oil companies—has with the Saudi Arabian Government. Also this contract may be violative of international law, particularly since the agreement contains terms of boycott against a friendly nation, the Republic of Israel.

Under the terms of the agreement, all oil companies presently having concessions in Saudi Arabia will be required to carry their exportable petroleum and petroleum products from Saudi Arabia to foreign countries by the Saudi Arabian Maritime Co., Ltd., which is owned exclusively by A. S. Onassis and his associates. The only exception, apparently, is that the Arabian American Oil Co., which now holds a huge petroleum concession, could continue to use those of its tankers which were engaged in carrying Saudi Arabian petroleum prior to December 31, 1953. Moreover, the monopolistic agreement permits Mr. Onassis to charge freight rates well above the current market for long-term tanker charters. Doubtless, American consumers will pay the added charges.

The original monopolistic agreement, reportedly concluded at Jedda on January 20, was amended on April 7 by a secret addendum in which Onassis reputedly pledged that no Jew should have any interest in any of these companies, directly or indirectly, and assumed an obligation that his company would have no dealings with the Republic of Israel.

The result of this negotiation is expected to assure King Saud—who is in effect "Mr. Saudi Arabia" and who is actually in tyrannical control of that country—of a new annual revenue reported to be $50 million a year. As a result of this pact and its potentialities, King Saud is reported to have assumed new financial obligations in the Arab world and has projected plans to bolster the general Arab League campaign against Israel.

Undoubtedly Onassis will try to extricate himself from his difficulties with the American Government by offering to make deals of various sorts. He may agree to modify his monopoly for the benefit of certain countries or companies on the principle of divide and conquer. He may even graciously allow the American oil companies to keep their present share of tonnage in return for their complaisance with respect to the rest of this pernicious agreement. I hardly think it is necessary to warn the American oil companies against entering into any such agreement with a man whose conspiracies are adverse to the freedom of international trade and to the foreign policy of the United States. I urge once again that the United States State Department and the Foreign Operations Administration actively and vigorously review this unpalatable and monopolistic agreement. It militates against the best interests of our national security, our traditions of free trade and fair play, and our time-honored guaranties of justice and equity to friendly countries and the American consuming public.

SENATE

THURSDAY, JUNE 24, 1954

(Legislative day of Tuesday, June 22, 1954)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

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

O Thou God of grace and glory, in hours of confusion and commotion we are sure of no light but Thine, no refuge but in Thee, who art from everlasting to everlasting. We Thy creatures have but a little span on this mortal sphere, yet Thou hast set our lives upon an earth vastly changed and different from what our fathers knew: Seas and plains and towering mountains are but stepping-stones to a neighbor's door though it be half a world away.

Especially we beseech Thy enabling grace upon those who, in this momentous hour, stand and speak for our dear land. In union with those of other lands who love freedom more than life, may there be laid the foundation of a new home for all humanity, a refuge from hate and strife for all nations, a linked and leagued world in which individual human lives shall be reverenced and in which power shall be administered as a sacred trust dedicated to the common good. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 23, 1954, 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. Chaffee, one of its clerks, announced that the House had passed the bill (S. 119) to provide for the construction of the Markham Ferry project on the Grand River in Oklahoma by the Grand River Dam Authority, an instrumentality of the State of Oklahoma, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 4854. An act to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington;

H. R. 9315. An act to provide for an extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States; and

H. R. 9505. An act to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating to war-risk hazard and detention benefits until July 1, 1955.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 2844. An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes;

H. R. 685. An act for the relief of Walter Carl Sander;

H. R. 724. An act for the relief of Chester H. Tuck, Mary Elizabeth Fisher, James Thomas Harper, and Mrs. T. W. Bennett;

H. R. 848. An act for the relief of Nicholas Katem, Theodosia Katem, Basil Katem, and Josephine Katem;

H. R. 1364. An act for the relief of Richard A. Kurth;

H. R. 2421. An act for the relief of Frank L. McCartha;

H. R. 2678. An act for the relief of Carl A. Annis, Wayne C. Cranney, and Leslie O. Yarwood;

H. R. 2848. An act to amend section 89 of the Hawaiian Organic Act, as amended;

H. R. 3413. An act to grant oil and gas in lands and to authorize the Secretary of the Interior to issue patents in fee on the Fort Peck Indian Reservation, Mont., to individual Indians in certain cases;

H. R. 3623. An act for the relief of Willard Chester Cauley;

H. R. 4030. An act to repeal section 4 of the act of March 2, 1954, creating the Model Housing Board of Puerto Rico;

H. R. 4919. An act for the relief of Ralph S. Pearman and others;

H. R. 5025. An act for the relief of Paul G. Kendall;

H. R. 6154. An act to authorize payment of salaries and expenses of officials of the Fort Peck Tribes;

H. R. 6196. An act for the relief of Duncan M. Chalmers, and certain other persons;

H. R. 6487. An act to approve the repayment contract negotiated with the Roza Irrigation District, Yakima project, Washington, and to authorize its execution, and for other purposes;

H. R. 8367. An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8488. An act to restore eligibility of certain citizens or subjects of Germany or Japan to receive benefits under veterans' laws;

H. R. 8729. An act to amend section 14 (b) of the Federal Reserve Act, as amended;

H. R. 8779. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8790. An act to authorize certain veterans' benefits for persons disabled in connection with reporting for final acceptance, induction, or entry into the active military or naval service;

H. R. 9089. An act authorizing the Administrator of Veterans' Affairs to grant an easement to Syracuse University, Syracuse, N. Y.; and

H. J. Res. 458. Joint resolution to authorize and direct the Secretary of Agriculture to quitclaim retained rights in a certain tract of land to the Board of Education of Irwin County, Ga., and for other purposes.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

LEAVE OF ABSENCE

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

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. LANGER, and by unanimous consent, the Antimonopoly Subcommittee of the Committee on the Judiciary was authorized to meet during the remainder of the session today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

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

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

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

EFFICIENCY OF THE COAST AND GEODETIC SURVEY

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to increase the efficiency of the Coast and Geodetic Survey (with accompanying papers); to the Committee on Interstate and Foreign Commerce.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the committee on the part of the Senate.

PETITIONS

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

By the PRESIDENT pro tempore:

A resolution adopted by Chapter No. 7, National Association of Retired Civil Employees, Arlington, Va., relating to the permanency of increased annuities for retired civil employees; to the Committee on Post Office and Civil Service.

By Mr. MAGNUSON:

A petition signed by O. H. Wolverton, and sundry other citizens of Vancouver, Wash., praying for the enactment of Senate bill 3294, the so-called Langer bill, to prohibit the transportation of alcoholic beverage advertising in interstate commerce; to the Committee on Interstate and Foreign Commerce.

APPLICATION OF NORTHWEST AIRLINES TO PROVIDE SERVICE TO HAWAII AND THE ORIENT—MEMORANDA

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have two memoranda that I received from the Minneapolis (Minn.) Chamber of Commerce, referring to resolutions supporting the application of the Northwest Airlines to provide service to Hawaii and to the Orient, printed in the RECORD and appropriately referred. It is my hope that the Senate Interstate and Foreign Commerce Committee will look into this matter. I will not be a party to any proposal that is designed to damage the best interests of the State of Minnesota.

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

MEMORANDUM OF MINNEAPOLIS CHAMBER OF COMMERCE

MAY 25, 1954.

To: Board of directors.
From: Aviation committee.
Subject: Resolution supporting Northwest Airlines service to Hawaii.

1. At its Wednesday, May 12, meeting your aviation committee adopted the following resolution:

"Whereas on October 7, 1947, the aviation committee of the Minneapolis Chamber of Commerce recommended to the board of directors that it support and join in the efforts of the Northwest-Hawaii air route committee in behalf of establishment by the Civil Aeronautics Board of air service from the Northwest to Hawaii, and that the effort be furthered by the most complete presentation possible of economic data; and

"Whereas the strong public insistence aroused by such effort in 1947 was largely a determining factor in bringing about the establishment of air service between the Twin Cities and Hawaii via Seattle through the issuance by the Civil Aeronautics Board to Northwest Airlines, Inc. of a certificate of public convenience and necessity authorizing Northwest Airlines to conduct such operation for a period of 5 years; and

"Whereas the CAB examiner in the West Coast-Hawaii case on March 19, 1954 recommended that the application of Northwest Airlines for renewal of this temporary certificate to Hawaii be denied, but that the certificate of Pan American Airways be renewed; and

"Whereas failure to renew Northwest Airlines' certificate to Hawaii will deprive the Twin Cities and the upper Midwest area of direct air service to Hawaii and will bring an abrupt halt to the development of the already extensive community of interest between this area and Hawaii, and will result in the loss of substantial trade and commerce: Now, therefore, be it

"*Resolved*, That the aviation committee of the Minneapolis Chamber of Commerce recommends to the board of directors that it support and join in the efforts of the Metropolitan Airports Commission and Northwest Airlines, Inc. for renewal of its certificate to Hawaii, and that the effort be furthered by the most complete and convincing presentation possible of the interests of this community in such renewals to any and all appropriate governmental officials, bodies, or authorities."

