veteran who has received or may receive an automobile or other conveyance under the provisions of the paragraph under the heading "Veterans' Administration" in the First Supplemental Appropriation Act, 1947, shall be entitled to receive an automobile or other conveyance under the provisions of this act.

(d) The benefits provided in this act shall not be available to any veteran who has not made application for such benefits to the Administrator within 3 years after the effective date of this act, or within 3 years after the date of the veteran's discharge from the armed forces if the veteran shall not be discharged until on or after said effective date.

(e) Any automobile or other conveyance furnished any veteran pursuant to this act shall be exempt from the claims of creditors, and shall not be liable to attachment, levy, or seizue by or under any legal or equitable process whatever.

(f) After enactment of this act, any automobile or other conveyance heretofore furnished any veteran under the provisions of the paragraph heading "Veterans' Administration" in the First Supplemental Appropriation Act, 1947, as amended, shall be exempt from the claims of creditors, and shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ASSISTANCE TO ECONOMICALLY UNDERDEVELOPED AREAS (H. DOC. NO. 240)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and together with the accompanying papers referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

In order to enable the United States, in cooperation with other countries, to assist the peoples of economically underdeveloped areas to raise their standards of living, I recommend the enactment of legislation to authorize an expanded program of technical assistance for such areas, and an experimental program for encouraging the outflow of private investment beneficial to their economic development. These measures are the essential first steps in an undertaking which will call upon private enterprise and voluntary organizations in the

United States, as well as the Government, to take part in a constantly growing effort to improve economic conditions in the less-developed regions of the world.

The grinding poverty and the lack of economic opportunity for many millions of people in the economically underdeveloped parts of Africa, the Near and Far East, and certain regions of Central and South America, constitute one of the greatest challenges of the world today. In spite of their age-old economic and social handicaps, the peoples in these areas have in recent decades been stirred and awakened. The spread of industrial civilization, the growing understanding of modern concepts of government, and the impact of two world wars have changed their lives and their outlook. They are eager to play a greater part in the community of nations.

All these areas have a common problem. They must create a firm economic base for the democratic aspirations of their citizens. Without such an economic base, they will be unable to meet the expectations which the modern world has aroused in their peoples. If they are frustrated and disappointed, they may turn to false doctrines which hold that the way of progress lies through tyranny.

For the United States the great awakening of these peoples holds tremendous promise. It is not only a promise that new and stronger nations will be associated with us in the cause of human freedom, it is also a promise of new economic strength and growth for ourselves.

With many of the economically underdeveloped areas of the world, we have long had ties of trade and commerce. In many instances today we greatly need the products of their labor and their resources. If the productivity and the purchasing power of these countries are expanded, our own industry and agriculture will benefit. Our experience shows that the volume of our foreign trade is far greater with highly developed countries than it is with countries having a low standard of living and inadequate industry. To increase the output and the national income of the less developed regions is to increase our own economic stability.

In addition, the development of these areas is of utmost importance to our efforts to restore the economies of the free European nations. As the economies of the under-developed areas expand, they will provide needed products for Europe and will offer a better market for European goods. Such expansion is an essential part of the growing system of world trade which is necessary for European recovery.

Furthermore, the development of these areas will strengthen the United Nations and the fabric of world peace. The preamble to the Charter of the United Nations states that the economic and social advancement of all people is an essential bulwark of peace. Under article 56 of the Charter, we have promised to take separate action and to act jointly with other nations "to promote higher standards of living, full employment, and conditions of economic and social progress and development."

For these various reasons, assistance in the development of the economically underdeveloped areas has become one of the major elements of our foreign policy. In my inaugural address, I outlined a program to help the peoples of these areas to attain greater production as a way to prosperity and peace.

The major effort in such a program must be local in character; it must be made by the people of the underdeveloped areas themselves. It is essential, however, to the success of their effort that there be help from abroad. In some cases, the peoples of these areas will be unable to begin their part of this great enterprise without initial aid from other countries.

The aid that is needed falls roughly into two categories. The first is the technical, scientific, and managerial knowledge necessary to economic development. This category includes not only medical and educational knowledge, and assistance and advice in such basic fields as sanitation, communications, road building and governmental services, but also, and perhaps most important, assistance in the survey of resources and in planning for long-range economic development.

