By Mr. SIMPSON of Pennsylvania:

H. R. 7025. A bill allowing a credit against the additional estate tax for inheritance, estate, legacy, or succession taxes paid to any State; to the Committee on Ways and Means.

By Mr. WHEELER:

H. R. 7026. A bill to provide for the collection and publication of statistics on and establishing standards, grades, and classifications of naval stores and an inspection service therefor, preventing deception in transactions in naval stores, regulating traffic therein, and for other purposes; to the Committee on Agriculture.

By Mr. DAVIS of Georgia:

H. R. 7027. A bill to amend section 16 of 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, 1945; to the Committee on Post Office and Civil Service.

By Mr. EATON:

H. R. 7028. A bill to enable the President to obligate funds heretofore appropriated for assistance in certain areas in China until June 30, 1950; to the Committee on Foreign Affairs.

By Mr. BREHM:

H. R. 7029. A bill to terminate the war tax rate on admissions; to the Committee on Ways and Means.

By Mr. FERNANDEZ:

H. R. 7030. A bill to amend the War Claims Act of 1948, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. PATTEN:

H. J. Res. 405. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. LODGE:

H. Res. 452. Resolution requesting the State Department to furnish full and complete answers to certain questions relating to the foreign policy of the United States in the Far East; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DENTON:

H. R. 7031. A bill for the relief of Oscar L. McCallen; to the Committee on the Judiciary.

By Mr. FEIGHAN:

H. R. 7032. A bill for the relief of Heronie Filmer; to the Committee on the Judiciary.

By Mr. HOEVEN:

H. R. 7033. A bill for the relief of Mrs. Mary Vercauteren; to the Committee on the Judiciary.

By Mr. McSWEENEY:

H. R. 7034. A bill for the relief of Nicholas Melanoff; to the Committee on the Judiciary.

By Mr. MICHENER:

H. R. 7035. A bill for the relief of Hisako Sakata Ikezawa; to the Committee on the Judiciary.

By Mr. RAINS:

H. R. 7036. A bill for the relief of A. H. Clement; to the Committee on the Judiciary.

By Mr. THOMAS of Texas:

H. R. 7037. A bill for the relief of Reginald Wynne Davis; 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:

1753. By Mr. KEARNEY: Petition of 19 residents of Schenevus, N. Y., advocating passage of legislation to prohibit advertising of alcoholic beverages over the radio and in interstate commerce; to the Committee on Interstate and Foreign Commerce.

1754. By Mr. POLK: Petition of Rev. W. Eudell Milby, pastor, Bethel Church of the Nazarene, Clermont County, Ohio, and residents of Bethel, for the enactment 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.

1755. Also, petition of Mrs. Lucy Meranda, president of Bethel Woman's Christian Temperance Union, and many residents of Brown and Clermont Counties, Ohio, for the enactment 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.

1756. Also, petition of Mrs. Ethel Seaman, president, Woman's Christian Temperance Union, and members, of Peebles, Adams County, Ohio, for the enactment 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.

1757. Also, petition of Mrs. O. G. Bond, president, Scioto County Woman's Christian Temperance Union, Ohio, and its members, for the enactment 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.

1758. Also, petition of Rev. W. James Gilson, pastor, Bethel Baptist Church, Clermont County, Ohio, and residents of Bethel, for the enactment 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.

1759. Also, petition of Rev. Edward H. Jones, pastor, Bethel Methodist Church, Clermont County, Ohio, and residents of Bethel, for the enactment 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.

SENATE

MONDAY, JANUARY 30, 1950

(Legislative day of Wednesday, January 4, 1950)

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:

Lord of all life, in the white light of Thy searching we would pause at the day's threshold to examine our inner desires and motives; that in this temple of democracy we may stand with pure hearts and clean hands. May we be saved from the dangers that lurk in warped judgments and in narrow loyalties.

Inspire and guide with the spirit of understanding these Thy servants, the few among the many lifted by their fellows to high pedestals of power and influence in a great and crucial day. May their counsels so laden with possibilities to affect this stricken generation add to the world's store of good will, and may their words be for the healing of the nations. We ask it in the dear Redeemer's name. Amen.

ATTENDANCE OF A SENATOR

DENNIS CHAVEZ, a Senator from the State of New Mexico, appeared in his seat today.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, January 26, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 184) authorizing the President of the United States of America to proclaim February 6, 1950, as National Children's Dental Health Day.

The message also announced that the House had passed a joint resolution (H. J. Res. 371) to correct the formula used in computing the income taxes of life-insurance companies for 1947, 1948, and 1949, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 184) authorizing the President of the United States of America to proclaim February 6, 1950, as National Children's Dental Health Day, and it was signed by the Vice President.

LEAVES OF ABSENCE

On request of Mr. WHERRY, and by unanimous consent, Mr. HICKENLOOPER was excused from attendance on the sessions of the Senate for a period of 10 days, and Mr. FLANDERS was excused from attendance on the sessions of the Senate today and tomorrow.

On his own request, and by unanimous consent, Mr. SPARKMAN was excused from attendance at the session of the Senate tomorrow.

MEETINGS OF COMMITTEES DURING SENATE SESSION

On request of Mr. MCKELLAR, and by unanimous consent, the Committee on Appropriations and all subcommittees thereof were authorized to meet during the sessions of the Senate for the remainder of the session.

On request of Mr. LUCAS, and by unanimous consent, the Committee on Armed Services and the Committee on Finance were authorized to meet this afternoon during the session of the Senate.

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	Hendrickson	Maybank
Anderson	Hill	Millikin
Benton	Holland	Morse
Bricker	Hunt	Mundt
Bridges	Ives	Murray
Butler	Jenner	Neely
Byrd	Johnson, Colo.	O'Conor
Cain	Johnson, Tex.	O'Mahoney
Chapman	Kefauver	Robertson
Chavez	Kem	Russell
Connally	Kerr	Saltonstall
Cordon	Kilgore	Smith, Maine
Darby	Knowland	Smith, N. J.
Donnell	Langer	Sparkman
Douglas	Leahy	Stennis
Downey	Lehman	Taylor
Dworshak	Lodge	Thomas, Okla.
Eastland	Long	Thomas, Utah
Ecton	Lucas	Thye
Ferguson	McCarran	Tobey
Frear	McCarthy	Tydings
Fulbright	McClellan	Watkins
George	McFarland	Wherry
Gillette	McKellar	Wiley
Graham	McMahon	Williams
Green	Magnuson	Withers
Gurney	Malone	Young
Hayden	Martin	

Mr. LUCAS. I announce that the Senator from Louisiana [Mr. ELLENDER] is absent because of illness.

The Senator from North Carolina [Mr. HOEY], the Senator from Minnesota [Mr. HUMPHREY], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Florida [Mr. PEPPER] are absent on public business.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Indiana [Mr. CAPEHART], and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Vermont [Mr. FLANDERS], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Kansas [Mr. SCHOEPPEL], and the Senator from Ohio [Mr. TAFT] are absent by leave of the Senate.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. The Senator from Michigan [Mr. FERGUSON] has the floor.

Mr. LUCAS. Mr. President, will the Senator from Michigan yield to me so I may make a unanimous-consent request?

Mr. FERGUSON. I yield.

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to submit petitions and memorials, introduce bills and joint resolutions, and present other routine matters for the RECORD, without debate, and without the Senator from Michigan losing the floor.

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

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

MRS. OSA J. PETTY

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation for the relief of Mrs. Osa J. Petty (with an accompanying paper); to the Committee on the Judiciary.

DONATIONS BY THE NAVY DEPARTMENT TO NONPROFIT INSTITUTIONS AND ORGANIZATIONS

A letter from the Secretary of the Navy, reporting, pursuant to law, a list of institutions and organizations, all nonprofit and eligible, which have requested donations from the Navy Department; to the Committee on Armed Services.

CLAIM OF HANOVER WOOLEN MILLS CO.

A letter from the Secretary of the Army, transmitting, pursuant to law, a report on the claim of the Hanover Woolen Mills Co., of Hanover, Ill., together with the administrative decision thereon (with an accompanying paper); to the Committee on the Judiciary.

HOURS OF WORK AND OVERTIME FOR CERTAIN GOVERNMENT EMPLOYEES

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to remove certain inequities by fixing the hours of work and overtime compensation practices in the case of certain employees of the United States, and for other purposes (with accompanying papers); to the Committee on Labor and Public Welfare.

REPORT ON OPERATION OF TRADE-AGREEMENTS PROGRAM

A letter from the Chairman of the United States Tariff Commission, transmitting, pursuant to law, a report on the operation of the trade-agreements program (with an accompanying report); to the Committee on Finance.

REPORT OF UNITED STATES MARITIME COMMISSION

A letter from the Vice Chairman of the United States Maritime Commission, transmitting, pursuant to law, a report of the Commission for the fiscal year 1949 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

TORT CLAIMS PAID BY FEDERAL SECURITY AGENCY

A letter from the Administrator, Federal Security Agency, transmitting, pursuant to law, a report of tort claims paid by the Agency for the period January 1, 1949, through December 31, 1949 (with an accompanying paper); to the Committee on the Judiciary.

REPORTS OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

Two letters from the vice president and comptroller of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, a report of receipts and expenditures of the company, and a comparative general balance sheet, both for the year 1949 (with accompanying papers); to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the board of directors of the National Association of Credit Men, of New York, N. Y., favoring the recommendations of the Hoover Commission on reorganization of the executive departments of the Government; to the Committee on Expenditures in the Executive Departments.

Resolutions adopted by the Sarasota Townsend Club No. 1, of Sarasota, and a mass meeting of the Fifth Congressional District, at Orlo Vista, both in the State of Florida, favoring the enactment of Senate bill 2181, providing old-age insurance; to the Committee on Finance.

Petitions of sundry citizens of the State of Florida, praying for the enactment of Senate bill 2181, providing old-age insurance; to the Committee on Finance.

A resolution adopted by the Manchester (N. H.) Young Republicans, relating to conditions in the Far East; to the Committee on Foreign Relations.

A resolution adopted by the Messinian Benevolent Association and its ladies' auxiliary, the Daughters of Messinia, of New York, N. Y., relating to the return to Greece of certain abducted children; to the Committee on Foreign Relations.

A resolution adopted by the South Carolina Chapter of the National Academy Associates, of Columbia, S. C., relating to the activities of the Federal Bureau of Investigation; to the Committee on the Judiciary.

Resolutions adopted by the Iowa State Dental Society, University District, and the Farrell Chamber of Commerce, of Farrell, Pa., protesting against the enactment of legislation providing compulsory health insurance; to the Committee on Labor and Public Welfare.

By Mr. GREEN:

A resolution of the General Assembly of the State of Rhode Island; to the Committee on Finance:

"Resolution memoralizing Congress with relation to amending the Federal Social Security Act with the purpose of extending the coverage and benefits thereof to include municipal employees

"*Resolved,* That the Senators and Representatives from Rhode Island in the Congress of the United States be and they are hereby requested to use their efforts to amend the Federal Social Security Act with the purpose of extending the coverage and benefits thereof to include municipal employees; and be it further

"*Resolved,* That the secretary of state be and he is hereby authorized and directed to transmit duly certified copies of this resolution to the Senators and Representatives from Rhode Island in the Congress of the United States."

PROHIBITION OF LIQUOR ADVERTISING—PETITION

Mr. GREEN. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a petition signed by Helen A. Thomas and sundry other citizens of West Barrington and Riverside, R. I., praying for the enactment of Senate bill 1847, to prohibit the transportation of alcohol beverage advertising in interstate commerce.

There being no objection, the petition was received, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

To our Senators and Representatives in Congress:

We respectfully request that you use your influence and vote for the passage of a bill to prohibit the transportation of alcoholic beverage advertising in interstate commerce and the broadcasting of alcoholic beverage advertising over the radio, covered by bill S. 1847. The most pernicious effect of this advertising is the constant invitation and enticement to drink. The American people spent $9,640,000,000 for alcoholic beverages in 1947 as compared with $7,770,000,000 in 1945. During the same time there was a corresponding increase each year in crime, juvenile delinquency, broken homes, deaths and injuries due to intoxicated drivers. There is every reason why this waste of money and of human values should not be increased but rather greatly decreased.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

S. 1950. A bill to reimburse the Fisher Contracting Co.; with an amendment (Rept. No. 1244);

H. R. 4106. A bill for the relief of certain officers and employees of the Foreign Service

of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions; with an amendment (Rept. No. 1245); and

H. R. 4387. A bill to authorize relief of authorized certifying officers of terminated war agencies in liquidation by the Treasury Department; without amendment (Rept. No. 1246).

By Mr. MAGNUSON, from the Committee on the Judiciary:

S. 469. A bill for the relief of Catherine A. Glesener; with amendments (Rept. No. 1247).

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

John J. Sheehan, of New Hampshire, to be United States attorney for the district of New Hampshire;

John Joseph Hickey, of Wyoming, to be United States attorney for the district of Wyoming;

Everett W. Hepp, of Alaska, to be United States attorney for division No. 4, district of Alaska, vice Harry O. Arend (resigned);

Adrian W. Maher, of Connecticut, to be United States attorney for the district of Connecticut;

Henry L. Hess, of Oregon, to be United States attorney for the district of Oregon;

Louis F. Knop, Jr., of Louisiana, to be United States marshal for the eastern district of Louisiana; and

Earl R. Burns, of Wyoming, to be United States marshal for the district of Wyoming.

By Mr. O'CONOR, from the Committee on the Judiciary:

Bernard J. Flynn, of Maryland, to be United States attorney for the district of Maryland.

By Mr. KEFAUVER, from the Committee on the Judiciary:

Henry Robert Bell, of Tennessee, to be United States marshal for the eastern district of Tennessee.

By Mr. JENNER, from the Committee on the Judiciary:

Matthew B. Welsh, of Indiana, to be United States attorney for the southern district of Indiana, vice B. Howard Caughran, term expired.

By Mr. McKELLAR (for Mr. JOHNSTON of South Carolina), from the Committee on Post Office and Civil Service:

Several postmasters.

BILLS INTRODUCED

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

By Mr. LODGE:

S. 2938. A bill for the relief of Voula Taloumis; to the Committee on the Judiciary.

By Mr. LANGER:

S. 2939. A bill providing for the conveyance of the site of old Fort Hancock in Bismarck, N. Dak., to the State of North Dakota; to the Committee on Interior and Insular Affairs.

By Mr. HUNT:

S. 2940. A bill to consolidate the health activities of the Government, to provide a program of national health insurance in order to make available to low-income groups medical services of the highest possible quality and in the greatest possible volume, and for other purposes; to the Committee on Labor and Public Welfare.

(Mr. WILEY introduced Senate bill 2941, to amend ch. 37 of title 18, U. S. C., relating to espionage and censorship, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. McCARRAN (by request):

S. 2942. A bill for the relief of Paul D. Banning, chief disbursing officer, Treasury Department, and for other purposes; to the Committee on the Judiciary.

(Mr. MAYBANK introduced Senate bill 2943, to liberalize the lending policies of the Reconstruction Finance Corporation and of the Federal Reserve Banking System in favor of independent small-business enterprises; to adjust the registration provisions of the Securities Exchange Act, as amended, in order to enable independent small-business concerns to issue securities at a reasonable cost; to develop the productive facilities of the national economy; to further the interest of independent small-business enterprises; to provide for the appointment of a Small Business Coordinator; and for other purposes, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. DOWNEY:

S. 2944. A bill for the relief of Roscoe Rice; to the Committee on Post Office and Civil Service.

By Mr. McMAHON:

S. 2945. A bill to authorize the apportionment of retirement pay in certain cases; to the Committee on Finance.

S. 2946. A bill to establish a Presidential Honors Board; to provide for the conferral of awards to be known as the Presidential Medal of Honor, the Presidential Medal of Achievement, and the Presidential Medal of Recognition; and for other purposes; to the Committee on Labor and Public Welfare.

(Mr. LUCAS introduced Senate bill 2947, to amend the Reconstruction Finance Corporation Act, as amended, in order to provide more effective financial assistance for small business, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. MUNDT:

S. 2948. A bill authorizing the Secretary of the Interior to issue a patent in fee to Clara Whitesell, to certain lands;

S. 2949. A bill authorizing the Secretary of the Interior to issue a patent in fee to James Chief, to certain lands; and

S. 2950. A bill to declare that the United States holds certain lands in trust for the Ogala Sioux Tribe of the Pine Ridge Reservation in the State of South Dakota; to the Committee on Interior and Insular Affairs.

By Mr. MUNDT (for himself and Mr. GURNEY):

S. 2951. A bill to admit Mrs. Erna Tvedt to the United States for permanent residence; to the Committee on the Judiciary.

AMENDMENT OF UNITED STATES CODE RELATING TO ESPIONAGE AND CENSORSHIP

Mr. WILEY. Mr. President, I introduce for appropriate reference a bill to extend the statute of limitations in peacetime espionage cases and ask unanimous consent that a brief statement which I have prepared on the bill be printed at this point in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the statement presented by the Senator from Wisconsin will be printed in the RECORD.

The bill (S. 2941) to amend chapter 37 of title 18, United States Code, relating to espionage and censorship, introduced by Mr. WILEY, was received, read twice by its title, and referred to the Committee on the Judiciary.

STATEMENT BY SENATOR WILEY ON ANTI-ESPIONAGE BILL

The Nation has followed with deep attention the developments in the Alger Hiss case. One of the factors which the American people have noted is that the statute of limitations ran out, so that the Government was unable to prosecute Mr. Hiss for actual deeds of espionage, but had to content itself with trying him for perjury.

I personally feel that it is ridiculous that we should have the present 3-year statute of limitations on peacetime espionage cases. In wartime, of course, espionage is a capital offense, and there is no such statute of limitations whatsoever. Security legislation has been sent up to the Congress and has been pending before us for some time which would extend the peacetime limit indefinitely. I believe that this subject merits the most sympathetic attention and the promptest possible action on the part of the Congress. Since, however, previous security legislation has been of a very broad and complicated nature, I personally have attempted to focus attention on this single issue of statute of limitations and have accordingly drafted a very simple bill which merely makes the statute 6 years rather than 3 years.

If, however, my colleagues feel that the statute should be made so as to run indefinitely, that would be perfectly all right with me. The big challenge is, however, to enact some statute immediately which will remedy the present situation.

We must recognize that in the atomic age we cannot use "horse and buggy" legal weapons against saboteurs and spies. The Federal Bureau of Investigation must be given the finest possible legal instruments to do its vital job, and I believe that one such instrument is the bill which I am introducing today.

SMALL BUSINESS COORDINATOR

Mr. MAYBANK. Mr. President, I introduce for appropriate reference a bill providing for the appointment of a Small Business Coordinator in the Executive Office of the President and I ask unanimous consent that a sectional summary of the bill be printed in the RECORD.

The coordinator would be appointed by the President, by and with the advice and consent of the Senate. The bill is one of the results of a study of the needs of small-business men by the staff of the Small Business Subcommittee of the Banking and Currency Committee.

The appointment of a Small Business Coordinator is designed to give relief to those small-business men who are finding it increasingly difficult to obtain necessary information which would enable them to participate in the huge volume of Government contracts. The coordinator will be directed to assist the President in the coordination of the activities of all executive agencies in furtherance of the interests of independent small-business concerns. The bill further directs that existing facilities and personnel of executive agencies shall be used to the fullest extent practicable.

The bill is being introduced and recommended to the Senate as a result of constant association with and investigation of one of the hindrances to small-business men with which the subcommittee has been concerned.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the summary presented by the Senator from South Carolina will be printed in the RECORD.

The bill (S. 2943) to liberalize the lending policies of the Reconstruction Finance Corporation and of the Federal Reserve Banking System in favor of independent small-business enterprises; to adjust the registration provisions of the Securities Exchange Act, as amended, in order to enable independent small-business concerns to issue securities at a reasonable cost; to develop the productive facilities of the national economy; to further the interest of independent small-business enterprises; to provide for the appointment of a Small Business Coordinator; and for other purposes, introduced by Mr. MAYBANK, was received, read twice by its title, and referred to the Committee on Banking and Currency.

The sectional summary of the bill presented by Mr. MAYBANK is as follows:

SECTIONAL SUMMARY OF BILL ESTABLISHING A SMALL BUSINESS COORDINATOR

SECTION 1

(a) Establishes in the Executive Office of the President a Small Business Coordinator at an annual salary of $15,000.

(b) Provides that the Coordinator shall assist the President in the coordination of the activities of the executive agencies in furtherance of the interests of small-business concerns.

(c) To the fullest extent practicable, the Coordinator shall utilize the facilities and personnel of other executive agencies.

He may appoint, not to exceed six deputies, specialists, or other experts, at not to exceed $14,000 per annum for one of such, and not to exceed $12,000 per annum for the other five.

(d) To the fullest extent practicable, the Coordinator shall utilize the facilities of the small-business advisory boards in the Federal agencies, and he may utilize the services of Federal and, with their consent, State, regional, and local agencies.

SECTION 2

The Coordinator is directed, whenever and to the extent that he determines such action necessary—

(1) With the cooperation of existing agencies, to make a complete study of the productive facilities of independent small-business enterprises, and to develop a definite criterion to determine what is an independent small-business enterprise, and to recommend to the Congress the enactment of a clear definition of small business that will be uniformly interpreted by all executive agencies.

(2), (3), (4) To assist independent small-business enterprises to obtain a fair share of Government contracts and to cut through bureaucratic red tape in doing so.

SECTION 3

The Coordinator will consult with Federal, State, and local agencies, with independent small-business enterprises and associations thereof with a view to recommending to the Congress appropriate legislation designed to further the interests of independent small-business enterprises, including, but not limited to—

(1) the offering of more liberal terms by the RFC in respect to loans to independent small-business enterprises;

(2) the adaptation of section 13b of the Federal Reserve Act to the present credit needs of independent small business;

(3) the adjustment of the SEC Act and regulations to the problems of independent small business;

(4) the revamping of the Federal-income-tax structure in order to foster the growth of small business;

(5) the development of a system of Government insurance at reasonable rates to relieve independent small business of the financial hardships caused by the shortage of dollars in foreign countries;

(6) the formulation of a program to insure that independent small business obtain its fair share of Government contracts.

However, the bill states that the above activities are to be carried out in a manner consistent with our traditional national system of free enterprise. The bill states that the Congress is fully aware of the fact that the eventual success of independent small business is dependent upon its ability to compete in the market place and that the Government should limit its endeavors to the removal of barriers which impede small business in its efforts to compete fairly and equitably with larger business of equal benefit to the national welfare.

SECTION 4

Provides for a detailed report every 90 days to be forwarded by the Coordinator to the President, Senate, and House.

SECTIONS 5 AND 6

Usual technical provisions authorizing appropriations and providing a separability clause for constitutional interpretation.

FEDERAL OLD-AGE AND SURVIVORS INSURANCE SYSTEM AND SOCIAL SECURITY ACT—AMENDMENTS

Mr. LEHMAN. Mr. President, today at the request of thousands of New York policemen, firemen, teachers and other State employees, I submit amendments intended to be proposed by me to the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes, which would exempt public employees already covered by a retirement system from inclusion in the old-age-pension provisions of the Social Security Act.

Under the present provisions of H. R. 6000 all these public employees could be blanketed under the Federal-old-age-pension system if two-thirds of those voting, in a specially held election, were to cast their votes for such an arrangement.

The policemen, the firemen, teachers and other public employees have demonstrated to me an almost unanimous unwillingness to run the risk of losing the systems under which they now operate, by election or any other means. They have asked that they be completely exempted from Federal coverage.

H. R. 6000 sets up a complex provision for Federal-State compacts to effectuate the transfer of the coverage to the Federal Government. However, I am strongly inclined to agree with the policemen and firemen that if they are already protected, and adequately so, and do not wish to be included in the Federal Government system, Federal legislation on this subject would be extraneous and possibly dangerous.

I shall urge the Senate Finance Committee to consider and approve the amendments which I am submitting. I can see very little justification for including these people if they do not wish to be included. I do not think the Federal Government should be in a position of forcing, or urging people to be covered by Federal pension systems if they believe themselves to be adequately covered—and are in fact so covered—by existing local systems.

The VICE PRESIDENT. The amendments submitted by the Senator from New York will be received, printed, and referred to the Committee on Finance.

Mr. LUCAS. Mr. President, I wish to make a short statement, and I should like to have all Senators present listen to it. When unanimous consent is granted that Senators may present matters for the RECORD, without debate, Senators may merely present petitions and memorials, introduce bills and resolutions, and present matters for the RECORD without speeches or without debate. That limitation is a portion of the unanimous-consent agreement. I call that fact to the attention of all Senators, because if Senators are going to make speeches in connection with every bill they introduce, or other matter presented, a very long time will be consumed. I merely call that lim'tation to the attention of all Senators.

Mr. McCARRAN. Mr. President, will the Senator from Michigan yield so I may propound a question to the Senator from Illinois?

Mr. FERGUSON. I yield.

Mr. McCARRAN. Does the Senator from Illinois by his remarks mean that no explanation of a matter proposed to be inserted in the RECORD shall be made?

Mr. LUCAS. Let me make a brief statement in reply to the Senator from Nevada, if I may do so without violating any of the proprieties or jeopardizing the rights of the Senator from Michigan, who now has the floor. In other words, after bills and joint resolutions have been introduced and other matters presented for the RECORD, a Senator can secure the floor and speak as long as he wants to. I would not even object to a short explanation being made in connection with a bill, but I will say that if short explanations are indulged in it will not be long before long explanations are made, and before we know it much of the time of the Senate will be consumed which, under a unanimous-consent agreement of this kind, should not be consumed.

The Senator from Michigan has the floor, and he was gracious enough to yield to me in order that I could present a unanimous request to allow all Senators to present matters for the RECORD and introduce bills, and so forth, at this time.

Mr. ROBERTSON. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield to the Senator from Virginia.

Mr. ROBERTSON. As I understand, it is admissible under the rules and under the present unanimous-consent agreement for Senators who wish explanations of bills they present to appear in the RECORD in connection with the presentation of bills merely to ask unanimous consent that such explanations be inserted in the RECORD at the time the bills are presented.

Mr. LUCAS. That has been done, and it can be done under such a unanimous-consent agreement.

The VICE PRESIDENT. The Chair regards it to be his duty to enforce the provisions of a unanimous-consent agreement entered into by the Senate, not only in respect to matters of a sort with which we are now dealing, but with respect to other matters, although now and then the Chair does not feel that he should crack down on Senators who have brief statements to make about matters they are presenting. A unanimous-consent request of the nature of the one just made, when agreed to, does bar explanations or speeches on bills introduced or other matters presented for the RECORD.

PROPOSED CHANGE IN METHOD OF ELECTION OF PRESIDENT AND VICE PRESIDENT—AMENDMENTS

Mr. FERGUSON submitted amendments intended to be proposed by him to the joint resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President, which were ordered to lie on the table and to be printed.

AMENDMENT OF INTERNAL REVENUE CODE—AMENDMENT

Mr. JOHNSON of Colorado submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (H. R. 6073) to amend section 501 (b) (6) of the Internal Revenue Code, which was ordered to lie on the table and to be printed.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 371) to correct the formula used in computing the income taxes of life-insurance companies for 1947, 1948, and 1949, was read twice by its title, and referred to the Committee on Finance.

FEDERAL DEPOSIT INSURANCE CORPORATION BUILDING—CHANGE OF REFERENCE

Mr. MAYBANK. Mr. President, on January 25, I introduced a bill (S. 2923) to authorize the Federal Deposit Insurance Corporation to acquire or construct, with its own funds, a building within the District of Columbia suitable for the Corporation.

The Banking and Currency Committee is today completing hearings on a FDIC bill of which this language was a part. It was the unanimous opinion of the members of the subcommittee that although they favor the acquisition of the building, under the authority of the Reorganization Act a matter such as the authorization of a building within the District of Columbia should be referred to the Committee on Public Works.

Therefore, I ask unanimous consent that the Committee on Banking and Currency be discharged from the further consideration of the bill and that it be appropriately rereferred.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and the Committee on Banking and Currency is discharged from the further consideration of the bill, and it will be referred to the Committee on Public Works.

RELIEF OF CERTAIN EMPLOYEES AND FORMER EMPLOYEES OF NAVAL ORDNANCE PLANT, POCATELLO, IDAHO—CHANGE OF REFERENCE

Mr. McCARRAN. Mr. President, on March 11, 1949, S. 1224, for the relief of certain employees and former employees of the Naval Ordnance Plant, Pocatello, Idaho, was referred to the Committee on the Judiciary.

A report was requested from the Government agency involved in this legislation which is now before the committee.

S. 1224 was considered at the regular meeting of the committee held Monday, January 30, 1950, and on motion of Senator LANGER, with the approval of the committee, it was determined that the subject matter of the above-mentioned bill is one that comes more properly within the jurisdiction of the Committee on Post Office and Civil Service.

On behalf of the Committee on the Judiciary I request that the committee be discharged from the further consideration of S. 1224, and that it be referred to the Committee on Post Office and Civil Service.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

NOTICE OF HEARING ON NOMINATION OF DELMAS C. HILL, TO BE UNITED STATES DISTRICT JUDGE, DISTRICT OF KANSAS

Mr. McCARRAN. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, February 7, 1950, at 1:30 p. m., in room 424, Senate Office Building, upon the nomination of Hon. Delmas C. Hill, of Kansas, to be United States district judge for the district of Kansas. Judge Hill is now serving under a recess appointment. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Kentucky [Mr. WITHERS], and the Senator from North Dakota [Mr. LANGER].

NOTICE OF HEARING ON NOMINATION OF JOHN F. X. McGOHEY TO BE UNITED STATES DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. McCARRAN. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, February 7, 1950, at 1:30 p. m., in room 424, Senate Office Building, upon the nomination of Hon. John F. X. McGohey, of New York, to be United States district judge for the southern district of New York. Judge McGohey is now serving under a recess appointment. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Mississippi [Mr. EASTLAND], and the Senator from Missouri [Mr. DONNELL].

NOTICE OF HEARING ON NOMINATION OF ROBERT L. TAYLOR TO BE UNITED STATES DISTRICT JUDGE, EASTERN DISTRICT OF TENNESSEE

Mr. McCARRAN. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, February 7, 1950, at 1:30 p. m., in room 424, Senate Office Building, upon the nomination of Hon. Robert L. Taylor, of Tennessee, to be United States district judge for the eastern district of Tennessee. Judge Taylor is now serving under a recess appointment. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Missouri [Mr. DONNELL].

ADDRESS BY THE VICE PRESIDENT AT ANNUAL MEETING OF UNITED SERVICE FOR NEW AMERICANS

Mr. LEHMAN. Mr. President, on January 15, our eminent presiding officer, the Vice President of the United States, made a speech on displaced persons and on displaced-persons legislation, before the annual meeting of the United Service for New Americans, Inc., at the Hotel Astor, New York City. It was a fine speech, a noble speech from a noble heart, dealing with problems which call for a great heart. I ask unanimous consent to have the address printed in the RECORD at this point in my remarks.

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

Mr. President, ladies, and gentlemen, I am greatly pleased and complimented that I was invited to participate in the discussion which is being carried on here today by the United Service for New Americans. It is a subject in which I have been interested for many years, even before the beginning or the end of World War II, and particularly since the conclusion of that great catastrophe. I suppose nobody will dispute the fact that World War II left in its wake a devastation, uprooting—physically, morally, mentally, socially, and politically—among populations all over the world which bequeathed to us one of the great problems of all times. And that is the problem of so readjusting the people of the world in their relationships, in their outlook upon life, in their opportunity to fulfill the destiny of man, as he was created in the beginning in the image of Almighty God, in order that from one generation to another man may hope to rise a little above the level and status of the preceding generation.

World War II went a long way toward destroying civilization. It did destroy the works of art, architecture, the stability of social responsibility in a sense, in vast areas of the world. And now the problem that faces mankind, not only here, but everywhere is to find some formula, reasonable and practicable, that will not only prevent the repetition of such a great disaster to the people of the world, but may set them on the permanent highway toward peace and understanding, cooperation, and working together so that ultimately bigotry and intolerance and hatred out of which wars and suffering usually flow may be at least assuaged, if not abolished, from the world. So, I cannot too greatly emphasize the work which is being

done by the United Service for New Americans. Without this coordinated service, without this voluntary, and in many cases unrequited, toil under a formal organization that makes it practicable, there would be utter frustration, not only in undertaking to observe and enforce the law, desired to bring about a partial solution of this problem, but among those who are fortunate enough to reach this country, fortunate enough to escape the displaced-persons camps, to escape the atmosphere and the foundation and the environment of the hatred and intolerance and want in these countries which are involved, and any other countries to which they may have gone—temporarily or otherwise.

So, I congratulate this great organization, this great group of men and women who are in a sense going among the people, if not physically, at least theoretically, preaching the gospel to all creatures—the gospel of peace, the gospel of economic security, the gospel of fairness, of opportunity and of humanity, which it is. Now, I recognize the difficulties which face the American people and I am not unaware, of course, of the prejudices which in recent years have grown up against the admission of too many people into this country to the extent that our own economy would be endangered and our security would be jeopardized. That danger and fear has been intensified by the differences now existing throughout the world and the ideology which men follow. But I entertain no such fear on account of the program of the Displaced Persons Act, or of the United Service for New Americans or any other program, voluntary or otherwise, initiated and carried on by the fine, high type of character of the people who are engaged in this work and try to do something for the world.

Now, you are, of course, familiar with the fact that following the war the question had to be dealt with by the Congress, because under our migration laws and under the quota system, it was impossible for many of the most worthy of these refugees to find refuge in the United States. The quota system may be necessary, and it has been adopted by the policy of the Congress, under ordinary conditions. But a quota system does not always result in the admission of the best people into this country, especially after a world crisis. Many of these people who have been herded into camps escaped their own countries into which they were turned and which they left in order that they might escape the very conditions which they found intolerable in the homes of their fathers.

I have been in some of these DP camps in Europe. I have seen the type of men and women who were there. All of them, in all camps and in all countries, had the same high level of character and desirability. I have been in these camps in Germany. I have seen men, women, and children who came from Russia, who came out from Russia because they were unwilling to live under the intolerable conditions, and they have not been willing to go back because they were unwilling to submit themselves to the sort of regimentation and circumstances in which they were compelled to live there. I have seen the remains of the people who were the special object of Hitler's hatred. He tried to destroy and obliterate and exterminate these people, and nearly succeeded.

I have been in those camps, where I saw children being taught the lessons of history and many of them, in my judgment, are people that can become good citizens of the United States. I have seen these refugees in Italy and other countries. I had seen them in Austria 2 years ago. I have been in the DP camps in Germany, Austria, and in one or two instances, in Italy, and I have been inspired by the devotion, and sincerity, and the character of these people who are not willing to go back and are looking forward to the approach of the day when they may expect to leave.

In order to solve that problem, in a sense temporarily, the United States has contributed to the International Refugee Organization, to which reference has been made, $70,000,000 a year out of the taxes of the people and more than $200,000,000 altogether. As long as this problem faces us and as long as it faces the UN, which cannot abandon it in good faith, it is desirable that the problem be solved for these DP's who are worthy of resettlement, and that they be allowed to resettle in this country insofar as it can be done under the law, and wherever else it may be done, under the laws of other countries. Looking at it purely from the standpoint of practicality, it is related to the expenses of our Government, and at this time the expenses of our Government are important matters to be concerned about, that they are settled as promptly as possible and that they may be resettled in this country among our own people who want them.

The President, as you know, asked the Congress, in the effort to help solve this problem, to amend the immigration law to allow 400,000 of these displaced persons to come into the United States. A great many people thought he meant 400,000 a year. He meant no such thing. He meant a total of 400,000 people. The matter was debated in the Eightieth Congress bitterly. It was debated in the atmosphere of what was then a crisis in the disposition of these persons and in the world's attitude toward them. It was debated with more or less heat among those who desired to have liberal and to accept the responsibility of civilization and of Christianity in its fullest sense, but instead of enacting a law to permit 400,000 persons to come into this country, Congress rather grudgingly permitted 205,000, only half the number recommended by the President.

The President signed this bill, not because it was adequate, not because it was in accordance with his recommendations, but as he stated at the time he signed it because it was the only thing he could get at that time and it was a step in the right direction, though including prejudicial restrictions which have been unfair to many of those entitled to come into this country. In the judgment of the President—and I agree with him completely—it was particularly prejudicial to Catholics and Jews, and there were no grounds in the history of this country to justify such discrimination against them. But the law did recognize, however, our obligation, so far as it went. It was an acknowledgment of our leadership, at least of our participation among other nations in that leadership designed to lift the hope of these unfortunate people, many of whom I have seen myself trudge the highways of Europe, not knowing when night fell where they might rest their souls. Not only did the law, as far as it went, recognize our national obligation toward these people, it also established for them a quota system which is applicable to immigration generally. It did something else. It provided for the protection of our interests and our people and our social and political institutions by undertaking to protect our country against the infiltration of subversives who may take advantage of the law to try to come here. As far as the law went, forgetting for the moment the unfair and unjust discrimination to which the President called attention, the law was a step in the right direction, and, of course, it did serve a good purpose to that extent.

Now, the problem is its extension to increase the numbers which would be permitted to come in. The President, in his annual message and in other recommendations since the problem arose, has recommended 400,000 refugees, DP's, be admitted into this country. He did it in 1948; he did it again in 1949. He did it on January 4, 1950, in his annual message a couple of weeks ago. Now, the House of Representatives responded in the Eighty-first Congress to the recommendation of the President. It did not respond fully by accepting 400,000, but reduced the number to 339,000. (Just why they fixed it at 339,000 and not 340,000 I do not know. Another thousand would not have hurt much.) Now, that bill is before the Senate. I am not going into the parliamentary situation, because I may have to pass on it as President of the Senate, and I do not wish in any way to forecast what problem might arise and what my decision would be in such a situation. The Committee on the Judiciary did not act upon it. The Senate became impatient and was on the verge of voting on a motion to discharge the committee when the committee met and voted the bill out without recommendation and placed it on the calendar. It was taken up and debated for a week or so, and by a vote of 36 to 30 recommitted to the Committee on the Judiciary with the instructions to report it back by the 25th of January 1950. That day will soon approach.

The Senate may have an opportunity at an early date to give it further consideration. Of course, the Senate can amend the bill to include the entire 400,000 if it sees fit, raising the figures in the House bill. Compromises are always necessary in legislation where there is determined opposition, and I am not in a position to say whether the Senate will increase the number or not. I am not any longer a Member of the Senate. I have no vote except in the case of a tie, and any vote in the case of a tie is only effective if I favor something that is being voted on, because a tie vote defeats any proposition that is being voted on, since all matters must receive at least a majority. Therefore, my vote as President of the Senate counts for nothing on a tie vote unless I am in favor of it, and a vote in the affirmative gives it a majority of one vote.

But I can say this, and I say it because I believe it is in accordance with the facts: If the Senate had been permitted to vote on that bill in the last session, or if it is permitted to vote on it at this session, it will overwhelmingly adopt a new bill increasing the number which may come here and removing the restrictions and discriminations that are now in the present law.