2. Board approval is requested.

MEMORANDUM OF MINNEAPOLIS CHAMBER OF COMMERCE

MAY 25, 1954.

To: Board of directors.
From: Aviation committee.
Subject: Resolution supporting Northwest Airlines service to Alaska and the Orient.

1. At its Wednesday, May 12, meeting your aviation committee adopted the following resolution:

"Whereas the Civil Aeronautics Board examiner in the Transpacific Certificate Renewal case in an initial decision issued March 19, 1954, has recommended that Northwest Airlines' authority to operate over the inside route from New York and Chicago via the Twin Cities and Edmonton to Alaska and the Orient be not renewed; and

"Whereas the failure of the Civil Aeronautics Board to renew such inside route authorization will deprive the Twin Cities and the upper Midwest area of direct air service to Alaska and the Orient and will bring an abrupt halt to the development of the extensive community of interest between this area and Alaska and the Orient, which has resulted in substantial interchange of trade and commerce during the past 5 years.

"Whereas Northwest Airlines has provided rapid and efficient transportation to and from the Orient for a considerable number of United States military personnel and thereby contributed to the success of our military operations in that area: Now, therefore, be it

"*Resolved*, That the aviation committee of the Minneapolis Chamber of Commerce recommends to the board of directors that it support and join in the efforts of the Metropolitan Airports Commission and Northwest Airlines, Inc., for renewal of its certificate to Alaska and the Orient by the inside route, and that the effort be furthered by the most complete and convincing presentation possible of the interests of this community in such renewals to any and all appropriate governmental officials, bodies, or authorities."

2. Board approval is requested.

PROHIBITION OF TRANSPORTATION OF ALCOHOLIC BEVERAGES IN INTERSTATE COMMERCE — PETITION

Mr. DOUGLAS. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD, together with the signatures attached, a petition signed by sundry citizens of Grand Ridge and Ottawa, Ill., praying for the enactment of Senate bill 3294, the so-called Langer bill, relating to the transportation of alcoholic-beverage advertising in interstate commerce.

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

GRAND RIDGE, ILL., *May 16, 1954*.

We, the undersigned, do hereby request and petition you to work for hearing of and passage of Bryson bill, H. R. 1227; also King

bills, H. R. 5220, 5221, 5222; and Ruth Thompson bill, H. R. 7110; also Langer bill, S. 3294. We furthermore protest sale of liquor on Army bases. We ask these petitions be read into CONGRESSIONAL RECORD.

Brenson N. Smith, Leona Tucker Smith, Ferne Jones, Carl J. Jensen, Mrs. Melvin Goodwin, Mrs. James Dodd, Cora A. Moore, L. C. Rinker, Rena Snedaker, Mrs. B. F. Campbell, Flora Shapland, Oscar Rinker, Mr. and Mrs. Arthur Stason, Frank Schobert, Mrs. Frank Schobert, Mrs. Oscar Rinker, Frances Wollenhaupt, Mildred P. Walter, Agnes E. Horn, Elmer Wollenhaupt, all of Grand Ridge, Ill.; Anne Wollenhaupt, of Ottawa, Ill.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 24, 1954, he presented to the President of the United States the enrolled bill (S. 2844) to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. CHAVEZ:

S. 3658. A bill for the relief of Mrs. Vincenta Rojas Gomez; to the Committee on the Judiciary.

By Mr. CASE (by request):

S. 3659. A bill to authorize the Commissioners of the District of Columbia to fix rates of compensation of members of certain examining and licensing boards and commissions; to the Committee on the District of Columbia.

By Mr. WATKINS:

S. 3660. A bill to make the employment, and related practices of any alien known by an employer to have entered the United States illegally within 3 years thereof unlawful, and for other purposes; and

S. 3661. A bill to provide for the seizure and forfeiture of any vessel or vehicle used in the transportation of any alien known by the owner thereof to have entered the United States illegally within 3 years thereof, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. WATKINS when he introduced the above bills, which appear under a separate heading.)

By Mr. ELLENDER:

S. 3662. A bill for the relief of Elsa Wahl Enlow; to the Committee on the Judiciary.

By Mr. DOUGLAS:

S. 3663. A bill for the relief of Anna Marie Hitzelberger, and her minor child, Rosanne Hitzelberger; to the Committee on the Judiciary.

By Mr. WELKER:

S. J. Res. 169. Joint resolution authorizing the President of the United States of America to proclaim the first Sunday of each month for a period of 12 months for prayer for people enslaved behind the Iron Curtain; to the Committee on the Judiciary.

PROHIBITION OF ILLEGAL EMPLOYMENT OR TRANSPORTATION OF ALIENS

Mr. WATKINS. Mr. President, I introduce for appropriate reference two bills to provide the Department of Justice with an effective weapon to bring to a halt the continued migration of aliens into this country in search of employment.

The bills are designed to cope directly with the problem presented by the flagrant violation of our southern borders by thousands upon thousands of so-called Mexican wetbacks.

I ask unanimous consent that the bills together with an explanatory statement of the bills which I have prepared, be printed in the RECORD.

The PRESIDENT pro tempore. The bills will be received and appropriately referred, and, without objection, the bills and statement will be printed in the RECORD.

The bills introduced by Mr. WATKINS were received, read twice by their titles, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 3660

A bill to make the employment and related practices of any alien known by an employer to have entered the United States illegally within 3 years thereof unlawful, and for other purposes

Be it enacted, etc., That this act may be cited as the "Illegal Employment of Aliens Act of 1954."

SEC. 2. Findings and declaration of policy.

(a) The Congress finds—

(1) That the illegal migration of hundreds of thousands of aliens into the United States each year is seriously affecting our domestic working conditions, health, and crime rate, and constitutes a serious threat to our internal security and safety;

(2) That this migration is in large part induced, encouraged, and caused by persons who know that these aliens enter the United States illegally primarily to secure employment, and knowing them to have entered the United States illegally for that purpose nevertheless employ and pay them for services rendered.

(b) It is hereby declared that such employment and payments are contrary to the public policy of the United States and are unlawful and are forbidden.

SEC. 3. Acts prohibited.

It shall be unlawful for any person, including any corporation, association, or other organization, knowing or having reasonable grounds to believe that an alien entered the United States within 3 years prior thereto without having been duly admitted to the United States by an immigration officer under the terms of the Immigration and Nationality Act or any other law relating to the immigration, exclusion or expulsion of aliens, either directly or indirectly, to employ or offer to employ or continue to employ any such alien or aliens, or to pay or cause to be paid to any such alien or aliens within his employ any money or thing of value for services rendered.

SEC. 4. Enforcement.

Whenever it shall appear to the Attorney General, either upon complaint or otherwise, that any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of section 3, the Attorney General or his duly authorized representative may make application to the district court of the United States for the district wherein the violation occurs, or wherein the defendant resides or is found or transacts business, for an order enjoining such acts or practices, and upon a showing that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted.

S. 3661

A bill to provide for the seizure and forfeiture of any vessel or vehicle used in the transportation of any alien known by the owner thereof to have entered the United States illegally within 3 years thereof, and for other purposes

Be it enacted, etc., That this act may be cited as the "Illegal Transportation of Aliens Act of 1954."

SEC. 2. Findings and declaration of policy.

(a) The Congress finds—

(1) That the illegal migration of hundreds of thousands of aliens into the United States each year is seriously affecting our domestic working conditions, health, and crime rate, and constitutes a serious threat to our internal security and safety;

(2) That this migration is in large part aided, abetted and facilitated by persons who, in violation of subsection (a) (1) or (a) (2) of section 1324 of title 8, United States Code, make available or themselves make use of vehicles or vessels to assist, further and promote this illegal migration for profit or other purposes;

(3) That despite the present illegality of these acts and practices, it is necessary as an additional deterrent to authorize the seizure and forfeiture to the United States of any vehicle or vessel used in violation of subsection (a) (1) or (a) (2) of section 1324 of title 8, United States Code.