The second category is production goods—machinery and equipment—and financial assistance in the creation of productive enterprises. The underdeveloped areas need capital for port and harbor development, roads and communications, irrigation and drainage projects, as well as for public utilities and the whole range of extractive, processing and manufacturing industries. Much of the capital required can be provided by these areas themselves, in spite of their low standards of living. But much must come from abroad.

The two categories of aid are closely related. Technical assistance is necessary to lay the groundwork for productive investment. Investment, in turn, brings with it technical assistance. In general, however, technical surveys of resources and of the possibilities of economic development must precede substantial capital investment. Furthermore, in many of the areas concerned, technical assistance in improving sanitation, communications or education is required to create conditions in which capital investment can be fruitful.

This country, in recent years, has conducted relatively modest progams of technical cooperation with other countries. In the field of education, channels of exchange and communication have been opened between our citizens and those of other countries. To some extent, the expert assistance of a number of Federal agencies, such as the Public Health Service and the Department of Agriculture, has been made available to other countries. We have also participated in the activities of the United Nations, its specialized agencies, and other international organizations to disseminate useful techniques among nations.

Through these various activities, we have gained considerable experience in rendering technical assistance to other countries. What is needed now is to expand and integrate these activities and to concentrate them particularly on the economic development of underdeveloped areas.

Much of the aid that is needed can be provided most effectively through the United Nations. Shortly after my inaugural address, this Government asked the Economic and Social Council of the United Nations to consider what the United Nations and the specialized international agencies could do in this program.

The Secretary General of the United Nations thereupon asked the United Nations secretariat and the secretariats of the specialized international agencies to draw up cooperative plans for technical assistance to underdeveloped areas. As a result, a survey was made of technical projects suitable for these agencies in such fields as industry, labor, agriculture, scientific research with respect to natural resources, and fiscal management. The total cost of the program submitted as a result of this survey was estimated to be about $35,000,000 for the first year. It is expected that the United Nations and the specialized international agencies will shortly adopt programs for carrying out projects of the type included in this survey.

In addition to our participation in this work of the United Nations, much of the technical assistance required can be provided directly by the United States to countries needing it. A careful examination of the existing information concerning the underdeveloped countries shows particular need for technicians and experts with United States training in plant and animal diseases, malaria and typhus control, water supply and sewer systems metallurgy and mining, and nearly all phases of industry.

It has already been shown that experts in these fields can bring about tremendous improvements. For example, the health of the people of many foreign communities has been greatly improved by the work of United States sanitary engineers in setting up modern water supply systems. The food supply of many areas has been increased as the result of the advice of United States agricultural experts in the control of animal diseases and the improvement of crops. These are only examples of the wide range of benefits resulting from the careful application of modern techniques to local problems. The benefits which a comprehensive program of expert assistance will make possible can only be revealed by studies and surveys undertaken as a part of the program itself.

To inaugurate the program, I recommend a first year appropriation of not to exceed $45,000,000. This includes $10,000,000 already requested in the 1950 budget for activities of this character. The sum recommended will cover both our participation in the programs of the international agencies and the assistance to be provided directly by the United States.

In every case, whether the operation is conducted through the United Nations, the other international agencies, or directly by the United States, the country receiving the benefit of the aid will be required to bear a substantial portion of the expense.

The activities necessary to carry out our program of technical aid will be diverse in character and will have to be

performed by a number of different Government agencies and private instrumentalities. It will be necessary to utilize not only the resources of international agencies and the United States Government, but also the facilities and the experience of the private business and nonprofit organizations that have long been active in this work.

Since a number of Federal agencies will be involved in the program, I recommend that the administration of the program be vested in the President, with authority to delegate to the Secretary of State and to other Government officers, as may be appropriate. With such administrative flexibility, it will be possible to modify the management of the program as it expands and to meet the practical problems that will arise in its administration in the future.

The second category of outside aid needed by the underdeveloped areas is the provision of capital for the creation of productive enterprises. The International Bank for Reconstruction and Development and the Export-Import Bank have provided some capital for underdeveloped areas, and, as the economic growth of these areas progresses, should be expected to provide a great deal more. In addition, private sources of funds must be encouraged to provide a major part of the capital required.

In view of the present troubled condition of the world—the distortion of world trade, the shortage of dollars, and other after effects of the war—the problem of substantially increasing the flow of American capital abroad presents serious difficulties. In all probability novel devices will have to be employed if the investment from this country is to reach proportions sufficient to carry out the objectives of our program.