Reference has been made here to the various criticisms and charges—I think the speaker who is an honored member of the Commission has adequately dealt with them (Henry Rosenfield, DP Commissioner), and I do not feel it necessary to reiterate and repeat, except I do wish to say this: There have never been in my judgment, in the whole history of the United States, a more careful piece of machinery of inspection and investigation than is now in effect in regard to the administration of these displaced persons in the United States. Our Army, through its counter-intelligence service, all of our consuls abroad who have to pass upon visas, the Federal Bureau of Investigation, the Department of Justice, the Immigration Service, everywhere—here and elsewhere—and many others which I might mention, are a part of this screening process. I do not know how there would be any better system of investigation by which it could be determined that those who are permitted to come are entitled to come. And none of these services, none of these agencies, none of these organizations, whether they are governmental or voluntary, either approve of or permit anybody to come under the displaced-persons program who either is now, or ever has been, a member of the Communist Party, who now is, or ever was, a Nazi or a Fascist. They just can't get in. Now there are recesses in the brain in which opinions and convictions sometimes are harbored that nobody knows anything about, because there is no mirror by which you can look into a man's mind to tell what he is thinking. There are phrenologists who pretend to know that, but I

have always doubted it. It might be possible that out of 205,000 people, out of 400,000, somebody now and then might slip in who was not the sort of person we wanted to be amalgamated into the citizenship of the United States.

This program has been endorsed by so many organizations, and its administration has been helped by the cooperation of these organizations to such an extent, that I do not entertain any fear as to the character, the loyalty, or those who are permitted to come.

I do not believe the great Catholic Church, the Council of Churches of Christ in America, which is the Protestant organization of the churches of the United States, that the Synagogue Council representing the Jewish Synagogue in this country, that the American Federation of Labor, the Congress of Industrial Organizations, which is always anxious and alert to protect the interests of their people and who are now within their organization fighting for the elimination of all subversive elements within their organization—would endorse either the enactment or the perpetuation of a law that under its administration or provisions would undermine the foundations of American liberty, American democracy, and American humanity.

I am among those, and have been all along, who have actively supported the recommendation of the President and am doing so now. I express the hope that before this Congress shall act, before it adjourns, before this law shall have expired, and before we are confronted with the inhuman proposition that nearly a quarter of a million worthy men, women, and children who are worthy of American citizenship are to be stranded and again huddled anywhere in Europe because of our prejudice and unwillingness to take them in and make them not only good citizens of America, which they want to be, but good citizens of the world, which they have a right to be.

We are faced with a great duty, a great obligation. Whether we wanted it or not, the leadership of the world has, in many respects, been placed in our hands.

Destiny had something to do with it. Fate had something to do with it. The unification of the world from the standpoint of physical connections, the interdependence of men and women upon other men and women of other communities, of one country and state upon another country and state, and one nation upon other nations—have centered the responsibility of leadership and guidance in the people of the United States. It is a tremendous obligation. It is a tremendous challenge to our ability and our willingness to help preserve the institutions out of which come freedom of the soul, freedom of worship, freedom of speech, freedom of assembly, freedom of the press, and all the freedoms which we have cherished for a century and a half, to which have been added other freedoms and other desires for freedom—freedom from want and freedom from fear. Some poet has beautifully said, "He who stoops to lift the fallen does not stoop but stands erect." That is true of organizations no less than men. It is true of voluntary organizations, it is true of states, it is true of nations, it is true of governments which are the expression of organized society, the only organization that has the power to enforce its decrees, and the only one to which the people may look in carrying out their will for themselves and for their fellow men.

I wish for this organization the satisfaction and pride of eminent success, and I hope it will increase its activities and maintain its standing and its integrity, as it has until this hour, until this great humanitarian problem of rescuing human souls has been completely accomplished; and that out of it may grow, some day, perpetual peace and harmony among all the peoples of the world, and if we can make any contribution to this without regard to politics, religion, race, color, or national origin, those who become the beneficiaries of our activities will thank Almighty God that there were such men and women as those who are now contributing to this great result.

ASSISTANCE TO SMALL BUSINESS ENTERPRISE—ADDRESS BY SENATOR BENTON

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD an address delivered by Senator BENTON at the annual banquet of the Norwich (Conn.) Chamber of Commerce, January 28, 1950, which appears in the Appendix.]

ADDRESS BY SENATOR KEFAUVER AT ROOSEVELT DAY DINNER

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD an address delivered by him January 28, 1950, in Louisville, Ky., at a meeting of Americans for Democratic Action, which appears in the Appendix.]

ADDRESS BY SENATOR MARTIN AT CONCERT BY THE ARMY BAND

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an address delivered by him at a concert on January 25, 1950, by the Army Band, in honor of Pennsylvania, which appears in the Appendix.]

HAPPENINGS IN WASHINGTON—ADDRESS BY SENATOR MARTIN

[Mr. MARTIN asked and obtained leave to have printed in the RECORD a radio address delivered by him under the headline, "Happenings in Washington," on January 30, 1950, which appears in the Appendix.]

THE ALL-AMERICAN CONFERENCE AGAINST COMMUNISM

[Mr. MUNDT asked and obtained leave to have printed in the RECORD a statement by himself relative to the All-American Conference Against Communism, resolutions adopted by the conference, and an article thereon published in the New York Times of January 30, 1950, which appears in the Appendix.]

THE CRISIS IN THE DISPLACED-PERSONS PROGRAM—ADDRESS BY HARRY N. ROSENFIELD

[Mr. LEHMAN asked and obtained leave to have printed in the RECORD an address entitled "The Crisis in the Displaced-Persons Program," delivered by Harry N. Rosenfield, Commissioner, Displaced Persons Commission, on January 15, 1950, before the annual meeting of the United Service for New Americans, Inc., New York City, which appears in the Appendix.]

FREEDOM ISN'T FREE—ADDRESS BY MAURICE R. FRANKS

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an address entitled "Freedom Isn't Free," delivered by Maurice R. Franks, president of the National Labor-Management Foundation, before the Fighters for Freedom, at Knoxville, Tenn., on January 20, 1950, which appears in the Appendix.]

EDITORIAL COMMENT ON BILL TO RESTRAIN UNREASONABLE ACTIONS OF LABOR MONOPOLIES

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD editorials from the Washington Evening Star, the New York World Telegram and Sun, and the Tampa Morning Tribune, commenting on Senate bill 2912, introduced by him, to restrain unreasonable actions of labor monopolies, which appear in the Appendix.]

MOROCCO VIOLATES TREATY IN WAR ON AMERICAN TRADERS—EDITORIAL FROM SATURDAY EVENING POST

[Mr. RUSSELL asked and obtained leave to have printed in the RECORD an editorial entitled "Morocco Violates Treaty in War on American Traders," published in the Saturday Evening Post of January 28, 1950, which appears in the Appendix.]

TEMPEST IN THE A. & P. TEAPOT—ARTICLE BY A. G. MEZERIK

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article entitled "Tempest in the A. & P. Teapot," written by A. G. Mezerik, and published in the January 15, 1950, issue of Sales Management, which appears in the Appendix.]

THE RED PERIL OF THE NATIONAL DEBT—EDITORIAL FROM THE ST. LOUIS STAR-TIMES

[Mr. KEM asked and obtained leave to have printed in the RECORD an editorial entitled "The Red Peril of the National Debt," published in a recent issue of the St. Louis Star-Times, which appears in the Appendix.]

DEPLETION ALLOWANCES—TAX REVISION REPORT OF NATIONAL MINERALS ADVISORY COUNCIL

[Mr. MCCARRAN asked and obtained leave to have printed in the RECORD the National Minerals Advisory Council's Report on Tax Revision, submitted to the Secretary of the Interior on December 7, 1949, which appears in the Appendix.]

WHY SHOULD AMERICAN SOLDIERS LIVE LIKE PIGS?—ARTICLE BY DANIEL A. POLING

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an article entitled "Why Should American Soldiers Live Like Pigs?" written by Dr. Daniel A. Poling, and published in the February 14, 1950, issue of Look magazine, which appears in the Appendix.]

GOVERNMENT SILVER PURCHASES—ARTICLE FROM THE DESERET NEWS

[Mr. WATKINS asked and obtained leave to have printed in the RECORD an article entitled "Government Silver Purchases and Sound 'Hard Money' Policy," published in the Deseret News, Salt Lake City, Utah, January 25, 1950, which appears in the Appendix.]

SECRETARY ACHESON'S POLICY FOR CHINA—ARTICLE BY DOROTHY THOMPSON

[Mr. WATKINS asked and obtained leave to have printed in the RECORD an article entitled "Policy Advanced by Acheson for China Declared 'So Extremely Comfortable,'" written by Dorothy Thompson, and published in the Washington Evening Star, which appears in the Appendix.]

A CUT FOR SOLDIERS' HOME—EDITORIAL FROM THE WASHINGTON TIMES-HERALD

[Mr. HENDRICKSON asked and obtained leave to have printed in the RECORD an editorial entitled "A Cut for Soldiers' Home," published in the Washington Times-Herald, January 30, 1950, which appears in the Appendix.]

EXCHANGE OF AMBASSADORS WITH IRELAND

Mr. SALTONSTALL. Mr. President, last week I was glad to read that the State Department had seen fit to exchange Ambassadors with the State of Ireland, whereas previously we had been represented by a Minister. I have felt

that this move should have been made before, and on April 13 last I wrote to the Secretary of State, as follows:

We have in this country a great many Americans of Irish descent and I believe that the time has come when serious consideration should be given to making the Legation in Ireland an Embassy and having this country represented not by a Minister, but by an Ambassador.

I wish to have printed immediately following my remarks an editorial entitled "Old Friends," from the Boston Pilot of Saturday, January 28, 1950.

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

OLD FRIENDS

Much of the news that comes out of the State Department these days is of such a disquieting nature that it is refreshing to read that amid the pressure of all sorts of other problems we have seen fit to exchange Ambassadors with the young state of Ireland. While we have had it pointed out to us with almost monotonous regularity by Mr. Dean Acheson that this kind of recognition does not imply any sort of approval of the government so recognized (as in the proposals on Spain), we cannot help feeling that in this case at least the exchange of Ambassadors merely makes clear a sympathy of long standing. It is almost like an international handshake in an old friendship.

Ireland represents for us today not just one more member of the family of nations but a Christian and distinctly Catholic state in a world where the principles upon which it has been founded need vital reassertion. How in the spirit of the holy year was Ireland first among nations to grant a special amnesty to prisoners. In an age when political considerations are used as a basis for repressive measures against minorities how Ireland stands out as a land of freedom and tolerance. When other nations refuse to allow the mention of God in official documents and discourage religious observances Ireland proclaims His Sovereignty in the very opening words of her constitution. We do well surely to join hands with a people so fully conscious of the presence of God in the affairs of men.

The Pilot particularly rejoices in being able to take notice of an event which has been the object of the strivings of so many generations and the ideal of so many valiant hearts. The history of the struggles of Ireland toward independence are intimately associated with the history of this journal and some may well say that the Pilot itself may take some credit for the goal that has been attained. Whatever may be said on that point, the Pilot can say today that all nations will benefit by the spirit of Christian policy that the traditions of Ireland will make fresh in the exercise of international relations.

TRIBUTE TO BRIG. GEN. JULIUS KLEIN

Mr. WILEY. Mr. President, I send to the desk a statement which I have prepared on the subject of one of the distinguished soldiers whose appointment we confirmed in the National Guard last Thursday.

I ask unanimous consent that this statement be printed at this point in the body of the CONGRESSIONAL RECORD.

There being no objection, Mr. WILEY's statement was ordered to be printed in the RECORD, as follows:

Mr. President, on page 956 of the CONGRESSIONAL RECORD for January 26 is a list of many distinguished soldiers whose appointments the Senate confirmed to various units of our armed forces establishment. Among the able men so confirmed for appointment, as brigadier generals in our National Guard, was one whom I should like to devote a few moments on. Ordinarily I would not single out any single individual out of so large a roster of citizen-soldiers, but I do think the facts in this particular instance merit special attention.

Brig. Gen. Julius Klein, who was confirmed to that National Guard rank as of November 10, 1949, is not a constituent of mine, nor is he a resident of my State, rather he is a resident of our neighbor State of Illinois. I do, however, want to mention some of his fine qualifications because I think they exemplify the best in America's tradition of citizen-soldiers who have sprung to arms in the defense of their beloved Nation when the call of duty has come. We know that throughout our country men like him are giving of their time and energy to participate in National Guard units and in other elements of our vital reserve components.

General Klein has met the Nation's enemy in two wars. His conduct was equally brilliant in both. In the Second World War he distinguished himself both as a brilliant administrator and as a combat officer, commanding troops in several invasion battles. In commenting on Julius Klein's record, the former Secretary of War, Robert P. Patterson, said: "I cannot say too much for the caliber of his work. He is an officer of marked ability and notable vigor. I am sure he is thoroughly qualified for Federal recognition in his present rank and post."

Mr. President, I should like to give you an idea of Julius Klein's singular relationship with the rank and file in the Army. Serving as a full colonel in the Pacific, under the command of the great General MacArthur, General Klein always spoke of himself as "the GI with the eagle on the shoulder patch." He is still a GI. His attitude will never change, even though the shoulder patch has changed into one bearing a star.

When as the newly elected national commander of the Jewish War Veterans, he became the spokesman for 800,000 Jewish war veterans, Julius Klein promised to lead this great veterans' organization into further services of the principles of American democracy. Under his leadership, the Jewish War Veterans grew in stature and did indeed expand its usefulness far beyond even its fine effort in the past.

So, this citizen-soldier, a stanch patriot and anti-Communist leader, has been a credit to the Nation, a credit to the Army, and a credit to the Jewish faith to which he has been devoted throughout his entire life. He has been prominent in public life long before he joined the Army, which was prior to the Japanese sneak attack on Pearl Harbor. When the war came to an end, and his ability as a public-relations consultant was needed by the then Secretary of War, Robert P. Patterson, Julius Klein put aside his own personal interests and continued to serve the country in the capacity of special assistant to the Secretary of War.

I am, indeed, gratified, Mr. President, to see that Julius Klein's past service to his country and future usefulness are recognized by the Federal Recognition Board.

Good luck to him and to our great National Guard.

NATIONAL HEALTH INSURANCE

Mr. HUNT. Mr. President, will the Senator from Michigan yield 5 minutes to me, to permit me to make a brief statement, with the understanding that by doing so he will not lose his right to the floor?

The VICE PRESIDENT. That can be done only by unanimous consent.

Is there objection? The Chair hears none, and the Senator from Wyoming may proceed, if the Senator from Michigan will yield for that purpose.

Mr. FERGUSON. I yield.

Mr. HUNT. I thank the Senator from Michigan.

Mr. President, the voluntary health insurance bill, introduced by me earlier today, is designed to provide a program of prepaid national health insurance with broad coverage to low-income groups of our people at a minimum premium. This bill carries no compulsory features and thus does not, in any sense of the word, socialize the health professions.

Health is, without question of a doubt, the most important aspect of our individual lives. Since the medical profession hold in their hands the health of the Nation and, through the health of the Nation, influence our ability to prosper, to pay taxes—yes, Mr. President, even to wage war—it is proper and necessary that jurisdiction over and direction of the health of the Nation rest with the profession. Therefore, the bill establishes a department of health, with Cabinet status. Surely the health of the people of the United States is as important as in other nations where health does have a cabinet post.

Since health is such a specialized service, it seems prudent to prescribe certain qualifications for the Secretary of the Department of Health, namely, that he shall be a professional health worker who has been active in the practice of medicine or dentistry, and who shall have had broad experience in the field of medical or dental education, and also, insofar as possible, in order to obviate the possibility of the health services being politically exploited, to provide further qualification that "the Secretary of Health shall have held no political office in any political party."

The bill provides that the Secretary of Health and the Under Secretary of Health, as well as five Assistant Secretaries of Health, shall be appointed by the President with the consent of the Senate.

The Assistant Secretaries of Health shall respectively head, first, the Bureau of Medical and Hospital Care; second, the Bureau of Public Health Practices; third, the Bureau of Children's Welfare; fourth, the Bureau of Research; fifth, the Bureau of Staff Services.

This bill closely follows the Hoover Commission's report on reorganization of the health services, the exceptions being in establishing Department of Health on a Cabinet level, and in excluding the Veterans' Bureau and armed services.

In order to accomplish a positive plan for prepaid health insurance for the low-income groups and to satisfy those leading the on-rushing campaign for compulsory health insurance, a national health insurance board is provided. This Board, as well as administering the national health-insurance program, is charged with the extension of medical and health services to rural shortage areas, and to farmer experimental health cooperatives by means of grants and loans. The Board is given wide latitude in determining the terms and conditions of personal health insurance, for the obvious reason that to include specifically the terms of health insurance in writing legislation is impossible, impracticable, and can be determined only by extensive actuarial studies and experience.

The National Health Insurance Board will be composed of five members, including the Surgeon General of the Public Health Service, to represent the medical profession, and four members appointed by the President, with the advice of the Senate, as follows: One shall represent hospital associations, one shall represent dental associations, and two shall represent the public at large. While not spelled out in the bill, they should, of course, be thoroughly trained in the field of health and accident insurance.

Since the primary objective of this bill is to make available prepaid health insurance to the low-income groups, families whose gross income is in excess of $5,000 are made ineligible. While not sufficient or adequate in all cases, prepaid health insurance is available to this group of families from private sources. Seventy-nine percent of the families would be eligible to purchase Government health insurance, since only 21 percent of our families have annual incomes above $5,000.

It is deemed unwise to provide health insurance with a deductible feature in an amount above $5, for the reason that any amount above $5 would, in all probability, preclude its purchase by the low-income group, and I am undecided whether even a $5 deductible feature should be provided for. However, some small deductible amount should be authorized, to discourage unnecessary visits to physicians and dental offices, using their time which should be available to those seriously in need of such services.

In presenting this bill to the Congress, I am quite aware that it does not do all things for all people. However, my observations in the Congress, as well as my mail pertaining to health insurance from all over the country, and hundreds of editorials from the Nation's press, firmly convince me that we cannot preserve the freedom of the practice of medicine and dentistry, that we cannot keep the professions uncontrolled and unregimented, and that we cannot maintain our American free and independent practices of these professions by simply denouncing compulsory health or state medicine—whichever one may wish to call it—by a continued stand-pat opposition.

Compulsory health insurance has been, in some form or other, before the Congress now for 11 years. The demand for changes in our methods of affording medical services is gaining momentum each succeeding year. In the United States today we have, without question of a doubt, the best physicians, dentists, nurses, and hospitals that the world has ever known in all history. To these professional health workers go the credit for increasing the life span of our people from 35 years, when this Nation was founded, to 67 years, as of today; 65 for men and 70 for women. This has been accomplished under our present form of medical practice. Surely no one questions the skill and professional attainments of the health services in the United States, but only wishes to make them available to those not now receiving such health services.

My views incorporated in this bill are the result of 16 years' active practice of one of the professions affected, 3 years in legislative, and 14 years' experience in the executive branch of Government. I think I know whereof I speak, and I have only one thought in mind in introducing this bill, namely, to make better health services available to all the people of this great Nation. It is clearly evident that the professions must come forward with an alternative to compulsory health insurance, or socialized medicine will ultimately follow, with lay direction and control.

Mr. President, I thank the Senator from Michigan for yielding to me.

INTEGRATED STEEL MILL FOR NEW ENGLAND—STATEMENT OF DR. ALFRED C. NEAL

Mr. TOBEY. Mr. President, on Friday Dr. Alfred C. Neal, vice president of the Federal Reserve Bank of Boston, appeared before the Joint Committee on the Economic Report and gave a lucid and well-reasoned appeal in behalf of securing an integrated steel mill for New England.

For the past 2 years, Gov. Sherman Adams, of New Hampshire, has devoted considerable time and energy toward the possibility of acquiring a steel plant for the very suitable area around Portsmouth, N. H. In that effort, he organized the New Hampshire steel project, headed by Eugene Whittemore, and composed of many other outstanding New Hampshire citizens. The New Hampshire congressional delegation has cooperated with Governor Adams and his steel committee in its efforts, and I believe that Dr. Neal's statement of last Friday bolsters their case with facts and figures. Therefore, I ask unanimous consent to incorporate as a part of my remarks the entire statement of Dr. Neal.

I might note, Mr. President, that certain of the exhibits offered by Dr. Neal in his testimony before the joint committee are not suitable for reproduction in the CONGRESSIONAL RECORD since they are maps and graphic charts. However, I would ask the proper official to be sure to print such text and other material as is found to be applicable to these maps and charts.

Mr. President, I further ask unanimous consent to have incorporated into the RECORD at the conclusion of Dr. Neal's statement an editorial from the New Hampshire Sunday News of January 29 which relates to the same subject.

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

STATEMENT BY ALFRED C. NEAL, VICE PRESIDENT AND DIRECTOR OF RESEARCH, FEDERAL RESERVE BANK OF BOSTON, ON BEHALF OF THE NEW ENGLAND COUNCIL STEEL COMMITTEE

I am making this statement as a member of and economist for the steel committee of the New England Council. To save your time, I shall cover only the most important points in the statement itself. I shall introduce at appropriate points exhibits in support of the points that I make.

We propose to show:

1. That New England's steel-using industries—despite the fact that they accounted for almost three-quarters of the growth in manufacturing in New England since prewar—are seriously handicapped by the cost and supply of steel now available to them.

2. That New England, eastern New York State, New York City, and northern New Jersey would be relieved of the handicap of high-cost steel by the establishment of an integrated steel mill in New England.

3. That there is a close relationship between these two points and the recent increases in the price of steel.

The establishment of an integrated steel mill would make it possible for this area to participate more fully in the Nation's economic growth during the years to come and would further make it possible for this area to absorb a much larger volume of imports and so contribute more fully to meeting the requirements of our present international position.

To demonstrate that New England and the territory adjacent to it are currently handicapped by the cost of steel, and to demonstrate further that this cost handicap can be removed by the establishment of an integrated mill, it will be necessary to prove the following points:

1. That steel users in New England and the territory adjacent to it are presently under a cost handicap in their steel supply.

2. That there is sufficient market to justify the establishment of an integrated steel mill with a capacity of approximately one and one-quarter million tons of ingots. This is the size mill that we are advised would be necessary for efficiency for the type of products most needed by the market.

3. That the cost of making steel at such an integrated mill in New England and the profits that might be derived from such a mill would, on the basis of the estimates available, justify investment in it.

4. That conditions unrelated to the cost handicap of steel consumers, the market advantage of the New England and adjacent area, and the cost and profitability of the proposed mill have so far prevented the establishment of this mill in New England.

THE COST HANDICAP FOR NEW ENGLAND STEEL CONSUMERS

I shall now take up each of these points in turn, beginning with the present position of steel consumers in the New England area. It should be understood at the outset that New England and the area adjacent to it is an area of deficit steel supply. There is not in this area any integrated steel mill and there is very little nonintegrated steel production. The types of steel which bulk largest in the consumption of the area must be brought in from outside. The nearest mills are those at Sparrows Point, Md.; Buffalo, N. Y.; and Bethlehem, Pa. Since the mill at Bethlehem does not make products with which we are most concerned, for practical purposes we can concentrate upon the sources of supply at Sparrows Point, Buffalo, and points farther away.

Steel consumers in New England and the adjacent territory must buy their steel from these mills and pay freight from them to their own consuming points. These freight rates put New England consumers at a decided cost handicap. For example, it costs with today's freight rates $10.20 per ton to bring steel from Sparrows Point to New Haven, Conn.; $11.60 from Sparrows Point to Worcester, Mass.; and $12.60 from Sparrows Point to Manchester, N. H. Similarly it costs $12.20 per ton to bring steel from Buffalo, N. Y. to New Haven; $12.40 from Buffalo to Worcester; and $12.60 from Buffalo to Manchester. Since it is impossible for mills located at Sparrows Point and Buffalo to supply all of the steel that New Englanders consume, much of the steel moves in from the Pittsburgh district and the rate for freight alone from Pittsburgh to New Haven is $13.60 per ton; from Pittsburgh to Worcester, $15; and from Pittsburgh to Manchester, $15.20. I am submitting as exhibit A a table showing freight rates from the principal producing points which I have mentioned to a selected list of consuming points in New England.

What are the effects of cost handicaps of such size upon New England's steel-consuming industries? I am introducing as exhibit B a series of cases showing the reaction of typical New England steel consumers to this situation. Let me read you excerpts from these cases which are more fully described in the exhibit.

One employer of 1,500 stated recently that his board of directors is giving continuing consideration to abandoning their two existing plants in New England with a view to moving to Ohio.

Another employer of 8,000 workers said, "If a New England steel mill is built, our company will undoubtedly be able to continue in New England; if not, we will have to move much nearer the center of our Nation."

An employer of 750 stated that the present delivered cost of steel and iron is so high that in all probability within 2 years he would have to move the operations of one of his companies to the Middle West in order to keep the business healthy.

An official of another company employing over 6,000 workers said that any future expansion will be made in other parts of the country because their raw materials—iron and steel—cost so much in New England.

Another company employing 1,000 workers stated that if a steel mill is established in New England, the company would probably stay in business here, but if it is not, the company will either have to close up or move somewhere else. This company spends more than $1,000,000 a year on steel.

Another relatively small company estimates that a New England mill would mean a saving of about $1,000,000 annually to it.

It would be interesting and convincing to have these businessmen who are squeezed by high steel costs to tell their story to your committee. They will not do that, nor will most of them openly support the movement to obtain a New England mill because, as one told us recently, "We live by the grace of God and the Grace of Bethlehem Steel."

I believe that the freight costs that I have quoted, together with the reactions of typical New England steel consumers, demonstrate that this area suffers a severe cost handicap in steel at the present time for lack of an integrated steel mill to support its metalworking operations. It should be remembered that when we are discussing the metalworking operations in New England we are talking about businesses which employ 40 percent of the manufacturing wage earners in the region, or more than half a million people.

If we assume that an integrated steel mill were established in New England and that it sold its products at the same price as present suppliers now charge, how much would consumers in this area save? For purposes of the discussion, since we must consider freight rates from somewhere, let us assume that the mill is established at New London, Conn.

Mr. TOBEY. Mr. President, I wish to interpolate here to note that Dr. Neal made it clear that New London, Conn., is only used as an example. He stated that Portsmouth, N. H., has an unusually desirable site, and he has figures available to show comparable differentials for Portsmouth.

To use the same cities as we used before as examples, consumers in New Haven who now buy from Sparrows Point would save a minimum of $5.40 per ton; those who buy from Buffalo would save a minimum of $7.40 per ton, and those who buy from Pittsburgh would save $8.80 per ton. Consumers in Worcester who buy from Sparrows Point would save $5.80 per ton; those who buy from Buffalo would save $6.60 per ton, and those who buy from Pittsburgh would save $9.20 per ton. Consumers in Manchester who buy from Sparrows Point would save $4.60 per ton; those who buy from Buffalo would save $4.60 per ton; and those who buy from Pittsburgh would save $7.20 per ton. The savings would extend into New York City, Newark, and Jersey City. These consumers would save from 40 cents a ton on shipments from Sparrows Point up to $4.40 a ton on shipments from Pittsburgh. (The freight rates that I have used in these calculations appear in exhibit A.)

I have used for these calculations rail-freight rates. A check on trucking rates indicates that the savings on truck shipments for points close to the mill would be somewhat higher than those indicated. We have also checked water transportation rates and find that savings in line with those shown for rail shipment would result to the points mentioned which could be reached by water shipment.

I think I have presented enough evidence to show that New England steel consumers are presently under a substantial cost handicap because of their distance from integrated steel mills; that this cost handicap threatens the normal economic growth of the region, and that it can be removed if steel could be made as economically in New England as it is made at mills now supplying steel consumers in the area.

THE MARKET FOR A NEW ENGLAND STEEL MILL

When the members of the Steel Committee first approached steel companies on this project, they were told by almost all that New England probably did not have a market sufficiently large to support an integrated steel mill. Most of the companies approached offered to give us such assistance as they could to determine the size of the market that might be available to a New England mill, because the industry itself was not sure of its facts on this point. Doubt as to the size of the market set the first task for the committee.

The easiest method of determining how much steel of various types was consumed in the area that might be supplied by a New England mill was to ask the steel companies supplying this area to tell us how much they shipped into it. A questionnaire calling for this information in such detail that it would be reasonably useful to the steel industry was drawn up and submitted for study and comment to three of the major companies supplying the New England-New York-New Jersey market. Two of these suppliers refused flatly to give us the information which they said was necessary to determine whether a mill could be supported by the market, and the third gave us an equivocal answer which we interpreted to be a refusal. Fortunately, there have been published three studies which provide the basis for determining what the market for steel is in this New England-New York-New Jersey area.

The first of these, which covered only part of the products and part of the industry, was published by the Senate Small Business Committee; the second by Iron Age, a trade publication; and the third, which was issued only a few weeks ago, was made by the Bureau of the Census. There are considerable differences among these studies. The Iron Age study gives New England and the adjacent New York and northern New Jersey markets a total finished steel consumption in the metalworking industries of almost 6,000,000 tons. The more recent study by the Census Bureau, which covers carbon steel only, cuts this total down to about 3,500,000 tons. To use the most conservative basis possible for estimating the market, I shall use the recently publish Census Bureau figures to determine whether there is a market sufficiently large to justify an integrated steel mill, but with the qualification that the census figures understate the size of the market.

Obviously an integrated mill cannot make all products. We therefore confine ourselves to carbon steel products which might be made economically in a moderate-size mill having approximately 1,125,000 tons of ingot capacity and a comfortable operating rate of about 850,000 tons of finished steel. The local market in which a New England mill would have a freight advantage consists of the New England States, eastern New York State, New York City, and the Newark-Jersey City area. This market, in which a New England mill located at New London could deliver steel cheaper than any present competing mill, is shown on the map labeled "Exhibit C," which is based upon a study by the division of traffic research of the New Haven Railroad.

The biggest item consumed by the metalworking industries in this market consists of flat-rolled products. According to the Census Bureau figures, nearly 1,100,000 tons of sheet and strip were consumed by the metalworking industries in this market in 1947. In addition, there were consumed in this market more than 300,000 tons of plates. This gives us a total of flat-rolled products of more than 1,400,000 tons or one and seven-tenths times the comfortable operating rate of a flat-rolled products mill in the territory in which the New England mill would enjoy a positive freight advantage over any competitor.

In addition to the local market, there is a market for flat-rolled products in Florida, Texas, and the Pacific coast which could be economically reached by back hauls of ships now delivering lumber, sulfur, fertilizer, cotton, and other products to New England. This coastal market in which a New England mill could compete uses 663,000 tons of sheet and strip and 472,000 tons of plate in its metalworking industries alone. There is available further an estimated market of 100,000 tons of silicon sheet and strip which might be made by the New England mill, and a total export market of 662,000 tons in countries bordering on the Atlantic Basin.

If there is any fear that even this tremendous market of over 3,250,000 tons of flat-rolled steel in the metalworking industries alone could not support a New England mill, it is worth indicating that one or more bar mills could be added to supply carbon steel bars to a market which totals 481,000 tons in New England and the adjacent New York-New Jersey territory and close to 800,000 tons if Florida, Texas, and the Pacific coast were added. A detailed description of these markets is presented in exhibit D.

It is worthy of note in connection with the market, first, that these figures represent considerable underestimate because customers buying less than 50 tons per annum are not included, as well as for the reasons stated on the first page of exhibit D, and second, that the New England part of this market is not only growing at faster than the national rate, but that the establishment of a new integrated steel mill, with consequent savings to consumers, could be expected to accelerate that growth rate. On the basis of the acceleration of the growth of the metalworking industries which occurred in the 1930's in the area served by the Sparrows Point mill, which was greatly expanded at the beginning of that period, it is possible to estimate that the New England market alone would grow by approximately 450,000 tons per year between now and 1960—that is, in the next 10 years. (See chart 3 of exhibit D.)

Further evidence of the size of this local market for a New England mill can be gained from exhibit E which shows the heavy concentration of the metalworking industry in New England, New York, and New Jersey. This area, which accounts for nearly 20 percent of the Nation's population and nearly one-quarter of its income, produces substantially more than these proportions of many metal products. For example, it accounts for 97 percent of those employed making typewriters, 88 percent of those in cutlery, 71 percent in textile machinery, 65 percent in nails and spikes, 57 percent in wiring devices and supplies, 51 percent in ball and roller bearings, 44 percent in wire drawing, 41 percent in radios and related products, 40 percent of the machine tools, 39 percent in blowers and fans, 37 percent in general industrial machinery, 36 percent in

special industrial machinery, and 34 percent in ship and boat building.

It is to be noted that this area does not have nearly the proportion of the automobile industry that its income and population would lead us to expect. It accounts for only 9 percent of the motor vehicle body and parts industry. It is also well short of its proportion of the heating and cooking appliance, boiler, and other industries using flat-rolled steel.

I submit that the establishment of an integrated steel mill in New England will result in a sizable expansion in some of these metalworking industries and that the growth potential in steel consumption of 450,000 tons per year within 10 years which I have referred to is not unrealistic.

It may be argued by some that the figures on total tonnage of steel consumed in this market disguise the great diversity of the market in the New England and adjacent territory. Careful explorations indicate that the diversity of this market is ably served by speciality steel mills and warehouses which buy the products of integrated mills and either further process and finish them or break them down into the small orders which the thousands of customers in the area require. In other words, a major market for an integrated New England mill would consist of the larger size orders placed by large consumers, speciality mills, and warehouses serving customers in the market area.

I believe that it is safe to conclude that there is sufficient market to justify the establishment of an integrated steel mill in New England, and that this market is of such a nature and has such a potential for growth that a New England mill of 1,250,000 tons of integrated capacity might find it desirable to expand after it had been in operation for a few years.

COSTS FOR A NEW ENGLAND MILL

Most of the members of the steel committee orginally were of the opinion that steel could not be made in an integrated steel mill in New England at competitive costs. At first sight the prospect for such a mill appeared discouraging. New England has neither iron ore nor coal or sufficient quality and in sufficient quantity to support an integrated mill. It is axiomatic that for an economic location for a steel mill it is necessary to satisfy two out of three requirements: coal, iron ore, and markets. Careful study by John E. Kelly, the committee's consultant, however, indicates that the physical location of iron ore and coal is less important than its economic location.

When he studied the possibilities of ocean transportation in large vessels of both iron ore and coal he found that we could obtain iron ore from Seven Islands, Quebec, the shipping point for Labrador ore, at an ocean transportation cost of slightly under $1 per gross ton, and that coal could be brought from Norfolk, the shipping point for southern West Virginia coal, for slightly over $1 per ton. In effect both coal and iron ore are economically closer to New England than they would be if there were deposits located within its territory only a few hundred miles apart. Further evidence of the economy of steel making on the coast is provided for the profitable operation of integrated mills both to the north at Sydney, Nova Scotia, and to the south at Sparrows Point, Md.

Some of the best coking coal in the country can be landed in New England in the types, qualities, and quantities used by an integrated mill at a delivered cost of no more than $10 per net ton. We find further that it is likely that we can obtain Labrador ore delivered in New England at $5.70 per gross ton, and that until the Labrador ore is available we can obtain Newfoundland ore currently being used to make steel in Nova Scotia and England at a landed cost of not over $6 per gross ton. Other sources of ore are also available at comparable costs. We believe that these delivered costs of raw materials would compare very favorably with those at Bethlehem Steel's Sparrows Point plant and would probably be somewhat lower than the costs at Pittsburgh. Admittedly our coal is a little more expensive, but Labrador ore would be cheaper and of a higher grade.

A third important raw material is scrap. Scrap is used for about 50 percent of the metal made in open-hearth furnaces, and about half of this 50 percent is purchased. In scrap, New England would have a decided advantage. New England is a surplus scrap-producing area. (See exhibit F.) In years of high activity like 1947 and 1948 it had a net shipment of scrap out of the territory of more than three-quarters of a million tons. An integrated steel mill of the size contemplated would take only about one-third of this excess supply of scrap and therefore New England would continue to be a surplus scrap-producing area. The present price structure for scrap would not be materially altered by the establishment of an integrated mill, and on the present price structure for scrap there would be a saving to a New England mill of about $7 a ton as compared with a Sparrows Point mill, of about $9 a ton as compared with a Buffalo mill, and of about $10 a ton as compared with a Pittsburgh mill. The reason for these savings is that the price of scrap in New England is worked back from the nearest buying mills to New England by deducting the freight costs to ship from New England to the nearest integrated steel mills.

There is an ample supply of limestone available in New England and in nearby New Brunswick, Canada, which could be delivered at the mill at costs in line with current costs at other producing centers. We estimate a delivered cost of $2 per ton.

We have made the most careful cost estimates possible using prices of raw materials mentioned earlier and conversion costs presently being realized by the most efficient units of the steel industry, units which we could duplicate and improve on in New England. Using Labrador ore and the other raw materials just described we estimate a cost of pig iron of under $24 per ton.

In a flat-rolled products mill making plates and hot and cold rolled sheet in a combination that would be supported by the market, we would have average costs of finished steel using Labrador ore at about $57 per ton. At today's prices we estimate conservatively that we would obtain an average selling price, or realization per ton, of approximately $90 on the combination of products which could be made and sold by a New England mill.

I am introducing in exhibit G the build-up of manufacturing costs and gross sales used in the pro forma profit and loss statements which I shall discuss later.

THE FINANCING PLAN

Before I discuss the profitability of the mill I should like to outline a financing plan which has been suggested for it. When various members of our committee first discussed this project with leading steel companies they were told that the principal difficulty in building a mill today would be the high construction costs and the difficulty of raising the money to build a mill at today's construction costs. We knew from the outset that an integrated mill built today would cost probably twice as much, or more than twice as much, as existing mills. From a bookkeeping point of view such high construction costs would impose a heavy burden upon the mill for depreciation, interest, and return on stockholders' capital.

To meet this problem a novel financing plan has been suggested. I mention it here and I use it in the calculations of the profitability of the mill not necessarily because the steel committee advocates it, but as an indication of how far New England might be willing to go in cooperation with an established steel company to assist that company to set up an integrated mill in New England. This financing plan has been endorsed by four of New England's governors in principle, but whether it could be established in practice would depend upon whether suitable arrangements could be made between a steel company and one of the States in New England. Our committee has offered its assistance to any company wishing to enter into such negotiations.

The financing plan involves the use of a State authority similar to authorities now in operation in various parts of the country in the field of housing, ports, airports, and turnpikes. A large part of the financing—in our example we have used two-thirds—would be done by a State steel authority. The steel authority would for all practical purposes own the steel mill built to the specifications of the steel company and would lease the mill to a New England steel corporation. The New England steel corporation would obligate itself to pay a rental to the steel authority which would cover interest and amortization. The New England steel corporation on its part would put up approximately one-third of the cost, an amount which would supply working capital and certain equipment and so would have a substantial investment in the project on its own account. In our example we have assumed that the steel corporation would have an investment of $80,000,000 out of a total capital investment of $240,000,000.

I should like to repeat again that this example merely works out in terms of figures a proposal which has been widely discussed and does not purport to represent what might actually be used because that is a matter that can be determined only by negotiations between the steel company interested in building a New England mill and the State interested in setting up a steel authority. The plan is analogous to the sale and lease-back arrangement now widely employed by life-insurance companies, with the difference that a State steel authority stands in the place of the life-insurance company.