SEC. 3. Definitions.

As used in this act, "vessel" includes every description of watercraft used, or capable of being used, as a means of transportation in water or in water and air; "vehicle" includes animals and every description of carriage or other contrivance used, or capable of being used, as a means of transportation on land or through the air.

SEC. 4. Seizure and forfeiture.

Any vessel or vehicle which has been or is being used in violation of subsection (a) (1) or (a) (2) of section 1324 of title 8, United States Code, or in, upon, or by means of which any violation of said subsections has taken or is taking place, shall be seized and forfeited to the United States: *Provided*, That no vessel or vehicle used by any person as a common carrier in the transaction of business as such common carrier shall be forfeited under the provisions of this act unless it shall appear that (1) in the case of a railway car or engine, the owner, or (2) in the case of any other such vessel or vehicle, the owner or the master of such vessel, or the owner or conductor, driver, pilot, or other person in charge of such vehicle or vessel was at the time of the alleged illegal act a consenting party or privy thereto: *Provided further*, That no vessel or vehicle shall be forfeited under the provisions of this act by reason of any act or omission established by the owner thereof to have been committed or omitted by any person other than such owner while such vessel or vehicle was unlawfully in the possession of a person who acquired possession thereof in violation of the criminal laws of the United States, or of any State.

SEC. 5. Designation of officers by the Attorney General: Duties of officers.

The Attorney General is empowered to authorize, or designate any officer or employee of the Immigration and Naturalization Service or the Department of Justice, or any other employee of the United States, with the consent of the head of the Department or other independent establishment under whose jurisdiction the employee is serving, to carry out the provisions of this act. It shall be the duty of any officer or employee so authorized or designated, or authorized by law, whenever he shall discover any vessel or vehicle which has been or is being used in violation of any of the provisions of this act, or in, upon, or by means of which any violation of this act has taken or is taking place, to seize

such vessel or vehicle and to place it in the custody of such person as may be authorized or designated for that purpose by the Attorney General, to await disposition pursuant to the provisions of this act and any regulation issued hereunder.

SEC. 6. Application of related laws.

All provisions of law relating to the seizure, summary and judicial forfeiture, and condemnation of vessels and vehicles for violation of the customs laws; the disposition of such vessels and vehicles or the proceeds from the sale thereof; the remission or mitigation of such forfeitures; and the compromise of claims and the award of compensation to informers in respect of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this act, insofar as applicable and not inconsistent with the provisions hereof: *Provided*, That such duties as are imposed upon the Secretary of the Treasury or upon the collector of customs or any other person with respect to the seizure and forfeiture of vessels and vehicles under the customs laws shall be performed with respect to seizures and forfeitures of vessels or vehicles under this act by the Attorney General or such officers or employees of the Immigration and Naturalization Service or other department or agency as may be authorized or designated under the terms hereof for that purpose by the Attorney General.

SEC. 7. Availability of appropriations.

Any appropriation which has been or shall hereafter be made for the Immigration and Naturalization Service shall be available for the defraying of expenses of carrying out the provisions of this act.

SEC. 8. Rules and regulations.

The Attorney General shall prescribe such rules and regulations as may be necessary to carry out the provisions of this act.

The explanatory statement by Senator WATKINS is as follows:

STATEMENT BY SENATOR WATKINS

The purpose of the proposed legislation is to make unlawful the employment and transportation of any alien known by an employer to have entered the United States illegally within 3 years thereof.

The bill referred to as the "Illegal Employment of Aliens Act of 1954" will not, per se, impose criminal liability upon a person who knowingly employs such aliens. The principal objective sought is the immediate suppression of employment practices which directly encourage and induce border violations. It is the opinion of the Department of Justice that this can be effectively done by employing the injunctive process. As a regulatory device in the enforcement of other statutes, it has proved to be swift and effective.

The second bill, to be known as "The Illegal Transporting of Aliens Act" is directed against those who prey upon the aliens and contribute directly to this problem by transporting the wetbacks across the border and to places of prospective employment. It authorizes seizure and forfeiture of any vessel or vehicle used by individuals or companies who knowingly transport illegal immigrants within the United States.

Before World War II, the migration of aliens illegally into the United States was a relatively minor problem. In 1942, for example, the Immigration and Naturalization Service apprehended less than 10,000 such aliens.

During the war, the Government subsidized a program which permitted alien farm workers to enter the country, as our domestic workers were drawn from the farms into the Armed Forces and defense plants. Even then the problem of illegal entrants was not serious.

Since the war, however, the need to supplement our domestic agricultural work force has continued, but the number of illegal entrants apprehended has increased tremendously every year.

In an article in the New York Times of April 16, 1953, Reporter Gladwin Hill reported that the rate had risen to 1 illegal entrant every 30 seconds, day and night. Illegal Mexican immigration, he said, reached a total of 618,000 apprehensions in 1952.

The Department of Justice has informed me that this high figure increased to more than 1 million apprehensions in 1953. These 1953 arrests were made in the three immigration districts adjacent to the Mexican border.

As chairman of the Senate Immigration Subcommittee, I have been seriously perturbed over this increasing tide of illegal aliens flowing across the Rio Grande.

The Immigration and Nationality Act of 1952 imposed limitations upon immigration, after considerable study by the Congress—limits which we felt were to the best interests of this country and its workers, and to the best interests of the immigrants, who must be integrated into our society and provided with economic sustenance and housing. That act permits the entry of approximately 200,000 legal immigrants a year. Yet we now have roughly 100,000 illegal immigrants coming across the Mexican-United States border every month.

It is obvious that this vast number of individuals could not find employment in the agricultural areas along the border. Originally, the wetbacks were primarily attracted by and interested in obtaining agricultural employment. Now the problem has become nationwide in scope, because they are heading for our industrial centers to obtain employment in defense plants and other industries.

Both in agriculture and industry, these illegal immigrants are displacing domestic workers, adversely affecting working conditions, contributing to our increasing crime rate, and spreading communicable diseases. In addition, the size of the movement may well provide an effective screen for subversives and other undesirable persons to enter or depart from the United States.

The Department of Justice informs me that experience has shown that these aliens are attracted to the United States primarily because they know they can obtain employment. Under present law it is not forbidden to employ these people, even though they are here illegally. While the alien runs the risk of fine and imprisonment, the volume of traffic is so great that it has been impossible to impose criminal sanctions except in cases of repeated and flagrant violations. Most are permitted to depart voluntarily.

The Immigration Service has made strenuous efforts to control this system by activities of its border patrol and by a large-scale deportation program for the persons apprehended. All of you probably have seen newsreel pictures of the mass roundups of aliens conducted in recent weeks. All that activity is salutary, but it does not solve the problem. To solve the problem from the enforcement side apparently would require erection of fences or a tremendous army of patrolmen along the border.

I believe that this indirect attack on the problem, strongly recommended by the Department of Justice, would contribute toward a prompt solution. It proposes to strike this problem at its source by making unlawful the knowing employment of aliens illegally in the country and any payments to them for services rendered. It is self-evident that if jobs are not offered or available, most of these people would not seek illegal entry.

These measures would in no way conflict with the bilateral agreement signed early this year by the United States and Mexico, permitting recruitment of Mexicans for work on American farms. These people, who can be employed in a supervised program until December 31, 1955, are in this country legally, and can be employed under contract in areas where there are insufficient domestic workers.

EXTENSION AND IMPROVEMENT OF VOCATIONAL REHABILITATION SERVICES—AMENDMENTS

Mr. LEHMAN submitted amendments, intended to be proposed by him, to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, which were ordered to lie on the table and to be printed.

REVISION OF INTERNAL REVENUE LAWS—AMENDMENTS

Mr. WILLIAMS submitted amendments, intended to be proposed by him to the bill (H. R. 8300) to revise the internal revenue laws of the United States, which were ordered to lie on the table and to be printed.

Mr. WILLIAMS (for himself and Mr. AIKEN) submitted amendments to the amendments of the committee, intended to be proposed by them, jointly, to House bill 8300, supra, which were ordered to lie on the table and to be printed.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS—AMENDMENTS

Mr. HAYDEN submitted two amendments intended to be proposed by him to the bill (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. LEHMAN submitted an amendment, intended to be proposed by him to House bill 9447, supra, which was ordered to lie on the table and to be printed.