All countries concerned with the program should work together to bring about conditions favorable to the flow of private capital. To this end we are negotiating agreements with other countries to protect the American investor from unwarranted or discriminatory treatment under the laws of the country in which he makes his investment.

In negotiating such treaties we do not, of course, ask privileges for American capital greater than those granted to other investors in underdeveloped countries or greater than we ourselves grant in this country. We believe that American enterprise should not waste local resources, should provide adequate wages and working conditions for local labor, and should bear an equitable share of the burden of local taxes. At the same time we believe that investors will send their capital abroad on an increasing scale only if they are given assurance against risk of loss through expropriation without compensation, unfair or discriminatory treatment, destruction through war or rebellion, or the inability to convert their earnings into dollars.

Although our investment treaties will be directed at mitigating such risks, they cannot eliminate them entirely. With the best will in the world a foreign country, particularly an underdeveloped country, may not be able to obtain the dollar exchange necessary for the prompt remittance of earnings on dollar capital. Damage or loss resulting from internal and international violence may be beyond the power of our treaty signatories to control.

Many of these conditions of instability in underdeveloped areas which deter foreign investment are themselves a consequence of the lack of economic development which only foreign investment can cure. Therefore to wait until stable conditions are assured before encouraging the outflow of capital to underdeveloped areas would defer the attainment of our objectives indefinitely. It is necessary to take vigorous action now to break out of this vicious circle.

Since the development of underdeveloped economic areas is of major importance in our foreign policy, it is appropriate to use the resources of the Government to accelerate private efforts toward that end. I recommend, therefore, that the Export-Import Bank be authorized to guarantee United States private capital, invested in productive enterprises abroad which contribute to economic development in underdeveloped areas, against the risks peculiar to those investments.

This guarantee activity will at the outset be largely experimental. Some investments may require only a guarantee against the danger of inconvertibility, others may need protection against the danger of expropriation, and other dangers as well. It is impossible at this time to write a standard guarantee. The Bank will, of course, be able to require the payment of premiums for such protection, but there is no way now to determine what premium rates will be most appropriate in the long run. Only experience can provide answers to these questions.

The Bank has sufficient resources at the present time to begin the guarantee program and to carry on its lending activities as well without any increase in its authorized funds. If the demand for guarantees should prove large, and lending activities continue on the scale expected, it will be necessary to request the Congress at a later date to increase the authorized funds of the Bank.

The enactment of these two legislative proposals, the first pertaining to technical assistance and the second to the encouragement of foreign investment, will constitute a national endorsement of a program of major importance in our efforts for world peace and economic stability. Nevertheless, these measures are only the first steps. We are here embarking on a venture that extends far into the future. We are at the beginning of a rising curve of activity, private, governmental, and international, that will continue for many years to come. It is all the more important, therefore, that we start promptly.

In the economically underdeveloped areas of the world today there are new creative energies. We look forward to the time when these countries will be stronger and more independent than they are now, and yet more closely bound to us and to other nations by ties of friendship and commerce, and by kindred ideals. On the other hand, unless we aid the newly awakened spirit in these peoples to find the course of fruitful development, they may fall under the control of those whose philosophy is hostile to human freedom, thereby prolonging the unsettled state of the world and postponing the achievement of permanent peace.

Before the peoples of these areas we hold out the promise of a better future through the democratic way of life. It is vital that we move quickly to bring the meaning of that promise home to them in their daily lives.

HARRY S. TRUMAN.

THE WHITE HOUSE, *June 24, 1949.*

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 750. An act for the relief of Lee F. Bertuccioli;

H. R. 2709. An act for the relief of Sadae Aoki;

H. R. 2989. An act to incorporate the Virgin Islands Corporation, and for other purposes;

H. R. 3333. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1950, and for other purposes; and

H. R. 3458. An act for the relief of Celeste Iris Maeda.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On June 23, 1949:

H. R. 263. An act to authorize the Secretary of the Navy to grant to the county of Orange, Calif., a perpetual easement for the maintenance and operation of a public highway, and to grant to the Irvine Co., a corporation, a perpetual easement for the maintenance, operation, and use of a water pipe line, in the vicinity of the naval air base, Santa Ana, Orange County, Calif.;