PROFITABILITY OF AN INTEGRATED NEW ENGLAND STEEL MILL

The estimates of profits of a New England steel mill are based upon the following assumptions:

1. That the mill could be built for $240,000,000, including working capital;

2. That $160,000,000 of this total would represent investment by a State steel authority which could raise this sum by borrowing at an average rate of 1¾ percent;

3. That $80,000,000 represents an equity investment in a New England mill, one-half of which would be supplied by an established steel company and one-half by the public;

4. That the New England steel corporation would pay a rental on the plant owned by the State steel authority which would cover interest at 1¾ percent and which would amortize the authority's investment over a period of 25 years, amortization being at a rate which varies with operations. (See exhibit H.)

For the purpose of measuring the performance of this mill we have set up pro forma profit and loss statements for 10 years which cover operations from 70 percent of ingot capacity to 100 percent of ingot capacity, and which average 82 percent over the 10-year period. (See exhibit I.) This average operating rate is slightly better than the industry average over the last 36 years and is, we feel, justified by the fact that a flat-rolled products mill is not subject to such wide fluctuations in operation as the

average mill in the industry, and by the further fact that mills in deficit steel producing areas show a better operating rate than the average. This judgment has been confirmed by operating steel company executives.

On the basis of these assumptions, using today's costs and prices, the mill would be profitable. Using the 10-year average figures, on the basis of gross sales of slightly more than $69,000,000 per year, the mill would have a manufacturing profit of $25,354,000, would take as much for general administrative and selling expenses as comparable mills, would pay a rental which covers interest and amortization on the authority's investment, would charge as much depreciation as comparable mills now charge, would pay its property taxes and its Federal and State income taxes, and would average over the 10-year period a net profit after taxes of $6,260,000 per year.

Over the 10 years of operations, this profit would provide an average return of 7.8 percent on its stockholders' investment and 9.1 percent on sales. It should be noted that because of the rapid amortization, the return on stockholders' investment improves with the passage of time under the conditions assumed. None of these figures includes a profit of approximately $500,000 per year which could be realized from the sale of by-products.

Twenty-five years is a conservative period for amortizing such a new mill. Obviously, the mill would be more profitable with a longer amortization period. For example, if 50 years were used instead of 25 and interest averaged 2 percent (because longer-term securities would be used), other conditions being the same, the average return on stockholders' investment would be 9.9 percent and that on sales would be 11.4 percent. Whether a longer period than 25 years might be used would depend upon the extent to which the State desiring the mill wished to depart from conventional financial practices to serve the purpose of stimulating employment and income, reducing its relief and social service cost, or other public purposes.

It would appear from these calculations, using the somewhat novel financing plan that has been suggested, that a New England mill could be operated profitably. We believe that the suggested financing plan answers the argument earlier advanced by representatives of the industry that it would be almost impossible to obtain the money to build the mill, or if the money were obtained that the mill could not be profitable at today's construction costs.

WHY HASN'T THE STEEL INDUSTRY BUILT A NEW ENGLAND MILL?

It may reasonably be asked, if the mill would be as profitable as we have estimated it to be, Why hasn't some steel company come forward and entered into negotiations to finance and build the mill along the lines that have been suggested? We have talked to a number of steel companies about this possibility. We have as yet not covered in our conversations all the companies that might be interested in the mill. Such conversations as we have had have been conducted in a businesslike way, in confidence and without publicity. I would be violating our own pledge of confidence if I were to disclose the names of the companies that we have talked with and the individual reactions that they have had to our proposal. In view of the fact that we are currently carrying on conversations with some companies and intend to carry on conversations with others, I should not like to jeopardize our excellent chances of obtaining this mill by disclosing confidential information. However, I do think it is both safe and proper to make certain generalizations regarding the reactions of the companies with whom we have talked.

Our conversions have been guided by the principle that any company that might be interested in a New England mill should be willing to put up a substantial investment. We have suggested that an established steel company should put up $40,000,000 to $50,000,000 of its own money. Obviously there are not many steel companies in the country that have $40,000,000 or $50,000,000 in cash or could raise that much in today's capital market.

The reactions of the companies that we have talked to follow a similar pattern. These companies have for many years been planning their modernization and expansion programs. Most appear to have them well under way or nearing completion. It should be realized that discovery of the Labrador ore is a new development. It became generally known only in the summer of 1948. It represented a factor which, I believe, had not been taken into account in the modernization and expansion programs of most companies in the industry.

Evidence that we have indicates that the steel industry has a certain amount of difficulty in raising the money required for carrying out its own long-planned modernization and expansion programs. Consider the alternatives faced by the companies with whom we have talked. They are already committed to heavy programs of capital investment to improve the competitive position of their existing mills. In some cases we found that the companies were hard pressed to raise enough money to complete their existing modernization and expansion programs. The expenditure of $50,000,000 to complete their own program might save a stockholders' investment of $300,000,000 to $600,000,000 when competition becomes tough again. If they were to divert $50,000,000 to a New England mill, regardless of its profitability, they might be sacrificing or endangering the interest of their stockholders in their existing properties.

We are convinced, gentlemen, that it is not the lack of profitability of a New England mill which has deterred the companies with whom we have talked from bringing a mill into this area. One major stumbling block has been the lack of free capital to take advantage of the opportunity.

In addition to this obstacle, however, there is considerable evidence of another stumbling block. The companies that we have talked to have generally been fairly large. Each has had to consider in its calculation whether in establishing a New England mill it would not be competing with its other operations. The competition would be both direct and indirect. First, to the extent that they were now selling steel in New England and the adjacent market from other mills of their own company, they would be cutting their own mills out of the market. More important than that, however, has been the consideration of indirect competition. They have been selling to large customers located in the territory adjacent to their present mills. They realize that the establishment of an integrated steel mill in New England to serve one of the richest market areas in the country, accounting as it does for nearly one-quarter of the Nation's income, would offer a strong magnet to some of their customers to establish fabricating facilities in the territory adjacent to the New England mill, or to expand fabricating facilities already located there. They would therefore face the possibility of losing sales to customers in the territory of their present mills by establishing a New England mill. That possibility, looked at from our side, is part of our opportunity.

I believe that these have been the major considerations involved in the decisions made by some of the companies to whom we have talked not to participate in the New England venture. I state these conclusions not in criticism, but simply as my own best understanding of the facts. I state them the more readily because prospects of success in our search are still very good.

THE CONSUMERS' STAKE IN MILL LOCATION

The major reason why steel companies do not have the capital available both to modernize their own facilities and to enter into ventures like the New England steel mill is that they have made inadequate provision for depreciation through no fault of their own. The other side of the argument, which I mentioned earlier, that steel companies had made to us to the effect that construction costs were too high today to justify a new mill, is the fact that existing plants in the steel industry in most cases are carried on the books at preinflation costs and are depreciated on the basis of these original costs. Conditions not of the industry's making or of our making have raised enormously the cost of building or replacing steel-mill facilities. The industry has been and is currently modernizing—and that is another word for replacing—its facilities. It has not obtained enough from its depreciation allowances to carry out its modernization (replacement) program. It is therefore forced, I believe, to charge consumers in the price of steel an amount sufficient to permit it to raise the funds necessary to carry out a considerable part of this modernization (replacement) program.

Now, from an economic point of view, provision should have been made in the past for funds with which to replace or modernize facilities. The consumers of the past should have financed today's modernization program. Instead, the consumers of today and of the future must finance these modernization programs. Solely upon my own responsibility, I should like to raise this question. If consumers, through circumstances not of their own making and in fact through circumstances largely beyond the control of all of us, are in effect financing a very large part of the steel industry's modernization and expansion program, should not the consumers of steel have a considerable voice in where the money for that modernization and expansion program is spent? Spending money derived from retained earnings—which in turn were derived from the prices at which steel is sold—for the purpose primarily of protecting past investments in what may be uneconomic locations, can hardly be considered to be rewarding to the consumer who puts up the money in the form of the higher prices that he pays for steel. If steel consumers in our territory were paying higher prices for steel today and could foresee in the future the establishment of a mill in their territory which would save them in freight the amounts that I indicated earlier—$5 to $9 a ton and more—then I think that they would feel that the sacrifice that they were making by paying the higher prices for steel would be rewarded later. They could see cheaper steel in the future in return for more expensive steel today. But as matters now stand and as they will remain until a New England mill is established, they simply see higher prices for steel today and the prospect that in the future they will either have to move or go out of business. Consumers have no voice in the decisions as to where these sums will be spent which are being raised by virtue of higher prices. It is for that reason that I welcome this opportunity to present to this committee this statement of the facts as we see them. If our opportunity to participate in the economic growth of the Nation in which this committee is interested is jeopardized by decisions with respect to steel prices and steel plant location, then I think that our situation becomes a matter of public concern.

I should like to conclude with a few words about this movement for a New England steel mill. In some quarters our effort has been characterized as a political campaign

to obtain something that was economically unjustified. I should like to introduce two exhibits which I think will prove the contrary. One, exhibit J, is a list of the names of the members of the New England council's steel committee. The men on this committee, like all New England council members, are doing what they believe to be a public service for the region in which they live and have their businesses. They can hardly be called promoters because so far as I know none of them is expecting to make a promoter's profit out of the establishment of a New England mill. They are not paid for their work on this committee. They certainly cannot be called politicians because all but one hold no political office and the one who does was elected to a political office after he became interested in this project, and he was elected, by the way, on the Republican ticket. The second exhibit (exhibit K) is a chronology of the development of the New England steel project. It began in 1946. None of the money that has been spent on it so far consists of public funds. It is a privately financed undertaking. In view of the importance of this project to the future growth and prosperity of our region, it should not be at all surprising to find that holders of political office in and from New England support the movement, and I am glad that they do.

Let me finish by making a small observation about New England's present economic position. Our region over the years has made great contributions of men, talent, capital, and taxes to develop other areas of the country. We have even contributed whole factories to the less industrialized parts of the country. We have not made all these contributions happily, but we have made them. In seeking an integrated steel mill we are not seeking to take anything away from any other region but only to take advantage of a new opportunity available to us, an opportunity which may help us to lay a firm foundation for our further economic development. If we are to have an expanding economy in this country, each region must take advantage of the opportunities available to it. We are trying to do that in New England. If we are to have satisfactory international economic relations, each region and each area of the country must take advantage of those opportunities available to it to use profitably and efficiently those goods which it can obtain more cheaply abroad than it can obtain at home. In seeking an integrated steel mill, therefore, the New England Council's Steel Committee is trying to do its bit to insure an expanding and prosperous economy in the Nation and to improve our international economic relations. Its motives, gentlemen, are not parochial and selfish. Its purposes, as I understand them, are the same as those of your committee.

I appreciate your time and attention.

Iron and steel freight rates

To—	From Pittsburgh, Pa.		From Sparrows Point, Md.		From Buffalo, N. Y.		From New London, Conn.	
	Cents per 100 pounds	Dollars per ton	Cents per 100 pounds	Dollars per ton	Cents per 100 pounds	Dollars per ton	Cents per 100 pounds	Dollars per ton
Bridgeport, Conn	68	13.60	48	9.60	61	12.20	28	5.60
New Haven, Conn	68	13.60	51	10.20	61	12.20	24	4.80
Springfield, Mass	72	14.40	54	10.80	58	11.60	32	6.40
Worcester, Mass	75	15.00	58	11.60	62	12.40	29	5.80
Providence, R. I	76	15.20	61	12.20	67	13.40	25	5.00
Boston, Mass	76	15.20	62	12.40	63	12.60	34	6.80
Hartford, Conn	70	14.00	53	10.60	61	12.20	25	5.00
Portland, Maine	80	16.00	70	14.00	70	14.00	44	8.80
Manchester, N. H	76	15.20	63	12.60	63	12.60	40	8.00
Newark-Jersey City	62	12.40	42	8.40	58	11.60	40	8.00
New York City lighterage	62	12.40	42	8.40	58	11.60	40	8.00
New York Harlem River							36	7.20

Source: Tariffs No. P. RR.-ICC-2820; P. RR.-ICC-2334; P. RR.-ICC-2299.
Courtesy New York, New Haven & Hartford Railroad Co., freight rate department.

TYPICAL EXAMPLES OF HARDSHIP DUE TO THE PRESENT NEW ENGLAND STEEL SUPPLY SITUATION

(Confidential memorandum prepared by Charles Kellogg, New England Council)

(Listed below, without company names or other identifying information, are typical cases reflecting the disadvantageous position in which existing New England plants find themselves with reference to the cost and delivery factors of their chief raw material, steel.)

1. The president of a drop-forging company, employing 1,500, whose products are sold throughout an area extending at least as far west as Chicago, stated recently that his board of directors is giving continuing consideration to abandoning their two existing plants in New England with a view to moving to Ohio. This man stated that since the abandonment of the basing-point pricing system, his company has paid $487,000 for inward transportation of hot-rolled carbon bars, and outward transportation of completed forgings and finished machined products. A large part of his market is in the Detroit area. He further stated that delivery schedules of raw materials, almost entirely steel, were unsatisfactory and made production control difficult. On top of the above figure of $487,000, this company's president had determined that another $300,000 additional cost resulted largely from their present location, with respect to distance from their markets.

In discussing the possible establishment of a New England steel mill, he stated that such an achievement would constitute an event of the greatest importance to his company, and that he was wholly in favor of the New England steel mill. He has expressed his company's interest by a substantial contribution to the financing of the council's endeavors.

2. The manager of the New England division of a large national concern, with several plants, employing over 8,000 workers, expressed great enthusiasm for the development of steel-production facilities in New England. He put it this way: "Now, we're at the end of the line; we have to ship all our raw materials in, manufacture it, and then ship the products back. If a New England steel mill is built, our company will undoubtedly be able to continue in New England. If not, we will have to move much nearer the center of our Nation. I don't favor such a move, and yet our costs are so high here that we might have to abandon all our New England plants."

3. The president and principal owner of a screw machine products company making screws, nuts, bolts, and rivets, and employing 650 people, said that he figures it costs him $105,000 more to conduct his present business where it is now located than if he conducted the identical business in Indiana. He stated that he has made comprehensive studies of what would be required to move his machinery and equipment out of New England, and that, together with the cost of building a new plant, the total cost would be so high that, from a dollar-and-cents point of view, it would be better to liquidate his business completely.

4. The president and general manager of a company making metal stampings and automobile accessories and employing 800 people directly, is also president of another company whose products are iron castings, electric steel castings, and carbon alloy castings, capitalized at more than $1,000,000 and employs 750 people. He states that the present delivered cost of steel and iron is so high as to seriously endanger a profitable operation. Some months ago this man said that in all probability within 2 years he would have to move the operations of the first-mentioned company to the Middle West in order to keep the business healthy.

5. The president of a company employing 3,500 workers whose products include a wide range of electrical and nonelectrical household appliances, thermos bottles, cutlery products and others, stated that his concern annually consumes in excess of 10,000 tons of sheet and strip steel, steel castings, and iron. While giving no specific estimate of the additional cost of conducting their present business in New England, this man expressed serious interest in and support of the New England Council's drive to bring about the establishment of a local steel mill. He said that the local availability of iron and steel would mean a great deal to his concern because of considerably lower inward transportation charges.

6. The treasurer of a machinery manufacturing concern with 6 plants in 5 of the New England States, capitalized at more than $30,000,000, and employing 6,125 workers, stated that although the company intends to stay in New England, he feels that any future expansion will be made in other parts of the country because their raw materials—iron and steel—cost so much in New England. As an example of this company's thinking, the treasurer, who happens in this case to be the top executive, stated that they had at one time seriously considered the purchase of an existing blast furnace in eastern Massachusetts in order to try to reduce their raw-material cost. Like the companies mentioned above, this concern has contributed financially to the special steel fund of the council.

7. The plant manager of one unit of an international concern, making a wide range of heavy industrial equipment and tools, stated that he was very much in favor of the establishment of an integrated steel plant anywhere in New England as it would undoubtedly benefit their New England plant.

From other sources, the writer has been told that this plant's location is at present probably uneconomic because of its distance from both its raw material supply and the other plants of the same company for which it makes component parts. This plant is one of northern New England's largest iron and steel consuming units. It employs 1,000 workers, in a community with only 6 other small manufacturing industries, and having a total population of about 15,000.

8. Although not directly comparable, the following case may be pertinent. The eastern division of a national steel company has three fabricating plants in New England and employs more than 4,000 people. These plants make a wide variety of parts as follows: steel rods and wire, high and low carbon rods, wire screening, poultry netting, perforated metals, card clothing, industrial wire cloth, nails and brads, springs, link fence, wire rope, electric welded fabrics, and heavy hardware. The New England manager for this company stated that for extremely adverse labor conditions in his company's plants elsewhere and because conversely the economic climate in New England was so

much more favorable, the company was considering abandonment or sale of its other properties, and substantial expansion of its New England operations.

In discussing the integrated steel mill proposal with this representative of the New England council, their man stated that if a steel mill were built in New England it would in all probability help this company substantially to expand in New England.

9. The vice president of a metal stamping company employing 400 advises that it uses from 2,500 to 5,000 tons of steel per year, and that on this they are paying $10 per ton more in freight alone than they would have to pay if there were a mill in New England within 100 miles. This means an extra cost to them of $25,000 to $50,000 per year.

If they could save a difference like this they say that they could get more orders, offer additional jobs, and show great savings to their customers.

10. A textile machinery company employing 2,500 and using about 2,500 tons of steel annually states that it is paying close to $10 per ton more for steel than it would have to pay if there were an integrated mill in New England.

11. A hardware concern employing 1,000 says that if a steel mill comes to New England, it will stay in business. Otherwise, this company will close or move. It buys over a million dollars' worth of steel per year now and can hardly break even. It expects to expand if a steel mill is established in New England.

12. A chain manufacturing company employing 750 uses about 50,000 tons of steel per year. It estimates its present freight disadvantage on steel at $10 per ton.

MARKET FOR A NEW ENGLAND STEEL MILL

More than 3,400,000 tons of carbon-steel sheets, strip, plates, and bars, and silicon-steel sheets and strip were consumed in 1947 by the metalworking industries in the market areas of the United States most readily accessible from a deep-water New England steel mill. (See attached table I.) The total of 3,400,000 tons does not include exports or use in construction, mining, farms, public utilities, railroads, governmental units, and other nonmanufacturing uses.

Almost 3,000,000 tons of that total were in bars and in those flat-rolled products which could be made by a New England mill whose plate-making facilities were limited to sizes and gages which could be produced by a sheet mill.

Other prospective markets for the products of a New England steel mill would increase the total:

1. Direct sales to customers in the nonmetalworking industries, such as railroads, utilities, mines, farms, construction, governmental units, and the oil industry. (Consumption of this type is not included in our figures.)

2. Sales to specialty steel mills in the market area for finishing and delivery to customers outside the market area.

3. Domestic markets in which a New England mill would not have a natural advantage, but where salesmanship and customer relationships would produce sales.

4. Export sales to eastern Canada and maritime provinces, to Central and South American, to Africa, and to other areas. (See tables II and III.)

5. Growth of the metalworking industries in New England and the other natural market areas, as a result of—

(a) Normal growth of the sort which has taken place in New England during the past 20 years.

(b) The extra growth which would result from the more rapid expansion of existing metalworking plants and the more rapid establishment of new plants after enlargement of the area's steel-making capacity. (See charts II and III.)

Since the New England area would still be a net importer of steel, the operating rate of a New England mill would tend to be higher and somewhat more stable than that of a steel-exporting area. (See chart IV for the operating records of other areas during periods of depression or recession.)

Consumption of steel mill shapes and forms in metalworking industries, 1947

	Tons
Maine	70,968
New Hampshire	32,332
Vermont	18,433
Massachusetts	764,498
Rhode Island	64,321
Connecticut	534,083
New York City [1]	794,599
Newark-Jersey City [1]	933,659
Utica and Albany [1]	258,628
Export from New York (1946)	1,179,359
Total	4,660,880

[1] Industrial area.

Sources: Steel consumption—Census of Manufactures, 1947; exports—Annual Report of the Chief of Engineers, U. S. Army, Pt. 2, 1947.

TABLE I.—*Market in the metalworking industries for selected products of a New England steel mill*

[In thousands of tons]

Market area	1947 consumption by the metalworking industries,[1] selected carbon-steel products			
	Total	Sheet and strip	Plates	Bars
Connecticut	329	223	20	86
Maine	23	4	7	12
Massachusetts	445	239	64	142
New Hampshire	23	15	3	5
Rhode Island	36	9	4	23
Vermont	11	3	2	6
Total, New England	867	494	100	273
New York City [2]	464	309	58	97
Newark-Jersey City [2]	397	215	100	82
Albany [2]	120	33	67	20
Utica [2]	58	42	7	9
Total, New England and adjacent	1,906	1,093	332	481
Florida	40	16	17	7
Texas	419	185	133	101
Pacific coast	954	432	323	199
Total, accessible market—(carbon-steel products)	3,318	1,726	804	788
Additional market for silicon steel sheet and strip in and adjacent to New England [3]	100	-------	-------	------
Total for products and markets listed above	3,418	-------	-------	------

[1] Does not include consumption of specialty steel mills in the market areas indicated except to the extent that their products are consumed by other metalworking industries in these areas.

[2] State totals allocated to market areas within the States, based on Iron Age study and Senate Small Business Committee Report, Changes in the Distribution of Steel, 1940–47.

[3] Minimum estimate. Geographical break-down not available.

NOTE.—Detail may not add to totals because of rounding.

Source: Census of Manufactures, 1947.

TABLE II.—*Exports of selected carbon-steel products from the United States by area of destination, 1948*

[In thousands of tons]

Area of destination	Total selected products	Hot-rolled and cold-rolled sheets [1]	Hot-rolled strip	Plates [2]
Canada and Newfoundland	256	167	33	56
Europe	236	48	6	182
South America	99	60	9	30
Central America and Caribbean	40	21	2	17
Africa	31	26	1	3
Total, Atlantic Basin area	662	322	51	289
All other areas	72	49	3	20
Total, all areas	734	371	54	309

[1] Does not include galvanized sheets.

[2] Other than boiler plate of which 29,000 tons were exported in 1948.

NOTE.—Detail may not add to totals because of rounding.

Source: U. S. Bureau of the Census.

TABLE III.—*Proportion of United States production exported—selected steel products, 1936–48*

[Quantities in thousands of tons]

PLATES

Year	Production	Exports	Percent exported
1948	[1] 7,000	309	4.4
1947	6,746	530	7.9
1946	4,434	471	10.6
1945	7,246	188	2.6
1944	13,123	306	2.3
1943	13,119	686	5.2
1942	11,800	403	3.4
1941	6,200	384	6.2
1940	4,323	602	13.9
1939	3,102	261	8.4
1938	1,920	224	11.7
1937	3,632	412	11.3
1936	2,830	99	3.5

SHEETS (HOT-ROLLED AND COLD-ROLLED)

1948	[1] 16,800	371	2.2
1947	16,451	569	3.5
1946	11,889	483	4.1
1945	12,068	742	6.2
1944	10,339	781	7.6
1943	9,403	700	7.4
1942	9,199	795	8.6
1941	13,603	429	3.2
1940	11,706	477	4.1
1939	10,032	269	2.7
1938	5,795	205	3.5
1937	8,780	286	3.3
1936	7,835	140	1.8

STRIP (HOT-ROLLED)

1948	[1] 3,300	54	1.6
1947	3,027	107	3.5
1946	2,466	84	3.4
1945	2,543	85	3.3
1944	2,593	126	4.9
1943	2,125	105	4.9
1942	1,901	93	4.9
1941	2,540	[2]	----------
1940	2,078	[2]	----------
1939	1,827	[2]	----------
1938	1,154	[2]	----------
1937	3,243	[2]	----------
1936	3,612	[2]	----------

[1] 1948 production approximate.

[2] Not available.

Source: Metal Statistics.

(Chart I omitted.)

CHART II. THE EFFECT OF EXPANDED LOCAL STEEL-MAKING CAPACITY [1] UPON THE METAL-WORKING INDUSTRIES

Percentage of total United States employment in the principal metalworking industries in Maryland and the Philadelphia industrial area [2] 1929 and 1939

	Percent
1929	3.95
1939	5.31

Percentage of total United States employment in leading metalworking industries in Maryland [2] 1919–39

	Percent
1919	1.12
1921	1.38
1923	1.21
1925	1.34
1927	1.30
1929	1.24
1931	1.54
1933	1.53
1935	1.27
1937	1.36
1939	1.51

[1] From 1930 to 1938 the steel-making capacity of Bethlehem's Sparrows Point mill was increased by 1,360,000 tons. The Sparrows Point proportion of total United States capacity increased from 2.7 percent to 4.1 percent. Between 1920 and 1930 the capacity at Sparrows Point had increased from 2.1 percent to 2.7 percent of United States capacity. (Source: American Iron and Steel Institute.)

[2] Slightly different groups of industries have been used in the two comparisons because of changes in census classifications and incomplete data. The differences do not affect the general pattern of the data.

Source: U. S. Bureau of the Census.

(Chart III omitted.)

The trend of ferrous metal receipts in New England during the last 20 years has been to increase at a rate of about 1.5 percent a year. The upward trend in the United States as a whole has been at a rate of about 1 percent a year. New England's proportion of metal receipts has grown.

A continuation of the past trend of normal growth would produce an average annual increase of approximately 14,000 tons in the New England consumption of the products mentioned above. By 1960 the consumption trend for these items would have increased by 182,000 tons.

The increased capacity of the Sparrows Point mill of the Bethlehem Steel Co. during the 1930's contributed to a greater growth of the metalworking industries in the Baltimore and Philadelphia industrial areas than in the country as a whole (chart II). The growth trend for steel consumption in these areas from 1929 to 1939 was apparently about 4 percent a year—3 percent above the national average.

The establishment of a steel mill in New England would stimulate extra growth of the metalworking industries in the region through both extra expansion by existing firms and the more rapid establishment of new firms. If the extra increase were 3 percent a year, which is the maximum that could reasonably be expected, the consumption trend for the specified items would increase by 42,000 tons a year. By 1960 the trend would have increased by 546,000 tons.

The lines plotted above show the maximum and minimum growth trends for the New England metalworking market for these products. The most probable trend which would accompany a new mill would lie somewhere between the maximum and minimum lines.

Actual consumption would fluctuate above and below the trend as industrial activity varied over the business cycle, just as it has in the past.

(Chart IV omitted.)

Tons of scrap iron and steel originated and terminated in New England

[Carload traffic, 1940–49]

Year	Tons originated	Tons terminated	Net railroad tons outflow	Year	Tons originated	Tons terminated	Net railroad tons outflow
1940	525,374	238,989	286,385	1948	1,059,077	289,749	769,328
1941	689,122	220,421	468,701	First quarter	199,566	63,432	136,134
1942	1,093,303	257,226	836,167	Second quarter	296,787	80,595	216,192
1943	1,060,606	232,618	827,988	Third quarter	256,572	73,315	183,257
1944	915,740	174,870	740,870	Fourth quarter	306,152	72,407	233,745
1945	896,153	180,796	715,357	1949:			
1946	698,580	187,891	510,689	First quarter	262,348	88,286	174,062
1947	1,043,550	253,830	789,720	Second quarter	123,980	49,870	74,110

Source: Interstate Commerce Commission, Bureau of Transport Economics and Statistics; Research and Statistics Department, Federal Reserve Bank of Boston.

Number of persons employed in major steel-consuming industries in New England, New York, and New Jersey in 1947

Industry	New England		New England, New York and New Jersey		United States	
	Number of employees	Percent of United States total	Number of employees	Percent of United States total	Number of employees	Percent of total
Motor-vehicle bodies and parts	5,690	0.9	57,467	8.8	653,160	100
Aircraft and aircraft engines	26,732	13.6	49,325	25.1	196,878	100
Radios and related products	17,946	10.0	73,366	41.1	178,595	100
Ship and boat building	12,051	8.1	50,528	33.8	149,655	100
Metal stampings	10,578	8.0	26,263	19.9	132,011	100
Refrigeration machinery	6,183	4.8	15,386	11.9	129,290	100
Motors and generators	9,281	7.3	29,039	22.9	127,012	100
Heating and cooking appliances, n. e. c.	4,014	3.6	15,484	14.0	110,475	100
Cutting tools, jigs, fixtures, etc.	17,914	20.2	25,140	28.3	88,898	100
Valves and fittings	8,556	10.7	14,011	17.5	80,075	100
Structural and ornamental products	2,318	2.9	12,433	15.6	79,678	100
Hardware, n. e. c.	21,794	28.5	31,452	41.1	76,537	100
Electrical control apparatus	5,208	7.2	18,814	26.0	72,330	100
Machine tools	23,146	32.8	28,646	40.5	70,657	100
Boiler shop products	2,531	3.7	7,608	11.0	68,979	100
Special-industry machinery, n. e. c.	12,621	18.5	24,224	35.6	68,063	100
Machine shops	4,788	8.2	11,730	20.2	58,160	100
Wirework, n. e. c.	5,810	10.2	14,127	24.9	56,842	100
Wire drawing	11,958	21.7	24,089	43.7	55,079	100
Metalworking machinery, n. e. c.	3,827	7.0	13,839	25.2	54,988	100
Textile machinery	33,430	62.4	37,999	70.9	53,583	100
Ball and roller bearings	19,456	37.3	26,529	50.9	52,174	100
Bolts, nuts, washers, and rivets	11,157	22.7	14,633	29.7	49,235	100
Tin cans and other tinware	1,070	2.3	9,295	19.8	46,890	100
Electrical appliances	8,561	19.3	11,382	25.7	44,371	100
Sheet-metal work	2,172	5.1	9,143	21.4	42,643	100
Wiring devices and supplies	11,319	29.5	21,995	57.3	38,367	100
Iron and steel forgings	3,036	8.3	6,005	16.4	36,724	100
Transformers	10,645	29.1	13,869	37.9	36,635	100
Hand tools, n. e. c.	7,851	22.0	13,983	39.2	35,668	100
General industrial machinery, n. e. c.	4,927	14.3	12,805	37.3	34,335	100
Screw-machine products	4,363	15.3	7,522	26.4	28,492	100
Typewriters	12,859	48.3	25,802	97.0	26,604	100
Primary metal industries, n. e. c.	2,001	9.0	5,597	25.3	22,135	100
Cutlery	8,444	41.7	17,816	88.0	20,248	100
Motorcycles and bicycles	2,598	16.6	3,747	24.0	15,615	100
Blowers and fans	3,721	25.2	5,789	39.1	14,794	100
Edge tools	2,887	32.7	3,423	38.8	8,828	100
Nails and spikes	2,188	57.5	2,463	64.7	3,805	100
Total	365,631	11.7	792,768	25.4	3,118,517	100
Population, 1947	9,139,000	6.4	27,931,000	19.5	143,414,000	100
Income payments to individuals, 1947	$12,943,000,000	6.8	$44,819,000,000	23.7	$189,212,000,000	100

Source: Census of Manufactures, 1947.

Manufacturing profit for a New England steel mill—case II—using Labrador ore; selling prices at levels of Jan. 3, 1950

[Based on operation at 85 to 90 percent of ingot capacity]

Product	Per ton			Monthly			Annual		
	Estimated cost	Estimated selling price [1]	Estimated manufacturing profit	Tons	Gross sales	Manufacturing profit	Tons	Gross sales	Manufacturing profit
Plates	$52.80	$78.00	$25.20	5,000	$390,000	$126,000	60,000	$4,680,000	$1,512,000
Hot-rolled sheets	53.80	82.00	28.20	25,000	2,050,000	705,000	300,000	24,600,000	8,460,000
Cold-rolled sheets	59.80	97.00	37.20	40,000	3,880,000	1,488,000	480,000	46,560,000	17,856,000
Total	57.16	90.29	33.13	70,000	6,320,000	2,319,000	840,000	75,840,000	[2] 27,828,000

[1] On basis of 20 percent heat-treated steel.

[2] Does not include estimated net profit of $500,000 on sale of byproducts.

Percentage of manufacturing profit to sales—36.7 percent.

Schedule of rental payments for a New England steel mill

[Based on $160,000,000 debt to Authority at 1¾ percent average interest and 25-year amortization at variable rate [1]]

Year	Principal beginning of year	1¾ percent interest on outstanding principal	Amortization			Total rental	Principal end of year
			Operating rate	Percent	Amount		
First	$160,000,000	$2,800,000	(70)	3.0	$4,800,000	$7,600,000	$155,200,000
Second	155,200,000	2,716,000	(80)	4.0	6,400,000	9,116,000	148,800,000
Third	148,800,000	2,604,000	(90)	5.0	8,000,000	10,604,000	140,800,000
Fourth	140,800,000	2,464,000	(100)	6.0	9,600,000	12,064,000	131,200,000
Fifth	131,200,000	2,296,000	(90)	5.0	8,000,000	10,296,000	123,200,000
Sixth	123,200,000	2,156,000	(80)	4.0	6,400,000	8,556,000	116,800,000
Seventh	116,800,000	2,044,000	(70)	3.0	4,800,000	6,844,000	112,000,000
Eighth	112,000,000	1,960,000	(70)	3.0	4,800,000	6,760,000	107,200,000
Ninth	107,200,000	1,876,000	(80)	4.0	6,400,000	8,276,000	100,800,000
Tenth	100,800,000	1,764,000	(90)	5.0	8,000,000	9,764,000	92,800,000
10-year average		2,268,000	(82)	4.2	6,720,000	8,988,000	

[1] Rates for 25-year amortization (on initial principal): Ingot rate 91-100, 6 percent; ingot rate 81-90, 5 percent; ingot rate 71-80, 4 percent (normal, based on 36-year industry rate); ingot rate 61-70, 3 percent; ingot rate 0-60, 2 percent.

Reduction of principal in 10 years—$67,200,000. At that rate, principal retirement in 24 years.

Net profit for New England steel mill using Labrador ore; selling prices at levels of Jan. 3, 1950, first 10 years at assumed ingot rates

[Dollars in thousands]

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-year average
Assumed ingot rate (on 1,250,000-ton capacity)	70	80	90	100	90	80	70	70	80	90	82
Gross sales	$58,990	$67,410	$75,840	$84,270	$75,840	$67,410	$58,990	$58,990	$67,410	$75,840	$69,099
Manufacturing cost	37,346	42,674	48,012	53,350	48,012	42,674	37,346	37,346	42,674	48,012	43,745
Manufacturing profit	21,644	24,736	27,828	30,920	27,828	24,736	21,644	21,644	24,736	27,828	25,354
Less:											
G. a. and s.[1]	2,065	2,191	2,275	2,528	2,275	2,191	2,065	2,065	2,191	2,275	2,212
Rental (interest [1¾ percent] and amortization)	7,600	9,116	10,604	12,064	10,296	8,556	6,844	6,760	8,276	9,764	8,988
Depreciation [2]	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437	3,437
Property taxes [3]	240	240	240	240	240	240	240	240	240	240	240
Total	13,342	14,984	16,556	18,269	16,248	14,424	12,586	12,502	14,144	15,716	14,877
Net profit before taxes	8,302	9,752	11,272	12,651	11,580	10,312	9,058	9,142	10,592	12,112	10,477
Federal income tax (38 percent)	3,155	3,706	4,283	4,807	4,400	3,919	3,442	3,474	4,025	4,603	3,981
State income tax [4]	187	219	254	285	261	232	204	206	238	273	236
Total income taxes	3,342	3,925	4,537	5,092	4,661	4,151	3,646	3,680	4,263	4,876	4,217
Net profit after taxes	4,960	5,827	6,735	7,559	6,919	6,161	5,412	5,462	6,329	7,236	6,260
Net return on stockholders' investment ($80,000,000) percent	6.2	7.3	8.4	9.4	8.6	7.7	6.8	6.8	7.9	9.0	7.8
Net profit (after taxes) to sales percent	8.4	8.6	8.9	9.0	9.1	9.1	9.2	9.3	9.4	9.5	9.1
Net profit (after taxes) per ton of finished products	$7.59	$7.80	$8.02	$8.10	$8.24	$8.25	$8.28	$8.36	$8.48	$8.61	$8.18

[1] Variable percentage of sales, based on operating rate (70-percent rate, 3.5 percent; 80-percent rate, 3.25 percent; 90-100-percent rate, 3 percent).

[2] Estimated at $2.75 per ton of annual ingot capacity of 1,250,000 tons, the rate currently charged on comparable operations; $1,800,000 may be taken as depreciation at 4½ percent on stockholders' $40,000,000 investment in plant and equipment; the remaining $1,637,000 may be taken as maintenance and repairs.

[3] Assuming site near New London, Conn., $12 per $1,000 valuation on $20,000,000, 50 percent of stockholders' $40,000,000 investment in fixed plant and equipment.

[4] 3 percent on net taxable income before Federal tax, by formula that makes effective rate 2¼ percent.

THE NEW ENGLAND COUNCIL, IRON AND STEEL COMMITTEE, 1950

Chairman: Frederick S. Blackall, Jr., president and treasurer, the Taft-Peirce Manufacturing Co., Woonsocket, R. I.

Vice chairman: Richard L. Bowditch, president, C. H. Sprague & Son Co., Boston, Mass.

Secretary: Ray M. Hudson, New England Council, Boston, Mass.

Maine: John S. Chafee,[1] vice president in charge of manufacturing, Saco-Lowell Shops, Biddeford.

New Hampshire: His Excellency Sherman Adams,[1] Governor of New Hampshire, Concord.

Vermont: Robert F. Patrick, treasurer, G. S. Blodgett Co., Inc., Burlington.

Massachusetts: Roger C. Damon, vice president, First National Bank of Boston, Boston; Brig. Gen. Georges F. Doriot, Harvard Graduate School of Business Administration, Boston; Robert M. Edgar,[1] assistant to the president, Boston & Maine and Maine Central Railroads, Boston; Hon. Robert F. Bradford, Palmer, Dodge, Gardner, Bickford & Bradford, Boston; H. Frederick Hagemann, Jr., president, Rockland-Atlas National Bank of Boston, Boston; H. F. McCarthy, vice president, New York, New Haven & Hartford Railroad, Boston; Dr. Alfred C. Neal, vice president and director of research, Federal Reserve Bank of Boston, Boston; Robert P. Tibolt,[1] vice president, Eastern Gas & Fuel Associates, Boston; John F. Tinsley,[1] president and general manager, Crompton & Knowles Loom Works, Worcester.

Rhode Island: Robert G. Ashman, president, Newman-Crosby Steel Corp., Pawtucket; Fred C. Tanner;[1] vice president and general manager, Federal Products Corp., Providence.

Connecticut: Maurice H. Pease, vice president and general manager, the Stanley Works, Bridgeport; F. R. Hoadley, president, Farrel-Birmingham Co., Inc., Ansonia.

[1] Council officer or director.

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A STEEL MILL FOR NEW ENGLAND—HIGHLIGHTS OF THE NEW ENGLAND COUNCIL'S ACTIVITIES

1. November 1946: President Richard L. Bowditch proposes to executive committee of the New England Council an economic research program to determine if a New England steel plant would be warranted. Preliminary work begun.

2. March 1947: Mr. Bowditch first publicly urges New England as the logical location of a steel plant to be supplied from overseas mines.

3. September 1947: The New England Council retains Econometric Institute, Inc., to study the possibilities of establishing an integrated steel plant in New England.

4. June 1948: The Econometric Institute, Inc., reports to the council that New England has the markets, the labor, and the metal scrap to justify expansion of its existing nonintegrated steel production, and that new developments should be carefully studied.