Mr. PAYNE submitted an amendment intended to be proposed by him to House bill 9447, supra, which was ordered to lie on the table and to be printed.

AMENDMENT OF SOCIAL SECURITY ACT AND INTERNAL REVENUE CODE, RELATING TO OLD-AGE AND SURVIVORS INSURANCE—AMENDMENTS

Mr. GEORGE. Mr. President, the late Senator from Wyoming, Mr. Hunt, had agreed with members of the dental profession to submit an amendment to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable

thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes. He had prepared an amendment, which has been handed to me. I desire to submit the amendment, so that it may be printed and referred to the Committee on Finance, which is now giving study to the bill.

The PRESIDENT pro tempore. The amendment will be received and printed, and will be referred to the Committee on Finance.

HOUSE BILLS REFERRED

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

H. R. 4854. An act to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington; to the Committee on Interior and Insular Affairs.

H. R. 9315. An act to provide for an extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States; to the Committee on Finance.

H. R. 9505. An act to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating to war-risk hazard and detention benefits until July 1, 1955; to the Committee on the Judiciary.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, withdrawing the nomination of Elmer S. Ninesling, to be postmaster at Great Neck, N. Y., which nominating messages were referred to the appropriate committees.

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

NOTICE OF CONSIDERATION OF NOMINATION OF SHELDON T. MILLS, TO BE AMBASSADOR TO REPUBLIC OF ECUADOR

Mr. WILEY. Mr. President, the Senate received today the nomination of Sheldon T. Mills, of Oregon, a Foreign Service officer of class 1, to be Ambassador of the United States of America to the Republic of Ecuador. Notice is hereby given that the nomination will be considered by the Committee on Foreign Relations at the expiration of 6 days, in accordance with the committee rule.

NOTICE OF CONSIDERATION OF NOMINATION OF LEWIS G. CASTLE TO BE ADMINISTRATOR OF ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Mr. WILEY. Mr. President, the Senate received today the nomination of Lewis G. Castle, of Minnesota, to be Administrator of the St. Lawrence Seaway Development Corporation. Notice is given that the nomination will be considered by the Committee on Foreign Relations at the expiration of 6 days, in accordance with the committee rule.

NOTICE OF CHANGE OF TIME OF HEARING ON S. 1752 TO ESTABLISH GOOD FAITH AS A DEFENSE IN CERTAIN CASES

Mr. LANGER. Mr. President, on behalf of a subcommittee of the Committee on the Judiciary, I desire to give notice that the hour for the public hearing scheduled for Thursday, July 1, 1954, in room 424, Senate Office Building, on S. 1752, a bill to establish good faith as a defense in certain cases, has been changed from 10 a. m. to 9:30 a. m. At the indicated time and place all persons interested in the proposed legislation may make such representations as may be pertinent. The subcommittee consists of myself, chairman.

NOTICE OF RESCHEDULING OF HEARING ON H. R. 2237, TO INCREASE CRIMINAL PENALTIES UNDER THE SHERMAN ANTITRUST ACT

Mr. LANGER. Mr. President, on behalf of the standing Subcommittee on Antitrust and Monopoly Legislation of the Committee on the Judiciary, I desire to give notice that the public hearing originally scheduled for Friday, July 2, 1954, at 10 a. m., on H. R. 2237, a bill to increase criminal penalties under the Sherman Antitrust Act, has been rescheduled to Wednesday, July 7, 1954, at 10 a. m., in room 424, Senate Office Building. At the indicated time and place all persons interested in the proposed legislation may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Illinois [Mr. DIRKSEN], the Senator from West Virginia [Mr. KILGORE], and the Senator from Tennessee [Mr. KEFAUVER].

ADMINISTRATION OF ALIEN PROPERTY—NOTICE OF HEARINGS

Mr. DIRKSEN. Mr. President, in the 82d Congress, under Senate resolution 245, submitted by the Senator from Wisconsin [Mr. WILEY], a subcommittee of the Judiciary Committee conducted an extensive investigation into the administration of the Alien Property Act. That was renewed in the 83d Congress by another Senate resolution, and I became chairman of the subcommittee.

In January of this year the subcommittee filed a report and made recommendations, which included, among other things, a statement of the possibility, as a matter of national policy, of returning the property of enemy nationals, which would in effect be going back to the old principle of custodianship under the Alien Property Act, as it existed prior to World War II.

There has been a great deal of demand for hearings on a bill I introduced jointly with the Senator from Indiana [Mr. JENNER] and the Senator from Maryland [Mr. BUTLER]. Therefore, Mr. President, I propose on July 1 and 2, which will be Thursday and Friday of next week, to conduct hearings, to ask the departments affected to send their representatives, to ascertain exactly what the sentiment is, and at least to get something underway with respect to the bill, which in large part articulates the sentiment expressed in the findings of the subcommittee.

REVISION OF ORGANIC ACT OF VIRGIN ISLANDS

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States, which was, to strike out all after the enacting clause and insert:

That this act may be cited as the "Revised Organic Act of the Virgin Islands."

SEC. 2. (a) The provisions of this act, and the name "Virgin Islands" as used in this act, shall apply to and include the territorial domain, islands, cays, and waters acquired by the United States through cession of the Danish West Indian Islands by the convention between the United States of America and His Majesty the King of Denmark entered into August 4, 1916, and ratified by the Senate on September 7, 1916 (39 Stat. 1706).

(b) The government of the Virgin Islands shall have the powers set forth in this act and shall have the right to sue by such name, and in cases arising out of contract, to be sued: *Provided*, That no tort action shall be brought against the government of the Virgin Islands or against any officer or employee thereof in his official capacity without the consent of the legislature constituted by this act.

The capital and seat of government of the Virgin Islands shall be located at the city of Charlotte Amalie, in the island of St. Thomas.

BILL OF RIGHTS

SEC. 3. No law shall be enacted in the Virgin Islands which shall deprive any person of life, liberty, or property without due process of law or deny to any person therein equal protection of the laws.

In all criminal prosecutions the accused shall enjoy the right to be represented by counsel for his defense, to be informed of the nature and cause of the accusation, to have a copy thereof, to have a speedy and public trial, to be confronted with the witnesses against him, and to have compulsory process for obtaining witnesses in his favor.

No person shall be held to answer for a criminal offense without due process of law, and no person for the same offense shall be twice put in jeopardy of punishment, nor shall be compelled in any criminal cause to give evidence against himself; nor shall any person sit as judge or magistrate in any case in which he has been engaged as attorney or prosecutor.

All persons shall be bailable by sufficient sureties in the case of criminal offenses, except for first-degree murder or any capital offense when the proof is evident or the presumption great.

Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.

No law impairing the obligation of contracts shall be enacted.

No person shall be imprisoned or shall suffer forced labor for debt.

All persons shall have the privilege of the writ of habeas corpus and the same shall

not be suspended except as herein expressly provided.

No ex post facto law or bill of attainder shall be enacted.

Private property shall not be taken for public use except upon payment of just compensation ascertained in the manner provided by law.

The right to be secure against unreasonable searches and seizures shall not be violated.

No warrant for arrest or search shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

Slavery shall not exist in the Virgin Islands.

Involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted by a court of law, shall not exist in the Virgin Islands.

No law shall be passed abridging the freedom of speech or of the press or the right of the people peaceably to assemble and petition the government for the redress of grievances.

No law shall be made respecting an establishment of religion or prohibiting the free exercise thereof, and the free exercise and enjoyment of religious profession and worship without discrimination or preference shall forever be allowed, and no political or religious test other than an oath to support the Constitution and the laws of the United States applicable to the Virgin Islands, and the laws of the Virgin Islands, shall be required as a qualification to any office or public trust under the government of the Virgin Islands.

No money shall be paid out of the treasury except in accordance with an act of Congress or money bill of the legislature and on warrant drawn by the proper officer.

The contracting of polygamous or plural marriages is prohibited.

The employment of children under the age of 16 years in any occupation injurious to health or morals or hazardous to life or limb is prohibited.

Nothing contained in this act shall be construed to limit the power of the legislature herein provided to enact laws for the protection of life, the public health, or the public safety.