H. R. 593. An act for the relief of Hampton Institute;

H. R. 650. An act for the relief of George A. Kirchberger;

H. R. 716. An act for the relief of Mark H. Potter;

H. R. 717. An act for the relief of Groover O'Connell;

H. R. 735. An act for the relief of Phil H. Hubbard;

H. R. 1096. An act for the relief of Mr. and Mrs. James Linzay;

H. R. 1123. An act for the relief of Mrs. Florence Mayfield;

H. R. 1125. An act for the relief of Ellis C. Wagner and Barbara P. Wagner;

H. R. 1136. An act for the relief of June C. Dollar;

H. R. 1771. An act relating to loans by Federal agencies for the construction of certain public works;

H. R. 1837. An act to amend the Nationality Act of 1940;

H. R. 1858. An act for the relief of the legal guardian of John Waipa Wilson;

H. R. 1981. An act for the relief of V. O. McMillan and the legal guardian of Carolyn McMillan;

H. R. 2078. An act for the relief of Winston A. Brownie;

H. R. 2353. An act for the relief of Joel W. Atkinson;

H. R. 3311. An act for the relief of Carmen Morales, Aide Morales, and Lydia Cortes;

H. R. 3324. An act for the relief of the estate of the late Anastacio Acosta, and the estate of Domingo Acosta Arizmendi;

H. R. 3444. An act to provide for the collection and publication of cotton statistics;

H. R. 3603. An act for the relief of Michael Palazotta;

H. R. 3992. An act for the relief of J. L. Hitt;

H. R. 4392. An act to provide for the payment of compensation to the Swiss Government for losses and damages inflicted on Swiss territory during World War II by United States armed forces in violation of neutral rights, and authorizing appropriation therefor;

H. R. 4471. An act to regulate the hours of duty and the pay of civilian keepers of lighthouses and civilians employed on lightships and other vessels of the Coast Guard;

H. R. 4516. An act to amend section 312 of the Officer Personnel Act of 1947, as amended, so as to provide for the retention of certain officers of the Medical and Dental Corps of the Navy;

H. R. 4878. An act to authorize certain Government printing, binding, and blankbook work elsewhere than at the Government Printing Office if approved by the Joint Committee on Printing; and

H. J. Res. 276. Joint resolution granting certain extensions of time for tax purposes.

On June 24, 1949:

H. R. 4332. An act to amend the National Bank Act and the Bretton Woods Agreements Act, and for other purposes.

ADJOURNMENT

Mr. BAILEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 7 minutes p. m.), under its previous order, the House adjourned until Monday, June 27, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

712. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill entitled "A bill to amend the act of July 24, 1941 (55 Stat. 605), as amended, so as to provide an equitable adjustment of retired pay for certain naval officers, and for other purposes"; to the Committee on Armed Services.

713. A letter from the Acting Administrator, Federal Security Agency, transmitting a report in accordance with section 2 (c) (1) of Public Law 642 of the Eightieth Congress, showing the total amount paid as benefits under title II of the Social Security Act which would not have been paid had the amendment made by subsection (a) been in effect on and after August 14, 1935"; to the Committee on Ways and Means.

714. A letter from the Comptroller General of the United States, transmitting a report concerning certain policies and procedures which apparently have been adopted by the Veterans' Administration in connection with the declaration and payment from the national service life insurance fund of a dividend to policyholders of national service life insurance; to the Committee on Veterans' Affairs.

715. A letter from the Acting Archivist of the United States, transmitting a report on records proposed for disposal, and lists or schedules, or parts of lists or schedules, covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BATES of Kentucky: Committee of conference. H. R. 3082. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District (Rept. No. 900). Ordered to be printed.

Mr. DELANEY: Committee on Rules. House Resolution 265. Resolution for consideration of H. R. 3191, a bill to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742), entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes"; without amendment (Rept. No. 901). Referred to the House Calendar.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 266. Resolution for consideration of H. R. 2699, a bill to amend the Federal Farm Loan Act, as amended, to authorize loans through national farm-loan associations in Puerto Rico, to modify the limitations on Federal land-bank loans to any one borrower; to repeal provisions for subscriptions to paid-in surplus of Federal land banks and cover the entire amount appropriated therefor into the surplus fund of the Treasury; to effect certain economies in reporting and recording payments on mortgages deposited with the registrars as bond collateral, and canceling the mortgage and satisfying and discharging the lien of record; and for other purposes; without amendment (Rept. No. 902). Referred to the House Calendar.

Mr. COLMER: Committee on Rules. House Resolution 267. Resolution for consideration of H. R. 2960, a bill to amend the Rural Electrification Act to provide for rural telephones, and for other purposes; without amendment (Rept. No. 903). Referred to the House Calendar.