5. June 1948: Thirty-five officers and directors of the council journey to Canada to discuss matters of mutual economic interest with governmental and business leaders of Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland.

6. July 1948: The Federal Reserve Bank of Boston and New England Council join in a study of the impact of the basing-point decision on important New England industries.

7. August 1948: The council and bank receive from Mr. John E. Kelly, mining consultant, a detailed report of the status of the recently discovered iron-ore deposits in Labrador and Quebec, and current progress in their development.

8. December 1948: The council appoints a New England iron and steel supply committee to study carefully all elements and available facts bearing on this subject. First meeting held.

9. January 1949: Steel committee members begin exploratory conversations with top executives of major American steel companies.

10. January 1949: Mr. Kelly renders completely documented Canadian ore survey to the Federal Reserve Bank of Boston.

11. April 1949: Continued contacts with steel executives.

12. June 1949: With new information available, the steel committee, under Chairman Frederick S. Blackall, Jr., retains Mr. Kelly's professional engineering services.

13. July 1949: Mr. Kelly receives cordial cooperation from Canadian mining interests and visits Ungava ore deposits in Labrador and Quebec; also Newfoundland iron mines.

14. August 1949: Under leadership of Chairman Blackall, Mr. Kelly and Dr. Neal of Federal Reserve bank begin direct negotiations with chief executives of several major basic steel companies.

15. October 1949: Several coastal communities in New England organize study groups to prepare local site and resource data.

16. January 1950: Dr. A. C. Neal, research economist on steel committee, testifies before joint congressional committee on the economic report, concerning the economic feasibility for manufacture of steel in New England, and the region's need for a local source of steel.

[From the New Hampshire Sunday News, Manchester, N. H., January 29, 1950]

WE HAVE NO FRIENDS

New England has no friends.

The rest of the country regards this section as an economic and cultural backwater, inhabited by a race of coupon clippers living off the proceeds of wealth inherited from New Bedford whalers.

The Federal Government thinks of us as a hotbed of reactionary Republicans, entrenched State Street financiers and wrongheaded Yankee dirt farmers living off the sweat of a great mass of exploited immigrant mill workers.

The Government's idea of how to treat New England is to establish discriminatory freight rates in behalf of the South and West, bring lawsuits against some of our most prosperous and stable industries (i. e., United Shoe and Scott-Williams) entice away others through Federal subsidies lavished on Puerto Rico and the TVA region, and keep up a series of harassing maneuvers against our power companies. Meanwhile, New England, which continues thrifty and prosperous despite its enemies, is a principal source of the very tax moneys which the Government hands out to the shiftless and the indigent in other parts of the country.

Insult is heaped on injury by trust company panjandrums who make their headquarters in New England and operate on New England wealth, but who rarely, if ever, invest any of their New England money in New England enterprise.

Like the Federal Government which they so bitterly criticize, the moguls of State Street prefer Puerto Rico to Maine as an outlet for swollen treasures in their bursting coffers.

Now comes United States Steel, and others of the combine known as Big Steel, to interpose the ponderous weight of their technological and financial opinion between New England and its legitimate aspirations for a share in the steel industry.

Pittsburgh, it appears, is threatened. Pittsburgh is the great bastion and redoubt of those carefully contrived processes whereby Big Steel piles up unprecedented postwar profits while blandly arguing that it is necessary to raise prices still higher.

Pittsburgh makes more than a third of the country's steel, but as the Boston Herald observes, "much of its market is miles of high freight rates away." Notes the Herald:

"Even if the basing-point system should be restored, a large chunk of the steel-production capacity down there is an economic anachronism. Whenever there is a slackening on steel demand, it is the Pittsburgh plants that slip off most in production, while the outlying plants, in Chicago, Sparrows Point, and Birmingham, maintain a better record.

"They know down there that steel decentralization is in the cards, that Pittsburgh cannot forever exist as a surplus production area. They know that a big steel plant in New England will take away a rich market. They want to continue to ship to Indiana steel to be fashioned into refrigerator cases to be shipped to Springfield, Mass., to be made into refrigerators. They want to continue to supply the steel for subassemblies to be freighted later to New England automobile assembly plants in a transportation maze of production. It is Pittsburgh steel against New England. So the fight is on."

And so the spokesmen of Big Steel inform Congress that a steel mill in New England—where the conversion from soft goods to hard goods has doubled the region's share of national steel consumption—would be uneconomic. Admiral Ben Moreell, of Jones & Laughlin, echoing United States Steel's Mr. Fairless, tells the congressional committee that after exhaustive surveys of the New England situation, his company concluded that a New England plant would involve greater risk and a lower return than if Jones & Laughlin put the money into improvement of existing plant.

All of which may be true, from Big Steel's viewpoint, but only if its precious status quo can be preserved.

New England could help to kick over that status quo.

New England, any day now, might get good and sick of this business of having no friends, among either the self-styled conservatives or the self-styled liberals.

It might decide to do this steel job on its own, just as it has done everything else on its own, since the era of the New Bedford whalers.

One method—which now needs careful reexamination in the light of Big Steel's attitude—has been suggested by Governor Adams, Lawrence Whittemore, and a strong group within the New England council.

This method involves a plan of public financing which is both spectacular and risky—the so-called industrial authority plan, whereby funds are raised through public subscription, backed if necessary by the full faith and credit of the States. It involves also, if a suggestion by Mr. Whittemore is adopted, large loans by the Federal Government.

The Big Steel boys shudder at this latter suggestion. They are for free enterprise so long as it isn't too gol-durned free. They abhor Government participation.

So do we. As our readers know, we have been hesitant about endorsing the plans of Governor Adams and his colleagues.

We've been especially cautious since President Truman came out in the open and told the steel planners of the New England Council that the Federal Government looked with high favor on the idea of a New England steel mill, and would do all it could to help. Mr. Truman, it will be remembered, is the chap who not long ago threw a powerful fright into Big Steel with the suggestion of a yardstick steel mill, patterned after the TVA power yardstick.

But the attitude displayed by Big Steel, in its testimony before Congress, puts matters in a new light. The time has arrived, possibly, for a little honest soul-searching by those who have at heart the real interests of New England.

How much longer can we afford our fine spirit of autarchy and independence, in the face of cutthroat competition from such diverse quarters as Big Steel and the Fair Dealers? How much longer can we look down our long blue noses at the go-getters and free Federal spenders in rival sections, while our shoes and textiles are snowed under by Government-abetted competition, both domestic and foreign, and our brightest prospects—the mushrooming hard-goods industries—are mortally endangered by discriminatory high costs imposed arbitrarily on such basic ingredients as transportation and raw materials?

The administration free spenders obviously are simply pining to get into this New England steel picture. No doubt their motives are political. But there are enough Republicans on the scene, like Governor Adams, to insure that the political credit will be spread around, and that even if Federal funds are employed, they are used in a businesslike manner.

The New England steel mill could, in fact, be made a truly nonpartisan and nonpolitical venture. It could constitute a novel experiment in the employment of public finance to establish a privately operated basic industry essential to the health and growth of these secondary industries—all privately owned—which are New England's best hope for the future.

Most of us would go into such a project with our fingers crossed. Most of us would prefer to see the job tackled as an adventure in pure private enterprise. But if it just can't be handled that way, well—a lot of us are determined that New England isn't going to be made the national sacrificial goat forever.

ANNOUNCEMENT OF CALL OF THE CALENDAR ON WEDNESDAY

Mr. LUCAS. Mr. President, I should like to announce for the RECORD that, following the vote on the pending legislation, on Wednesday afternoon, I shall then move the consideration of bills on the calendar, and we shall start with the beginning of the calendar and go through to the end.

PROPOSED CHANGE IN METHOD OF ELECTION OF PRESIDENT AND VICE PRESIDENT

The Senate resumed the consideration of the resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President.

Mr. FERGUSON. Mr. President, the heart of the resolution now pending before the Senate lies in the following proposals:

First. The electoral college and the office of elector would be abolished as being obsolete.

Second. The electoral vote, 531, would be retained in order to preserve as nearly as Senate Joint Resolution 2 makes possible the equality of the States and to maintain the relative voting strength of the States.

Third. The counting of electoral votes by the whole unit for the winning candidate in each State would be abolished, in favor of a distribution of electoral votes among candidates according to their popular votes.

Fourth. Rival presidential candidates would share the electoral votes of each State in proportion to their total popular vote therein. Since electors are eliminated, the popular-vote totals would simply be certified by State officials to the seat of the Government of the United States, directed to the President of the Senate.

Fifth. Each presidential candidate would be credited with the aggregate total of his proportionate shares of electoral votes in all the States.

Sixth. A provision that a candidate having a plurality of the electoral votes, even if it fell short of a majority, would be substituted for the present majority requirement in electing a President.

For the most part, past discussions of this and similar constitutional amendments have dealt principally with the evils of the electoral college system. What is necessary is that we make a fresh and independent study of the related question of what effect the proposed change may have on the future of American politics. The subject is far more complicated, I am fearful, than the sponsors of the resolution seem to recognize. The whole pattern of the American system is certain to be altered.

It is very important to find out what direction the change may take. Progress is change, but all change is not progress.

My colleague, the senior Senator from Michigan [Mr. VANDENBERG], on the floor of the Senate, May 16, 1934, in discussing another proposal for a change in the electoral system, said:

> I realize that the spirit of innovation is upon the land. I do not complain of that. I have supported many of the innovations. I realize that many problems demand new answers, and I am not afraid of them. Let us proceed courageously with whatever statutory innovations are necessary in the face of the crisis of the time, but let us not innovate needlessly. Let us by statutory innovation innovate where the situation requires it, but only in the last and final necessity when there is no other recourse let us be innovates upon the Constitution of the United States.

I so heartily agree with this that I repeat the words of my distinguished colleague. I appreciate the spirit of reform, and shall here state my approval of some of the reforms which are proposed in Senate Joint Resolution 2. At the same time, I vigorously oppose other features of the resolution, because I believe them unwise and even dangerous to the American system of government.

I believe reforms must be handled with great care, when logic indicates they may easily go beyond the evils of the day to create other evils possibly greater than those intended to be cured. I do not favor constitutional amendments based on speculations impossible to appraise with reasonable surety as to the outcome, and I trust the people of the United States share this view. It is of tremendous significance that the amending clause of the Constitution, article V, reads:

> The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution.

I repeat, whenever Congress "shall deem it necessary." There is sufficient warning, in those four words, that the amending process is not to be based on anything but the most certain causes and foreseeable effects.

We are apt to speak more about the evils in our system and less about the strength and the good in it. Ours has been the one outstanding Government under a written Constitution federating sovereign states into a federal government. We have been successful from the beginning with a two-party system. We have maintained the principle of majority rule with the protection of the rights of the minorities.

Our elective system has demonstrated its good qualities, notwithstanding the weakness of the electoral college, and we stand in the world today as the No. 1 Nation. Our economic position in the world is not the result of chance. It is the result of a political philosophy and of an economic system under our Constitution. Unless we can see in the future what a new system will bring us, we should not change to an unknown, unchartered course.

The pending resolution has commanded great popular appeal. First, it has the benefit of a distinguished bipartisan sponsorship. This bipartisan sponsorship would tend naturally to suppress any fear that either major party might be placed at a marked advantage or disadvantage as a consequence of its operation. Second, the resolution capitalizes on the common belief that the electoral college, as such, serves no useful purpose in our elective system. We are all familiar with caricatures of the electoral college as a bearded, outworn individual. This impression has probably attracted many supporters who have failed to grasp or to search out the full implications of the further changes proposed by Senate Joint Resolution 2.

ABOLITION OF THE ELECTORAL COLLEGE

The first feature of this resolution is to abolish presidential electors and the electoral college. The names of the Presidential and Vice Presidential candidates themselves would be placed upon the ballots, and the people would vote directly for their choices. That is true in many States today.

The reasons for this change are set forth fully in the majority report of the committee. Although it has served us well for 150 years, the electoral college has never operated as originally planned by the framers of the Constitution. The sponsors of Senate Joint Resolution 2 point out that it is an inconvenient, expensive fiction, maintained only in form. Moreover, without achieving the grand design expected of it by the founding fathers, the presidential-elector system may now be used to create uncertainty and confusion in presidential elections. In view of those considerations, and despite the fact that it has rendered no disservice, the electoral college might well be abolished, as Senate Joint Resolution 2 proposes to do. Such a reform would provide an assurance against a reversal of popular will, which might occur if members of the electoral college failed to heed their instructions. That seems to be the one thing which is emphasized more than anything else, namely, that an elector, when he comes to cast his vote is not bound to cast it according to the instructions of the voters, but may use his own discretion.

As I have said, a great deal of support for the pending resolution has come from a popular belief that it is devoted only to this worth-while reform. Getting rid of outworn machinery invariably meets with quick approval, and the idea of having it become universal practice for the people to vote directly for the candidates of their choice has strong appeal.

Senate Joint Resolution 2 benefits from these readily understandable and acceptable proposals. But if it were equally as well known that the resolution contains other elements of reform, with revolutionary consequences to the political welfare of the country, I am sure there would be serious concern about approving the resolution in its present form. Mr. President, that is the burden of my argument here today.

I am greatly distressed that a proposition as fundamentally important as the one before us has excited so little attention. We are here acting upon a change in the basic law of the land. Moreover, it is a change in one of the cardinal features of the Constitution, the elective system, and despite any contrary impressions, it is an involved change. It is a very significant thing that there was scarcely anything in the Constitutional Convention which gave our founding fathers more difficulty, and about which they took more pains, than the business of electing the Chief Executive. The considerations that were at work then are multiplied by the knowledge that today the office of President of the United States is beyond question one of the most important in the world. In anything which touches upon the methods of selecting the individual to exercise that office, we cannot proceed too deliberately, for we cannot afford to stumble.

I urge that the electoral college can be abolished and provisions made for direct voting for Presidential candidates by name, without going beyond desirable reform into unwise and dangerous changes in the American political system.

ELECTION BY PLURALITY

The resolution also provides the President and Vice President shall be chosen by a simple plurality of electoral votes instead of the present majority requirement. The purpose is to eliminate recourse to elections by the House of Representatives and by the Senate respectively, as is now required when candidates for President and Vice President fail to obtain an electoral majority.

The idea of improving upon the method of congressional referendum in cases where no clear electoral-vote majority is gained from the popular vote undoubtedly represents a desired reform. The possibility of throwing an election into the House, where voting is on a State basis, with no reflection of popular choice, has long been held a weakness in the elective system.

But reform is one thing; radical change is quite another. To pass over from a requirement that a candidate must receive a majority of electoral votes to his election by simple plurality is indeed such a radical change.

The fathers of this country took special care to see that a person elected as President attained a clear majority of the total electoral vote. They knew the evils which arise when a Chief Executive assumes office, backed only by weak support of a plurality of the total electoral vote.

It is true, I know, that on 12 occasions a President of the United States has been elected without having had a majority of the popular vote. The present President is one of these minority Presidents. But rather than improve upon that situation, the proposal to elect by plurality is almost certain to perpetuate it. The condition will be perpetuated because it is a certain invitation for many parties to enter the field, if a plurality only is required. That means a break-down of the two-party system as we know it. While that two-party system is unknown to the Constitution, it is one of the most constructive features of American government. It may be put forward that we have succeeded in maintaining the desirable two-party system because parties have had to remain large and coordinated in order to secure the electoral majority required in the Constitution.

To illustrate the consequences which might follow from a plurality rather than a majority requirement, it would be possible for a candidate with a totalitarian philosophy to be elected President, with only 30 percent of the popular and electoral vote, even though bitterly opposed by 70 percent of the people voting for three or more other candidates.

This is by no means a remote possibility. Wherever plurality decisions are provided for as in Senate Joint Resolution 2, there is an ever-present tendency toward minority control. A well-organized, compact minority may easily prevail over scattered, divided majorities. We saw this in the field of corporate control, when small, compact minorities gained dominance over a corporation even when

the minority had 10 percent or less of the stockholder vote. We see it in the field of labor organization. How is it thought the Communists gained control over the United Electrical Workers, CIO? Was it because the thousands of loyal American union workers wanted Communist control? By no means was that a reason. A small Communist minority, knowing exactly what they wanted, used the union election machinery to gain control over the unorganized majority of the union membership.

Furthermore, it is never enough to say that a possibility is remote when a failure to guard against such a possibility may be fatal. The supporters of representative government must win every battle; their opponents need only one victory and it is over for the future.

Merely because the present procedure for congressional referendum is unsatisfactory, we should not abandon all protection against the plurality election of extremists who are opposed by a large majority of the people.

PROTECTION OF THE TWO-PARTY SYSTEM

It is not alone the election of unpopular extremists against which we should guard, however. We must guard against any break-down of the two-party system which has served America so well. Any break-down of the two-party system would bring on what my able and distinguished colleague [Mr. VANDENBERG] in 1934 called the continental curse of European politics, namely, multiple parties, bloc government, group control, minority administration of the affairs of the people.

Mr. President, it has recently been reported in the press that in the next Greek election there will be 86 parties.

I only wish that I might digress here to dwell at length on the qualities of the two-party system. That system represents a vertical alinement of interests which isolates the lunatic fringes and permits the shadings at the center to move forward effectively. It represents a concentration of responsibility, where we can affirm on the one hand and deny on the other. Any break-up of party solidarity means a diffusion of responsibility which deprives the people of an opportunity to speak effectively on any issue.

It is perhaps the best commentary on the importance and durability of the two-party system that this country has known 70 political parties in its history, each of which has elected at least one Member of Congress. But each one, and in a very short time, disappeared or was absorbed in one of the two major parties. This did not happen by luck or chance. The electoral system itself had much to do with it.

The only possible alternative to the two-party system is government by coalition, which is common in Europe. That is divided responsibility, with authority centered only temporarily in a ministry. Because the ministry possesses no other responsibility, it must of necessity also possess the power to dissolve the legislature, so that any issue upon which the government divides may be sent directly to the people for decision. Our Constitution does not make such a provision, and we do not want it, for we prefer to substitute the discipline of effective party responsibility.

I might observe here that the Democratic Party must soon face up to this matter of party responsibility. It is only a matter of time before the people are going to demand an accounting for the divided responsibility which exists within that party. When that day comes, there will be a regeneration of political rivalry, particularly in the South, which no artificial device, such as Senate Joint Resolution 2, could promote. The people's demand for party solidarity and undivided responsibility assures genuine two-party competition.

As a matter of fact, Mr. President, so long as we maintain and do not tamper with the two-party system, any need of avoiding the eventuality which occurs when a Presidential candidate fails to obtain a majority of the electoral vote would be rare. But if there is a need to improve upon the present method of congressional referendum, I think there is a far better solution than by-passing it completely by requiring only an electoral plurality.

I have prepared an amendment to Senate Joint Resolution 2 which I now send to the desk, Mr. President, and which I will explain at a later time, before we vote on the pending business. In brief, this amendment would correct any defects in the electoral-college system and would preserve and strengthen the constitutional provisions for congressional referendum in Presidential elections.

PROPORTIONAL COUNTING OF ELECTORAL VOTES

Senate Joint Resolution 2 provides that in recording a State's electoral votes, they shall be credited to respective candidates in proportion to their popular votes in each State, and then totaled for each candidate for the Nation as a whole.

This is the most revolutionary and the most controversial of the changes proposed by Senate Joint Resolution 2. As sponsors of the resolution freely admit, this proportionate division of electoral votes will work decided changes in voting habits, in the make-up of the political party system as we know it in this country, and upon the conduct of Presidential election campaigns.

Under the present system, commonly called the unit rule, the candidate receiving the most votes in each State receives the whole of the State's electoral vote. Further, he has to get an absolute majority of all electoral votes in the Nation and more than any other candidate to win the Presidency.

Senate Joint Resolution 2 proposes to abolish this system, and in its place to divide up the electoral votes in each State in the proportions indicated by the popular vote. A radical candidate who had no hope of election in one or a group of States under the present system could add up all his electoral votes in all 48 States, under Senate Joint Resolution 2, and make a strong showing. He would not need a majority to win. A plurality—merely one vote more than the next highest candidate—would be enough under Senate Joint Resolution 2. Then, if there were three or four candidates in the field, a radical candidate with 30 percent of the vote could become the Chief Executive.

The intention of a proportional counting system is to reflect mathematically the popular will. Such a perfect reflection is not possible under our Federal system. Regardless of population, each State is assured one electoral vote for each Representative from the State in the House of Representatives, and two additional votes signifying its equality with all other States in the Senate.

Mr. President, under the present system, if the population of a State were to be reduced to 5,000 people, that State, under the federated principle, would have three electoral votes, because it would be entitled to one Representative in the House of Representatives and two Senators on the floor of the Senate.

The result is that only 82 percent of the electoral vote represents population, while 18 percent is assured to the States regardless of population by reason of the fact that each State has two Senators.

The situation is further complicated by the fact that no electoral vote represents actual popular voting as such. In States where actual voting is high, an electoral vote counts for many times the popular vote in a State where the turnout of popular votes is low. I shall show the effect of this later on in my argument.

PROPOSAL AFFECTS FEDERALIZATION

Given the electoral system as a necessary corollary of federalization, and barring the difference between States in voting intensity, those who want to see the popular vote most accurately reflected might be expected to espouse a system of direct voting for President and Vice President, whereby the gross popular vote in the Nation would be counted alone. As a matter of fact, the Senator from Massachusetts [Mr. LODGE], who is the principal sponsor of Senate Joint Resolution 2, has put forward such a proposal in the past, and I believe still favors it, although his feeling would be, as he remarked in the hearings, "One war at a time." He is a realist, and he has written that "to eliminate the credit given for Senators (that is, the two extra electoral votes), or to eliminate any electoral allotment to each State would destroy any possibility at all of electoral reform."

I agree with that. The system of government which we have is a federated system. The various parts have kept together. It has been successful because it has been a federated system. The fact that the great State of New York has only two votes in the Senate, and the State of Wyoming or Montana, let us say, with a very small population, also has two votes, is what helps to keep us together as a federated Union. If we wipe out what cements the States together as a federated Union, Mr. President, we will find to our regret that the federation has been weakened, and possibly even dissolved. In other words, sponsors of direct popular election run head on into the expression of sovereignty by the federated States which wish to preserve the privileges and status accorded them under federation.

Finding it impossible to break down the resistance built up by the federated principle, Senate Joint Resolution 2 seeks to cross the privileges accorded in federation and installed in the electoral vote with another system for representing popular will by proportionate counting of the electoral votes. In other words, Mr. President, what they wish to do is to cross the two systems. The electoral votes are retained, but counting by State units is abolished. The paradox in that result is that by indirection the States are required to surrender their sovereignty over the disposition of their own electoral votes.

A change in the American political system so far reaching as this is bound to produce strong arguments for and against the wisdom of the change. Fortunately, I believe the hearings on Senate Joint Resolution 2 are about the most complete the Congress has ever had on proposals of this nature. Opposing points of view are aired more exhaustively than ever before, although even fuller exploration may be desired. The point I wish to emphasize, however, is that most of the arguments offered in these hearings are speculative, because it cannot be known in advance what changes will be worked in voting habits, in political parties, and in the conduct of presidential elections. The sponsors of the resolution and the majority report take the view that all the proposed changes will be beneficial, with no ill effects on the American system of government.

Mr. President, I cannot agree with these conclusions. It is my considered judgment that the arguments and conclusions which have been set forth by the sponsors and adopted in the majority report rest too heavily on doubtful speculations. It is my further considered judgment that until the implications and consequences of this radical change in counting votes can be more definitely appraised, this part of the resolution should be disapproved, and it should not become an issue upon which the legislatures might vote.

THE CONSTITUTION SHOULD NOT BE AMENDED ON A SPECULATIVE BASIS

It is well to repeat that, while all progress is change, not all change is progress. The wise man does not discard the old for the new until he is reasonably certain that the new will be an improvement, without harmful effects. Reason and logic simply do not support the conclusions which its sponsors draw from Senate Joint Resolution 2. The framers of the Constitution took exceeding care to make the amendment process difficult in order to discourage amendments on frivolous or speculative grounds. They knew the great importance of stability in law and tradition. They most assuredly were of the opinion that the Constitution should not be amended on any speculative basis.

While the facts and arguments in the hearings speak for themselves, it may be useful for those who must act on this important question if I comment upon the principal points raised by the speculations on this change in the country's political system.

Throughout the hearings there was much speculation on the prospective advantages and disadvantages likely to accrue to one political party or another from proportionate sharing of electoral votes. The interest so aroused is natural and wholesome.

Thus, whether the Republican Party may gain more from a sharing of electoral votes in the South than it loses by sharing its areas of strength in the North, or whether the Democratic Party may find it more to their liking to surrender strength in the South for possible gains elsewhere, are certainly questions for these parties to consider carefully. Whether both major parties can afford to accept a device which may easily transfer their strength to third and fourth parties is also something they may rightfully consider in view of the great advantages of a two-party system.

The hearings contain much speculation on this point, worthy of careful study. With a century of remarkably stable political tradition behind them, in which political power has been shared by the two major parties in fairly even balance, they may wish before making radical changes, to give some weight to the notable quotation in the Federalist Papers on the spirit of injustice to the effect that "No man can be sure that he may not be tomorrow the victim of that by which he may be a gainer today."

Mr. President, I do not oppose this change because of any fear of adverse consequences to any particular political party or interest. I stand upon the broader ground of the effect radical change will have upon the American political system as a whole. My opposition goes straight to the wisdom in reason and logic of dividing up the electoral vote as proposed in Senate Joint Resolution 2. I find no values to be gained, and many to lose by it. In some respects, I see great harm possible in making so vital a change in our political system when the consequences cannot be fully appraised. This is not a change which once made can be easily undone if found unwise. As we all know, for sound reasons it has been made difficult to amend the Constitution.

SENATE JOINT RESOLUTION 2 FOSTERS MINORITY ELECTIONS

Those who favor proportional sharing of a State's electoral vote emphasize the point that it will eliminate or at least minimize the possibility of a president being elected without a majority, or even a plurality of the popular vote. This is an absurdity. The very basis of Senate Joint Resolution 2 is plurality election. On its face the resolution makes possible the election of minority candidates.

In discussing the matter of an election by plurality, I have observed that "minority" Presidents have not been uncommon. This comes largely from another fact upon which I have commented, that electoral votes, while representing population generally, except for the two senatorial votes, do not represent popular voting. In one State, for example, an electoral vote may represent more than 130,000 popular votes, while in another it may represent less than 12,000 popular votes.

Nothing in Senate Joint Resolution 2 guarantees a more equitable balance, because the factors which make for this inequality go far deeper than mere political rules. It is a principle argument advanced on behalf of Senate Joint Resolution 2 that it would tend to lessen that inequality.

Admittedly, some of the disparity might be removed by the division of the electoral votes, but other factors, such as the difference caused by allotting two senatorial votes without reference to population, would remain to create disparities under the proposed scheme. Moreover, new causes for minority Presidents are quite possible under the proportionate sharing of electoral votes.

As a matter of fact, it has been effectively demonstrated by opponents of Senate Joint Resolution 2 that the possibility of a minority President is a probability when the solid South is considered relative to the rest of the country. That situation cannot be changed, short of a radical shift in the voting habits of the South.

To illustrate, normally solid Mississippi, with nine electoral votes might give one party an electoral advantage of 8.5 votes, when they are counted proportionally. This margin might be gained by a popular plurality of 172,000. In Michigan, as a State which is typically more evenly divided and with a greater election turn-out, it would take a popular plurality of approximately 980,000 votes for the opposite party to offset the electoral advantage in the single State of Mississippi.

Let me repeat that. Under the proposed amendment of the Constitution a popular plurality of approximately 980,000 votes would be required for the opposite party to offset the 8½ electoral votes which would result to the advantage of the other party in the single State of Mississippi by a popular plurality in that State of 172,000 votes. Would the adoption of the amendment proposed by the joint resolution cure such an evil? No, Mr. President.

I am aware of the argument that statistics based on general elections in the South should not be relied upon, because a greater number of ballots is cast in primaries. Is it not reasonable to assume, however, that the great number of primary votes which are not cast in the general election are a reservoir of strength for the principal party? That being so, any greater turn-out in the general election would merely aggravate the unbalance in the electoral vote under proportional counting.

The sponsors of Senate Joint Resolution 2 insist, of course, that voting habits everywhere, and particularly in the South, would be so radically changed as to bring about a state of balance. The chance to get electoral votes, say the sponsors of Senate Joint Resolution 2, offers an incentive to Republicans, for example, to campaign and make headway in the South. But is not the relatively small number of votes necessary to capture a southern State's electoral votes also an incentive for the Republicans to move into the South? Has not that incentive always been there, and have the

Republicans ever been able to take advantage of it?

These matters of prospective changes in voting habits are pure speculation, incapable of proof or demonstration. But it is worth while to consider this argument further.

If proportional sharing of the vote in the solid South offers an incentive for Republicans to make progress there, why would not the chance for electoral votes on a sharing basis offer incentives to minority groups all over the country, since the Republican Party is nothing more nor less than a minority party in the South.

When sponsors of the resolution wish to appeal to Republicans, they cite the chance for them to get electoral votes in the South. But when critics point out that the same incentive is held out to minority groups elsewhere and everywhere, the sponsors pooh-pooh the idea. They can hardly have it both ways.

PROPORTIONAL COUNTING FOSTERS MULTIPLE PARTIES

I firmly believe the proportionate sharing of electoral votes is a direct encouragement to the growth of multiple parties. As I have discussed this possibility in another connection, such a prospect carries grave implications. It would mean an end to the two-party system which has been so instrumental in preserving political stability and responsible government. In its place would come splinter factions and multiple parties which have plagued and retarded representative government wherever they have appeared.

Under the present unit system, minority political groups, usually advocating extreme views, rarely attract enough votes to capture the electoral vote of a State. At most, they can swing their voting strength between the two major parties. Sponsors of the resolution deplore this nuisance value of minority parties and pressure groups. I can see considerable good in them to the two-party system. Their inability to gain electoral votes under the unit rule deprives them of incentive to remain compact and to grow as individual parties. At the same time, their limited voting strength is enough to cause ferment in the major parties which are forced to clean house, and adopt new ideas to gain the aid of minority groups. The result is to prevent fragmentation into multiple parties with all its attendant evils and to preserve and to invigorate the two-party system. Under the resolution, these minority groups will have an incentive and opportunity to grow on their own. I believe that is exactly what would happen if the amendment were ratified, and became the supreme law of the land.

Their share of electoral votes in each State and accumulated total across the Nation would provide a score card for their progress. The shining goal would be to divide and conquer the major parties by splintering. The resolution makes this easier and attractive because it requires only a plurality of electoral votes to win. Minorities need not bid for a majority. With enough independent factions on the voting scene, a compact minority group of 40 percent or less in electoral vote can gain a major victory. Why do the sponsors of the resolution deny this possibility when they freely admit that the sharing of electoral votes offers an incentive for the major parties to campaign in each other's strongholds, such as the Democratic South and let us say Republican Maine? What makes them think that dissatisfied voters will turn only from one major party to the other when electoral votes, essential to victory, offer them incentives? Even the existing unit rule has permitted a demonstration of what dissatisfied voters may do. When southern voters in the 1948 election became dissatisfied with their own Democrat Party, they did not turn to the Republican Party, but set up a third independent group, the Dixiecrats.

EXPERIENCE IN THE 1948 ELECTION

How, in the face of this clear demonstration of exactly what southerners will do, can the sponsors of this resolution persist in the claim that only the two major parties will share the votes of the South? How can southerners support this resolution in the belief that it will strengthen the Democrats or, at the most, encourage Republicans, when the 1948 election proved otherwise.

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

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

Mr. FERGUSON. I am glad to yield.

Mr. KEFAUVER. The Senator has asked why we in the South think this proposal would strengthen the two-party system and would not lead to the formation of third parties or splinter parties in the South.

Our idea is that under the system here proposed, if put into effect, both political parties, instead of conceding or marking off the electoral votes of the South, would fight for and work for votes in the South just as they do in the pivotal States, and therefore the problems of the South and of States in a similar situation would receive more consideration by the platform writers and policy makers of the two major political parties. Likewise, the voters of the South and of other sections of the country would find better representation and a stronger voice in the programs and policies of the two major political parties, and consequently would stay with those two major parties.

In my opinion—and my opinion is different from that of the Senator from Michigan—inevitably that would be the result of the passage of Senate Joint Resolution 2 and the adoption of the constitutional amendment it proposes.

Mr. FERGUSON. Mr. President, I answer the Senator by saying that what he has just stated is a speculation which has been disproved by actual fact. The actual fact is that in 1948 when the South disagreed with the Democratic Party, some of the Southern States bolted the Democratic Party at the convention. Did they come over to the Republican Party? Oh, no, Mr. President. Instead, they formed their own party, a splinter party, the Dixiecrat Party. There is the fact; that is what happened.

Mr. President, anyone who is aware of the voting habits of the South must know that the Southern States are not going to join the other major political party. They demonstrated that beyond any question in the 1948 elections, when they formed a splinter party.

Mr. KEFAUVER. Does not the Senator believe it is a fact that the platforms and programs of both the major political parties are written, to a considerable extent, in order to attract the voters of the so-called pivotal States, and that, so far as relates to the South and certain other States which historically have gone either one way or the other, the platform writers and policy makers of the two major political parties in framing the platforms are not so much concerned with them as they are with the problems and conditions of special groups in the pivotal States? Is not that one of the reasons why the Republican Party has not made greater headway in the South?

Mr. FERGUSON. No; I do not think that is the reason, so far as the South is concerned. I think the Senator from Tennessee knows of a much better reason for the situation in the South.

Mr. KEFAUVER. Does not the Senator from Michigan agree, having worked intimately with the Republican National Committee, that usually the masterminds of the two political parties before the election separately decide which States are worth working for? In other words, they decide that certain States will go Democratic in any event, so that there is no use in doing anything in them, for instance, perhaps in Tennessee or South Carolina; while, on the other hand, the Democratic high command may think Georgia or Alabama will be Democratic in any event, so there is no use in putting on any election campaign in those States or in particularly considering their problems in connection with the writing of the platform. So the battlefield finally dwindles down to some 11 or 12 States where ordinarily the votes are close. Does not that occur?

Mr. FERGUSON. I think the Senator is correct in regard to the writing of the platforms, but I think it will be found that the platforms are written having in mind the centers of population and the centers of property, as well as individuals. If we are to continue to have a two-party system, then we shall have to do just what the parties have been doing in the past. If we are to develop the same philosophy that France has developed, then we will have the Central States with a platform and a party, the Eastern States with a platform and a party, the Southern States with a platfrom and a party, the far Western States, even the Mountain States, with their platform and their party; and then we shall have parties such as a farmers' party, a labor party, a business party; and the first thing we know we shall be electing a President of the United States with as little as 25 percent of the popular vote, because under this proposed elective system all a successful candidate will need will be a plurality of the votes; and the one who could rally the largest popular vote under such a split situation would become President of the United States.

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

Mr. FERGUSON. I yield.

Mr. KEFAUVER. I do not wish to infringe unduly upon the Senator's time by going into detail regarding the matter now under discussion. I expect to answer the Senator's argument later this afternoon.

But I wish to say that the strengthening of our presidential election system by having two real national, Nation-wide parties, is one of the principal reasons why I have been so much interested in the pending joint resolution.

I should like to call the Senator's attention to the fact that in most of the States, the governors and other State officials are elected on a plurality basis. Yet we have seen less development of so-called splinter parties or third parties or minority parties in the States of the Union than we have in the Federal Government under the electoral-college system. This leads the junior Senator from Tennessee to the conclusion that the people of the Nation believe in, appreciate the value of, and wish to sustain the two-party system, and are not going to support multiple parties, as have the French people. That is evidenced by the fact that throughout the United States there have been so few splinter parties in State elections.

However, if we ever develop a system whereby all sections of the country are considered by the two major political parties, then we shall have a strengthening, not a deterioration, of the two-party system.

Mr. FERGUSON. Mr. President, I cannot agree that that is the reason why the State elections have not led to the formation of splinter parties. I think a State is dominated by what occurs in the national scene. In each of the States the important election is the presidential election; it overshadows all other elections. The presidential election is very definitely the largest, most important election. Therefore, the parties line up behind the candidates for Senator and Representatives and the presidential candidate. That is what keeps the States from developing splinter parties, whereas the adoption of the proposed plurality counting method would have the opposite effect.

If southerners open the door to minority parties, they will not be able to confine party allegiance to the two major parties and to the Dixiecrat Party. Throughout the Nation today there are threats to our political system as a result of other parties which wish to take over. Splinter parties are already on the horizon. And nowhere is the ferment more active than in the South. Strong minorities are growing there. Open the door for them with Senate Joint Resolution 2, and radical parties will rise up to plague both major parties, if not to destroy the two-party system altogether.

The present electoral system forces radicals to temper their actions and work within the two-party system. Senate Joint Resolution 2 turns them loose and gives them a strong incentive to build their own strength. Then, by only a plurality requirement, it gives a radical minority an easy chance to dominate the majority.

Let us consider, Mr. President, what Representative WRIGHT PATMAN said on this subject. He saw what was going to happen, and I wish to quote what he said. He is an outstanding student of American Government, and is one southerner who has seen this thing clearly. At page 181 of the Senate hearings, he has put his finger on the key by saying:

> What attracted my attention about this resolution was not what was being said in its favor, but the failure of certain groups to express opposition to it. In other words, I wondered why the left-wingers or the communistic groups did not say something about it. I also wondered why the ultraconservative, reactionary, Fascist-minded groups did not express opposition to it. I concluded that possibly each minority group felt like it was a step in the direction of giving them an opportunity to elect a President. If this resolution is adopted and ratified by the States, it will be the most heartening news minority groups have received in a long time. It will then be possible for minority groups to be recognized by actually receiving electoral votes of their own, which has not been possible in the past.

THE "DISFRANCHISED VOTER" ARGUMENT

Sponsors of the resolution make much of the disfranchisement of voters under the present system. They speak of votes being lost, or counted for the opposition. But, under their resolution, a plurality winner may have only 40 percent or less of the electoral votes. What of the defeated majority, with 60 percent of the votes? Are their votes not lost, too, or considered as counted for the minority winner? As a matter of fact, I cannot become excited over the argument of lost votes. It seems to me to be only an appeal for popular support for the resolution, an appeal without real substance in reason and logic. In every election where there can be but a single winner, all votes cast for the losing candidates can be said to be lost. Sponsors of the resolution would merely transfer the lost votes so-called from the State to the national level. In truth, no votes are lost when validly cast in an election. They are counted toward whatever the final decision is, whether it be the unit of an electoral majority or the plurality of electoral votes, and if found insufficient to win, they have simply exhausted their power as votes.

This is well understood under the present system and accepted as a normal part of the political machinery, because an electoral majority is always necessary in order to win. But under the resolution, would minority voters be satisfied to lose if, together, they received 60 percent of the vote, while the plurality candidate took office with only 40 percent of the vote? Would they not claim that giving them a share in the electoral vote was equally inequitable, if this share became lost at the national level? Would they not clamor for more effective minority representation? This is where the whole idea of proportional representation arises under the resolution. Witnesses at the hearings did not claim that the resolution is itself an example of proportional representation. They did not have to be told humorously by the sponsors that a single executive cannot be divided into proportional parts. But they claim that the sharing of electoral votes among candidates for President, in order to give each minority a voice, is the first step toward full proportional representation in the Congress and in the Government.