FRANCHISE

SEC. 4. The franchise shall be vested in residents of the Virgin Islands who are citizens of the United States, 21 years of age or over. Additional qualifications may be prescribed by the legislature: *Provided, however*, That no property, language, or income qualification shall ever be imposed upon or required of any voter; nor shall any discrimination in qualification be made or based upon difference in race, color, sex, or religious belief.

LEGISLATIVE BRANCH

SEC. 5. (a) The legislative power and authority of the Virgin Islands shall be vested in a legislature, consisting of one house, to be designated the "Legislature of the Virgin Islands," herein referred to as the legislature.

(b) The legislature shall be composed of 11 members to be known as senators. Two senators shall be elected by the qualified electors of the district of St. Thomas; 2 senators shall be elected by the qualified electors of the district of St. Croix; and 1 senator shall be elected by the qualified electors of the district of St. John; which districts are hereby established. The other 6 senators shall be senators at large and shall be elected by the qualified electors of the Virgin Islands from the Virgin Islands as a whole: *Provided*, That in the election of senators at large, each elector shall be entitled to vote for 4 candidates, and the candidates receiving the largest number of votes shall be declared elected up to the number to be elected at that election. The order of names upon the ballot shall be determined by lot among the candidates.

SEC. 6. (a) The term of office of each member of the legislature shall be 2 years. The term of office of each member shall commence on the second Monday in January following his election.

(b) No person shall be eligible to be a member of the legislature who is not a citizen of the United States, who has not attained the age of 25 years, who is not a qualified voter in the Virgin Islands, who has not been a bona fide resident of the Virgin Islands for a least 3 years next preceding the date of his election, or who has been convicted of a felony or of a crime involving moral turpitude and has not received a pardon restoring his civil rights. Federal employees and persons employed in the legislative, executive, or judicial branches of the government of the Virgin Islands shall not be eligible for membership in the legislature.

(c) All officers and employees charged with the duty of directing the administration of the electoral system of the Virgin Islands and its representative districts shall be appointed in such manner as the legislature may by law direct.

(d) No member of the legislature shall be held to answer before any tribunal other than the legislature for any speech or debate in the legislature and the members shall in all cases, except treason, felony, or breach of the peace, be privileged from arrest during their attendance at the sessions of the legislature and in going to and returning from the same.

(e) Each member of the legislature shall be paid the sum of $600 annually, one-third on the second Monday in January, one-third on the second Monday in February, and one-third at the close of the regular session. Each member of the legislature who is away from the island of his residence shall also receive the sum of $10 per day for each day's attendance while the legislature is actually in session, in lieu of his expenses for subsistence, and shall be reimbursed for his actual travel expenses in going to and returning from each session, or period thereof, for not to exceed a total of 8 round trips during any calendar year. The salaries, per diem, and travel allowances of the members of the legislature shall be paid by the government of the Virgin Islands.

(f) No member of the legislature shall hold or be appointed to any office which has been created by the legislature, or the salary or emoluments of which have been increased, while he was a member, during the term for which he was elected, or during 1 year after the expiration of such term.

(g) The legislature shall be the sole judge of the elections and qualifications of its members, shall have and exercise all the authority and attributes inherent in legislative assemblies, and shall have the power to institute and conduct investigations, issue subpena to witnesses and other parties concerned, and administer oaths. The rules of the Legislative Assembly of the Virgin Islands existing on the date of approval of this act shall continue in force and effect for sessions of the legislature, except as inconsistent with this act, until altered, amended, or repealed by the legislature.

(h) The judge for the District Court of the Virgin Islands shall fill any vacancy in the office of member of the legislature by appointment from a panel of three names supplied by the legislature. If the vacant office is that of a senator from a district, the person appointed shall be a resident of the district from which the member whose office is vacant was elected. If the vacant office is that of a representative at large, the residence of the person appointed shall not be material. In any case, the person appointed shall serve for the remainder of the unexpired term.

SEC. 7. (a) Regular sessions of the legislature shall be held annually commencing on the second Monday in January, and shall continue in regular session for not more than 60 consecutive calendar days in any calendar year. The Governor may call special sessions of the legislature at any time when in his opinion the public interests may require it, but no special session shall continue longer than 15 calendar days, and the aggregate of such special sessions during any calendar year shall not exceed 30 calendar days. No legislation shall be considered at any special session other than that specified in the call therefor or in any special message by the Governor to the legislature while in such session.

(b) Sessions of the legislature shall be held in the capital of the Virgin Islands at Charlotte Amalie, St. Thomas.

SEC. 8. (a) The legislative authority and power of the Virgin Islands shall extend to all subjects of local application not inconsistent with this act or the laws of the United States made applicable to the Virgin Islands, but no law shall be enacted which would impair rights existing or arising by virtue of any treaty or international agreement entered into by the United States, nor shall the lands or other property of nonresidents be taxed at a higher rate than the lands or other property of residents.

(b) The laws of the United States applicable to the Virgin Islands on the date of approval of this act, including laws made applicable to the Virgin Islands by or pursuant to the provisions of the act of June 22, 1936 (49 Stat. 1807), and all local laws and ordinances in force in the Virgin Islands on the date of approval of this act shall, to the extent they are not inconsistent with this act, continue in force and effect until otherwise provided by the Congress: *Provided*, That the legislature shall have power, when within its jurisdiction and not inconsistent with the other provisions of this act, to amend, alter, modify, or repeal any local law or ordinance, public or private, civil or criminal, continued in force and effect by this act, except as herein otherwise provided, and to enact new laws not inconsistent with any law of the United States applicable to the Virgin Islands, subject to the power of Congress to annul any such act of the legislature.

(c) The President of the United States shall appoint a commission of 7 persons, at least 3 of whom shall be residents of the Virgin Islands, to survey the field of Federal statutes and to make recommendations to the Congress within 12 months after the date of approval of this act as to which statutes of the United States not applicable to the Virgin Islands on such date should be made applicable to the Virgin Islands, and as to which statutes of the United States applicable to the Virgin Islands on such date should be declared inapplicable. The members of the commission shall receive no salary for their service on the commission, but under regulations and in amounts prescribed by the Secretary of the Interior, they may be paid, out of Federal funds, reasonable per diem fees, and allowances in lieu of subsistence expenses, for attendance at meetings of the commission, and for time spent on official business of the commission, and their necessary travel expenses to and from meetings or when upon such official business, without regard to the Travel Expense Act of 1949.

(d) The Secretary of the Interior shall arrange for the preparation, at Federal expense of a code of laws of the Virgin Islands, to be entitled the "Virgin Islands Code," which shall be a consolidation, codification, and revision of the local laws and ordinances in force in the Virgin Islands. When prepared, the Governor shall submit it, together with his recommendations, to the legislature for enactment. Upon the enactment of the Virgin Islands Code it and any supplements

to it shall be printed, at Federal expense, by the Government Printing Office as a public document.

SEC. 9 (a) The quorum of the legislature shall consist of seven of its members. No bill shall become a law unless it shall have been passed at a meeting at which a quorum was present, by the affirmative vote of a majority of the members present and voting, which vote shall be by yeas and nays.

(b) The enacting clause of all acts shall be as follows: "Be it enacted by the Legislature of the Virgin Islands."

(c) The Governor shall submit at the opening of each regular session of the legislature a message on the state of the Virgin Islands and a budget of estimated receipts and expenditures, which shall be the basis of the appropriation bills for the ensuing fiscal year.

(d) Every bill passed by the legislature shall, before it becomes a law, be presented to the Governor. If the Governor approves the bill, he shall sign it. If the Governor disapproves the bill, he shall, except as hereinafter provided, return it, with his objections, to the legislature within 10 days (Sundays excepted) after it shall have been presented to him. If the Governor does not return the bill within such period, it shall be a law in like manner as if he had signed it, unless the legislature by adjournment prevents its return, in which case it shall be a law if signed by the Governor within 30 days after it shall have been presented to him; otherwise it shall not be a law. When a bill is returned by the Governor to the legislature with his objections, the legislature shall enter his objections at large on its journal and proceed to reconsider the bill. If, after such reconsideration, two-thirds of all the members of the legislature agree to pass the bill, it shall be presented anew to the Governor. If he then approves it, he shall sign it; if not, he shall within 10 days after it has been presented to him transmit it to the President of the United States. If the President approves the bill, he shall sign it. If he disapproves the bill, he shall return it to the Governor, so stating, and it shall not be a law. If the President neither approves nor disapproves the bill within 90 days from the date on which it is transmitted to him by the Governor, the bill shall be a law in like manner as if the President had signed it. If any bill presented to the Governor contains several items of appropriation of money, he may object to one or more of such items, or any part or parts, portion or portions thereof, while approving the other items, parts, or portions of the bill. In such a case he shall append to the bill, at the time of signing it, a statement of the items, or parts or portions thereof, to which he objects, and the items, or parts or portions thereof, so objected to shall not take effect.