Mr. HERLONG: Committee on Post Office and Civil Service. H. R. 1516. A bill to amend the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1948, so as to provide annual automatic within-grade promotions for hourly employees of the custodial service; with an amendment (Rept. No. 904). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 4446. A bill to protect the public with respect to practitioners before administrative agencies; with amendments (Rept. No. 905). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on the District of Columbia. H. R. 4705. A bill to transfer the office of the probation officer of the United States District Court for the District of Columbia, the office of the Registrar of Wills for the District of Columbia, and the Commission on Mental Health from the government of the District of Columbia to the Administrative Office of the United States Courts for budgetary and administrative purposes; without amendment (Rept. No. 906). Referred to the Committee of the Whole House on the State of the Union.

Mr. ENGLE of California: Committee on Public Lands. H. R. 388. A bill to permit the mining, development, and utilization of the mineral resources of all public lands withdrawn or reserved for power development, and for other purposes; with an amendment (Rept. No. 909). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 4353. A bill to amend section 2 of the act of January 29, 1942 (56 Stat. 21), relating to the refund of taxes illegally paid by Indian citizens; with an amendment (Rept. No. 910). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 3275. A bill to provide for the sale or other disposal of certain submarginal lands located within the boundaries of Indian reservations in the States of Montana, North Dakota, and South Dakota; with an amendment (Rept. No. 911). Referred to the Committee of the Whole House on the State of the Union.

Mrs. NORTON: Committee on House Administration. H. R. 3199. A bill making unlawful the requirement for the payment of a poll tax as a prerequisite to voting in a primary or other election for national officers; with an amendment (Rept. No. 912). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. H. R. 5299. A bill for the relief of Mrs. Giovanna Follo Discepolo and her three children; with an amendment (Rept. No. 907). Referred to the Committee of the Whole House.

Mr. PETERSON: Committee on Public Lands. H. R. 5205. A bill to quitclaim certain property in Enid, Okla., to H. B. Bass; without amendment (Rept. No. 908). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GREEN:

H. R. 5320. A bill to provide for direct Federal loans to meet the housing needs of moderate-income families, to provide liberalized credit to reduce the cost of housing for such families, and for other purposes; to the Committee on Banking and Currency.

By Mr. HELLER:

H. R. 5321. A bill to provide that certain Reserve officers shall be afforded a hearing before Army retiring boards on their entitlement to retirement pay; to the Committee on Armed Services.

By Mr. PETERSON:

H. R. 5322. A bill to provide price support for natural sponges; to the Committee on Agriculture.

By Mrs. ROGERS of Massachusetts:

H. R. 5323. A bill to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ALLEN of Louisiana:

H. R. 5324. A bill to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. HELLER:

H. R. 5325. A bill relating to the income restrictions placed upon the payment of certain pensions to the widows and children of veterans of World Wars I and II; to the Committee on Veterans' Affairs.

By Mr. JENKINS:

H. R. 5326. A bill to amend the Tariff Act of 1930 to add to the free list articles temporarily imported for display at shows, fairs, ex-

positions, and other exhibitions; to the Committee on Ways and Means.

By Mr. WALTER:

H. R. 5327. A bill to continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap, and for other purposes; to the Committee on Ways and Means.

By Mr. WELCH of California:

H. R. 5328. A bill authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco; to the Committee on Armed Services.

By Mr. GREEN:

H. R. 5329. A bill to create a presumption of service connection for World War II veterans in certain cases of tuberculosis disease and neuropsychiatric disease; to the Committee on Veterans' Affairs.

By Mr. KEE:

H. R. 5330. A bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to the Republic of Korea; to the Committee on Foreign Affairs.

By Mr. RANKIN (by request):

H. R. 5331. A bill to authorize an equitable adjustment of certain national service life insurance policies; to the Committee on Veterans' Affairs.