THE BEGINNINGS OF BLOC GOVERNMENT

Third parties, given the incentive of a chance to elect a President, will maintain their identity by putting up full slates for Congress. It is this which in the end will give us bloc government. Minorities, given a voice, will not be satisfied when their voice is canceled out or lost, as it would be under the proposed scheme. Their dissatisfaction will mount further, if a plurality winner receives only 40 percent of the total electoral vote. They will then demand full proportional representation in the Congress and on Government boards and commissions, just as the two major parties do now, because they are too strong to be ignored. We have certain laws now providing that the two major parties shall have representation on commissions and boards. If such a thing becomes possible under the law, and if it occurs, as it seems indicated it will, the demand will be that other minorities, and lesser minorities, have such representation. It is at this stage that proportional representation, as in France and other parts of Europe, is likely to flower from Senate Joint Resolution 2. And wherever proportional representation, so-called, is at work, government has been plagued, confused, and weakened. The existing system of counting electoral votes has avoided that. It has preserved the two-party system, by which Government has been held stable and responsible.

THE WEAKENING OF FEDERALISM

I see also in abandonment of the unit rule for recording electoral votes a decided weakening of the principle which created and held together the Federal Union, namely, the preservation of the independence of the States.

To be sure, the proposal of sharing electoral votes does not go so far as would direct election by popular vote, which would altogether wipe out State lines in Federal elections. But while the State's electoral votes are preserved in the new scheme, their allocations by proportions does represent a definite weakening of federalism. As I have indicated earlier, a requirement that a State's electoral votes be broken up by proportional allocation is nothing but a surrender of the State's sovereign rights over that bloc of votes.

A sharing of electoral votes would leave the small States smaller than ever in influence, and the large States greatly reduced in proportion. Nevada's influence, for instance, would be reduced from an assured electoral vote of three to a minute fraction, depending on the closeness of the popular vote. In 1948, Delaware's place in the electoral vote would have been a nullity. In Michigan, a typically close popular vote would reduce the State's electoral influence from 19 to a fraction of 1. To illustrate, a popular plurality of 50,000 in Michigan would result in the State's having a net influence

upon the electoral result of just one-half a vote. In other words, of a total popular vote of more than 2,000,000, Michigan, having gone one way by a majority of 50,000, would in effect have a vote in the electoral college of one-half vote only.

What does this do to the principle of giving populous States a voice comparable with their weight in population, taxation, and economic and social activity? I have remarked that some of the sponsors of Senate Joint Resolution 2 have indicated no hesitancy in their willingness to go the whole length toward direct popular Federal election. They have been held back only because of the practical impossibility of getting the idea approved by States which jealously guard their independent status. They want to to take one step at a time, and Senate Joint Resolution 2 is a good step in the direction of obliteration of States lines, at a time when it seems obvious to all that the spread of Federal power at the expense of States is already far-reaching.

FEDERAL CONTROL OF ELECTIONS WOULD FOLLOW

This weakening of the States gives rise also to serious question of whether complete Federal control of elections might not legally and logically follow. Have those who believe in States' rights considered this question? For instance, if a candidate is to receive credit, by constitutional provision, for the proportion of popular votes cast for him, as provided by Senate Joint Resolution 2, could he not demand that in order to receive complete credit nationally, a State should be required to place his name on the ballot? The States now jealously guard their prerogative to control the ballot. But how can they maintain this position after they have accepted the idea that a candidate with popular votes is entitled to a share of electoral votes?

A candidate could make an unanswerable argument against any State law that would keep him off the ballot. He could say that the Constitution, as amended by Senate Joint Resolution 2, guaranteed him a share in electoral votes in proportion to his popular vote. But the election machinery of Illinois, or New York, or Mississippi is contrived to keep his name off the ballot, and thus to deprive him of his popular vote? That was done in 1949, in the case of Mr. Wallace, in the State of Illinois. This, in effect, would deprive him of his share of electoral votes which the Constitution, the highest law of the land, guarantees him. How can he be guaranteed a right by the Constitution and then be deprived of its fruits by State law? How can he be given a benefit and be deprived of the means to enjoy it? Under the present system, the States are masters in their own house. Under Senate Joint Resolution 2, State lines are wiped out. Elections for President become national operations with a candidate's rights guaranteed by the Constitution.

I feel certain the courts will say that if the Constitution guarantees a candidate a share in electoral votes proportionate to popular votes, he has to be given a chance to go into every State in search of popular votes, whatever State laws provide to the contrary. With arguments like this, the pressure for Federal control of election laws will be irresistible.

Sponsors of the resolution declare they have no intention of altering State election laws, but how can they so confidently eliminate the future pressures which their resolution, in plain logic, is bound to generate. On the face of their own resolution, they are already altering State laws when they propose to force a division of electoral votes.

THE POSITION OF SENATOR NORRIS

Before I conclude, Mr. President, I would like to draw upon the testimony of one of the great advocates of electoral reform in the past. I refer to the late Senator George Norris, of Nebraska.

In the Seventy-third Congress, Senator Norris introduced Senate Joint Resolution 29. As introduced, that resolution was identical with Senate Joint Resolution 2 of the Eighty-first Congress, except that the latter provides, when there is a tie for the highest number of electoral votes, the candidate having the greatest popular vote will be declared elected. The Norris resolution also provided that where the votes cast in any State for any candidate amounted to less than 1 percent of the vote for President in that State, that candidate's votes would be disregarded in the counting. It will be noticed he was afraid of a so-called "splinter" party's going below even the 1 percent vote.

In particular, the resolutions are identical in their provision for a division of a State's electoral vote in proportion to popular vote, which is called a dominating feature of Senate Joint Resolution 2.

After consideration by the Judiciary Committee of the Seventy-third Congress, of which Senator Norris was the ranking minority member and former chairman, the Norris resolution was reported to the Senate, stripped of that provision for proportional counting of electoral votes. In other words, they took away from that resolution the real meat and it is sought to be reinstated in the pending resolution.

The version which was reported would have installed the so-called unit system of counting a State's electoral votes as a part of the Constitution. It introduced the novel feature of requiring that a candidate have only 35 percent of the electoral vote, instead of a majority, to be elected President. This is a refinement of the mere plurality requirements in the current resolution.

In other words, the late Senator Norris and those who were with him in sponsoring the resolution thought they might bring about a split into splinter parties so that a President could be elected with less than 35 percent of the electoral unit of votes.

In explaining this abandonment of the proportional voting scheme, the late Senator Norris said on the floor of the Senate on May 16, 1934:

> The committee, after a great deal of discussion, concluded, I think with practical unanimity, that it would be unwise to permit a proportional vote to be cast according to the number of votes that a candidate received in a particular State. I myself became convinced that to permit the division of the vote of a State between different candidates in proportion to the total vote in a Presidential contest would be injurious in the end.

Senator Norris went on further to say:

> While I believe that is a sound position; that in theory it is perfect; and that we ought to have such a system; in the first place we could not get it adopted because, in my judgment, the States would never ratify it, and that was also the judgment of the committee.

This was George Norris warning the Senate and the people with regard to what he had proposed and what this joint resolution proposes. He said:

> In the next place, it would be a very great inducement to fraud all over the country. Every fraudulent vote that was put into a ballot box in Philadelphia—

I do not know why he selected Philadelphia, but he said:

> Every fraudulent vote that was put into a ballot box in Philadelphia would be counted in the selection of a President of the United States, whereas under present conditions its effect stops within the State of Pennsylvania.

In other words, he wanted the vote cast in a State to remain in the State and to speak only for the State, and not for the other States of the Union, and not to be able to dilute legitimate votes cast in another State.

I read further from what Senator Norris said:

> If a State is one-sided in an election, as that State usually is, in the final result there would be no harm, but everywhere in the United States, if the proportional voting system were adopted, as this amendment originally provided, there would be an inducement to have cast as many fraudulent votes as possible.

NORRIS REPUDIATED PLURALITY AND PROPORTIONAL COUNTING PROPOSALS

The Norris resolution was further amended on the floor to require a majority, instead of 35 percent, of the electoral vote to elect a President.

Senator Robinson asked Senator Norris, who had offered this further amendment:

> The Senator has become convinced it is better not to permit an election by popular vote of what may be termed a minority candidate?

Senator Norris replied, "That is true."

In short Mr. President, we have the testimony here of one of the great reform advocates of the past repudiating precisely the two points in Senate Joint Resolution 2 against which I have raised objection, namely plurality elections and proportional counting of electoral votes.

There, Mr. President, was an example of a truly liberal mind in operation. Senator Norris believed he saw the need for a fundamental reform. He proposed it. When its weaknesses were impressed upon him, he altered it. The significant thing is that the weaknesses which he came to recognize and which he withdrew were exactly the two great weaknesses of the Senate joint resolution which is now before the Senate.

SUMMARY

Mr. President, I mean no reflection upon the sincere purposes of those who sponsor Senate Joint Resolution 2, but advocates of reform suffer constantly from undernourished foresight. They are so taken with current evils and so

confident they have the specific cure, that they resolutely refuse to believe the reform--or what they propose as a reform—in other words, a change—will go beyond what they plan for it. They are sure it will stop exactly where they want it to stop.

In the case of Senate Joint Resolution 2, the sponsors believe there will be no more lost votes, and no consequences if lost votes are not made completely effective by full proportional representation. They believe a plurality requirement in place of a majority electoral vote will not produce minority Presidents. They see no rise of splinter factions and minority parties, although they provide direct and powerful incentives for the growth of such groups. They naively believe their proposal will open up the "solid" South only to Republicans and not to many minority parties outside the major parties, and will permit only the Democrats to share in Republican strongholds and not other parties. They believe that a further weakening of the Federal principle by Federal guaranties to candidates of a share in electoral votes will not lead to further Federal invasion of State election procedure. They feel that because they set up a very limited form of proportional representation, no drive to make it completely effective at the congressional and governmental level will ever materialize.

For my own part, Mr. President, I would not dream of changing the fundamental law of the land on the basis of any such optimistic speculation.

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

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

Mr. FERGUSON. I am happy to yield to the Senator from Nevada.

Mr. MALONE. Mr. President, I should like to ask as to the effect of voting directly for the President and Vice President and counting the proportionate votes for each. With three or more candidates for office, it is very rarely the case that a third party would cast a majority of the votes.

Mr. FERGUSON. I would say it could have this effect: If a candidate had any strength at all in the various States he might make a sufficient number of electoral votes so that the third-party candidate and one of the others would actually have a majority of the electoral votes and elect a minority President. If we expand that to four or five candidates, which was the case in one of our past elections, the vote might be thrown to a minority President. Mr. Wilson was a minority President.

Mr. MALONE. One further question. Has there been an analysis made of the history of the votes for Presidents to indicate how often that might have happened, in other words, throwing the election to a candidate who would not otherwise have been elected?

Mr. FERGUSON. I believe the distinguished Senator from Massachusetts [Mr. LODGE] has already put that information into the RECORD. Here is the answer which is given by the sponsors in that connection: We cannot go according to past elections, because there would be a change in the habit of the voting population by virtue of this joint resolution if the constitutional amendment it proposes should finally be adopted.

If we were to apply the proposed amendment, as I have stated, to the State of Michigan, it would be found that the State of Michigan cast more than 2,000,000 votes. The Republican Party won the election in 1948 by a majority of approximately 50,000 votes. Michigan has 17 Representatives and 2 Senators. There would be 9¼ electoral votes for the Democratic candidate, Mr. Truman, and 9¾ electoral votes for the Republican candidate, Mr. Dewey; in other words, there would be a variation of half a vote.

Let us take some of the Southern States. There we find a variation of eight or nine votes, or only slightly less than whatever their number of electoral votes may be, because the election is one-sided. The claim is made that all we, as Republicans, have to do is to go to the South, campaign there, and build up the Republican Party.

Mr. MALONE. I thank the Senator from Michigan for his answer.

Mr. LODGE. Mr. President, will the Senator from Michigan yield?

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

Mr. FERGUSON. I yield.

Mr. LODGE. Has the Senator completed his remarks?

Mr. FERGUSON. I have.

Mr. LODGE. I should like to ask the Senator five or six questions.

Mr. FERGUSON. I shall be glad to have the Senator ask them.

Mr. LODGE. The Senator does not think, does he, that it is a bad thing to have a President elected by a plurality?

Mr. FERGUSON. I do think it is a bad thing.

Mr. LODGE. Does the Senator think it was bad that Abraham Lincoln was elected, although he received only 39 percent of the popular vote?

Mr. FERGUSON. I think it is better for a candidate to receive a majority.

Mr. LODGE. Does the Senator think it was a bad thing that 12 Presidents in our history, including Wilson, Cleveland, Harrison, Garfield, and Truman, were elected by a plurality of the popular vote?

Mr. FERGUSON. I still think it was a bad thing. I think it would have been much better if they had received a majority. As the Senator has said, Abraham Lincoln was elected with only 39 percent of the popular vote. The Senator can see how a third, fourth, or fifth party can put up a candidate and elect a President when only 25 percent of the people want him as President and 75 percent do not want him.

Mr. LODGE. If 25 percent of the American people want to be Socialists, 25 percent want to be Democrats, 25 percent want to be Republicans, and 25 percent want to be Communists, does the Senator think there is any law or any constitutional amendment that can stop them from taking those positions if they desire to do so?

Mr. FERGUSON. No; but I hope we can guard against exploitation by a determined, compact minority. Where there is a two-party system, and those in one party range in their political views from one extreme to the other, and those in the other party, which is the majority party, we will say, also represent a wide range of thought, it is much better to have people working in the party, follow the platform of the party, so that there can be party responsibility, than it is to have them broken down into various splinters and have them become independent, and, therefore, have no party responsibility whatever. I say that if the desire is to increase the Socialist vote in America, or to have the Socialist Party become a strong party, or if the desire is to have the Communists become a strong party, and not be trying to infiltrate into the other parties, the kind of proportional representation proposed by the joint resolution would bring about such a condition.

Mr. LODGE. There is no Senator here who is less anxious to build up the Socialist Party or the Communist Party than is the junior Senator from Massachusetts.

Mr. FERGUSON. I realize that.

Mr. LODGE. It is precisely for that reason that I am one of those proposing this amendment to the Constitution, because I think such a constitutional amendment would enhance and invigorate the two-party system, and reduce the influence of splinter parties, which in the last election threw the whole State of New York to Mr. Dewey, although he did not have a majority of the popular vote. But I shall debate that later.

Mr. FERGUSON. I can understand why the Senator feels that Mr. Dewey, for example, not having a majority of the popular vote, should not have had the electoral votes of New York. I can understand that, but cannot agree with it.

Mr. LODGE. I am not objecting to Mr. Dewey getting any votes. I am objecting to Henry Wallace having as much influence as he had in the last election, and I contend that the proposed system would cut him right down to size.

Mr. FERGUSON. I believe that Mr. Wallace would have become a permanent fixture in the United States, so far as elections were concerned, if the proposed system had been in effect.

Mr. LODGE. I think he would have evaporated much more quickly if the proposed system had been in effect, because in that campaign his ability to determine the outcome gave him his power and influence, and the pending proposal would reduce the power and influence of any third party.

Mr. FERGUSON. I feel just the opposite would be the result.

Mr. LODGE. I should like to ask the Senator a question about the amendment he proposes. Does not his amendment write the all-or-nothing-rule system into the Constitution, where it now does not exist?

Mr. FERGUSON. Yes; that is correct.

Mr. LODGE. Would not that change the State election laws? I heard the Senator objecting to changing State election laws. Would not that amendment require a tremendous change in State elections laws?

Mr. FERGUSON. No.

Mr. LODGE. It seems to me that if that were in the Constitution, the States would have to change their election laws to conform with the unit-rule system, which is not now in the Constitution.

Mr. FERGUSON. But it is the practice, the unit rule has been the practice.

Mr. LODGE. But it is not in the Constitution.

Mr. FERGUSON. No.

Mr. LODGE. If the Senator is so solicitous about not requiring the States to change their laws, I should think he would not make a proposal such as he has suggested, which would impose an additional Federal obligation on the States.

Mr. FERGUSON. I do not understand that it would require any change in State laws. It has been the system, proven in practice.

Mr. LODGE. The practice.

Mr. FERGUSON. It has been the practice, and it therefore involves no unforeseeable consequences.

Mr. LODGE. The Senator's amendment provides that Congress, voting individually, would settle elections in which no candidate received a majority.

Mr. FERGUSON. That is correct.

Mr. LODGE. Would the Senator have the Members of Congress pledged?

Mr. FERGUSON. No.

Mr. LODGE. Would they vote their own personal ideas?

Mr. FERGUSON. There would undoubtedly be a plank in the platform of the Republican Party, or the Democratic Party, or of whatever party to which the Members of Congress belonged, that they would vote, if ever required to vote in the Senate and the House in a joint session, for the President nominated on the particular ticket upon which they were elected.

Mr. LODGE. So that if a Democratic President and a Republican Congress were elected in the same election, then the Senator would have the Republican Congress choosing a Republican, although he had not received as many votes as the other candidate.

Mr. FERGUSON. Yes; and I think that would be a good thing, because the people would have spoken, through their respective districts, and in case of a minority and not a majority, the Congress would name the President, because that would represent the popular vote.

Mr. LODGE. But the same voters will often vote for the candidate of one party for President, for the candidate of another party for Senator, and if a Senator were given the right to vote as he desired, that would be running exactly counter to what the citizen might want, taking the whole presidential election away from him, setting up a new body to decide presidential elections, completely removed from the popular will.

Mr. FERGUSON. I merely wish to say that those who vote for a different candidate for President than the one for whom they vote to be Senator they do not understand the American system of Government. It is no reflection upon them, but they do not understand they are confusing any prospect for action on issues.

Mr. LODGE. There are many Senators on this floor—of whom I happen to be one, and I daresay the Senator from Michigan is another—who were elected to the Senate at the same election when a Democratic President was also being elected, and I shall never admit that the people who elected me did not understand the American system.

Mr. FERGUSON. The Senator from Michigan was not elected in the State of Michigan when a Democratic President was elected, but that is beside the point.

Mr. LODGE. The Senator from Massachusetts was elected by the voters of Massachusetts in 1936, when a Democratic President was being elected, and it seemed to the Senator from Massachusetts, and apparently seemed to a plurality of the voters in Massachusetts, that that was a perfectly American and a perfectly consistent thing to do.

Mr. FERGUSON. Does not the Senator also think that the people really intended to elect a Republican, and that they wanted him in the Congress?

Mr. LODGE. They intended to elect a Democratic President. Franklin D. Roosevelt carried the State, according to my recollection, by 170,000, whereas I carried it by 140,000. There were 310,000 people who voted for a Democratic President and a Republican Senator. Why is not that perfectly American?

Mr. FERGUSON. It is perfectly all right, if that State desires a Republican Senator and a Democratic President. That is perfectly all right.

Mr. LODGE. Under the Senator's amendment, if the Congress settled the result of the presidential election, there would be a Republican Senator bound by the Senator's own system to vote for a Republican candidate for President, even though the people had voted the other way.

Mr. MALONE. Mr. President, I should like to ask the Senator from Massachusetts a question.

Mr. LODGE. I shall be glad to reply.

Mr. MALONE. As I understand the system the Senator has advocated under his joint resolution, it would take away any possibility of a State voting as a unit. In other words, the electors who vote for a Democratic President or a Republican President join with the electors of other States to make up the majority or the minority, whatever it may happen to be, for the respective person for whom they vote. In other words, there would be no such thing, from then on, as a State voting as a body for a President.

Mr. LODGE. If the people of a State vote unanimously for a certain candidate for President, that candidate gets all the electoral votes of the State. But if 80 percent vote for one candidate and 20 percent vote for another, then candidate A gets 80 percent of the electoral vote and candidate B gets 20 percent of the electoral vote.

Mr. MALONE. I was merely seeking to call attention to what the Senator had in his mind when he introduced this principle. Of course, when we elect the governor of a State, or elect a Senator or a Representative, he is elected by a majority of the people of a State.

Mr. LODGE. Usually a plurality. Election by a plurality is the usual rule in American electors for Senators, Governors, mayors, and most other officers.

Mr. MALONE. Of course, choice by majority is the rule.

Mr. LODGE. No; choice by plurality is the rule.

Mr. MALONE. Sometimes there are three candidates for governor in a State, but where there are two, as there usually are, a Democratic and a Republican candidate, the one who gets the largest number of votes is elected.

Mr. LODGE. That would be true in any system when there are simply two candidates. In such case there is certain to be a majority for one candidate. It is when there are three or more candidates that there begin to be pluralities.

Mr. MALONE. That is true. What I intended to have the Senator from Massachusetts clarify, but we were slightly diverted from it is the point that adoption of the amendment would take away from the State the opportunity of expressing itself as a State through a majority.

Mr. LODGE. No. The State would express itself if a majority of the voters of the State voted a certain way. That fact would receive accurate expression in the electoral vote. But the unit rule is done away with. That is correct. If the State has 10 electoral votes, and 60 percent of the vote of the State were to go to candidate A and 40 percent to candidate B, then candidate A would receive 6 electoral votes and candidate B would receive 4 electoral votes. All 10 would not go to candidate A.

Mr. MALONE. Then the first statement the Junior Senator from Massachusetts made is not correct. The last statement is correct. The last statement is that if there are two candidates for President, and one of them receives 30 percent of the vote, we will say, that percentage of the vote is counted for him.

Mr. LODGE. Yes.

Mr. MALONE. And there is no such thing as unanimity in a State's vote for President.

Mr. LODGE. The unit rule of all or nothing is done away with; that is correct unless, of course, the voters of a State cast their ballots unanimously for one candidate.

INVOCATION OF EMERGENCY PROVISIONS OF LABOR-MANAGEMENT RELATIONS ACT

Mr. BYRD. Mr. President, John L. Lewis is playing with the President and the American people as a cat plays with a mouse. One day he pounces upon us and allows no soft-coal production at all. The next day he releases his grasp slightly and allows limited production to

trickle through. Then he pounces again with all fours.

By these tactics he is menacing the general welfare of the American people in the dead of winter. The national emergency which he has precipitated may be summed up by the following facts:

The normal over-all coal supply above the ground is 50,000,000 tons.

The supply above the ground today is about 20,000,000 tons.

In the most recent 2 weeks' period Lewis has allowed the production of 12,500,000 tons.

In the same period consumption has totaled 22,500,000 tons.

Consumption is outrunning production at the rate of a net loss of from 500,000 to 700,000 tons a day.

At the present rate of production and consumption all reserves would be consumed in about a month.

While the over-all reserves, if equally distributed, would be enough to last for a month, assuming the present rate of production, they would last about 2 weeks if production should be completely stopped. Yet, the reserve in the hands of the retailers is only about 1,000,000 tons and, if equally distributed, would supply the country for 2½ days. With cold weather now forecast throughout the East as well as the North and West, we may easily have a critical situation in a period of hours.

Such reserves as remain are so scattered that human suffering will be extensive long before the reserves are completely exhausted.

The Interstate Commerce Commission on December 23 found, as a result of the coal shortage, that the ability of the railroads to perform their service and duties in the interest of the public and the commerce of the people is seriously threatened.

Subsequently, on January 4, the Interstate Commerce Commission found that an emergency exists requiring immediate action—with respect to curtailment of railroad operations—in all sections of the country.

This curtailment of rail transportation has already affected the dispatch of the United States mail.

It is obvious to all that if the Lewis tactics are allowed to continue steam operations on railroads, other vital industries, power plants, and so forth, will be brought to a virtual standstill within a relatively few days.

The shortage of fuel in the worst of the winter months would extend to the homes and domestic routines of millions of families, and the shortage of fuel and power will extend even to hospitals and other institutions vital not only to the general welfare but literally to the health of the Nation as well.

The existence of an emergency has been recognized by National Labor Relations Board Counsel Denham, who has proceeded in the only way he could by requesting the court action in the situation from the standpoint that Lewis is engaging in an unfair labor practice.

Denham is to be commended for the courage he displayed in the absence of any manifest interest by the President. But even if his move is a proper one under the law, it is likely the suffering will be deadly before action can be taken under the ordinarily slow processes of Federal courts.

In the face of all this, the President has said no emergency exists, and still stubbornly refuses to take the immediate action that only the President can take.

Director of the Bureau of Mines, Dr. James Boyd, differs with the President as to whether an emergency in coal exists. In testifying before the Senate Labor Committee on January 25, Dr. Boyd said:

> Unless there is an immediate resumption of substantially increased coal production the national economy, health, and welfare is now or soon will be imperiled.

Under the circumstances, to delay declaration of a national emergency until the last lump of coal is burned might be politically expedient, but humanely it certainly would be an anticlimax.

Something has changed the mind of the President about when an emergency in coal shortage exists.

In an Executive order of March 23, 1948, issued by the President as a result of a Lewis strike, the President found that it was "affecting a substantial part of an industry engaged in trade and commerce among the several States and with foreign nations, and in the production of goods and commerce, which strike, if permitted to continue, will imperil the national health and safety."

That is what Mr. Truman said on March 23, 1948.

When the President made that finding there were 45,000,000 tons of coal above the ground. Now there are little more than 20,000,000 tons. Then he set up a commission to determine the facts preliminary to action under the national-emergency provisions of the Taft-Hartley Act. Today no commission has been established and the President has said he did not think anything was needed.

On April 3, 1948, the commission confirmed the President's views, the President ordered the Attorney General to seek an injunction to stop the strike, and the injunction was granted—all in the same day. That is how serious the emergency was at that time. On that day in April 1948, when the worst of the winter was over, there were 40,000,000 tons of coal above ground. Today, with the worst of the winter ahead, there is little more than 20,000,000 tons above the ground.

Despite the statement attributed to the President that he had never used the Taft-Hartley Act, an official compilation by the Library of Congress shows that he has invoked the act on seven different occasions, as follows:

First. Atomic energy dispute, March 1948.

Second. Meat-packers dispute, March 1948.

Third. First bituminous-coal dispute, March 1948.

Fourth. Long-line-telephone dispute, May 1948.

Fifth. Maritime dispute, June 1948.

Sixth. Second bituminous-coal dispute, June 1948.

Seventh. Longshoremen's dispute, August 1948.

Perhaps the President was erroneously quoted. Perhaps the statement was inadvertent. But, in any event, the fact that he has not used the Taft-Hartley Act since August 1948 is significant.

Whether or not it is due to some secret election campaign agreement with labor leaders, implied or otherwise, it is a fact that the President has not invoked the Taft-Hartley Act since his active campaigning for reelection in 1948 really started.

Under our constitutional form of government, the Congress makes the laws and the President must execute them, and any President who refuses to enforce the law as enacted by Congress is undermining the constitutional processes of our Government.

The Taft-Hartley Act imposes upon the President the constitutional duty of invoking the national emergency provisions of that law when he finds there is a national emergency.

It is a matter of record that responsible agencies and officials of the Government have officially found that a national emergency has arisen by virtue of the intolerable behavior of one labor leader who has time and time again set himself above the Government of the United States.

Everybody in the country except the President and the labor leaders knows that a national emergency exists.

The Supreme Court of the land has upheld the action taken as a result of the President's previous invocation of the Taft-Hartley Act against Lewis.

Under the circumstances, I am submitting a resolution stating officially that the Senate of the United States knows an emergency exists, and that it is calling upon the President to perform his constitutional duty in behalf of the people of the Nation.

This is a Senate resolution, which, under the rules of the Senate, I request to lie on the table. This means that the Senate, by a majority vote, can take up such a resolution for consideration. The fact that action on the joint resolution recently introduced by the Senator from Ohio [Mr. TAFT] and other Senators, for the purpose of declaring that an emergency in the coal supply exists was indefinitely postponed by the Labor Committee, warrants the submission of a Senate resolution, which can be taken up quickly without reference to committee.

The adoption by the Senate of a resolution that an emergency does exist, while without legal effect, will have a profound influence as expressing the majority sentiment and judgment of the Members of the United States Senate.

Mr. President, I ask unanimous consent to submit the resolution, which I ask to be printed and lie on the table, and to be printed in the body of the RECORD.

There being no objection, the resolution (S. Res. 221) was received and ordered to lie on the table, as follows:

> Whereas the President of the United States on March 23, 1948, signed Executive Order 9939 creating an emergency board under the Labor-Management Relations Act,

1947, in connection with the strike in the bituminous coal-mining industry taking place at that time; and

Whereas stocks of bituminous coal as of March 23, 1948, were approximately 45,000,000 tons of coal based on official Bureau of Mines figures, representing approximately 31 days' forward supply; and

Whereas stocks of bituminous coal today are approximately 20,000,000 tons based on best available Bureau of Mines figures, representing only a few days forward supply; and

Whereas the present serious shortage of bituminous coal has already been recognized by public bodies, including the Interstate Commerce Commission, which has restricted coal-burning passenger service locomotive mileage by 33⅓ percent; and

Whereas Dr. James Boyd, Director, Bureau of Mines, United States Department of the Interior, nearly a week ago, on January 25, 1950, testifying before the Senate Committee on Labor and Public Welfare, said: "Unless there is an immediate resumption of substantially increased coal production the national economy, health, and welfare is now or soon will be imperiled"; and

Whereas the President has effectively invoked the national emergency provisions of the Labor-Management Relations Act, 1947, in seven instances as follows: Atomic energy dispute, March 1948; meat packers dispute, March 1948; first bituminous-coal dispute, March 1948; long-line telephone dispute, May 1948; maritime dispute, June 1948; second bituminous-coal dispute, June 1948; and longshoremen's dispute, August 1948: Therefore be it

Resolved, That it is the sense of the Senate that the President of the United States shall invoke the national-emergency provisions (secs. 206–210, inclusive) of the Labor-Management Relations Act, 1947, in the current strike in the coal industry.

STATEMENT BY SENATOR MORSE ON THE EQUAL-RIGHTS AMENDMENT

Mr. SMITH of New Jersey obtained the floor.

Mr. MORSE. Mr. President, will the Senator yield to me for 1 or 2 minutes so I may make a brief statement, and ask to have several insertions made in the RECORD?

Mr. SMITH of New Jersey. I am glad to yield to the Senator from Oregon.

Mr. MORSE. Mr. President, since the Senate has acted on the joint resolution proposing the so-called equal-rights amendment to the Constitution, I do not wish to take the time of the Senate to discuss the subject now, but I do wish to make clear that, while entertaining doubts regarding the legal effect of the proposal, nevertheless, I favor submitting it to the State legislatures for consideration.

Mr. President, I was absent from the Senate on official business last Wednesday, January 25, when the vote was taken on Senate Joint Resolution 25, the resolution proposing a constitutional amendment declaring that "equality of rights under the law shall not be denied or abridged on account of sex." If present, however, I would have voted in favor of submitting the proposed amendment to the States, in view of the fact that both party platforms have declared in favor of that step and in view of the rejection of the substitute measure, proposing a commission to study and report on the nature and extent of discriminations based on sex and declaring it to be the national policy that there should be no distinctions based on sex "except such as are reasonably justified by differences in physical structure, or by maternal function."

Eminent jurists and lawyers have raised serious questions about the amendment. Thus, a group of them, including deans and professors of law of 21 leading law schools, has endorsed a statement which in part reads as follows:

If anything about this proposed amendment is clear, it is that it would transform every provision of law concerning women into a constitutional issue to be ultimately resolved by the Supreme Court of the United States. Every statutory and common-law provision dealing with the manifold relation of women in society would be forced to run the gauntlet of attack on constitutional grounds. The range of such potential litigation is too great to be readily foreseen, but it would certainly embrace such diverse legal provisions as those relating to a widow's allowance, the obligation of family support and grounds for divorce, the age of majority, and the right of annulment of marriages, and the maximum hours of labor for women in protected industries.

Not only is the range of the amendment of indefinite extent but, even more important, the fate of all this varied legislation would be left highly uncertain in the face of judicial review. Presumably the amendment would set up a constitutional yardstick of absolute equality between men and women in all legal relationships. A more flexible view, permitting reasonable differentiation, can hardly be regarded as the object of the proposal, since the fourteenth amendment has long provided that no State shall deny to any person the equal protection of the laws, and that amendment permits reasonable classifications while prohibiting arbitrary legal discrimination. If it were intended to give the courts the authority to pass upon the propriety of distinctions, benefits, and duties as between men and women, no new guidance is given to the courts, and this entire subject, one of unusual complexity, would be left to the unpredictable judgments of courts in the form of constitutional decisions.

This statement, after briefly examining the impact of the amendment, concludes that:

The basic fallacy in the proposed amendment is that it attempts to deal with complicated and highly concrete problems arising out of a diversity of human relationships in terms of a single and simple abstraction. This abstraction is undoubtedly a worthy ideal for mobilizing legislative forces in order to remedy particular deficiencies in the law. But as a constitutional standard, it is hopelessly inept. That the proposed equal-rights amendment would open up an era of regrettable consequences for the legal status of women in this country is highly probable. That it would open up a period of extreme confusion in constitutional law is a certainty.

Because of these serious legal questions, it seemed to me that the next logical step in the struggle to eliminate outmoded, unfair, and unnecessary discriminations based on sex was to conduct a detailed study, on the basis of which the Congress and the legislatures of the States could take informed action. For that reason, I joined in sponsoring in this Congress the so-called status bill, Senate bill 1430, the substance of which was offered but rejected as a substitute for Senate Joint Resolution 25.

The Senate adopted the amendment offered by the senior Senator from Arizona [Mr. HAYDEN], providing that "rights, benefits, or exemptions now or hereafter conferred by law upon persons of the female sex" shall not be impaired by reason of the earlier declaration in the amendment that equality of rights under the law shall not be denied or abridged on account of sex. I felt that these two propositions were, in large part, contradictory; and therefore I recorded my position against the so-called Hayden amendment.

An editorial in the Washington Post for Sunday, January 29, sums up the matter thus:

EQUAL RIGHTS

Although the Senate has approved the proposed constitutional amendment to give women equality of rights under the law, the vote was far from a victory for the advocates of the equal-rights amendment. On the contrary, it was a qualified victory for the many outstanding women's organizations that have made a splendid fight against it. For by amending the proposed constitutional amendment so as not to impair any rights, benefits, or exemptions conferred by law upon persons of the female sex, the Senate has made it comparatively innocuous and rather meaningless. At the same time it has alienated those forthright supporters of the original amendment who want to sweep away all laws intended for the protection of the weaker sex and put women on a basis of absolute equality with men under the law. Since the amendment in its present form is unacceptable to many of the equal-rights advocates, and since the amendment in any form would antagonize many of the States, we conclude that the chances of its eventual ratification are negligible.

As we have repeatedly pointed out, and as Senator LEHMAN said in course of the debate on the pending amendment, discrimination against women growing out of prejudice or custom can never be abolished by constitutional mandate. Moreover, attempts to compel the States to modify discriminatory laws would create endless litigation and legal confusion. That is why we have favored passage of the women's status bill, which declares that the policy of the Federal Government shall be to abolish distinctions based on sex, except such as are reasonably justified by differences in physical structure or by maternal function. That bill also calls for a presidential commission to study the problem and make recommendations for any required changes in Federal and State laws. The States would remain free to accept or reject such recommendations, but in our opinion that would be much more amenable to suggestions than to efforts to compel compliance with a constitutional mandate affording no practicable guide to purposive action.

We hope that the fight for the equal-status bill will be carried on with increased vigor. For it provides a practicable and reasonable method of dealing with the problem of legal discrimination without jeopardizing the efficacy of protective social and economic legislation essential for the protection of women in industry and in the home.

Mr. President, in closing let me say that it is my hope that the States, if the House should join in Senate Joint Resolution 25, will carefuly study the probable effect of the amendment. As an aid to that consideration, I believe it would be wise to enact Senate bill 1430, the status bill, so that the Congress and the States may be fully informed on this subject.

I thank my good friend, the Senator from New Jersey, for permitting me to make this statement at this time.

PROPOSED CHANGE IN METHOD OF ELECTION OF PRESIDENT AND VICE PRESIDENT

The Senate resumed the consideration of the resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President.

Mr. SMITH of New Jersey. Mr. President, I propose to resume the discussion of the unfinished business, Senate Joint Resolution 2, the joint resolution proposing an amendment to the Constitution of the United States relative to the election of President and Vice President.

Mr. President, this subject is a very important one. The issues presented in this debate have confronted the United States ever since the time of its founding and the establishment of its method of electing a President and Vice President through the use of the electoral college.

When the time comes to vote on the amendment under our constitutional processes, I wish it were possible for all the people of the country to have the benefit of the splendid presentation made to the Senate by our distinguished colleague the Senator from Massachusetts [Mr. LODGE] when he opened this debate, and also to have the benefit of the splendid presentation on the other side of the question made by our colleague the Senator from Michigan [Mr. FERGUSON].

In connection with the effort to solve these problems, no one would presume to state dogmatically what would happen under a given set of circumstances. Inevitably, if we are suggesting a change in the process of electing the President and Vice President of the United States, we shall differ in our views in regard to what will be the effect of the proposed change, and no one can be sure exactly how the people will react to the proposals if put into effect.

But, Mr. President, I shall try to present an orderly statement of what I feel is the main issue in this matter, which has brought me to the conclusion that I should support Senate Joint Resolution 2.

Mr. President, the able Senator from Massachusetts already has stated his reasons for introducing the pending joint resolution. He has done so in an admirable and comprehensive statement, based upon years of intensive study—and in that connection I emphasize the word "years."

I may say, Mr. President, that I have been connected with Princeton University for some time, and the subject now before us has been considered by the university's department of politics. Although there are differing views, I think I am safe in saying that at least those in our institution who have studied this matter feel that this is the most practical approach which has been suggested in a great many years in regard to improving what we feel are the deficiencies in our present use of the electoral college.

I also call attention to the fact, as the RECORD shows, and as the Senator from Massachusetts pointed out, that the Brookings Institution, which is a research institution, as all of us know, came to a similar conclusion, and felt that the pending proposal was the best practical suggestion which had been made for improving some of the defects in our present system.

So I have no apologies to make for supporting the joint resolution, although I give great credit to, and have great respect for, the judgment of such distinguished colleagues of mine as the Senator from Michigan, who has just made such an able presentation.

Mr. President, without going into great detail myself, I simply wish to indicate why I have become an enthusiastic cosponsor of this measure, and I should like to emphasize certain aspects of it which seem to me to be of overriding importance.

I wish to say here that the Senator from Michigan seems to be concerned that the adoption of this new procedure will break down our two-party system. I say without reservation that if I thought there were any danger of that; I would be opposed to the joint resolution. I think that nothing in the United States of America is more important than our two-party system.

Our present system of presidential elections is based partly on the Constitution and partly on a great historical development which took place outside the Constitution, namely, the rise of the American two-party system. I shall try to indicate that I believe the proposed constitutional amendment will strengthen, not weaken, the two-party system.

It is well known that the two-party system was entirely unforeseen by the founding fathers; indeed, Washington and others of our early leaders repeatedly warned against what they considered the baneful growth of factions in the body politic. Washington even went so far as to be afraid of a two-party system; but, above all, he did not want factions in the body politic. Nevertheless, our young Republic was immediately faced with the practical problem of organizing our political activity in such a way as to give expression to conflicting interests without allowing those interests to throw us into a state of anarchy. The practical solution which we found to this problem was the great two-party system, which we have had almost throughout our history, and which we still cherish today.