(e) If at the termination of any fiscal year the legislature shall have failed to pass appropriation bills providing for payment of the obligations and necessary current expenses of the government of the Virgin Islands for the ensuing fiscal year, then the several sums appropriated in the last appropriation bills for the objects and purposes therein specified so far as the same may be applicable, shall be deemed to be reappropriated item by item.

(f) The legislature shall keep a journal of its proceedings and publish the same. Every bill passed by the legislature and the yeas and nays on any question shall be entered on the journal.

(g) Copies of all laws enacted by the legislature shall be transmitted within 15 days of their enactment by the Governor to the Secretary of the Interior and by him annually to the Congress of the United States.

SEC. 10. The next general election in the Virgin Islands shall be held on November 2, 1954. At such time there shall be chosen the entire membership of the legislature as herein provided. Thereafter the general elections shall be held on the first Tuesday after the first Monday in November, beginning with the year 1956, and every 2 years thereafter. The Municipal Council of St. Thomas and St. John, and the Municipal Council of St. Croix, existing on the date of approval of this act, shall continue to function until January 10, 1955, at which time all of the functions, property, personnel, records, and unexpended balances of appropriations of the governments of said municipalities shall be transferred to the government of the Virgin Islands.

EXECUTIVE BRANCH

SEC. 11. The executive power of the Virgin Islands shall be vested in an executive officer whose official title shall be the "Governor of the Virgin Islands," and shall be exercised under the supervision of the Secretary of the Interior. The Governor of the Virgin Islands shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold office at the pleasure of the President and until his successor is chosen and qualified. The Governor shall reside in St. Thomas during his official incumbency. He shall have general supervision and control of all the departments, bureaus, agencies, and other instrumentalities of the executive branch of the government of the Virgin Islands. He may grant pardons and reprieves and remit fines and forfeitures for offenses against the local laws, and may grant respites for all offenses against the laws of the United States applicable in the Virgin Islands until the decision of the President can be ascertained. He may veto any legislation as provided in this act. He shall appoint all officers and employees of the executive branch of the government of the Virgin Islands, except as otherwise provided in this or any other act of Congress, and shall commission all officers that he may be authorized to appoint. He shall be responsible for the faithful execution of the laws of the Virgin Islands and the laws of the United States applicable in the Virgin Islands. Whenever it becomes necessary he may call upon the commanders of the military and naval forces of the United States in the islands, or summon the posse comitatus, or call out the militia, to prevent or suppress violence, invasion, insurrection, or rebellion; and he may, in case of rebellion or invasion, or imminent danger thereof, when the public safety requires it, suspend the privilege of the writ of habeas corpus, or place the islands, or any part thereof, under martial law, until communication can be had with the President and the President's decision thereon made known. He shall annually, and at such other times as the President or the Congress may require, make official report of the transactions of the government of the Virgin Islands to the Secretary of the Interior, and his said annual report shall be transmitted to the Congress. He shall perform such additional duties and functions as may, in pursuance of law, be delegated to him by the President, or by the Secretary of the Interior. He shall have the power to issue executive regulations not in conflict with any applicable law. He may attend or may designate another person to represent him at the meetings of the legislature, may give expression to his views on any matter before that body, and may recommend bills to the legislature.

SEC. 12. The President shall appoint a government secretary for the Virgin Islands, who shall reside in St. Croix during his official incumbency. He shall have custody of the seal of the Virgin Islands and shall countersign and affix such seal to all executive proclamations and all other executive documents. He shall record and preserve the laws enacted by the legislature. He shall promulgate all proclamations and orders of the Governor and all laws enacted by the legislature. He shall have such executive powers and perform such other duties as may be assigned to him by the Governor. He shall also serve as the administrator for St. Croix, without additional compensation, and in that capacity shall act for the Governor in the administration of the affairs of St. Croix.

SEC. 13. In case of a vacancy in the office of Governor or the disability or temporary absence of the Governor, the government secretary shall have all the powers of the Governor.

SEC. 14. The Secretary of the Interior may from time to time designate the head of an executive department of the government of the Virgin Islands to act as Governor in the case of a vacancy in the offices, or the disability or temporary absence, of both the Governor and the government secretary, and the person so designated shall have all the powers of the Governor for so long as such condition continues.

SEC. 15. (a) The Governor shall, within 1 year after the date of approval of this act subject to the approval of the legislature, reorganize and consolidate the existing executive departments, bureaus, independent boards, agencies, authorities, commissions, and other instrumentalities of the government of the Virgin Islands or of the municipal governments, except for independent bodies whose existence may be required by Federal law for participation in Federal programs, into the following executive departments: a department of finance, the head of which shall be designated as the treasurer; a department of public works, the head of which shall be designated as the commissioner of public works; a department of education, the head of which shall be designated as the commissioner of education; a department of commerce and industry, the head of which shall be designated as the commissioner of commerce and industry; a department of health and welfare, the head of which shall be designated as the commissioner of health and welfare; and a department of agriculture and labor, the head of which shall be designated as the commissioner of agriculture and labor. No other department, bureau, independent board, agency, authority, commission, or other instrumentality shall be created, organized, or established by the Governor or the legislature, without the prior approval of the Secretary of the Interior, unless required by Federal law for participation in Federal programs.

(b) The Governor shall, from time to time subject to the approval of the legislature, examine the organization of the executive branch of the government of the Virgin Islands, and shall make such changes therein, not inconsistent with this act, as he determines are necessary to promote effective management and to execute faithfully the purposes of this act and the laws of the Virgin Islands.

(c) The heads of the executive departments created by this act shall be appointed by the Governor, with the advice and consent of the legislature. Each shall hold office during the continuance in office of the Governor by whom he is appointed and until his successor is appointed and qualified, unless sooner removed by the Governor. Each shall have such powers and duties as may be prescribed by the legislature.

SEC. 16. (a) The Secretary of the Interior shall appoint a government comptroller who shall be nominated by the Comptroller General of the United States and who shall receive a salary of $12,500 per annum. The government comptroller shall hold office for a term of 10 years and until his successor is appointed and qualified, unless sooner removed by the President for cause. The government comptroller shall not be eligible for reappointment.

(b) The government comptroller shall establish and maintain appropriate general accounts for revenues and receipts accrued, and collected or abated, for the bonded indebtedness of the Virgin Islands, for the cash with accountable officers and for appropriations and property of the government of the Virgin Islands and accounts pertaining to the funds and property held in trust by the government or any of its branches.

(c) The jurisdiction of the government comptroller over the accounts whether of funds or property, and all vouchers and records pertaining thereto, shall be exclusive.

(d) He shall from time to time make and promulgate general or special rules and regulations not inconsistent with law covering the methods of accounting for public funds and property, and funds and property held in trust by the government or any of its branches.

(e) The government comptroller shall examine, adjust, decide, audit, and settle all accounts and claims pertaining to the revenues and receipts from whatever source of the government of the Virgin Islands and of funds derived from bond issues; and he shall examine, audit, and settle, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the government of the Virgin Islands including those pertaining to trust funds held by the government of the Virgin Islands.

(f) It shall be the duty of the government comptroller to bring to the attention of the proper administrative officer failures to collect amounts due the government, and expenditures of funds or property which in his opinion are extravagant, excessive, unnecessary, or irregular.

(g) It shall be the duty of the government comptroller to certify to the Secretary of the Interior the net amount of government revenues which form the basis for Federal grants for the civil government of the Virgin Islands.

(h) The decisions of the government comptroller shall be final except that appeal therefrom may be taken by the party aggrieved or the head of the department concerned within 1 year from the date of the decision, to the Governor, which appeal shall be in writing and shall specifically set forth the particular action of the government comptroller to which exception is taken with the reasons and the authorities relied upon for reversing such decision.

(i) If the Governor confirms the decision of the government comptroller, then relief may be sought by appeal to the legislature or to the District Court of the Virgin Islands.