By Mr. BOGGS of Louisiana:

H. R. 5332. A bill to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones; to the Committee on Ways and Means.

By Mr. DENTON:

H. R. 5333. A bill to provide for the advance planning of public works; to the Committee on Public Works.

By Mr. WHITTEN:

H. J. Res. 281. Joint resolution to authorize the President to issue posthumously to the late John Sidney McCain, vice admiral, United States Navy, a commission as admiral, United States Navy, and for other purposes; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDONIZIO:

H. R. 5334. A bill for the relief of Mr. and Mrs. Antonio Mennonna; to the Committee on the Judiciary.

By Mr. GARY:

H. R. 5335. A bill for the relief of Dr. Grant R. Elliott; to the Committee on the Judiciary.

By Mr. GREEN:

H. R. 5336. A bill for the relief of Stephen J. Gromczyk; to the Committee on the Judiciary.

By Mr. HERLONG:

H. R. 5337. A bill for the relief of Mrs. Robert P. Horrell; to the Committee on the Judiciary.

By Mr. HERTER:

H. R. 5338. A bill for the relief of Richard J. Casilli; to the Committee on the Judiciary.

By Mr. O'TOOLE:

H. R. 5339. A bill for the relief of Frank J. La Barbara; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H. R. 5340. A bill for the relief of Leslie Geiger, Israel Wagner, Esther Rebeka Wagner, Feiwel Wagner, Emory Jerome, Elizabeth Jerome, Agnes Rosenberg, Tibor Horvath, Agnes Bosckor Horvath, Jenta Rottenberg, Frank Papp, Valera Stritz Papp, Frank Papp, Jr., Ervin Atlas, Magdalene Atlas, Elmer Stern, Elizabeth Wettenstein Stern, Imre Gyongy, Alice Ehrenfield Gyongy, and Adrienne Gyongy; to the Committee on the Judiciary.

By Mr. SCRIVNER:

H. R. 5341. A bill for the relief of Joseph W. Greer; to the Committee on the Judiciary.

PETITIONS, ETC.

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

1150. By Mr. MASON: Petition of 100 citizens of Sandwich, Ill., urging passage of legislation to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1151. By Mrs. ST. GEORGE: Petition favoring the prohibition of transportation of alcoholic beverages and the prohibition of the advertising of alcoholic beverages in interstate commerce and over the radio; to the Committee on Interstate and Foreign Commerce.

1152. By the SPEAKER: Petition of J. S. Crider and others, Junction City, Kans., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1153. Also, petition of Chas. A. Brandow and others, North East, Pa., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1154. Also, petition of Sarah E. Davis and others, Philadelphia, Pa., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1155. Also, petition of Margie Walmer and others, Palmyra, Pa., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1156. Also, petition of Elizabeth Dibble and others, Shinglehouse, Pa., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1157. Also, petition of Mrs. Nettie Biggs and others, Fort Scott, Kans., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1158. Also, petition of Albert Lees and others, Blaine, Wash., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1159. Also, petition of D. S. Williams and others, Alvin, Tex., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1160. Also, petition of Jack Smith and others, Shelton, Wash., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

MONDAY, JUNE 27, 1949

(Legislative day of Thursday, June 2, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

O Thou, who dost speak to listening hearts in the holy hush of the dawn and in the brooding quietness of the evening, speak to us now in the heat and burden of noontide's toiling. As we come to the high altar of patriotism in this temple of the people's hope and trust, may it be with clear minds, clean hands, and courageous hearts.

Help us this new day to meet its joys with gratitude, its difficulties with fortitude, its duties with fidelity.

In all deliberations of this day and of this week, keep our motives clean, our speech guarded, our appraisals fair, and our consciences unbetrayed. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, June 24, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Hawks, one of his secretaries, and he announced that the President had approved and signed the following acts:

On June 24, 1949:

S. 1023. An act to amend section 9 of the Civil Service Retirement Act of May 29, 1930, as amended, so as to grant credit in accordance with such section for service for which, through inadvertence, no deductions from salary are made;

S. 1127. An act to amend sections 130 and 131 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, relating to the notice to be given upon a petition for probate of a will, and to the probate of such will;

S. 1131. An act to amend sections 260, 267, 309, 315, 348, 350, and 361 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, to provide that estates of decedents being administered within the probate court may be settled at the election of the personal representative of the decedent in that court 6 months after his qualifications as such personal representative;

S. 1132. An act to amend section 137 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, relating to the time within which a caveat may be filed to a will after the will has been probated; and

S. 1135. An act to amend the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, to provide a family allowance and a simplified procedure in the settlement of small estates.

On June 25, 1949:

S. 979. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources; and

S. 1659. An act granting the consent and approval of Congress to an interstate forest fire protection compact.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 5300) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

H. R. 750. An act for the relief of Lee F. Bertuccioli;

H. R. 2709. An act for the relief of Sadae Aoki;