Mr. President, this two-party system, which grew up within the broad terms of our Constitution, is an essential part of our priceless American heritage of freedom. As we have progressed from a limited suffrage to our present principle of universal adult suffrage, this system has afforded us a mechanism through which every citizen can express his voice—let me emphasize that point—and can exert his personal weight and influence, in a practical way, on the public affairs of his community, his State, and his Nation. It has meant that a channel was always open, through the minority party, for the free and effective expression of opposition. The two-party system is the heart of the organization of our democratic process.

Yet there is one respect in which the practices of this system have tended to nullify the system itself. I refer to the unit rule, under which all the electoral votes of each State are awarded to the Presidential candidate winning a plurality of the votes in the State. In my opinion, the abolition of this unit rule is the outstanding merit of the constitutional amendment proposed by Senate Joint Resolution 2.

Of course, I should point out that the distinguished Senator from Michigan takes issue at that point. That is the one thing the Senator from Michigan does not want to see happen, namely, the abolition of the unit rule.

It is not difficult to understand how the unit rule came into being. Political parties, like businesses, are in competition with each other. We all know how in industry, competition often tends to destroy itself, as one contending party succeeds in establishing a monopoly. We have long recognized that monopolistic practices are contrary to the public interest, and we have developed antitrust laws to hold them in check.

The unit rule in presidential elections is essentially a monopolistic rule. Our parties early discovered the convenience of offering in each State a single slate of electors, pledged to vote in the electoral college for the party's presidential candidate. Under this system, the whole party slate either wins or loses, and the electoral vote of the whole State goes to either one candidate or the other; it is never divided between the candidates, no matter how close the popular vote for President in the State may be.

The result is that in any State where one party holds a clear and certain majority, this rule completely nullifies the party contest for the Presidency. It creates a presidential monopoly for the majority party in that State. So in all the States—some of them predominantly Republican, some of them predominantly Democratic—the competitive two-party system has virtually ceased to exist.

The Senator from Massachusetts has already ably indicated the evil effects of this situation. He has stressed the stay-at-home attitude of voters in the safe States, who know very well that the Presidential election result is a foregone conclusion which their votes cannot change. He has noted that party activity during Presidential campaigns in these States is practically nil. He has noted that the Presidential candidates themselves are never nominated from these States and never bother to visit them during campaigns. The picture in these States is one of complete apathy and indifference. The people of these safe States stand completely outside the process of electing a President, although the President represents them as well as all the other people of the country. They are fast becoming what may be called political backwashes, areas of political stagnation. I submit that in this age, when democracy is at stake throughout the world, such a development is profoundly serious. Let me note in passing, it is my judgment that this situation has much to do with the small percentage of votes in relation to the number of those eligible to vote. We found in elections over a number of years that that was true. In the elections of 1948, 90,000,000 people were eligible to vote, only 45,000,000 of whom actually voted. The actual percentage was

something like 49.5 of the total number of people eligible to vote. In my judgment, that is partly due to the fact that we have the division of so-called safe States, States in which people think their votes will not make any difference. It is my feeling that Senate Joint Resolution 2 proposes an amendment which goes directly to the heart of this evil. Just as our antitrust laws recognize that the people cannot afford to tolerate the economic stagnation of business monopolies, so this amendment would recognize that our free American people cannot afford the political stagnation of party monopolies in any of our States. It would open up the whole length and breadth of the United States to the healthy competition of our two great political parties. No longer would it be possible for a safe State to deliver its due number of electoral votes to one Presidential candidate without a single important campaign speech in favor of either candidate having been made in that State. No longer would a Presidential election day come and go in these States without causing even a ripple of interest among the voters. Even if the strength of the minority party in such a State were only 10 percent, that 10 percent would be worth contending for because it would be reflected in the final outcome. Our Presidential campaigns, instead of being concentrated in a few pivotal States, would be spread throughout the country, turning areas of stagnation into areas of real vitality.

We all know as a practical matter—and I served on the Republican National Committee for a time, so I know the practical side of this question—that before an election, we think in terms of States which are the ones in which it is most worth while to put forth our efforts. There are certain States we cannot get, anyway, so why waste time and money on them? Consequently, the people of those States are left out of the picture so far as active interest in the campaign is concerned, and it is little wonder they do not go to the polls.

I feel so strongly on the question of a larger percentage of our people voting in elections that I have even considered the possibility of exploring legislation which has been enacted in certain countries, of which I think Australia is one, where either an incentive to vote is provided by law, or a penalty for not voting is provided by law. I merely say in passing, if I am correct in my figures, Australia has raised its percentage of people voting from somewhere in the low fifties to between 85 and 90 percent, since the enactment of the law, and the people of Australia feel that they have improved the democratic processes.

But let me emphasize that the abolition of the unit rule would improve our electoral process not only in the so-called sure States, but in every State of the Union. The inequities of the present system are well known. It entirely fails to register minority sentiment in any State, and instead gives the leading candidate the votes not only of his own supporters but of his opponents as well. That is the effect of the present system. It enables third parties, by turning the balance of power in close States, to exercise an influence out of all proportion to their strength, and even to decide the outcome of the election. My friend, the Senator from Michigan, made the point that we would probably be giving incentives to third parties and fourth parties and other minority groups to come forward and make trouble. I feel that under the present system minorities become strong enough in pivotal States frequently to swing an election, when they should not have that exaggerated power. And this distortion of the will of the people confronts us with the danger of electing a minority President who received fewer popular votes than his opponent.

There is not a doubt in my mind that a system containing all these inequities and dangers should be changed. But the question remains whether the pending measure which I am supporting offers the best solution.

There are some—notably the Senator from North Dakota [Mr. LANGER], and the Senator from Minnesota [Mr. HUMPHREY] has also offered an amendment on the subject—who suggest that the best cure is to go all the way to election of the President and Vice President by direct popular vote. This solution would eliminate not only the electoral college and the unit rule, but the whole system of electoral votes as well. I do not share the view that that is the proper approach.

Direct popular election of the President is an appealing idea from a theoretical point of view, but I cannot accept it because I believe it does unnecessary violence to the Constitution. The electoral votes of each State correspond exactly to the State's representation in the two Houses of Congress. Since this includes two Senators regardless of population, the effect is to give a disproportionate strength to the less populous States. But, Mr. President, this effect was the deliberate intention of the framers of the Constitution, who wanted a truly Federal Constitution. It seems directly from the great compromise by which all the States were given equal representation in the Senate. It was this compromise which actually saved the Federal Convention of 1787 and made possible the adoption of the Constitution. Without it, quite possibly we would never have become a single nation. I therefore suggest that it is the part of wisdom and also the part of sound principle under our Federal system, to leave this traditional principle intact. I agree therefore with the distinguished Senator from Michigan in his emphasis on that particular point. I think he is entirely correct; it would be a mistake to move over into the direct election of Presidents, ignoring the State break-down.

The pending measure wisely does just that. It preserves the principle of electoral votes, and in so doing I think it faithfully preserves the spirit of our fundamental law. In fact, this measure does not acutally propose to abrogate any important provision of the Constitution as it is now written. It would, to be sure, do away with two relatively minor provisions, both of which are, as the Senator from Massachusetts has shown potentially very dangerous, namely, the rubber-stamp electoral college—and who does no know that our electoral college is merely a rubber stamp?—and the illogical provision for election of the President and Vice President by Congress where no candidate receives a majority of the electoral vote. Heaven forbid that we should ever have to have an election by Congress under the system now prevailing.

But the most important effect of the abolition of the unit rule is that it strikes not at the Constitution itself but at a political practice sanctified only by habit. In what we do today, we are not dealing with constitutional principle. Under present laws we are perpetuating a practice which nullifies and frustrates the working of our great two-party system, because, as I have tried to point out, it simply puts some of our States into an area of political stagnation. Thus I think it is accurate to say that Senate Joint Resolution 2 proposes to spell out, in terms of modern actuality, a procedure on which the framers of the Constitution had nothing to say because in their time our party system was unknown and unforeseen. We are dealing with something which has grown up since the Constitution was first framed.

Some may ask whether the proposed amendment, if ratified, would benefit the Democrats or the Republicans. Fortunately, Mr. President, I do not think any of us has sufficient prophetic powers to answer that question with any confidence.

The Senator from Michigan in his able address said that those of us who are proponents of the resolution were speculating as to what might happen under certain conditions. I return the answer to the Senator by asking whether he was not speculating in his address as to what might happen in the way of the dire effects he predicted with respect to minority groups. For my part I feel that this is no time for the close calculation of party advantage. I agree wholeheartedly with the observation of the Senator from Massachusetts, in his opening address, when he said: "Our parties exist to serve the people and have no other excuse for being."

Therefore I suggest that, in considering the pending measure, it is our duty to ask ourselves—not "Is it good for the Democrats?" or "Is it good for the Republicans?" but "Is it good for the American people?" For the reasons I have stated, I believe the answer is "Yes". In my judgment the proposed amendment would be a major step in releasing the pent-up vitality of our American democracy.

Mr. President, I sincerely hope the Senate will pass the joint resolution by an overwhelming vote.

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

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Illinois?

Mr. SMITH of New Jersey. I yield.

Mr. LUCAS. The distinguished Senator has been discussing minority representation under the amendment, suggesting that a candidate with but very few votes compared to the majority number of votes cast might become President.

I should like, respectfully, to ask the Senator a question.

Mr. SMITH of New Jersey. If the distinguished Senator will pardon me, I am not quite clear what he meant by his statement. I was not suggesting that a candidate who received very few votes could become President. My own guess is it would never happen, if our parties were alive and on the job. I do not think a minority candidate could grab the Presidency under any conceivable set of circumstances.

Mr. LUCAS. Perhaps I misunderstood the Senator's statement. As I recall, he was objecting to the argument advanced by the distinguished Senator from Michigan along that line. In other words, if I followed the Senator correctly, it was the Senator from Michigan who said "splinter" parties might be developed throughout the country. Under the proposed amendment I can envision a case, where, for example, 26 percent of the vote of the people might elect a President. Does the Senator agree with me about that?

Mr. SMITH of New Jersey. It is mathematically possible, and it would be a challenge to the organization of further parties.

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

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from New Jersey yield to the Senator from Massachusetts?

Mr. SMITH of New Jersey. I yield.

Mr. LODGE. It is not only mathematically possible, but it would be practically possible under the present system. It has happened 12 times.

Mr. LUCAS. The Senator may be correct about that. But what I wanted to ask the Senator was whether or not he is familiar with the amendment offered by the able Senator from South Carolina [Mr. JOHNSTON] which provides:

> The person having the greatest number of electoral votes for President shall be the President, if such number be at least 40 percent of the whole number of electoral votes; and if no person have at least 40 percent of the whole number of electoral votes, then from the persons having the highest numbers not exceeding three on the list of those voted for as President, the House of Representatives shall choose immediately, by ballot, the President.

It seems to me that amendment may have some merit, in answer to the argument made by the Senator from Michigan and I was wondering whether the Senator from New Jersey had considered it or whether the Senator from Massachusetts had considered it.

Mr. LODGE. Mr. President, will the Senator from New Jersey permit me to comment on that?

Mr. SMITH of New Jersey. I yield to the Senator from Massachusetts.

Mr. LODGE. I would be opposed to the amendment offered by the Senator from South Carolina, for two reasons, first, that it would continue the almost universally condemned method of having the House of Representatives voting for a President, with each State casting one vote.

Mr. LUCAS. I also object to that. I am dealing only with the 40-percent provision. I think the resolution offered by the Senator from Massachusetts is much better, so far as the proper representation is concerned. I was only questioning the argument made by the Senator from Michigan with respect to splinter parties which might arise. It seemed to me, as I read the Johnston amendment, that it might have some merit in curing that defect.

Mr. LODGE. If I may, I should like to complete my comment.

Mr. SMITH of New Jersey. I yield to the Senator from Massachusetts.

Mr. LODGE. Under our present system, it is possible for the person receiving less than a majority of the votes to be elected. It has happened in the cases of Presidents Polk, Taylor, Buchanan, Lincoln, Hayes, Garfield, Cleveland, Harrison, Wilson, and Truman.

There has never been any complaint, and no one has ever been able to point to any harm which has come from the fact that Abraham Lincoln was elected with 39 percent of the votes. It seems to me that the amendment offered by the Senator from South Carolina addresses itself to something which Senate joint resolution 2 leaves entirely alone. Under our present system a President might be elected by less than a majority of the votes, and under the proposed joint resolution that could still occur. There is nothing inherently wrong about that. Senate Joint Resolution 2 does not essentially change the present system insofar as plurality of the popular vote is concerned.

Mr. LUCAS. I do not think I quite agree with my friend from Massachusetts. I think if the joint resolution should become law it would encourage minority parties. Henry Wallace ran for the Presidency of the United States last year. Under this proposed resolution he would have received a number of electoral votes, because of the considerable popular vote he received. On the other hand, he received, under our present system, no electoral votes whatsoever. It is not very much encouragement to a splinter party to continue if it does not receive any electoral votes. A number of persons may look for an opportunity to say, "I ran for the Presidency and received one electoral vote. I want to pass that information down to the family to show that I was a candidate for the Presidency at one time, and that I did receive a vote for the Presidency of the United States." I think it would encourage splinter parties, which I do not particularly like, in view of what I know about them in some other areas of the world.

Mr. SMITH of New Jersey. I should like to say to the Senator from Illinois that if I thought that would be the result, I would be in grave doubt; but I do not think it will be the result. I agree that some persons like headlines, but I do not think we are going to be faced with that situation.

Mr. LUCAS. Everyone has been speculating about what is going to happen, and I thought I would put in my two bits worth.

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

Mr. SMITH of New Jersey. I yield to the Senator from Michigan.

Mr. FERGUSON. In 1934 the late Senator Norris sponsored a similar resolution containing a provision for 35 percent of the vote; in other words, that a candidate had to receive at least 35 percent of the vote. The Johnston amendment provides for 40 percent of the vote.

But I think the distinguished Senator from Illinois has hit the nail on the head. Everyone is speculating; and when we have to speculate we should not amend the Constitution to provide for a great contingency such as that which is being provided for here. We should be more sure of the outcome. We are now speculating about changing the habits of voters.

Mr. SMITH of New Jersey. I should like to say, in answer to the distinguished Senator from Michigan, that if we take that position I cannot see any possibility of ever making any change whatsoever, because any proposed change will have to deal with speculation as to what may happen in the future. Any possible change in our system of electing a President would be bound to produce speculations as to the result in its effect on the people. I do not share the fear which the distinguished Senator from Michigan has mentioned.

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

Mr. SMITH of New Jersey. I yield.

Mr. LODGE. I may say to my friend from New Jersey that if speculating as to the future were a very bad thing, we never would have had a Constitution at all. If we are never going to vote for any legislation because it might involve speculation as to the future, we shall not have much legislation.

Mr. SMITH of New Jersey. We never would have had the United Nations.

Mr. LODGE. That is correct. We might as well look back and confine ourselves to legislation concerning cemeteries. That would be about the only thing left for us to do.

Of course, the Senator is quite correct in saying that under the proposed system Henry Wallace, using the 1948 figures, could come out with 9.4 electoral votes, and he and his adherents would be entitled to whatever satisfaction they could get from that great and glorious fact. But over against that we must put the fact that Wallace and his party were influential in throwing the whole vote of the State of New York to Dewey, and, I think, the State of New Jersey, also——

Mr. SMITH of New Jersey. Let me correct the Senator in that connection. I think we carried the State of New Jersey in an entirely whole-hearted Republican vote.

Mr. LODGE. At any rate, I think the Senator from Illinois, in making up his mind on this matter, should carefully weigh the rather transitory advantage which a third party would receive, due to the publicity and the little burst of newspaper prestige that would come from nine electoral votes. It seems to

me the thing which really makes a political organization great is its actual influence and power. That is a far greater help to splinter parties than giving them the little bit of prestige which the Senator has mentioned. I hate splinter parties as much as does the Senator from Illinois, and I am giving up most of my waking hours to endeavoring to make our parties more effective and I think Senate Joint Resolution 2 eliminates any chance that a splinter party can throw the whole vote of a great State one way or the other.

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

Mr. SMITH of New Jersey. I yield.

Mr. LUCAS. The Senator from Massachusetts may be correct. I may be overemphasizing the situation, but I am seriously interested in the Johnston amendment.

I am glad to know that the late Senator Norris introduced in the Senate a similar proposal when he was a Member of the Senate, providing for 35 percent of the whole number of electoral votes. I am only attempting to make an argument against the increase in the number of parties which may exist in this country. I know what the situation is in Greece, in France, and in other nations. If we should have a dozen or 15 parties represented in the Senate or in the House of Representatives and should have to form three or four different coalitions before we could finally have an organization, we would not have any stability or responsibility in government for the American people. I seriously believe that this is a move in that direction. How much of a move it is I cannot say, but I believe it is much more serious than is the situation under the present system, in view of the things I have pointed out.

I do not want the Senator from Massachusetts to misunderstand the Senator from Illinois, because I believe I am in sympathy with what he is trying to do. I believe that the electoral college should be abolished. I think it is out of date. It is of the horse-and-buggy age, so to speak. But at the same time we should be rather careful in what we do when it comes to tampering with the Constitution of the United States. What I hope to do in my limited way, if I can, insofar as my vote is concerned, is to avert a multiple-party system. Having taken merely a brief look at the Johnston amendment, it appeared to me that it had merit. If the former able Senator from Nebraska, Mr. Norris, at one time had a similar view, I am more convinced than ever that I am right, because I had great respect for his opinions. Certainly no more liberal gentleman served in the United States Senate than the late great Senator from Nebraska, George W. Norris.

Mr. SMITH of New Jersey. Mr. President, I will add just a word, and then yield the floor. I agree, of course, with the sentiments expressed by the distinguished majority leader in opposing the principle of multiple parties. It is my judgment that nothing could be worse. If our main parties function as effectively as I think they can, they will both be strengthened, in my judgment, under Senate Joint Resolution 2.

I yield the floor.

FINANCIAL ASSISTANCE FOR SMALL BUSINESS

Mr. LUCAS obtained the floor.

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

Mr. LUCAS. I yield to the Senator from Tennessee.

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

The PRESIDING OFFICER. Does the Senator from Illinois yield for that purpose?

Mr. LUCAS. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hendrickson	Maybank
Anderson	Hill	Millikin
Benton	Holland	Morse
Bricker	Hunt	Mundt
Bridges	Ives	Murray
Butler	Jenner	Neely
Byrd	Johnson, Colo.	O'Conor
Cain	Johnson, Tex.	O'Mahoney
Chapman	Kefauver	Robertson
Chavez	Kem	Russell
Connally	Kerr	Saltonstall
Cordon	Kilgore	Smith, Maine
Darby	Knowland	Smith, N. J.
Donnell	Langer	Sparkman
Douglas	Leahy	Stennis
Downey	Lehman	Taylor
Dworshak	Lodge	Thomas, Okla.
Eastland	Long	Thomas, Utah
Ecton	Lucas	Thye
Ferguson	McCarran	Tobey
Frear	McCarthy	Tydings
Fulbright	McClellan	Watkins
George	McFarland	Wherry
Gillette	McKellar	Wiley
Graham	McMahon	Williams
Green	Magnuson	Withers
Gurney	Malone	Young
Hayden	Martin	

The PRESIDING OFFICER (Mr. KEFAUVER in the chair). A quorum is present.

Mr. LUCAS. Mr. President, I shall leave the pending business for the time being, and take a few moments on a different subject.

I ask unanimous consent that I be permitted to introduce a bill to amend the Reconstruction Finance Corporation Act, as amended, in order to provide more effective financial assistance for small business, that the bill be properly referred, and that it also be printed at this point in the body of the RECORD.

There being no objection, the bill (S. 2947) to amend the Reconstruction Finance Corporation Act, as amended, in order to provide more effective financial assistance for small business, introduced by Mr. LUCAS, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That subsection (b) (1) of section 4 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That in order to encourage small business the Corporation is authorized to give management skills, past earnings, and prospective earnings consideration over security in the form of collateral, in the making of loans either directly or in cooperation with banks or other lending institutions under paragraph (1) of subsection (a) of this section for the purpose of establishing new business enterprises or for meeting the long-term capital requirements of existing small-business enterprises. The Corporation shall make direct loans pursuant to the foregoing proviso only in those cases where loans cannot be consummated in cooperation with banks or other lending institutions."

SEC. 2. Subsection (b) (2) of section 4 is amended by adding before the period at the end of the first sentence thereof a colon and the following: "*Provided further*, That any loan made under section 4 (a) (1) for the purposes set forth in the proviso in paragraph (1) of this subsection as amended may be made for such period exceeding 10 years as the Corporation may deem proper for the encouragement of small business."

SEC. 3. Subsection (b) (3) of section 4 is amended by striking out the period at the end thereof and inserting a colon and the following: "*Provided*, That such participations by the Corporation may amount to 90 percent of the loan outstanding at the time of the disbursement, in the case of loans made for the benefit of small business enterprises in pursuance of the authority set forth in the proviso in subsection (b) (1) of this section as amended. In order to encourage loans in cooperation with banks or other lending institutions under the proviso in subsection (b) (1) of this section as amended, priority shall be given to private lending institutions over the Corporation against the assets of borrowers for the satisfaction of such loans made thereunder."

Mr. LUCAS. Mr. President, I am introducing a bill to amend the Reconstruction Finance Corporation Act for the purpose of encouraging small business enterprises in the United States.

The independence of small business and its continuing development and expansion have always been of primary interest to me. During the previous session of Congress, in July of last year, the distinguished chairman of the Banking and Currency Committee [Mr. MAYBANK] introduced Senate bill 2344, to amend the Reconstruction Finance Corporation Act. A short time later I prepared an amendment to Senate bill 2344 which contained the same provisions which are in the bill which I am now introducing. At that time I discussed my amendment with the distinguished chairman of the Banking and Currency Committee, and he agreed that such an amendment should be introduced.

It soon became clear that our crowded legislative program would not permit the consideration of Senate bill 2344 before adjournment. Consequently I withheld my amendment, intending to offer it during this session.

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

Mr. LUCAS. I yield.

Mr. MAYBANK. As I remember, it was last August or September when the distinguished Senator from Illinois brought the amendment up, but because of the crowded condition of the calendar and because the Committee on Banking and Currency had before it housing legislation and other emergency legislation, we were unable to hold hearings at that time.

Mr. LUCAS. The Senator from South Carolina is correct.

Mr. MAYBANK. I hope the calendar will not be crowded after the next 2 weeks. This week and next week the committee is disposing of the FDIC legis-

lation and the pending housing legislation. It will be a pleasure for me, as chairman of the committee, to ask that immediate hearings be held on the amendment of the distinguished Senator from Illinois, which I believe should result in legislation which will mean so much to the smaller business interests and smaller firms. I assure the Senator from Illinois of my full cooperation and support for the purposes sought by the bill.

Mr. LUCAS. I am very grateful to the Senator from South Carolina for his kind remarks. I assure him that at the earliest opportunity I shall be glad to appear before the Committee on Banking and Currency and present my views on this important measure.

Rather than propose these changes in the Reconstruction Finance Corporation Act as an amendment to another bill, I am now offering them as a separate bill. In view of the fact that the President in his state of the Union message emphasized the necessity for a small-business program, I am of the opinion that a separate bill restricted to the problems of small business should be immediately submitted to the Banking and Currency Committee.

Mr. MAYBANK. The Senator refers to the RFC legislation, I assume.

Mr. LUCAS. That is correct.

Mr. MAYBANK. Mr. President, will the Senator yield to me at this point?

The PRESIDING OFFICER (Mr. KEFAUVER in the chair). Does the Senator from Illinois yield to the Senator from South Carolina?

Mr. LUCAS. I yield.

Mr. MAYBANK. Mr. President, let me say that I am in thorough agreement with the Senator that the needs of small business should continue to be examined, because it is almost impossible under the existing RFC legislation to make adequate provisions for many small, new firms if they must repay the entire loan in 10 years. This is particularly true of those going into businesses and industries in which the field is rather largely in the hands of a few large firms, in view of the added diffculties which are then presented.

Mr. LUCAS. I agree with the distinguished Senator from South Carolina. The bill which I have introduced would permit loans to small-business enterprises to be made for periods longer than 10 years.

Mr. MAYBANK. I thoroughly agree with the Senator from Illinois that the bill should be considered as a matter concerned with small business as well as a matter affecting the powers of the Reconstruction Finance Corporation.

Mr. LUCAS. I thank the Senator.

Mr. President, the President of the United States in his state of the Union message called our attention to the problems of small business in these words:

> We must * * * provide aids to independent business so that it may have the credit and capital to compete in a system of free enterprise.

He went on to say that he hoped to submit to Congress—

> A series of proposals to strengthen the antimonopoly laws, to assist small business, and to encourage the growth of new enterprises..

I am introducing this bill now, realizing fully that although it may not be the complete answer to all the problems of small-business enterprises, yet it will enable the committee to begin work without delay in examining into the many problems of small businesses.

By beginning now, considerable headway can be made, so as substantially to assure the enactment at this session of small-business legislation along the lines suggested by the bill and in accordance with the recommendations which will be forthcoming from the President.

The most vital needs of small business today are tax relief and access to capital. The President in his message to Congress on January 23 recommended that small businesses with corporate incomes between twenty-five thousand and fifty thousand dollars be given tax relief. He recommended also in his message that the carry-forward provisions for losses incurred by businesses be extended from 2 to 5 years. This would unquestionably provide considerable tax relief to small-business enterprises, and I am certain this Congress will grant such relief, through proper legislation.

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

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Illinois yield to the Senator from South Carolina?

Mr. LUCAS. I yield.

Mr. MAYBANK. I should like to ask the Senator, if it is in order for me to do so at this time, whether he intends to introduce such proposed legislation in regard to the 5-year carry-forward period for business losses and also in regard to tax relief for firms having corporate incomes of between $25,000 and $50,000 annually.

Mr. LUCAS. The bill I am now introducing does not do so, but I am calling this matter to the attention of the Banking and Currency Committee, in view of the fact that I am discussing several ways and means of helping small business. I am confident that the Banking and Currency Committee or some other proper committee will handle the tax-relief question in due course.

Mr. MAYBANK. What concerns me in that respect is that of course proposed tax legislation comes from the Finance Committee, as the Senator from Illinois well knows.

Mr. LUCAS. That is correct.

Mr. MAYBANK. Unfortunately, the jurisdiction of the Banking and Currency Committee in connection with such matters does not extend to questions dealing primarily with tax legislation. I wish to assure the Senator of my full cooperation, and, of course, I am in thorough accord with the ideas of the Senator from Arkansas [Mr. FULBRIGHT] relative to the need for appropriate tax legislation to aid small business. But such legislation would normally come from the Finance Committee.

Mr. LUCAS. I am fully aware of the jurisdiction of the Finance Committee. I am merely suggesting these points as some of the subjects to be considered by the proper committee at the present session of Congress.

Mr. MAYBANK. I think some of the most important subjects to be considered are the means of enabling such firms to amortize their loans on a better basis, to obtain the benefit of a more equitable corporate-tax schedule, to spread their losses over an ensuing 5-year period for tax purposes, and to be permitted a more rapid depreciation allowance for new equipment in computing taxes, because certainly in those fields a great need for improvement exists.

Mr. LUCAS. The Senator is entirely correct. I may say that I am a member of the Finance Committee; and in consultation with the distinguished chairman of that committee, the Senator from Georgia [Mr. GEORGE], I was advised that he is in constant touch with the chairman of the House of Representatives' Ways and Means Committee, Representative DOUGHTON, of North Carolina. I think we shall receive from the House of Representatives a program which will take care of the question I am now discussing more or less collaterally, as my bill does not deal with tax matters.

Mr. MAYBANK. I understand what the distinguished Senator has said, and I am happy to know that the Senator from Georgia and Representative DOUGHTON, the chairman of the respective committees of the Senate and the House dealing with the revenue, will give consideration to these tax matters as soon as possible, because a proper treatment of them is essential.

I may say to the Senator from Illinois that we hope to report, we from the subcommittee of the Banking and Currency Committee on Federal Reserve matters, a measure dealing with the FDIC either this week or next week.

Testimony has been given by witnesses appearing before the Senator from Virginia [Mr. ROBERTSON], who is the chairman of that subcommittee, and other Senators, including the Senator from Delaware [Mr. FREAR], that an increase in the guaranty from $5,000 to $10,000 will make more money stay in the small banks, so that the small banks in the country areas and in the smaller communities will have additional funds to lend. Every witness who has testified before the subcommittee has said that such a provision will help the small-business men in such places. In other words, there will be that much more insurance available to depositors in banks in these areas, making it unnecessary to deposit local money in banks in the larger centers in order to obtain adequate insurance protection.

Mr. ROBERTSON. Mr. President, will the Senator yield, so that I may comment on what the Senator from South Carolina has just said?

Mr. LUCAS. I yield.

Mr. ROBERTSON. In the bill which the Senator has introduced, and upon which we hope to complete action in the committee this week, provision is made for a mutual plan of insurance of deposits in insured banks. The present policy is resulting in overloading the reserves a little at the present time.

There has been no loss in 5 years, and only a small loss in 14 years; and the bill contemplates a dividend of 60 percent to the banks. That will be of considerable help to small business. Three-fourths or more of all the banks are small banks.

Mr. LUCAS. I thank both Senators for what they have said. Their statements are a clear indication of the fact that the Banking and Currency Committee is interested in small business; and I congratulate the committee and its members.

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

Mr. LUCAS. I yield.

Mr. FULBRIGHT. I wonder whether the Senator has any idea in mind regarding small-business loans. We have had some difficulty in connection with that matter. As the Senator knows, we have discussed it in the committee. For example, we have discussed the question of where a distinction can be drawn between big-business loans and little-business loans. It is a problem of very practical application, and in the committee we have to deal with it.

Mr. LUCAS. I shall discuss that as I proceed with my remarks. That problem is an important one, but I have not yet reached it in my discussion.

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

Mr. LUCAS. I yield.

Mr. WHERRY. The junior Senator from Nebraska is also intensely interested in small business, and is in complete sympathy with the observations made by the distinguished majority leader, namely, that two of the problems are relief from taxes and accessibility to loans.

I wish to remind the distinguished Senator that although I appreciate the fact that part of the program will be taken care of if the proposed legislation is enacted in the form in which the distinguished majority leader suggests, yet only one phase of these problems is covered by the bill, namely, loans.

The discussion and colloquy had here on the floor of the Senate in regard to taxes opens up another broad field. If the bill is properly referred, it will go to the Banking and Currency Committee, I think; I believe that the distinguished majority leader will agree with me as to that. If other proposed legislation deals with taxation, it will be referred to the Finance Committee. In such case, two standing committees will be considering problems affecting small business; and those committees will deal with those problems in their own separate ways. I think that example completely demonstrates the need for either a standing legislative committee or a special committee to consider all the problems of small business.

After making that statement, I should like to ask the distinguished majority leader whether, as majority leader, he proposes to bring before the Senate, either before this measure comes up for consideration or later, a measure proposing the handling of the very specialized problems of small businesses.

Mr. LUCAS. I think the Senator's question is pertinent to the discussion which is now proceeding in the Senate.

Mr. WHERRY. If not, I wish to make it so.

Mr. LUCAS. In reply, let me say that I think it was Wednesday of last week that I called a conference of the Democratic Members of the Senate, doing so for the sole purpose of having a discussion of the joint resolution now on the calendar, along with all other pieces of proposed legislation relative to or affecting small business.

There is a feeling on our side of the aisle among a number of Senators that if a committee having to do with small business is to be created, it should be a special committee similar to the committee of which the Senator was chairman in the Eightieth Congress. Other Senators feel differently about it. Others feel there should be a standing committee. Still other Senators feel that the subcommittee of the Committee on Banking and Currency is the proper place for the handling of small-business matters. Because of a slight illness, I was unable to attend the conference, but there was a very frank and fair discussion in the conference, and I may say to the Senator we are going to take up the matter before very long and dispose of it one way or the other upon the floor of the Senate.

Mr. WHERRY. Mr. President, will the Senator yield for another observation?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Nebraska?

Mr. LUCAS. I yield.

Mr. WHERRY. I appreciate deeply the very affirmative statement of the majority leader. By the way, I have already stated on the floor of the Senate that, whether provision is made for a special committee or a standing committee, and regardless of who submits the resolution, I shall support it. I am convinced that if small business is to receive aid, all its problems should be referred to a single committee which could formulate a complete program and make appropriate recommendations for legislation. So I say to the distinguished majority leader, while I am very glad indeed that the particular bill which he sponsors and which, as I understand, relates to the subject of loans, has been introduced, yet it seems to me it would be well if a standing legislative committee, or a special committee, if a legislative committee cannot be agreed on, is proposed to be created, to have that subject debated along with the measure which has been introduced. In the final analysis, I think, those of us who are interested, either in having a special committee or a standing committee, would at least be able to try to convince other Members of the Senate that all small-business matters should be handled by one committee. I should like to see such a proposal brought to the floor of the Senate, if possible, and as soon as possible.

Mr. LUCAS. I should like to make my position a little clearer with respect to small business, in view of the fact that the distinguished minority leader has raised the question as to when the resolution now upon the calendar may be considered. The Senator from Nebraska and all other Senators who are familiar with the Legislative Reorganization Act understand that under it practically all special committees were outlawed. In the early days, under the Legislative Reorganization Act, in attempting to carry out the letter and spirit of the act, the Senator from Illinois opposed continuation of the Special Committee on Small Business. At the time, or perhaps before that, I think the Senator from Nebraska agreed that probably the end of the year would mark the end of the Small Business Committee as a special committee. Since that time, the Senator from Nebraska and the Senator from Florida have offered a resolution seeking to set up a small-business committee, and to make it a permanent standing committee of the Senate. A number of Senators object to that proposal because of the conflict of jurisdiction among the various committees, and the question of the appropriate reference of measures which come before the Senate. Arguments to that effect will be heard when it comes to the floor of the Senate.

I should like to make my position clear as I have been misunderstood and misquoted by certain persons who are interested in small business. I am not speaking now of Senators, but of persons outside the Senate, who have charged me with a lack of interest in the small-business men.

Mr. President, I happen to live in a small-business community. I live in a small city of about 4,500 population, and consequently I have been with small-business people all my life. I have never been affiliated with big business. But I have always been interested in the fellow in the drug store on the corner, in the grocery store in the middle of the block, and in the other small fellow who was having a somewhat serious time financially in trying to get along. Later in my remarks I shall make suggestions for legislative action directly in the interest of these very small-business people.

The bill which I am introducing today concerns itself primarily with the problem of long-term capital.

I should like to state now what is contained in this bill. After that I shall review in more detail the problems which I consider small business to be facing and the extent that this proposal will remedy them.

I want to make it clear at the outset that this bill is not being introduced to offer help to unsound, inefficient, or fly-by-night business enterprises, but rather it is being offered to give capital assistance to efficient businessmen at times when such assistance may be urgently needed.

This bill in effect authorizes the Reconstruction Finance Corporation to guarantee up to 90 percent, loans made by private banking institutions to individuals and small enterprises for the purpose of encouraging the growth of new enterprises on a sound basis and for the purpose of providing existing small

business firms with long-term capital when it is needed and when it cannot be obtained from any other source.

Mr. President, I should like to have those who are listening to my address to give particular attention to this. The Corporation in making funds available under this bill is authorized to give management skills, past earnings records, and prospective earnings consideration over collateral security. It is specifically provided that the Corporation shall make direct loans only in those cases where loans cannot be consummated in cooperation with banking and other lending institutions.

Mr. President, I may be seeking the reinstatement more or less of what was considered to be good at one time, among banks, that is, a character loan. It is no longer possible to obtain a character loan in my section of the country, because of reservations which at the present time hedge about the banking laws. In other words, it is necessary for the borrower to furnish adequate collateral—sometimes consisting almost of his right eye—before he can obtain a loan from a bank. The disappearance of the character loan is not particularly the fault of the banks. Following the depression, when 75 percent of the country's banks were in bankruptcy, Federal and State officials surrounded the banks with laws designed to protect depositors. I remember a certain man in my community who borrowed $1,000 at the bank. On the endorsement of a friend of his. That was in the early days, when character loans were being made.

This particular man before any principal was due paid $500 on the $1,000 note. The banker said to that borrower, "From now on you can get $5,000 on your own credit in this bank." That is a character loan. The banker believed in that individual; he believed he had integrity, ability, and energy to do the things that would make him succeed, and the banker was willing to take a chance.

That, Mr. President, is what I have in mind with respect to some of the small business concerns of the country.

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

Mr. LUCAS. I yield.

Mr. THYE. Does the Senator suggest a maximum and minimum limit, or would it be merely a question as to the character of the business? I am sorry that I was not able to be present when the Senator began his speech.

Mr. LUCAS. For a proposal such as this to be of essential assistance to small business, it must not be hemmed in with arbitrary restrictions. An arbitrary limit on the amount of a loan might result in aid being denied when it was most needed. If the ceiling were set at a reasonable and adequate level, of course, it would not have this effect. The desirability of such a restriction and the level at which it should be placed are questions which should be considered by the Banking and Currency Committee after thoroughly studying the capital requirements of small business. We can be sure, in any event, that the loans generally will be moderate, as the bill confines assistance to small-business enterprises.

Mr. THYE. I thank the Senator. I am sorry I interrupted him.

Mr. LUCAS. I am glad the Senator asked me the question. I am interested also in small-business enterprises which are looking for loans up to, say, $5,000. The number of business enterprises needing a small amount of capital to put them over the hump at the right time is amazing. Later in my remarks I shall discuss these smaller loans more fully.

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

Mr. LUCAS. I shall be glad to yield to the Senator from Nebraska.

Mr. WHERRY. As I understand the explanation, it is necessary that such authority be given to the RFC on the theory that a borrower cannot obtain a loan from a banking agency. This question has come up previously in connection with requests for loans. As I understand the mechanics of the proposal, the RFC would underwrite loans up to a certain percentage. I think the Senator has mentioned a maximum of 90 percent. Is that correct?

Mr. LUCAS. That is correct.

Mr. WHERRY. Would the loans originate as they now originate?

Mr. LUCAS. They would.

Mr. WHERRY. But the percentage is boosted, is it not?

Mr. LUCAS. Yes.

Mr. WHERRY. Let us assume that a State law prevents a bank from making a character loan. Would it be the thought of the Senator to make it possible to make a direct loan without underwriting it through the State bank?

Mr. LUCAS. We could not change the laws of a State.

Mr. WHERRY. No. But let us consider a small-business man who has an opportunity to borrow through a State bank. He probably could go to the RFC and be referred to a national bank, but even national banks are operated under certain restrictions, and a character loan is not a basis for credit.

Does the measure provide that the RFC may make a direct loan without underwriting it, or would it still have to underwrite a proposal coming from a State bank or a national bank; and would that foreclose the applicant from getting the loan?

Mr. LUCAS. The Senator asks a very interesting and important question with respect to this proposed legislation. It is something to which I hope the Banking and Currency Committee will give thorough consideration. I am attempting to leave the responsibility for the loan in the community in which the individual resides, in order to give the bank or financial institution interested the opportunity, first, to make the loan, with the guaranty of the RFC back of it.

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

Mr. LUCAS. I yield.