(j) The government comptroller shall, except as may be otherwise provided, have like authority as that conferred by law on the Comptroller General of the United States, and is authorized to communicate directly with any person having claims before him for settlement, or with any department officer or person having official relation with his office. He may summon witnesses and administer oaths.

(k) As soon after the close of each fiscal year as the accounts of said fiscal year may be examined and adjusted, the government comptroller shall submit to the Governor of the Virgin Islands an annual report of the fiscal condition of the government, showing the receipts and disbursements of the various departments and agencies of the government, classified according to municipalities.

(l) The government comptroller shall make such other reports as may be required by the Governor of the Virgin Islands, the Comptroller General of the United States, or the Secretary of the Interior.

(m) The office of the government comptroller shall be under the general supervision of the Governor, but shall not be a part of any executive department in the government of the Virgin Islands.

SYSTEM OF ACCOUNTS

SEC. 17. The system of accounts for the government of the Virgin Islands shall be prescribed by the Comptroller General of the United States.

SEC. 18. The fiscal transactions and accounts of the government of the Virgin Islands, including special and trust funds administered by the government of the Virgin Islands shall be subject to review annually by the Comptroller General of the United States, and report thereon shall be made by him to the Governor, the Secretary of the Interior, and to the Congress.

SEC. 19. (a) The Governor shall receive an annual salary at the rate provided for Governors of Territories and possessions in the Executive Pay Act of 1949.

(b) The government secretary, the heads of the executive departments, and the members of the immediate staffs of the Governor and the government secretary shall receive annual salaries at rates established by the Secretary of the Interior in accordance with the standards provided in the Classification Act of 1949.

(c) The salaries of the Governor, the government secretary, and the members of their immediate staffs shall be paid by the United States. The salaries of the government comptroller and the heads of the executive departments shall be paid by the government of the Virgin Islands; and if the legislature shall fail to make an appropriation for such salaries, the salaries theretofore fixed shall be paid without the necessity of further appropriations therefor.

JUDICIAL BRANCH

SEC. 20. The judicial power of the Virgin Islands shall be vested in a court of record to be designated the "District Court of the Virgin Islands," and in such court or courts of inferior jurisdiction as may have been or may hereafter be established by local law.

SEC. 21. The District Court of the Virgin Islands shall have the jurisdiction of a district court of the United States in all causes arising under the Constitution, treaties, and laws of the United States. It shall have general original jurisdiction in all civil actions arising under the local law in force in the Virgin Islands wherein the matter in controversy exceeds the sum or value of $500, exclusive of interest and costs. It shall have general original jurisdiction in all criminal cases involving offenses against the local law in force in the Virgin Islands where the minimum punishment which may be imposed exceeds a fine of $100 or imprisonment for 6 months or both. The district court shall also have appellate jurisdiction to review the judgments and orders of the inferior courts of the Virgin Islands to the extent now or hereafter prescribed by local law.

SEC. 22. The inferior courts now or hereafter established by local law shall have jurisdiction of all civil actions wherein the matter in controversy does not exceed the sum or value of $500, exclusive of interest and costs, all criminal cases wherein the maximum punishment which may be imposed does not exceed a fine of $100 or imprisonment for 6 months, or both, all violations of police and executive regulations, and all actions, civil or criminal, jurisdiction of which may hereafter be conferred upon them by local law. The inferior courts shall hold preliminary investigations in charges of felony and charges of misdemeanor in which the punishment that may be imposed is beyond the jurisdiction granted to the inferior courts by this section, and shall commit offenders to district court and grant bail in bailable cases. The rules governing the inferior courts and prescribing the duties of the judges and officers thereof, oaths and bonds, the times and places of holding court, and the procedure for appeals to the district court shall be as may hereafter be established by the district court. The rules governing disposition of fines, costs, and forfeitures, enforcement of judgments, and disposition and treatment of prisoners shall be as established by law or ordinance in force on the date of approval of this act or as may hereafter be so established.

SEC. 23. The President shall, by and with the advice and consent of the Senate, appoint a judge for the District Court of the Virgin Islands, who shall hold office for the term of 8 years and until his successor is chosen and qualified, unless sooner removed by the President for cause. The salary of the judge of the district court shall be at the rate prescribed for judges of the United States district courts. The Chief Justice of the United States may assign any United States circuit or district judge, with his consent, to serve as a judge in the District Court of the Virgin Islands whenever it is made to appear that such an assignment is necessary for the proper dispatch of the business of the court. The provisions of chapter 49 of title 28, United States Code, shall apply to the District Court of the Virgin Islands. The compensation of the judge of the district court and the administrative expenses of the court shall be paid from appropriations made for the judiciary of the United States. The Attorney General shall, as heretofore, appoint a marshal for the Virgin Islands to whose office the provisions of chapter 33 of title 28, United States Code, shall apply.

SEC. 24. The Virgin Islands shall consist of 2 judicial divisions, 1 constituted by the island of St. Croix, and 1 constituted by the islands of St. Thomas and St. John. The district court shall hold sessions in each division at such time as the court may designate by rule or order, at least once in 3 months in each division. The rules of practice and procedure heretofore or hereafter promulgated and made effective by the Supreme Court of the United States pursuant to section 2072 of title 28, United States Code, in civil cases, section 2073 of title 28, United States Code, in admiralty cases, and section 30 of the Bankruptcy Act in bankruptcy cases, shall apply to the District Court of the Virgin Islands and to appeals therefrom. All offenses shall continue to be prosecuted in the district court by information as heretofore except such as may be required by local law to be prosecuted by indictment by a grand jury. The process of the district court shall run throughout the Virgin Islands.

SEC. 25. In any criminal case originally in the district court, no person shall be denied the right to trial by jury on the demand of either party. If no jury is demanded the case shall be tried by the judge of the district court without a jury, except that the judge may, on his own motion, order a jury for the trial of any criminal action. The legislature may provide for trial in misdemeanor cases by a jury of six qualified persons.

SEC. 26. The President shall, by and with the advice and consent of the Senate, appoint a district attorney for the Virgin Islands, who shall hold office for the term of 4 years and until his successor is chosen and qualified, unless sooner removed by the President for cause. The district attorney shall conduct all legal proceedings, civil and criminal, to which the Government of the United States is a party in the District Court of the Virgin Islands and in the inferior courts of the Virgin Islands, and to which the government of the Virgin Islands is a party in the District Court of the Virgin Islands. Offenses against the laws of the Virgina Islands shall be prosecuted in the name of the people of the Virgin Islands. He shall also serve as legal adviser to the Governor. The district attorney shall perform his duties under the supervision and direction of the Attorney General of the United States. The Attorney General shall appoint one assistant district attorney who shall conduct all proceedings, civil and crim-

inal, to which the government of the Virgin Islands is a party in the inferior courts of the Virgin Islands. The Attorney General may authorize the employment of necessary clerical assistants. The compensation of the district attorney and his assistant and employees shall be fixed by the Attorney General and their salaries and the other necessary expenses of the office shall be paid from appropriations made to the Department of Justice. In the case of a vacancy in the office of the district attorney, the District Court of the Virgin Islands may appoint a district attorney to serve until the vacancy is filled. The order of appointment by the court shall be filed with the clerk of the court.

FISCAL PROVISIONS

SEC. 27. (a) The proceeds of customs duties, the proceeds of the United States income tax, the proceeds of any taxes levied by the Congress on the inhabitants of the Virgin Islands, and the proceeds of all quarantine, passport, immigration, and naturalization fees collected in the Virgin Islands, less the cost of collecting all of said duties, taxes, and fees, shall be covered into the treasury of the Virgin Islands, and shall be available for expenditure as the Legislature of the Virgin Islands may provide: *Provided,* That the term "inhabitants of the Virgin Islands" as used in this section shall include all persons whose permanent residence is in the Virgin Islands, and such persons shall satisfy their income-tax obligation under applicable taxing statutes of the United States by paying their tax on income derived from all sources both within and outside the Virgin Islands into the treasury of the Virgin Islands: *Provided further,* That nothing in this act shall be construed to apply to any tax specified in section 3811 of the Internal Revenue Code.