Mr. KEFAUVER. Mr. President, I am delighted that the distinguished Senator from Illinois has brought up this subject. Such a provision has been greatly needed in the interest of small-business men. I wanted to ask the Senator if his proposal would be somewhat in the nature of aiding small-business men, such as the FHA offers to persons who want to build houses. The Government would guarantee a certain line of credit, provided the small-business man met certain requirements made by the local lending institution which would then participate in the loan.

Mr. LUCAS. The Senator is correct.

Mr. KEFAUVER. I thank the Senator.

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

Mr. LUCAS. I yield.

Mr. WHERRY. I can see that raising the amount up to 90 percent would be a distinct advantage to the applicant, because it would increase his chances of financing the loan over a long period. But I suggest to the distinguished Senator that there will be much conflict as to what can be done with a loan coming to a Federal or State bank, where the basis is that of a character loan, because, certainly, under the State banking laws of my State, certain requirements have to be met. I agree with the Senator from Illinois that those requirements certainly do not include a character-loan provision. I should like to ask the distinguished Senator whether he would provide that the borrower might go directly to the RFC and not have to go through a State or National bank, which has an entirely different basis for credit than that on which a character loan is made.

Mr. LUCAS. Under my bill the loan would not be altogether a character loan. There would certain collateral assets. I assume that the borrower would have enough to satisfy the 10-percent requirement of the bank, and probably more. The guarantee feature, plus the assets which the borrower will offer for security should be sufficient to assure the soundness of the loan and thereby meet the requirements of most State laws. Because of the fact that management skills, prospective and passed earnings are considered, the loans will have many of the qualities of the character loan. This is as it should be in view of what the small, energetic businessman is compelled to suffer at times with respect to obtaining a loan.

Mr. WHERRY. I do not want to belabor the point and I do not want in any way to inject arguments into the Senator's speech.

Mr. LUCAS. I am glad the Senator has asked the question, because he is raising some very important points.

Mr. WHERRY. On last Thursday the Committee on Rules and Administration provided for an appropriation of $50,000 for a subcommitee to investigate the type of loans which the RFC has been making, on the theory that the desired amount of collateral was not behind the loans.

Mr. LUCAS. I do not think the resolution to investigate RFC which has anything to do with the subject of small-business loans. I think it relates to an investigation of large business loans.

Mr. WHERRY. Whether they be small or large loans, the evidence presented was that the RFC was making

loans in direct opposition to banks which could not make the type of loan which the RFC was making. For that reason we felt we should see how the RFC was acting.

I have received more applications regarding this type of loan in the past year than I have received during the entire time I have been a Member of the Senate. Applications are coming in, and this will clarify to a great extent, certainly, some of the loans. I hope the Banking and Currency Committee will consider these observations when the proposed legislation is brought before the Senate, because I think there is a complete conflict as to the type of loan which can be made.

Mr. LUCAS. Insofar as the Reconstruction Finance Corporation is concerned, my experience has been that the small-business man, whom I am trying to help, has been unable to get needed loans.

As I move along in my address, I shall indicate that I am not so sure that the Reconstruction Finance Corporation is the proper instrumentality to do what I want done. That is another matter that can be worked out by the Committee on Banking and Currency. I do not know anything about what they are going to investigate. I should want to know something about that before I would, as majority leader, approve the resolution.

I make that statement now because I have confidence in the Reconstruction Finance Corporation, though I do not think they have been sufficiently liberal with the small-business men. That has been my chief complaint.

I now yield to the Senator from Minnesota.

Mr. THYE. Mr. President, the particular legislation now proposed would in no sense injure the local banks. It would assist the local banker.

Mr. LUCAS. That is the idea exactly.

Mr. THYE. He would be able to accept the paper offered by and do business with the local young businessman, so that it should be an asset and assistance to the local banks.

Mr. LUCAS. The Senator is absolutely correct. Our aim is to leave money in the community, and try to give the banker a little leeway, a little opportunity, so that money which is now loading down the banks all over the country may be loaned to small-business men who need help. The banks recognize the need, but they cannot give the help, because of restrictions under which they operate.

If they have restrictions which prevent their assisting small-business men—and most of them have—there is no question that the Federal Government should cooperate with the banks and, between them, provide assistance to small-business men throughout the country.

Mr. THYE. It will help the young man who is not eligible to come in under some veterans' assistance or rehabilitation program.

Mr. LUCAS. That is correct.

Mr. THYE. There are many young men in the communities who have no way of becoming established in business, and are not qualified or eligible to come under the veterans' acts, and in such a case a young man is absolutely lost. He may have worked on the farm during the war years, which was a patriotic endeavor, but he is not now eligible to come in under the veterans' acts.

Mr. LUCAS. He may be the type of energetic, industrious businessman that the people in the community would like to see helped, but unless he can get money from a personal source he cannot obtain it at all, if he does not have the collateral to put up to secure the $2,500 or $3,000 or $5,000 which he needs for his business undertaking. Under this bill the banker would be permitted to make the decision in the first instance. The banker would be given the first lien on the young man's collateral, so that the bank would be taking no chance whatever. The Federal Government might accept a slight risk. It might lose money on some loans, but at the same time the Federal Government, in recognizing the ability, the integrity, and the industry of certain groups throughout the United States, would be helping small business. What little the Government might lose would be made up many times through an increase in our national wealth and Government revenues.

Mr. THYE. Mr. President, it would present an opportunity something like that afforded under the Homestead Act after the Civil War. The homestead lands are gone, but in this case governmental assistance would be afforded to enable a man to establish himself in a small business.

Mr. O'MAHONEY. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I wish to express my personal congratulations to the Senator from Illinois for taking the leadership in introducing legislation of the character he is proposing. I know that the Senator from Illinois was busily studying this problem at the last session. As a matter of fact, I understood at that time that he was about to introduce some such bill.

Mr. LUCAS. The Senator is correct.

Mr. O'MAHONEY. He was delayed only by a feeling that it should be given further consideration—and because, of course, he had a few problems on his hands about that time.

I believe it may be appropriate for me to add, Mr. President, that the Joint Committee on the Economic Report, by authority of a special statute which was passed last year, conducted a special study of investments. In the course of the study we held hearings, and I can say without any qualification that it seemed to me that the biggest problem presented was that with which the Senator's bill now deals.

The Department of Commerce, through its special Division on Small Business, sent its whole advisory group of small-business men to the committee, and they testified before the committee. This group was headed by a businessman from Chester, Pa. The group contained among its members a banker by the name of Bimson, from Arizona, and it presented a form of legislation which was designed to provide insurance of business loans after the type of FHA insurance. They were not altogether satisfied with the text of the bill which was presented, and some additional work has been done. We had a very stimulating suggestion from Dr. A. D. H. Kaplan, of the Brookings Institution, who testified at length about the need of fiscal legislative policy along this line.

The committee report is now in process of formulation. I hope it will be presented to the Congress before the end of the week. It will contain references to the very type of legislation which the Senator proposes and also to some of the other suggestions which have been made.

One of the serious difficulties, it seemed to me from the presentation made before the committee, was the difficulty of a small-business outfit in a comparatively small town obtaining term loans, because local banks with their limitations cannot tie up their capital in sufficient sums to take care of all the local business opportunities which are presented in the communities. The result has been that unless big business concerns, great national businesses upon the one hand, or great national financial institutions on the other, are disposed to look at such a loan the applicant cannot get the money. He cannot get it from his local bank because of perfectly normal obstacles. He cannot get it from the large financial institutions because of other obstacles. But already, as a result of the discussion which has proceeded, there is a growing comprehension of the problem. The insurance companies, on the one hand, are seeking ways and means of making their reservoirs of capital more available to the little fellow. The Chase National Bank recently made an announcement on the subject.

Now that the Senator has introduced this bill, I hope the Committee on Banking and Currency will immediately tackle the problem. I am sure they will, and knowing the members of the committee as I do, I feel that they will be very glad to cooperate with the Senator from Illinois and all others who are trying to provide the capital by which we can increase the production of the United States.

Again I wish to thank the Senator from Illinois for his initiative.

Mr. LUCAS. Mr. President, I am deeply appreciative of the contribution made by the able Senator from Wyoming. As every Member of the Senate knows, the Senator from Wyoming has been conscious of this problem for a long, long time. I am sure he and the members of the Joint Committee on the Economic Report can be of considerable help in offering constructive suggestions to members of the Banking and Currency Committee at the proper time. To the solution of the problem of giving aid to the small-business concerns of the Nation we can all help.

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

Mr. LUCAS. I yield.

Mr. MAYBANK. For the benefit of the Senator from Illinois and the Senator from Wyoming I wish to say that this morning I introduced a bill to create a Coordinator of Small Business, to be appointed by the President, subject to Senate confirmation. During the past year many amendments designed to aid

small business have been placed on appropriation bills and other bills in Congress, but no attempt has been made to place anyone in charge of such proposed aid. If a Coordinator were appointed he could be of assistance to small-business concerns in their dealings with the War Department, the Navy Department, various other departments of the Government, and particularly the ECA. As it now is, it is difficult for small-businesss concerns to get in touch with the various governmental departments. Such a coordinator should report to Congress the results of his operations. He could see to it that small businesses were afforded an opportunity to bid on various projects or items by giving them notice of what was needed, and by proper advertisements, and other appropriate measures.

Mr. LUCAS. I thank the Senator from South Carolina.

Mr. President, the guaranty provisions in this bill utilize the present procedures of the RFC. The RFC participates with private lending institutions in making loans. The private lending institution makes the full loan with an understanding that at a later date it may call upon the RFC to take up a certain percentage of the unpaid balance. This bill authorizes the RFC to take up as much as 90 percent of the loans outstanding which have been made under the terms of this bill.

I have included a clause which provides that the private lending institution in the case of these loans will have priority against the assets of the borrower for the satisfaction of the debt. It appears to me that such a provision is necessary to assure the proper operation of the program. If such a provision were not in the bill private banks might hesitate to cooperate in these loans, as the 10 percent which the RFC did not take up might in numerous cases amount to a considerable sum of money which lenders would hesitate to risk in loans not fully secured with collateral. This problem is solved by giving the private institution first priority against the borrower's assets.

Mr. WHERRY. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. WHERRY. I do not wish in any way to delay the Senator in his presentation. I wish him to make a full explanation of his bill. When the proposed legislation is considered by the Committee on Banking and Currency perhaps some amendments may be suggested, considered, and acted upon. The argument now advanced by the majority leader should convince all of us that it is doubtful whether the objective we have in mind would be accomplished by the provisions of the bill. After all, private lending agencies must comply with State laws and Federal banking laws in the matter of the risks involved in making loans. The Senator well knows that the Farm Credit Administration was set up to take care of loans to farmers of the nature he is now speaking of to be made to businessmen. After every effort has been made to obtain money from private sources and from other agencies which are held to strict accountability, the Farm Credit Administration is allowed to make loans on doubtful risks.

The Senator's bill provides that the RFC may take care of some such loans. Perhaps the Banking and Currency Committee may recommend some other agency to do so. The bill would authorize the RFC to increase its participation, which I think could be done, even though loss were incurred. But certainly that would be done in direct opposition, I believe, to many State laws affecting private agencies or in opposition to Federal banking laws. I hope when the distinguished Senator presents the bill to the committee it will take that point into consideration, otherwise it seems to me we open up the field for the RFC to make any type of loan it cares to make regardless of requirements which have heretofore attached to the RFC.

Mr. LUCAS. No; the Senator is wrong about that. I have included in the bill a clause which provides that the private lending institution in the case of these loans will have priority against the assets of the borrower for the satisfaction of the debt. The borrower may not have the collateral up to, say, 50 or 60 percent, which the banks require. He may have 30 percent collateral. In cases I cited a moment ago the borrower may have little or no collateral aside from a good reputation for being a hard-working man, who may want to establish a small gas station on the corner. He could pledge the assets of the gas station, so far as that is concerned. He could mortgage the station to the bank. Those would be the assets upon which the bank would have the first lien. I do not see any difficulty in the way the bill is drawn, and if there is any, we can straighten it out in the course of the hearings.

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

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Illinois yield to the Senator from Alabama?

Mr. LUCAS. I yield.

Mr. SPARKMAN. With reference to that particular point, I want to see if I understand the able Senator from Nebraska, correctly. As I gather from what the Senator from Nebraska has said, his point is this: If we make enabling provision for the RFC to participate in these loans on a character basis, in other words to make character loans, then if in some State there is a law forbidding a State bank to participate in a loan on that basis, the small-business man who seeks a loan from a State bank would be left out in the cold. I wonder if I am correctly interpreting what the Senator from Nebraska said.

Mr. WHERRY. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. WHERRY. What I had in mind was that certain State laws do not recognize the character of a man as being an asset which can be used as such in the making of a loan. State laws require certain collateral to be furnished in connection with the making of loans. If a man wishes to make a loan, but does not have the required collateral, though he does have good character, his application, State-wise, would be denied. When the RFC is authorized to underwrite a loan in which the character of the individual is taken into consideration along with the credit or security he can furnish as collateral, which is not, however, sufficient collateral for the loan, it seems to me the small applicant would be precluded because even though a participation by the RFC up to 90 percent were to be taken in the loan—a provision with which I am in agreement—yet because of State law requirements and Federal banking requirements the small applicant could not obtain from a State bank the loan he wished to obtain.

Mr. SPARKMAN. Mr. President, will the majority leader yield to me further?

Mr. LUCAS. I yield.

Mr. SPARKMAN. I want to be certain that I have correctly understood the able Senator from Nebraska, because I think there is merit in the statement he has just made. Certainly that is a matter which the members of the Banking and Currency Committee should take into consideration when the measure is before the committee. If I understand correctly then, the Senator from Nebraska would recommend that we include in the bill a provision that if, for any reason, because of any requirement in State law or Federal banking law, an applicant might be denied a loan jointly participated in by the local bank and the RFC, the RFC could make the whole loan?

Mr. WHERRY. That is the only way I can see it can be done. I do not say I would write in such a provision. I have not studied the measure sufficiently to make a definite statement. But unless we propose to extend to the RFC the privilege of making loans as they please on a character basis, an applicant of the type we are considering, will be denied the very privileges sought to be accorded by the bill.

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

Mr. WHERRY. I yield.

Mr. SPARKMAN. I commend the Senator from Illinois for introducing the proposed legislation. It is something I have long felt was needed. The Senator may remember that last year, along with the Senator from Montana [Mr. MURRAY] I introduced a bill providing for several things, of which a similar plan was one. As a member of the Committee on Banking and Currency, I certainly pledge my own support to the effort to enact legislation which will be effective. I, too, hope that the able Senator from Illinois will consider very carefully the recommendation by the Senator from Nebraska [Mr. WHERRY] that the RFC be empowered to make direct loans when necessary to effectuate the purpose intended.

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

Mr. LUCAS. I should like first to answer the colloquy which has been going on between the able Senator from Nebraska [Mr. WHERRY] and the able Senator from Alabama [Mr. SPARKMAN].

I have never overlooked collateral security, but I have not placed all the emphasis on collateral security. I hope that the individual who applies for a loan may have some collateral security. If he does, I want the bank to have a first lien upon such collateral security, to take

care of the 10 percent of the loan in which the bank is interested. However, I call attention to one provision in the bill, which reads as follows:

The Corporation shall make direct loans pursuant to the foregoing proviso only in those cases where loans cannot be consummated in cooperation with banks or other lending institutions.

As I see it, that provision would solve the problem. I do not wish to be placed in the position of saying that the Federal Government should become an agency to lend money to every Tom, Dick and Harry who may come along with any kind of proposal. It will be noted that at the outset I definitely stated that I was not interested in inefficient, fly-by-night organizations to be set up by one or two businessmen for the purpose of trying to get a loan directly from the Federal Government. That situation must be scrutinized with the utmost care. I am interested only in that man who, because of bank restrictions and conditions over which he has no control, is unable, even though he is fully qualified in management ability, to get into a small business which might provide for himself and his family.

Mr. WHERRY. Let me make this observation, because now the distinguished Senator has come to the meat of the problem which we had before us in the Small Business Committee. The only way we can accomplish the purpose which the Senator seeks to accomplish, when there is no collateral, is to make a direct loan. I certainly do not wish to vote that authority to the RFC at this time, because I feel that there should be participation, so long as we have State laws and Federal laws governing certain types of loans. That is where the impact comes. I am glad to hear what the Senator from Illinois has stated. There may be deserving cases in which such loans should be made. If they can be made, well and good, but that is the reason I raised the point which the able Senator has so ably discussed. Probably I should have waited until he had finished his speech, because I see that there is a provision in the bill for direct loans when private lending institutions cannot participate.

Mr. THYE. Will the Senator yield?

Mr. LUCAS. I yield to the Senator from Minnesota.

Mr. THYE. I thank the Senator for yielding. The last statement made by the able majority leader in explaining the bill answers the questions which I had in mind. I think he has set forth sufficient safeguards to make certain that the RFC does not bypass the bank; but in the event State laws tie the banker's hands so that he cannot do anything, the bill is broad enough to assist in taking care of the needy cases.

Mr. McMAHON. Mr. President, will the majority leader yield?

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

Mr. McMAHON. I must leave the Chamber for a few moments. I, too, am very much pleased that the majority leader has introduced this bill and is giving his attention to this problem. We guarantee bank deposits, I believe, up to $5,000, and the Senator from Illinois knows the success achieved in stemming the terrible deflationary tide with the Home Owners' Loan Corporation.

I admit that these analogies are not exactly in point, but it seems to me that anything we can do which will lend stability to the small businesses of this country should be a matter of prime concern to every Senator. Connecticut is predominantly a State of small businesses. There is a need for soundly conceived financing and for plans to encourage small business. I share with the Senator from Illinois his determination not to set up a mechanism by which many unworthy people could milk the Treasury. That is not the Senator's purpose, I know; rather, it is the promotion of sound small business, which literally is the backbone of the free-enterprise system. I congratulate the Senator on his approach.

Mr. LUCAS. I thank the Senator from Connecticut.

Another provision in my proposed bill would permit the Corporation to extend maturity dates on loans made under its terms for periods longer than 10 years. This is in accord with the President's recommendations.

I should like at this time to discuss the problems of small business generally. A program which will assure the continued independence and development of small-business enterprises must take into account three different segments of our small-business economy.

First, there are the one and a half million enterprises in which no more than three people are employed and which probably account for as many as 10 percent of the business work force. The capital assets of the business firms in this group do not average more than $5,000 to $10,000.

Secondly, there are those thousands of new business ventures which are born every year. The mortality rate among these new ventures is extremely high, as they are frequently started in a climate wholly unconducive to their continuing existence. The President made specific reference to this group in his State of the Union message.

Finally, there is the group of firmly established business enterprises, employing in numerous instances several hundred workers. It is this group which is in need of long-term capital, and it is this group which has received the attention of most of the recent studies on small business.

A comprehensive program for the encouragement and preservation of small business in America should consider all three of these groups. The bill which I have introduced should considerably encourage the growth of new business enterprises and also assist the group which needs long-term capital.

Studies of small-business problems over the past few years by congressional committees and private organizations show that a large segment of small business is seriously in need of long-term capital which is not available today from private sources. Many private banking institutions as a general policy prefer short-term loans with maturity dates of less than a year. This is not a criticism of the private bank, as its primary concern must be the security of the deposits of its patrons. However, such a policy deprives small business firms of a source of long-term capital. This statement is in line with the suggestion which was made a few moments ago by the distinguished Senator from Wyoming [Mr. O'MAHONEY].

Commercial lending institutions require high interest rates on moderate loans to small business. These interest rates are sometimes two- and threefold the rates of interest paid by large borrowers, even though the risk may be greater in the case of the larger borrower than it is in the case of the small business enterprise.

In any case private capital is available only when loans are perfectly secured against loss. Such security, even if it is available, frequently leaves the borrower with his assets so encumbered that he is unable to obtain working capital. This fact discourages small business firms from borrowing either for the purpose of expanding or for the purpose of instituting more efficient processes.

Investigations have shown that in many instances in an effort to become more efficient small business enterprises have so encumbered their assets in securing long-term loans that they were then unable to obtain working capital in order to put to work their new efficient processes.

This bill which I have introduced would remedy this problem. Established business firms would be able to obtain long-term loans without mortgaging every last dollar of their assets. This would leave them with unencumbered assets sufficient to secure working capital loans. The natural result would be to stimulate private banking business in the making of loans for working capital.

It is a well-known fact that small business firms cannot obtain capital by the marketing of their securities. Underwriters' fees amount up to as much as 20 percent. The records of the Securities and Exchange Commission show that a very small percentage of registered stocks of small companies are finally marketed. Underwriters are hesistant to deal in unknown securities, and the public is reluctant to purchase them. There is clearly a need today for a program along the lines of the one which I am proposing in this bill.

Whenever a Government program is proposed providing for the guarantee of loans, the question always arises as to which is the proper Government agency to administer the program. It is my view that the RFC is adequately organized to handle such a program, although I recognize that other agencies of the Government may also be qualified. This is a matter to which the Banking and Currency Committee should give serious study. It is for this reason that I am introducing this bill at an early date in this session.

The second group of small businesses, which any comprehensive program must consider, are those new business enterprises which are started every year and which fail at an extremely rapid rate. If we are to preserve small business as a healthy part of our economy, we must take steps toward assuring a climate

more conducive to the success of new business enterprises.

Ours is a growing society. The population of the United States has practically doubled in the last 50 years. During this same 50 years, trends have generally been toward concentration in business enterprise. Small business as an institution must be able to keep pace in this growing society. It must be able to withstand the trend toward concentration and it must be able to expand at a pace sufficient to supply the services and products demanded by our growing population. In his State of the Union message the President made this statement:

> As our national production increases, as it doubles and redoubles in the next 50 years, the number of independent and competing enterprises should also increase.

The bill which I am introducing takes cognizance of this problem. It will permit loans for such enterprises when there is an economic justification and when there is reasonable assurance that such an enterprise will be successful.

Other programs which can be instituted, and which should be thoroughly investigated by the committee, would promote these new enterprises and also would benefit all of small business. One such program would provide for technological studies in the development of new products at reasonable costs. Small-business enterprises today are unable to maintain experimental laboratories. In this respect they are at a serious disadvantage in competing with large-business corporations.

The United States Government has vested rights in many thousands of patents, acquired during the war, which might be used by small-business firms. The Smaller War Plants Corporation at one time undertook to encourage the use of these patents by small-business enterprises. I am not sure that we did the right thing when we let the Smaller War Plants Corporation expire. Perhaps in the interest of small business we should have kept it as an independent agency.

Consideration should be given now to the possibility of having the Government technically develop these patents to the point where they might be used profitably by small business. This might be accomplished by the Bureau of Standards.

It is generally recognized also that small business enterprises are in need of a central source of information on Federal and State regulations and production and marketing methods. There should be closer cooperation between the Commerce Department and private business groups on a regional basis in providing a clearing house for such information. This suggestion is in line with the bill which the distinguished chairman of the Banking and Currency Committee introduced earlier today.

The last point under a comprehensive small-business program which I should like to discuss briefly is the assistance needed by the one and one-half million enterprises employing only a few individuals, but accounting for one-half of our business firms. I do not conceive that the bill I am introducing will substantially assist this group. The need of these businessmen is for small amounts of working capital ranging from $500 to $2,500. These funds are needed in order that they may take advantage of discounts on purchases. The failure to obtain these discounts leaves them in a bad competitive position.

Many of these firms are now obtaining this working capital from local banks. This is as it should be. Many of these firms, however, cannot obtain funds from local banks because of banking policies or for other reasons. Where this is the case, these very small enterprises must mortgage every last dollar of their assets or resort to mortgaging their accounts receivable, at interest rates ranging around 20 percent.

This problem might be approached through the Federal Reserve System. That organization should be in a position to encourage short-term loans, at reasonable interest rates, by private banks. We might here consider allowing the Federal Reserve to use a portion of its surplus to guarantee such small loans made by private banks. I urge the committee to give consideration to this problem as it affects a very large portion of our small business economy.

This bill does not change the aggregate amount of loans which the RFC is authorized to have outstanding. Such a change might be necessary for the proper administration of the terms of this bill. However, such a change involves many policy considerations, and should receive the serious consideration of the committee.

The bill which I am introducing is directed toward remedying the problem of supplying long-term capital to small business. I am hopeful that under its provisions, assistance can be given to new business enterprises.

This bill is based upon the concept that our problem is primarily one to be solved through private capital. The lending powers of the RFC are to be employed only where private financing is unavailable.

I have submitted suggestions, outside the provisions of this bill, which I believe should be seriously considered. They relate to programs for making working capital available to the very small business enterprises, making information available to all small businesses, and providing technological research in the interest of these firms. All these problems should be studied thoroughly by the committee.

I firmly believe that through a program such as this, we can vitalize free American enterprise and open up new horizons. We might truly say that this will be a point 4 program for America.

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

Mr. LUCAS. I yield.

Mr. WHERRY. I should like to ask a further question. In the event the proposed legislation is not considered favorably, can the Senator tell me what provisions of the present RFC legislation are preventing small business from getting the loans which big business is able to get today?

Mr. LUCAS. I cannot answer that question. I assume that if the RFC wished to exercise the broad discretionary powers it now has, it could almost do, by means of the 90 percent provision alone, what we are attempting to do by means of all the provisions of this bill. But the RFC has not done so. We must bring to the attention of the Government generally the attitude of Congress in regard to loans to small business. This is in line with the President's statement in his State of the Union message. He is just as much interested in seeing something done along this line as are the Senator from Nebraska and the Senator from Illinois.

Mr. WHERRY. I agree that raising the participation up to 90 percent would be most helpful in some cases. I also agree that extension of the time in which to make repayment would be helpful, of course. I hope, however, that if the legislation now proposed or any other measure on the subject is not reported favorably, after due consideration, some thought will be given to what is apparently the discrepancy or discrimination existing in such cases. For instance, we read about loans being made to large operators; but under the present set-up we never read about loans being made to small operators. It may be that legislation on the subject will not be enacted. It seems to me, as has been stated here, that small business should receive treatment equal to that received by big business under the legislation now on the statute books. In the event that remedial legislation on the subject is enacted, I believe that small business should be placed on equal footing with businesses which happen to be able to obtain loans from the RFC, as big businesses now can do.

Mr. LUCAS. I thank the Senator.

Mr. President, I yield the floor.

PROPOSED CHANGE IN METHOD OF ELECTION OF PRESIDENT AND VICE PRESIDENT

The Senate resumed the consideration of the resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President.

Mr. SPARKMAN. Mr. President, I wish to speak very briefly on the pending joint resolution to change the method of counting the electoral votes in the election of President and Vice President. I am joined as one of the sponsors of this measure, along with the Senator from Massachusetts [Mr. LODGE], who introduced the joint resolution, the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from North Carolina [Mr. HOEY], the Senator from Mississippi [Mr. STENNIS], the Senator from West Virginia [Mr. NEELY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from New Jersey [Mr. SMITH], the Senator from Oregon [Mr. MORSE], and the Senator from Vermont [Mr. FLANDERS]. I joined in the sponsorship of this joint resolution because I have long felt that some improvement was badly needed in connection with the method of election of President and Vice President of the United States.

I know that the advantages of the change have been very fully and very thoroughly discussed. The able Senator

from Massachusetts [Mr. LODGE], the chief sponsor of the joint resolution, made a masterful presentation on the opening day of the debate. I know that practically all the points I might think of have already been developed. However, I desire to take a few minutes to state my position, as being unequivocally in favor of the passage of the joint resolution by the Senate. I hope it will be passed also by the House of Representatives, that the amendment will go to the States, that it may be ratified by the States, and may become part of the Constitution.

The electoral college has never functioned in the manner intended by those who devised the plan of electing the President and Vice President. Instead, there has developed or grown up in this country a two-party system. It is a system of nominating candidates for President, of the two parties going into the respective States in the campaign, of counting the votes in the respective States under the unit rule, and of counting those votes in the mythical electoral college, which is supposed to meet every 4 years for the selection of a President and a Vice President.

When those who wrote the Constitution devised the electoral system, it was their idea that electors, independently selected in the various States, would actually meet, and, exercising their independent judgment, would select for President and for Vice President the two best men they could find in the United States. We of course know that that system did not last very long, and that instead of having the whole United States from which to select, they were in effect limited in each case to two candidates, those put forward, respectively, by the two great political parties. They knew, before they went into the supposed meeting, what the outcome would be.

The people throughout the country, throughout the years, have recognized the weaknesses of the so-called electoral college, and the need of some change, but for some reason we have never been able to effect a change. There have been many proposals of different types, but I believe the proposal contained in the pending joint resolution is the best that has yet been suggested. I think it is fair. I cannot see how it would work to the advantage of any party, any section, or any person. I think it is realistic in the manner in which it proposes to have the votes counted. Credit is given to the votes in the respective States, on a proportionate basis; yet there is preserved and maintained the integrity of the several States in the spirit of the compromise agreement which was reached in the Constitutional Convention, whereby the States are given in the electoral college as many votes as they have Members in the two Houses of the Congress combined. Under the joint resolution that system would be maintained, yet in every State the division of electoral votes as between the candidates would be determined by the number of votes actually received by the candidates within the State.

Mr. KEFAUVER. Mr. President, will the distinguished Senator from Alabama yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. SPARKMAN. I am glad to yield to the Senator from Tennessee, who for a long time has been an advocate of reform of this kind. In the House of Representatives, I remember the interest the Senator from Tennessee always manifested in the effort to bring about some change in our method of electing a President and a Vice President.

Mr. KEFAUVER. I thank the Senator. The Senator from Alabama and I, along with the Senator from Massachusetts, Representative GOSSETT, and many others, have been working on the problem and thinking about it for a long time. The Senator said he did not feel that this plan would work to the advantage of either political party. I am certain, however, the Senator meant to say that, while it would not work to special advantage, or give one party an advantage which it does not now have over the other, yet, on the other hand, it would work greatly to the building up and strengthening of both our major political parties on a Nation-wide basis, in every section of the United States. Does not the Senator feel that that would be one of the chief advantages of the proposed new system?

Mr. SPARKMAN. Yes; and I am glad my friend, the Senator from Tennesssee, interrupted me, because I certainly did not intend to say it would not be advantageous to the parties. I meant it would give neither party an unfair advantage over the other; that is what I really meant.

Yes, Mr. President, during the years there have developed in this country certain one-party sections. I come from an area which is a one-party section. It is a part of the country which is always looked upon as being safely Democratic. What is the result? First of all, consider our general elections. Very few people go to the polls to vote in a general election. We might as well not have a general election in most of the Southern States, because it is a foregone conclusion as to how the vote is going to be cast. Through the passage of the pending resolution, and the adoption of the constitutional amendment putting into effect this method of electing, or of counting electoral votes, there would be an incentive for every person in every State to go to the polls, because his vote would count just as strongly and would be given just as much weight as the vote of anyone in the most doubtful or most closely contested State.

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

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from Tennessee?

Mr. SPARKMAN. I am glad to yield.

Mr. KEFAUVER. I was very much impressed with the observation of the Senator that the proposal, if put into effect, would help bring out a much larger vote in all the States in all sections of the United States. I wanted to ask the Senator whether he did not think it of equal importance that, in addition to bringing out a large vote, and resulting in more people exercising their right of franchise, we would have in all sections of the United States the great educational value and benefit of political campaigns? In the Senator's State of Alabama, and almost to the same extent in my State of Tennessee, it is very infrequent that the candidates of the major political parties or any of the principal speakers of those parties come to our States for the purpose of discussing the issues of the campaign, and so the citizens of the South, and likewise the citizens of other sections, which have either been marked off or conceded to one or the other of the political parties, lose that great educational value which is so necessary in a democracy.

Mr. SPARKMAN. Mr. President, the able Senator from Tennessee is my closest neighbor, senatorially speaking. We live near each other. We served together in the House for approximately 10 years, and I think he must have acquired a very fine method of anticipating what I am going to say, because he has certainly brought out the very next point which I was going to mention, which is that we miss completely the whole presidential campaign.

Mr. President, I am 50 years of age. During that 50 years—while I cannot remember all the way back, I can remember back to 1908 when Mr. Taft was elected President—I have never seen a presidential candidate in the State of Alabama, with one exception. In 1928 I drove from my home town, Huntsville, to Stevenson, Ala., which is near Chattanooga, in order to see the train of the presidential candidate come through a small corner of Alabama on its way to the State of Tennessee. Tennessee had gone Republican in 1920, and because it had created a doubtful status for itself, the presidential candidate was going to Tennessee to make a speech. There was no need of his coming to Alabama. He did not come there, and no other presidential candidate has ever spoken in the State of Alabama.

That is true, Mr. President, of many of the so-called one-party States throughout the country, not only in the South, but in New England and in the Middle West. There are many States in the Union which are known as one-party States. The result has been that not only do they not have an incentive to vote, as the Senator from Tennessee has so well pointed out, but also they miss completely the educational part of a presidential campaign. In a certain sense it may be said that they are almost disfranchised in the election of a President and Vice President of the United States.

Mr. President, I think the passage of the joint resolution and the adoption of the amendment it proposes would change that situation, and we would have an election which would be truly National-wide. We would have an election which would be carried into every State of the Union. We would have an effort exerted by both the major parties to get out every voter possible.

I have often said, as have any other persons, that we need a two-party system in the South and in every State of the Union. We shall not have a two-party system in the South until some in-

centive can be given to persons, who may believe in the other party's doctrines, to vote their convictions. Under present conditions their votes simply do not count. I think they should be given an incentive to vote. I believe that is true in every section of the United States and in every State of the Union.

The fact of their being doubtful States, sure States, and "solid" sections has created a condition which was not intended by the founding fathers and which is not for the good of our parties or of our Government. I refer to the natural tendency of each party to limit itself in the selection of Presidential and Vice Presidential candidates to those States which are in the doubtful column and those States which, if won, can deliver, under the present unit system, a large block of votes.

I believe it was contemplated under our form of government that there should be considered eligible and available for those great offices of leadership in the United States every person, regardless of whether he came from one State or from another, a large State or a small State, a one-party State or a two-party State. Yet, under the present system, our parties are almost of necessity narrowed down to a relatively small part of the United States in the selection of the candidates who shall bear their respective banners. If the amendment proposed by the pending resolution should be written into the Constitution it would change that situation and would give us what I believe would be a better chance at republican government in the United States.

There is only one other point I wish to make. I am sure it has been stressed. It is stressed in the report. I refer to the growing tendency of relatively small pressure groups to exert a tremendous and even a dangerous power over the selection of candidates and the election of those candidates to the high offices of President and Vice President.

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

Mr. SPARKMAN. I yield.

Mr. LODGE. There has been considerable discussion as to the effect on our two-party system. Some contend it would tend to weaken the two-party system and to increase the power of splinter parties. I should like to ask the Senator to comment on that matter and the effect which this proposal would have on the vigor and general health of our two-party system.

Mr. SPARKMAN. Mr. President, I am glad the Senator has asked that question. I believe it would tremendously help and strengthen the two-party system. I personally believe in the two-party system. I do not want the time ever to come in this Nation when we have a multiplicity of parties. I think one of the great weaknesses besetting France today is the multiplicity of parties and the difficulty of forming a government, because always there has been the necessity of having a coalition of various parties, and no one party was responsible for the Government. I hope that condition shall never prevail in this country. I think the passage of the resolution and the subsequent adoption of the amendment would strengthen greatly the two-party system and would tend to defeat the development of splinter parties. I do not think a splinter party would have the ability to obtain a toe-hold such as it now has. A splinter party has a chance at this time, because, operating in a large State, such as New York, which has the largest single block of votes in the electoral college, a small minority can very often swing an election one way or the other.

I may be wrong, but I think I have heard many persons say that had it not been for the apparent ability of a third party to change the results in New York State at the last election there probably never would have developed the third party which was headed by Mr. Henry Wallace. I do not know whether that is true. I suppose no one knows. It is bound to be speculative. But we do know that the distinct possibility was held out to a small group that they might swing the great State of New York, and, perhaps, one or two other great States, and thereby might become the balance of power in the United States. That was the encouragement and incentive to a splinter party, if we want to apply that term.

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

Mr. SPARKMAN. I yield.

Mr. KEFAUVER. Ordinarily, in the case of third parties or splinter parties, is not the apparent effort—and frequently the publicized effort—not to put forward what they believe in, with the expectation of winning or doing some good to their own party, but is it not primarily for the purpose of defeating an enemy party and thereby getting the election thrown into the House of Representatives and creating as much confusion as is possible?

Mr. SPARKMAN. Yes; I think that is bound to be true, and I think the motive of so-called pressure groups quite often is to apply as much pressure as is possible to each of the major parties in order to place themselves as nearly as is possible into a position of holding the balance of power.

Mr. KEFAUVER. Is not that done by virtue of the fact that in the history of senatorial elections and elections of governors in the various States, since the beginning of our party system, there have been fewer third parties, or splinter-party efforts, insofar as senatorial elections and gubernatorial elections are concerned, than there have been in presidential elections under the electoral-college system?

Mr. SPARKMAN. I think that is true. In concluding, Mr. President, let me say that I have studied very carefully the proposal under discussion. I have studied it, I will say in all frankness, as a Democrat. I have studied it as one who comes from a solid Democratic section. But most of all I have studied it as one who is interested in orderly, efficient, and sound government in the United States. I believe that if the proposed amendment shall be added to the Constitution it will make for better, cleaner, purer elections. I believe it will make for better and abler party platforms. I believe it will make for a better informed electorate, because it will serve to carry the campaigns to all corners of the Nation. Most of all, I believe it will make for better government, better legislation, better performance generally.

Mr. President, because I believe these things, I am supporting wholeheartedly the pending joint resolution.

CONTRIBUTION TO UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST (H. DOC. NO. 459)

The VICE PRESIDENT. The Chair lays before the Senate a communication from the President of the United States, transmitting a draft of proposed legislation for the authorization of a contribution by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The communication from the President and the draft of proposed legislation will be referred to the Commitee on Foreign Relations and printed in the RECORD.

The communication from the President and draft of proposed legislation were referred to the Commitee on Foreign Relations and ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, January 30, 1950.

Hon. ALBEN W. BARKLEY,
President of the Senate of the United States.

MY DEAR MR. VICE PRESIDENT: I am transmitting herewith for the consideration of the Congress a draft of proposed legislation to enable the United States to participate in and contribute to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. This agency has been established by the General Assembly of the United Nations to deal with the problems created by the displacement of hundreds of thousands of persons as a result of the recent hostilities in Palestine.

The work of the agency will be to carry out the recommendations of the economic survey mission for the Middle East, appointed by the United Nations. This Survey Mission, under the chairmanship of Gordon Clapp, was directed by the United Nations to study the economic dislocation created by the conflict in Palestine and to recommend measures to reintegrate the Palestine refugees into the economic life of the area. Its recommendations are an example of the kind of development and planning which is essential to the economic growth and improvement of underdeveloped areas. The mission in this survey has taken into account the human and natural resources of the region in which these refugees find themselves, and has recommended a program of economic activity which will be of lasting benefit to these areas and to the standard of living of peoples who live there.

Our aid is needed to put this program into effect and to help the refugees and the inhabitants of these areas in the Middle East to achieve greater productivity through the steps recommended in the report of the mission.

In my inaugural address, I stressed the importance, in the interests of our foreign policy, of economic development of underdeveloped areas. In such a case as this, where relief for refugees is essential, it is advantageous to combine the relief program, with the beginnings of longer range economic development.

Point-4 legislation and legislation for the United Nations Relief and Works Agency for Palestine Refugees are complementary. There is no overlapping in the request for funds for the two programs.

The immediate reason for the establishment by the United Nations of the economic survey mission to the Middle East was the hope that through an economic approach it might be possible to facilitate a peace settlement between the Israel and the neighboring Arab states. The problems of Palestine and her neighbors are complicated by the continuing plight of over three-quarters of a million persons who left their homes during the conflict in Palestine, and are now refugees in the neighboring lands. Homeless and without work, these people cannot care for themselves. The nations now giving them asylum are themselves unable to care for them. For some time to come they will remain dependent on others for their support.

In response to an appeal from the General Assembly of the United Nations for relief funds, made in December 1948, I recommended to the Congress that the United States should bear up to one-half of the cost of a relief program which was estimated to cost $32,000,000 for a 9-month period. The Congress appropriated $16,000,000 for this purpose. Our contribution has been more than equaled by the contributions of 32 other countries. The fund thus raised has been stretched to its limits and is now exhausted.

The United Nations Economic Survey Mission has recommended a combined relief and public-works program, and has estimated the cost of this program at $54,900,000 for an 18-month period beginning January 1, 1950.

This program is significant in its practical approach to our objectives of economic development in underdeveloped areas. The areas in question have unrealized economic potentialities but require technical assistance from abroad to assure their development. The projects proposed will be complete in themselves, representing intensive development in small areas, and have been so selected that they can be brought to completion by the middle of 1951. They will result in lasting economic benefits.

In illustrating what can be done with limited resources of soil and water by the application of modern engineering and agricultural techniques, these projects should point the way to further development not only in the countries where they are carried out, but in neighboring countries as well. The successful completion of this program should go far in furthering conditions of political and economic stability in the Near East. At the same time the proposed program, while costing little more than direct relief, looks to the end of the direct relief program of the United Nations in the Near East, and to ultimate solution of the refugee problem.

I believe that it is appropriate that the United States should continue to bear one-half the cost of this program. I, therefore, recommend that the Congress authorize and appropriate $27,450,000 for an 18-month period. I trust that other nations which have contributed to the program in the past will be equally generous in the future.

The importance of a substantial United States contribution to this program is very real. Not only is it consistent with the humanitarian spirit of the American people; it is also in our national interest to help maintain peaceful and stable conditions in the Near East.

It is with these considerations in mind that I recommend to the Congress the early enactment of legislation to enable the United States to take its part in this program of the United Nations.

Sincerely yours,

HARRY S. TRUMAN.

Joint resolution for the authorization of a contribution by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Resolved, etc., That the Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the United Nations Relief and Works Agency for Palestine Refugees in the Near East, established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate $27,450,000, for the purposes set forth in the said resolution.

SEC. 2. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed $27,450,000 to carry out the purposes of this joint resolution.

(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate $8,000,000, to carry out the provisions of this joint resolution. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

SEC. 3. (a) The provisions of sections 301, 302, and 303 of the act of January 27, 1948 (62 Stat. 7), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

PROPOSED CHANGE IN METHOD OF ELECTION OF PRESIDENT AND VICE PRESIDENT

The Senate resumed the consideration of the resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President.

Mr. KEFAUVER. Mr. President, I had desired to have recognition at this time in my own right, but the hour is late, and if I could be recognized at the beginning of the session tomorrow by unanimous consent, I should be glad to speak at that time.

The VICE PRESIDENT. Is there objection to the request of the junior Senator from Tennessee that he have the right to speak tomorrow when the Senate convenes? The Chair hears none, and it is so ordered.

RECESS

Mr. KEFAUVER. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, January 31, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 30 (legislative day of January 4), 1950:

UNITED STATES DISTRICT JUDGE

George W. Whitehurst, of Florida, to be United States district judge for the northern and southern districts of Florida to fill a new position.

IN THE ARMY

The following-named person for appointment in the Regular Army of the United States, in the grade of colonel, under the provisions of Private Law 352, Eighty-first Congress:

Kenneth D. Nichols, O17498.

Col. Elvin R. Heiberg, O16378, for appointment as professor of mechanics, United States Military Academy, under the provisions of Public Law 449, Seventy-ninth Congress, June 26, 1946, and section 520 (a) of the Officer Personnel Act of 1947.

The following-named person for appointment in the Regular Army of the United States, in the grade of lieutenant colonel, under the provisions of the act of June 10, 1949 (Public Law 96, 81st Cong.):

Melecio M. Santos, O14683.

The following-named persons for appointment in the Regular Army of the United States, in the grades and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of August 5, 1947 (Public Law 365, 80th Cong.), Public Law 625, Eightieth Congress, and Public Law 36, Eightieth Congress:

To be majors

Lorenzo R. Berry, MC, O279792.
Silvia Cortesi, WAC, L904048.
William G. Dunnington, MC, O333305.
Harold E. Opsahl, MC, O330406.
Nick Perlmutter, MC, O930142.
Sanford M. Vaughan, MC, O395934.
Wilhelm A. Zuelzer, MC, O484406.

To be captains

Walter J. Bolbat, DC, O477483.
Paul F. Brookshire, Jr., MC, O440311.
William D. Bumsted, DC, O1786096.
John D. Dimichele, MC, O1704772.
John R. Ervin, MC, O1785785.
Donald G. Fahy, MC, O1718476.
Milton Flocks, MC, O412320.
Gus J. Furla, MC, O1767230.
Longstreet C. Hamilton, MC, O1735272.
Warren S. P. Henderson, MC, O1786624.
Stanley Karansky, MC, O423605.
John M. Lukeman, MC, O1724769.
Robert W. Parvin, MC, O404988.
Martin A. Pfotenhauer, MC, O470118.
Henry P. Rosack, MC, O423100.
Robert J. Rowan, DC, O477609.
Walter A. Schoen, Jr., MC, O1766680.
Leonard K. Schreiber, DC.
Edward H. Stiesmeyer, DC, O1766061.
Bruce D. Storrs, MC, O425964.

To be first lieutenants

Clarence L. Anderson, MC, O963365.
Joseph J. Asta, MC, O960846.
Lorenz L. Beuschel, VC, O938999.
Heath D. Bourdon, MC, O965833.
George J. Charlebois, Jr., VC, O1785428.
Raymond C. Clark, Jr., DC, O1717134.
Richard J. Deegan, JAGC, O383820.
Austin H. Doren, MC, O963728.
William C. Dunckel, Jr., MC.
Richard H. DuPree, MC, O962912.
Charles V. L. Elia, VC, O1775597.
Jack D. Fetzer, MC, O963268.
Ralph W. Flinchbaugh, DC, O945347.
John T. Flynn, VC, O1784862.
Fred F. Foxx, DC, O673135.
Robert B. Greiner, VC, O1745729.
Donald E. Guy, VC, O933073.
Carlos B. Harmon, DC.
Russell C. Harrison, MC, O962179.
Frederick H. Hartwig, MC, O961947.
John T. Hayes, ChC, O931276.
Donald L. Howie, MC, O948537.
Daniel W. Hubbard, VC, O1716505.
Robert D. Hume, Jr., MC, O1717394.
Robert T. Jensen, MC, O964251.
Edward Jones, DC, O1178847.
Herbert A. Keith, DC, O959928.
Harold B. Lawson, ChC, O949086.
William T. Lee, DC.
Francis P. Martin, MC, O968434.
Robert B. Mattes, DC.
Robert C. McCord, VC, O1785299.
Ora H. McKenney, Jr., ChC, O546033.
Walter G. McLeod, ChC, O502334.
Martin S. Oster, VC, O939012.
Elwin R. Prather, VC, O386789.
Joseph S. Quigley, VC, O1725228.
Robert J. Reed, JAGC, O392414.
Albert M. Richards, MC, O963144.
Harry C. Robertson, DC, O945350.
Donald E. Schwartz, DC, O959927.
Donald J. Summerson, MC, O935461.
Adolphus G. White, DC, O960090.
David C. White, MC, O965831.
John O. Wilson, VC, O1745608.

To be second lieutenants

Betty J. Baumgartner, WAC, L1010008.
Beverly E. Bochman, ANC, N792562.
Helen J. Buzzetti, WAC, L1010013.
June L. Chambers, ANC, N792074.
Joan M. Check, ANC, N792077.
Jean M. Clawson, ANC, N792226.
Jeanette M. Confort, ANC, N792570.
Fred H. Diercks, MSC, O954634.
Gloria J. Favors, ANC, N804040.
Margaret E. Hallam, ANC, N785293.
Adrian D. Mandel, MSC, O533784.
Pettrina M. Mead, ANC, N792346.
Marilynn M. Minton, ANC, N779710.
Marguerite E. Moeller, ANC, N792217.
Ralph W. Morgan, MSC, O453617.
Evelyn K. Mullins, ANC, N792576.
Carlos E. Newton, Jr., MSC, O1534828.
Sylvia M. Paret, ANC, N799650.
Florence L. Pettey, ANC, N764781.
William S. Rooney, MSC, O958932.
Helen M. Slater, ANC, N792167.
Virginia M. Sulpizio, ANC, N769885.
Patricia A. Thrush, ANC, N792099.
Phyllis J. Verhonick, ANC, N786871.
Rebecca L. Williams, WMSC, R2518.

The following-named Distinguished Military Students in the Regular Army of the United States effective January 1, 1950, in the grade of second lieutenant, under the provisions of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to designation as Distinguished Military Graduates, and subject to physical qualification:

Charles B. Arbogast, Jr.
Lowell A. Aitken.
Charles G. Avery, Jr.
Stewart M. Baker, Jr.
Cyrus W. Bassett.
William A. Beddoe.
David R. Blakelock.
William S. Bouldin, O954671.
Hal B. Brazil, O968024.
Edward D. Brown, Jr.
Samuel F. Burt.
James C. Busson, O970928.
Edwin T. Carroll.
Robert L. Chamberlain.
Fred R. Champion, O975750.
Lodwrick M. Cook, O974145.
Richard A. Cope, O970927.
Edward V. Crawford.
George J. Crowe, O969439.
James A. Daley.
Jack E. Darling, O968042.
Gordon B. DeLashmet.
James R. Dilts.
John Dissek, Jr.
Logan B. Dixon, Jr.
John J. Douglas.
Robert J. Douglas.
William L. Durham.
Lewis V. Edner, O973275.
Arthur J. Elian, O958584.
Ronald L. Ellison.
Henry H. Emerson.
Grover C. Ethington, Jr.
John G. Faulkner, O954134.
Pelham L. Felder III.
Robert A. Finney, Jr.
John E. Foerst.
Charles R. Fullmer.
Paul P. Gotowicki, O949902.
Horace R. Grant, Jr.
Calvin E. Green.
Kuhl C. Green.
Joseph E. Greene.
Frederick H. Griswold.
Melvin G. Gross.
John H. Haddock, Jr.
Mickey T. Haggard, O968019.
James F. Hamilton, O975751.
Wallace R. Hansen.
James M. Hanson, O955494.
Hugh M. Hardaway.
Errol E. Hayes, Jr., O971596.
Robert M. Hill.
Lawrence J. Hockman, O970921.
Morris D. Hodges, O957478.
Wilford J. Hoff, Jr.
Lester E. Hopper, O966348.
George C. Horton, O968228.
Ernest O. Houseman, Jr.
William C. Howton, Jr.
Boyd L. Hulse, O954080.
Charles M. Hunter.
Tom P. Hutcheson.
Arthur C. Jacobson, Jr.
Calvin P. Jorgensen.
George E. Kaso.
William H. Kastner.
George L. Kelley.
Donald E. Kenney, O970291.
Gerald L. Kotter.
William S. Laney.
James A. Lanier, O974580.
Royce E. Lapp.
Joseph S. Leszczynski.
James E. Longsdorf.
Max F. Lorence, O974336.
Paul R. Lunsford.
Wayman H. Lytle.
Frederick M. MacGregor, Jr., O978721.
Harry J. Mack.
Raymond A. Marks, O953796.
Karl L. Martin, O945761.
Doyle J. Matthews.
Walter L. Mayo, Jr.
Charles E. Mayrand.
William C. McCorkle.
Donald G. Meyer, O958154.
Charles G. Mitchell, Jr.
Charles S. Moody, Jr.
Carl E. Morris, O978690.
William B. Neal.
Wesley G. Nichols.
Rene J. Nickels.
John M. Norton.
Robert T. Ojendyk, O956619.
Frank M O'Quinn, O971383.
Howard W. Overstake.
Minor Peeples, Jr.
John A. Peterson.
Ellis A. Phillips.
Ernest E. Phillips, Jr.
Robert F. Phillips.
Edwin M. Pilczuk
Bobbie J. Pinkerton.
James V. Pogue.
Robert E. Polewski, O947930.
William M. Preston, O947800.
William W. Privett, O971675.
Benjamin H. Purcell.
Bert R. Purgatorio, Jr., O971384.
Quentin D. Quigley, O949948.
Fred M. Ramos, O953992.
Reuben Rose.
Wesley C. Scarborough.
Philip D. Sellers.
Stanton E. Sill.
Howard J. Simpson.
Phillip B. Smith, O970904.
Joe B. Sullivan, Jr.
Karl F. Stark, O957539.
Robert K. Swisher.
Lawrence Tassie.
Robert R. Taylor, O954455.
Charles E. Thomann, O974409.
Holcombe H. Thomas.
Hal E. Tindall, O968051.
William F. Turner.
Eugene P. Walter, O970611.
William A. Wells.
Joe D. White, O968238.
Edward T. Williams.
John T. Wood, Jr., O954464.
Clayton L. Wretlind.
Robert A. Yoder.
Donald J. Zimmerlin.

The following-named distinguished military students in the Medical Service Corps, Regular Army of the United States, effective January 1, 1950, in the grade of second lieutenant, under the provisions of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to designation as distinguished military graduates, and subject to physical qualification:

Thomas J. Muldowney.
George C. Stein.

The following-named distinguished military students in the Regular Army of the United States effective June 15, 1950, in the grade of second lieutenant, under the provisions of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to designation as distinguished military graduates, and subject to physical qualification:

Herbert E. Agnor, Jr., O970582.
Peter L. Akers, Jr.
Raymond W. Albright, Jr.
John T. Alexander.
Ace Allen.
Bernard J. Alley.
Charles N. Allgood.
Bernard J. Ambrose, O971865.
Paul K. Andersen.
Charles H. Anderson, Jr.
E. Preston Andrews, Jr., O978036.
Frank Andrul.
Charles R. Armstrong.
Clarence C. Armstrong, Jr.

George H. Arnold.
Alfred F. Aronson.
Carroll Aslaksen.
Orazio J. Astarita.
Eugene R. Aten.
John D. Attaway.
Walter O. Bachus.
Edmund A. Bacigalupi.
James E. Bagley.
Joaquin Balaguer-Rivera.
Keith M. Baldwin.
Mark C. Balkcom.
Arnold L. Bamburg.
William M. Barnes.
Thomas H. Barnett, Jr.
Samuel J. Bateman, Jr., O971258.
Robert B. Beaumont.
Zebulon V. Beck, Jr.
David A. Beckner.
Robert E. Belford.
Charles W. Bell.
Warren G. Bender.
Rodney G. Benson.
Frank S. Berall.
Esai Berenbaum.
Lyle C. Berner.
Edward B. Berninger.
William T. Berry.
Donald G. Bickmore.
Jack D. Billingsley.
Harry S. Bingham.
Lorne S. Black, O971057.
William C. Black III.
Julius W. Bleker III.
John B. Blount.
William A. Bocchino.
Paul O. Boghossian, Jr.
Donald E. Bohnett.
Paul R. Bolin, O970394.
Jesse B. Bolling.
Carl D. Bolson.
Robert M. Boyer.
John L. Brammer.
Robert C. Bransfield.
John B. Bristow.
Frank R. Britton, Jr.
Harry J. Brockman.
Albert B. Brown, Jr.
David M. Brown.
Herbert T. Brown, Jr.
William J. Buchanan.
Carrol W. Bufford.
Wiley L. Bullard.
Robert E. Bundy.
Dudley T. Bunn.
Emanuel Burack.
Charles D. Burch.
Lloyd L. Burke, O965718.
Ellwood W. Burkhardt, O978032.
Gary L. Burton, Jr.
Robert A. Busse.
James W. Byrd.
William F. Byrd, O958396.
James V. Caffrey, Jr., O971588.
Sam L. Calhoun.
Graham P. Callum.
Luis R. Canetti-Gonzalez.
Louis S. Caras.
Leonard J. Carlson, Jr.
William B. Carlton.
Baldwin R. Carr.
Thomas W. Carr.
Joe T. Carrejo.
Fredrick C. Cazin, Jr.
Elliott Chaitt.
Robert G. Chamberlin.
Lee J. Chegin.
Donald Chirafisi.
Ralph T. Clark.
Paul G. Clarke, Jr.
Alexander B. Cleary.
Frank A. Cleland.
Joseph W. Cockerhan.
Carroll F. Cogan.
Jacque D. Cohen.
Joseph T. Coleman, Jr.
Joe H. Collier.
Jack B. Collins.
Joseph E. Collins.
Lester L. Collis.
Edward J. Comolli.
Keith G. Comstock.
James P. Connick, Jr., O968242.
Bernard J. Conroy, O970598.
Dale J. Cook.
Claude W. Cooper.
John Covach.
John E. Cowden.
Robert L. Coxe, O972889.
Clayton Craft, O978223.
William H. Craig, O958327.
Harry Cramer.
Louis Cramer.
David A. Crane.
Harry C. Crews, Jr.
Robert F. Croxton.
Robert G. Cunningham.
Newell H. Curtis, Jr.
Roland E. Curtis.
John N. Dale.
Earl E. Daly, Jr.
William M. Daly.
Melvin H. Damon, Jr.
Alvin R. Daniels.
Harold O. Danielson, O974801.
Raymond A. Dault.
Carroll C. Davis.
David H. Davis.
Emmett I. Davis, Jr.
Harvey C. Day, Jr.
Charles E. Deitz.
William L. Devane.
Russell G. DeWitt.
Adrian J. Dick.
Pierre J. Dolan.
Philbert C. Doleac, O968243.
George M. Donovan.
Robert G. Dorsey.
J. T. Dotson.
Mark H. Doty, Jr., O974904.
Thomas W. Downes, Jr.
Carl W. Dreyer.
Grover A. DuBose.
Winston A. Duchow.
Raynald D. Dufour.
James E. Dunley.
Herbert W. Echelmeier.
Edward H. Effertz.
Raymond L. Eggert, Jr.
William E. Eicher.
Sidney N. Einhorn.
Charles C. Elledge.
William B. Erb.
Thomas B. Eustis.
Robert T. Evans.
Wayne B. Fagg.
Raymond L. Farmer.
John D. Feehan.
Victor R. Feicht.
Maurice L. Fenderson.
Richard Ferguson.
Herbert A. Fincher.
Burton B. Finigan.
Emil Fisher, Jr.
Eugene T. Fitzgibbons.
Tyler H. Fletcher.
Charles D. Ford, Jr.
Earl R. Fore.
Richard F. Fox.
Edward L. Fronczak.
Appleton Fryer.
Billy T. Gaddis.
Leonce E. Gaiter.
Carl L. Galliher, Jr.
George R. Ganung.
Robert W. Garber.
James M. Garrison, Jr.
Paul L. Gaurnier, O970714.
Thomas H. Gause.
Richard J. Gavin.
Allen A. Geiger.
Thomas M. Gemmell.
Richard E. George, O978097.
Ross J. Gibson.
James I. Gifford, Jr.
Dewayne E. Gilbert.
George A. Gilbert, Jr.
Elbert E. Gilder, Jr.
George T. Gilman.
John L. Gilman.
Pascal P. Glenn, Jr.
William D Glover.
Siebert J. Goldenstein.
Theo H. Golding.
Daniel J. Gormley.
Lloyd L. Goulder, Jr.
George T. Graham.
Willis B. Graham.
Robert L. Grandle.
William A. Green, Jr.
Robert A. Greenberg, O980922.
Milton S. Greenwald.
James F. Greer.
Kenneth R. Greider.
John T. Gressette III.
Joel W. Griffith, O967939.
Samuel E. Griffiths.
Niles E. Grosvenor.
Stephen F. Grover.
James B. Gudikunst.
Norman E. Hafen.
Frederick X. Hallway.
Warren E. Hammond.
Thomas R. Handy.
Charles W. Hanlon.
Marcus W Hansen.
Howard S. Hardcastle.
Arthur B. Harris.
Brady R. Harris.
Louis A. Harris.
Francis H. Hart, O978017.
Joseph M. Hartnett.
Warren E. Hatcher.
Lawrence K. Hay, Jr.
Eugene B. Hayden, Jr.
Andrew L. Haynes.
Hall G. Haynes.
Jimmie C. Hays.
Franklin K. Hazen, Jr.
Je M. Helt.
Billy J. Henderson.
James M. Henderson.
John K. Henderson.
Ralph G. Henley.
Clarence T. Hewgley.
Paul D. Heyman, O968059.
Richard A. Hickland, O955194.
David A. Hicks.
Douglas J. Higgins.
Eduardo Hilera-Rozas.
Gene H. Hill.
Jack K. Hinman.
Clifford W. Hodgkins.
Eugene F. Hoffmann.
Louis L. Holder.
John M. Holko, Jr.
Robert B. Hoppe.
Clifton A. Horn, Jr.
James C. Horne.
Kenneth B. Howe.
Robert L. Howell.
Donald H. Huffine.
Donald W. Huffman, O970581.
Charles W. Hulburt, O978718.
Samuel W. Hull.
Arthur Humphreys.
George A. Hunter, Jr.
John S. Hunter.
Verne I. Hutchinson.
Jack D. Hyer.
Robert E. Ingalls.
George H. Isley, Jr.
Arthur W. Jasper.
Donald D. Jenkins.
Richard W. Jensen.
Eivind H. Johansen.
Robert F. John.
Donald E. Johnson.
James H. Johnson.
Luther W. Johnson, O960589.
Norman G. Johnson.
Rolston Johnson.
Clinton D. Jones.
James D. Jones.
Joseph L. Jones.
Kirk A. Jordan, O975739.
Allan F. Jose.
J. Walter Joseph, Jr.
Jon A. Jourdonnais.
August W. Kallmeyer.
Alvin E. Kaping, O970032.
Edward L. Karn, Jr.
Albert F. Kee.
Arthur R. Keeley.

William R. Keenan.
Morris J. Keller.
Claud M. Kellett, Jr.
Franklin E. Kelley, O970920.
Johnny W. Kelley, O965902.
William N. Kelt.
James G. Kennedy.
Joseph L. Kennedy.
John R. Kenyon.
Robert F. Kessler.
Dewey H. Kim.
Armand M. King.
James E. Kingman.
Robert G. Kingsbury.
Ludie E. Kinney, Jr.
Ben B. Kirkland III.
Harold Kitson, Jr.
Richard D. Kitt.
David Kladivko.
Rudolph J. Klein, Jr.
Melvin E. Kling.
Richard J. Knopf.
James H. Koelling.
Roger A. Krause.
John G. Kreuer.
Ernest E. Kritzmacher.
Robert E. Kroesch.
Gordon D. Krum.
Robert D. Kubeja.
John B. Kuiper.
Mark C. Kury.
Harold O. Kuuttila.
James D. Labor.
John H. Lafferty.
Donald M. Laffoon, O972120.
Robert M. LaFollette.
Louis L. Landers.
William D. Lane.
Lee R. Larkin.
William M. Larrabee.
Donald W. Larson, O971879.
Stuart H. Lassetter.
Thomas R. Laube.
Kenneth D. Lawless.
Eugene G. Lawley, Jr.
Andrew L. Lawrence, Jr.
William H. Lawrence.
Hassel K. Lawson.
Richard H. Lee.
Harvey A. Legate, Jr.
Robert E. Legate.
Edwin A. Lehman.
Ralph M. Leighty.
Carl A. Leishman.
Merrill M. Lemke, O977639.
Robert J. Leavitt.
Leonard L. Lewane.
William C. Lewis.
James H. Lilly.
William J. Lindberg.
Samuel M. Lindsay II.
John J. Link.
Charles H. Lively.
Gale C. Livengood, O970916.
Russell L. Long.
William E. Long.
Robert W. Looby.
Michael E. Lorenzo.
William P. Lowry.
Paul T. Lundstrom.
Lon U. Lutz.
Arthur P. Lux.
James A. Lyons.
Angus H. Macaulay, Jr.
William S. MacMeekin.
Thomas H. Maddox.
John W. Main, O974906.
Edward S. Maj, O971861.
Gardner H. Marchant, Jr.
Charles B. Marion.
Patrick G. Markham.
Jack R. Marsh.
Elmer C. Martin.
Stanley B. Marx.
George Mason.
Wallace E. Mathes, Jr., O970603.
George A. Mattison III.
Pope McCorkle, Jr.
Joseph L. McCoy, O953797.
Edmund McCullough.

Daniel J. McDonald, Jr.
John J. McDowell.
Ralph L. McDowell.
Duncan D. McDuffie.
Harold S. McGay.
John E. McGee, Jr., O965710.
John J. McGuire.
Alexander C. McKeen.
Luther M. McLeod, Jr.
Wilbur G. McMahan.
Walter W. McMahon.
Arlen A. McNeil.
Charles H. Meacham.
Terrence S. Meade, O978762.
William H. Meanor.
Charles R. Means.
Robert C. Meisel.
Billy J. Mendheim.
Lawrence C. Mendive.
George M. Mercer.
Leonard S. Mercia.
William W. Metcalfe.
William J. Metzger.
Robert W. Michell.
Paul G. Milbee.
George A. Millener, Jr.
James I. Miller.
Glenn W. Million.
Howard L. Miskelly.
Gwinn N. Mobley.
David H. Mock.
Charles B. Modisett.
Fred J. Moore.
George R. Morgan.
John J. Morgan, Jr.
Billy M. Morrow.
Robert L. Morrow.
Leonard J. Morse.
Paul J. Motiska, Jr., O970912.
James H. Motz, Jr.
William R. Muir.
William T. Mundy, Jr.
Clark C. Munroe.
Jimmy D. Myers.
David B. Mylchreest, O955193.
Nicholas R. Nave, Jr.
Barney K. Neal, Jr.
Oliver J. Neslage, Jr.
Virgil E. New.
Robert N. Nicholson.
Ernest A. Nordon, Jr., O955188.
Max E. Norman.
Kenneth E. Northup.
Jack W. Nurney, Jr.
Paul F. Oberleitner, O970910.
Roy E. Obluda.
Emmett J. O'Brien.
Jose E. Olivares, Jr.
Douglas S. Oliver.
James S. Oliver, O978102.
Michael J. O'Rourke, Jr.
William C. Overman, Jr.
Merrill R. Owen.
Don A. Palmer.
William D. Palmer, Jr.
Zacharias G. Panagiotakis.
James M. Paris.
Emmett B. Parker, Jr.
Joseph E. Parker, Jr., O968523.
William L. Parker.
George L. Parsons, Jr.
Sam G. Pate.
William E. Patrick.
Thomas C. Penn.
Paul J. Perecko.
Vincent J. Perricelli, Jr.
James H. Petersen.
Daniel A. Peterson.
Raymond E. Phares, O979144.
Clifford J. Phifer, O971266.
Lawrence C. Pitman, Jr.
Walter H. Pogue, Jr.
George J. Polick, O971267.
Calvin M. Poole.
Ewell G. Pope, Jr.
Vernon R. Porter.
Howard C. Potts.
William F. Price.
James C. Pruitt, Jr.
Calvin K. Quayle.
John E. Ramsey.

Earle D. Randall.
William W. Raper, Jr.
Alfred J. Raskin.
Eugene A. Ravizza.
Henry W. Rawlings.
Lynn R. Raybould.
Walter W. Reed.
Thomas W. Reese.
Joseph E. Reger.
Wallace L. Reimold, Jr.
Gouch C. Reinhardt.
Rollin S. Reiter.
Douglas A. Reniger.
Robert E. Rennerbaum.
Laurie E. Rennie.
Wayland W. Rennie.
John W. Reynolds, O972893.
Nolan C. Rhodes, O970080.
Norman L. Rhodes.
Nehemiah E. Richardson.
Thomas N. Richmond.
James P. Ricker.
Harry P. Rietman.
Tillman A. Riewe.
Luke F. J. Riley, Jr., O970592.
Radames Rivera-Vazquez.
William P. Rivers.
George L. Robbins.
Kenneth P. Roberts.
Douglas R. Robertson.
Frank D. Robie.
Donald L. Robinson.
William C. Robinson.
Thomas E. Rodgers, Jr.
Vincent J. Romano, O971637.
Jean R. Rondepierre.
Harry R. Ross.
John E. Ross.
Walter L. Roy.
Willis C. Royall, Jr.
Murray Rubin.
Robert O. Rushing.
John M. Sakowski.
John P. Santry.
Alfred G. Sapp, O966939.
Wayne B. Sargent.
Paul S. Sather, O974180.
Richard D. Scamehorn.
Harry E. Schaaf, Jr., O973283.
Albert A. Schmidt.
Howard E. Schneider.
Walter L. Schwaar.
Anthony W. Schwab.
Malcolm M. Schwartz, O972894.
William H. Schwarz.
Darrell E. Seasor.
Robert A. Seelye.
James D. Sehorne, Jr.
Ralph P. Selch.
Roy R. Severin.
Donald J. Shannon.
Harold W. Shear.
Arvil L. Short, Jr.
Joseph D. Shroder.
Jerry A. Shuman.
Nathan C. Sibley.
Jack R. Siewert.
William A. Sigman.
Thomas R. Silk, Jr.
Richard D. Simmering.
Anthony J. Skardina.
Julian H. Skinker, Jr.
George B. Skinner.
Clarence E. Skoien.
George J. Sloan, Jr.
Richard A. Sloan.
Dwight W. Smith.
Hansel Y. Smith, Jr.
James D. Smith.
William B. Smith.
Herbert F. Somermeyer.
Charles A. Sorenson.
James D. Spangler.
David R. Spencer, O968527.
Richard A. Spencer.
Robert E. Spiller.
Robert H. Spilman, O964844.
Harry W. Spraker, Jr., O971838.
John L. Squires, Jr.
Kenneth L. Stahl.
Richard W. Statham.

Thomas E. Steiner.
John C. Steinmetz.
John K. Stewart.
Warren F. Stewart, O978723.
Harold A. Stieve.
Gustav Stolz, Jr.
William W. Storch.
Ivan M. Storer.
Carroll D. Strider, O956588.
Samuel D. Stroman.
Duane A. Strother.
Darwin D. Talafuse.
Phillip E. Talley, Jr.
Lester K. Tate.
Lloyd E. Tatem, O971592.
Franklin R. Taylor.
Geronimo Terres, Jr.
Myron M. Thomason.
John H. Thomson.
Raymond R. Thomson.
George E. Thurmond.
Philip W. Tiemann, Jr.
Edward L. Timmerman.
William R. Todd.
Lawrence J. Trachy.
Thomas E. Tracy.
William E. Tragert.
William D. Turley.
James W. Vance.
Jack Vanderbleek.
Robert D. Vanderslice.
Frank D. Vasington.
Salvatore J. Vento.
Willard M. Vickers.
Louis L. Vise, Jr.
Thomas K. Waddell, O949373.
David E. Wade.
Luther G. Walker.
Paul S. Walker.
Glenn F. Walkup.
Harold C. Walraven, Jr.
James J. Walsh.
Robert F. Wanek.
Bynum P. Ward.
James F. Warnock, Jr.
John W. Warren.
William M. Warren.
Duane E. Warrick.
Walton M. Watkins.
James R. Watson.
John E. Weaver.
John V. Webb.
Warren J. Weber.
George H. Wedgworth.
Earle M. Welch, Jr., O972629.
Frank M. West, Jr.
Orville M. Weston, Jr.
Vorin E. Whan, Jr.
Herbert W. Wheeler.
Harry E. White.
William E. White.
Franklyn M. Whitney.
Calvin D. Wible.
Arthur Wilkinson.
Don J. Williams.
Edwin S. Williams, O955783.
Francis L. Williams.
Leroy L. Williams, Jr.
Louis Wilson.
Robert J. Wilson.
Clark L. Wingate.
William C. Winlock.
Cecil E. Wise, O979118.
John M. Wood.
Thomas A. Wood.
Richard T. Woodman.
Ronald Woodrow.
Glenn H. Woods, Jr.
Robert E. Wright.
Raymond H. Young.
George W. Younkin.
Dale W. Zadow.
Earl R. Zamzow.
Calvin E. Zongker.

The following-named distinguished military students in the Medical Service Corps, Regular Army of the United States, effective June 15, 1950, in the grade of second lieutenant, under the provisions of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to designation as distinguished military graduates, and subject to physical qualification:

Ralph H. Paulick
Roger S. Reid
Vernon H. Wold

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to physical qualification:

Joe W. Akins.
Alfred L. Allen, O1686829.
Theodore P. Alvarez, O385882.
Melvin C. Anderson, O2008370.
Edward C. Anderton, O550423.
Edward J. Appel, O430350.
Andrew J. Armstrong, O1054896.
Edward F. Astarita, O1540878.
Claude V. Bache, O2044598.
William R. Barwick, Jr., O390309.
Kenneth R. Beard, O1999270.
Thomas F. Begley, O554260.
Jerry B. Bolibaugh, O538712.
Julius L. Bragg, O964752.
John A. Brenner, O537845.
Lawrence S. Brice.
Richard M. Brown, O977869.
William A. Brown, O1339606.
William J. Browning, O968023.
Thomas W. Buchanan, O390320.
Kenneth R. Bull, O1325968.
Martin J. Burke, Jr., O445755.
Donald F. Burr, O554643.
Matthew W. Busey III, O517648.
Thomas A. Callagy, O528464.
Miguel A. Candal, O1327930.
Richard A. Carlson, O956725.
Ircel L. Carter, O516874.
Donald E. Chamberlain, O537510.
Norman P. Chandler, O1118861.
Julius E. Clark, Jr., O386464.
Richard L. Clarkson, O1040895.
Charles C. Clayton, O446021.
John D. Coleman, Jr., O408290.
John J. Conrado.
Paul M. Crosby, O1100936.
Ralph H. Cruikshank, O1329567.
Galen L. Curry, O465086.
Robert L. Danilavez, O968484.
Oscar F. Danner, Jr., O979330.
Carlos L. Davila-Coca.
Dan W. Davis, O541575.
William J. Dawson, Jr., O1299511.
Anthony C. DeBellis, O1177360.
Donald R. de Camara, O812060.
Louie W. Donoho, O2208561.
Warren S. Ducote, O411978.
William L. Durrant, Jr., O1284483.
Frank H. Earle, O1019037.
George R. Edwards.
Max Etkin, O1037477.
Thomas H. Farrington, O1309475.
John O. Ford, O1109294.
John Frech, Jr., O978642.
Calvin R. Freeman.
John L. Fuller, O443938.
Benjamin F. Gibbons, Jr., O1341876.
Floyd S. Gibson, O546734.
James M. Glauber, O964348.
James H. Gordon, O1166273.
Arthur P. Gregory, O429883.
Allen J. Grieger, O549452.
Leonard F. Griffin, O441288.
Marion I. Guest, O462643.
Ralph S. Gustin, O540513.
Kenneth R. Haas, O957442.
John D. Hale, Jr., O535750.
William C. Hall, O970975.
Richard L. Hammel, O949640.
Charles D. Hargreaves, AO868509.
William S. Hawkins, O534088.
Robert T. Heder, O405421.
David P. Heekin, O453825.
Joseph H. Heiker, O964130.
Thomas B. Hobson, Jr., O791426.
John A. Hollingsworth, O968391.
Hermon F. Holt, O968028.
Willard V. Horne, O436573.
Cecil R. Huff, O829995.
Edward F. Irick, Jr., O390561.
Henry A Jeffers, Jr., O413410.
George W. Johnston, AO1846932.
Lawrence M. Kellam, O1081279.
Joseph C. Kiefe, Jr., O546281.
Leonard H. Kushner, O526975.
William M. Lipsey, O1286515.
Charles H. Long, O964618.
Raymond A. Love, O968456.
Frank P. Lovett, Jr., O947918.
James L. Lucas, Jr.
George W. Mainer, O2020434.
James E. Marshall, Jr., O415890.
Charles A. Matlach, O956230.
Henry H. McCurley, O445774.
Daniel B. McKay, Jr.
Ray A. McKinsey, O524579.
Ulmer L. McNeill, O971692.
Wallace N. McNicol, O1540863.
George D. Merrall, Jr., O542581.
George H. Meyer, O968014.
Edward D. Middleton, Jr.
Herman J. Miller, Jr., O957904.
Robert B. Miller.
Clifford E. Mize, O418722.
Donald W. Moak, O971375.
Aldo A. Modena, O970555.
Charles W. Moffett, Jr., O1019603.
Virgil C. Moon, O968227.
Donald G. Moore, O1323344.
John T. Morgan, Jr., O1342342.
Francis X. Munisteri.
George M. Nagata, O2033031.
Harry Newman.
Charles E. Nix, O971516.
Maurice B. Nussbaum.
Andrew R. O'Connor, O967450.
Van C. Oxner, Jr.
William O. Parker, O723511.
Theodore R. Pickett, Jr., AO1849729.
Jack T. Pink, O2058375.
Joseph R. Pirkl.
Wilbur F. Price, O1328636.
Frank D. Proctor, O1340803.
Robert D. Pryor, O971634.
John H. Rafferty, Jr., O550148.
John F. Regan, O576019.
John W. Reynolds, O27736.
George M. Richardson, O443150.
John A. Richbourg.
Ernest P. Robinson, O958300.
Francis C. Rosser, O453347.
Harry P. Schoen, Jr., O1042426.
Adrian Scott, O423473.
James H. Sellers, O1945486.
Jack B. Shanahan, O1294027.
Claude O. Shell, Jr., O535950.
Robert Sherman, O1560567.
Henry Simon, Jr.
Bartholomew P. Smith, O404006.
Charles D. Smith, Jr., O408348.
Delbert D. Spahr, O405307.
Americo W. Spigarelli, O534134.
J. Wayne Staley, Jr., O1047338.
Richard C. Stanton, O956776.
Rufus C. Streater, O977651.
David A. Teener.
Addison Terry, O957960.
William J. Tropf, Jr., O1047366.
Richard D. True, O1100805.
Jack K. Tuthill, O555984.
Billy M. Vaughn, O956215.
Caleb R. Vincent, O524014.
Frank C. Vondrasek, Jr.
Frederick E. Wadley.
Gerhardt H. Weber, O1334787.
Donal C. Wells, O1950307.
William J. Whelan, O1549173.
Adna G. Wilde, Jr., O535943.
Harry E. Williams, O1579306.
Robert W. Williams, O449018.
Charles H. Wills, O945701.
William A. Wise II, O1184610.
Hiram M. Wolfe III, O460589.
Marion M. Wood.
Kenneth Y. Wright, Jr., O975141.

[NOTE.—These persons were given recess appointment on November 2, 1949, November 5, 1949, November 16, 1949, November 23, 1949, November 25, 1949, and December 1, 1949.)