(b) Subchapter B of chapter 28 of the Internal Revenue Code is amended by adding to section 3350 thereof the following subsection:

"(c) Disposition of internal revenue collections: Beginning with the fiscal year ending June 30, 1954, and annually thereafter, the Secretary of the Treasury shall determine the amount of all taxes imposed by, and collected during the fiscal year under, the internal revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States. The amount so determined less 1 percent and less the estimated amount of refunds or credits shall be subject to disposition as follows:

"(i) There shall be transferred and paid over to the government of the Virgin Islands from the amounts so determined a sum equal to the total amount of the revenue collected by the government of the Virgin Islands during the fiscal year, as certified by the treasurer of the Virgin Islands. The moneys so transferred and paid over shall constitute a separate fund in the treasury of the Virgin Islands and may be expended as the legislature may determine: *Provided,* That the approval of the President or his designated representative shall be obtained before such moneys may be obligated or expended.

"(ii) There shall also be transferred and paid over to the government of the Virgin Islands during each of the fiscal years ending June 30, 1955, and June 30, 1956, the sum of $1,000,000, or the balance of the internal revenue collections available under this subsection (c) after payments are made under the preceding paragraph (i), which ever amount is greater. The moneys so transferred and paid over shall be deposited in the separate fund established by the preceding paargraph (i) but shall be obligated or expended for emergency purposes and essential public projects only, with the prior approval of the President or his designated representative.

"(iii) Any amounts remaining shall be deposited in the Treasury of the United States as miscellaneous receipts.

"If at the end of any fiscal year the total of the Federal contribution made under (i) above at the beginning of that fiscal year has not been obligated or expended for an approved purpose, the balance shall continue available for expenditure during any succeeding fiscal year, but only for approved emergency relief purposes and essential public projects as provided in (ii) above. The aggregate amount of moneys available for expenditure for emergency relief purposes and essential public projects only, including payments under (ii) above, shall not exceed the sum of $5,000,000 at the end of any fiscal year. Any unobligated or unexpended balance of the Federal contribution remaining at the end of a fiscal year which would cause the moneys available for emergency relief purposes and essential public projects only to exceed the sum of $5,000,000 shall thereupon be transferred and paid over to the Treasury of the United States as miscellaneous receipts."

(c) There shall be levied, collected, and paid upon all articles coming into the United States or its possessions from the Virgin Islands the rates of duty and internal revenue taxes which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided,* That all articles, the growth or product of, or manufactured in, such islands, from materials grown or produced in such islands or in the United States, or both, or which do not contain foreign materials to the value of more than 50 percent of their total value, upon which no drawback of custom duties has been allowed therein, coming into the United States from such islands shall be admitted free of duty. In determining whether such a Virgin Islands article contains foreign material to the value of more than 50 percent, no material shall be considered foreign which, at the time the Virgin Islands article is entered, or withdrawn from warehouse for consumption, may be imported into the continental United States free of duty generally.

MISCELLANEOUS PROVISIONS

SEC. 28. All officials of the government of the Virgin Islands shall be citizens of the United States. Every member of the Legislature of the Virgin Islands and all officers and employees of the government of the Virgin Islands shall before entering upon the duties of their respective offices, or, in the case of persons in the employ of the government of the Virgin Islands on the effective date of this act, then within 60 days of the effective date thereof, make a written statement in the following form:

"I, ———, do solemnly swear (or affirm) that I will support, obey, and defend the Constitution and laws of the United States applicable to the Virgin Islands and the laws of the Virgin Islands, and that I will discharge the duties of ——— with fidelity.

"And I do further swear (or affirm) that I do not advocate, nor am I knowingly a member of any organization that advocates, the overthrow of the Government of the United States or of the Virgin Islands by force or violence or other unconstitutional means, or seeking by force or violence to deny other persons their rights under the Constitution and laws of the United States applicable to the Virgin Islands or the laws of the Virgin Islands.

"And I do further swear (or affirm) that I will not so advocate nor will I knowingly become a member of such organization during the period that I am an employee of the Virgin Islands."

SEC. 29. All reports required by law to be made by the Governor to any official of the United States shall hereafter be made to the Secretary of the Interior, and the President is hereby authorized to place all matters pertaining to the government of the Virgin Islands under the jurisdiction of the Secretary of the Interior, except matters relating to the judicial branch of said government which on the date of approval of this act are under the supervision of the Director of the Administrative Office of the United States Courts.

SEC. 30. (a) The Secretary of the Interior shall be authorized to lease or to sell upon such terms as he may deem advantageous to the Government of the United States any property of the United States under his administrative supervision in the Virgin Islands not needed for public purposes.

(b) The government of the Virgin Islands shall continue to have control over all public property that is under its control on the date of approval of this act.

SEC. 31. Section 6 of the act of August 30, 1890 (26 Stat. 414, 416), as amended (21 U. S. C., 1946 ed., sec. 104), is further amended by inserting the words "and the admission into the Virgin Islands" immediately following the word "Texas", so that such section will read as follows:

"The importation of cattle, sheep, and other ruminants, and swine, which are diseased or infected with any disease, or which shall have been exposed to such infection within 60 days next before their exportation is prohibited: *Provided,* That the Secretary of Agriculture, within his discretion and under such regulations as he may prescribe, is authorized to permit the admission from Mexico into the State of Texas and the admission into the Virgin Islands of cattle which have been infested with or exposed to ticks upon being freed therefrom. Any person who shall knowingly violate the foregoing provision shall be deemed guilty of a misdemeanor and shall, on conviction, be punished by a fine not exceeding $5,000, or by imprisonment not exceeding 3 years, and any vessel or vehicle used in such unlawful importation within the knowledge of the master or owner of such vessel or vehicle that such importation is diseased or has been exposed to infection as herein described, shall be forfeited to the United States."

SEC. 32. Section 2 of the act of February 2, 1903 (32 Stat. 791, 792), as amended (21 U. S. C., 1946 ed., sec. 111), is hereby further amended by striking out the period and adding at the end thereof the following: *"Provided,* That no such regulations or measures shall pertain to the introduction of live poultry into the Virgin Islands of the United States.".

SEC. 33. This act shall take effect upon its approval, but until its provisions shall severally become operative as herein provided, the corresponding legislative, executive, and judicial functions of the existing government shall continue to be exercised as now provided by law or ordinance, and the incumbents of all offices under the government of the Virgin Islands shall continue in office until their successors are appointed and have qualified unless sooner removed by competent authority. The enactment of this act shall not affect the term of office of the judge of the District Court of the Virgin Islands in office on the date of its enactment.

SEC. 34. Except to the extent necessary to implement the provisions of section 31 hereof, and except with reference to the authority of the Secretary of the Treasury under section 36 of the act of June 22, 1936 (49 Stat. 1807), said act and other provisions of law inconsistent with this act are hereby repealed.

Mr. BUTLER of Nebraska. I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. BUTLER of Nebraska, Mr. CORDON, Mr. WATKINS, Mr. JACKSON, and Mr. LONG conferees on the part of the Senate.

COMMERCIAL SPONSORSHIP OF SENATE HEARINGS

Mr. BENNETT. Mr. President, a few days ago, in discussing the question of the televising of Senate committee hearings, I stated:

We have, during the recent hearings, seen that dignity stretched to the point where accolades have been given, perhaps innocently—

And I emphasized those two words—

to a motion picture whose promoters were lucky enough or astute enough to provide a model ship at the proper moment to win a nationwide, two-channel blessing from the chair.

Mr. President, I was very much interested to read in the Washington Post and Times Herald of June 23, in the column of Walter Winchell, the following words:

The colyum was indirectly responsible for the best pressagent coup in 15 years. Al Rylander (for Columbia Pictures) set up the invite to Senator MUNDT (and the committee) to witness The Caine Mutiny due at the Capitol here on the 24th. MCCARTHY gave it a hefty assist by quipping: "The Caine Mutiny or The Cohn Mutiny?" which readers and others recall reading here sometime ago. It took 3 weeks of behind-the-scenes maneuvering to get the tremendous free ad on the caucus room cameras. A 35-second plug.

In other words, the process by which commercial sponsorship of Senate committee hearings will be exploited to the limit has already begun.

I think Mr. Winchell's claim of credit for the maneuvering, which he says is "The best press agent coup in 15 years," should warn us that one of these days someone will have a midget sitting on his lap, as another reminder of the fact that we cannot lower the dignity of the Senate by such commercially sponsored televised hearings.

THE IMPORTANCE OF INVENTIONS FOR NATIONAL DEFENSE

Mr. WILEY. Mr. President, I have prepared a statement with respect to the importance of United States inventive technology for purposes of improved national defense.

I send to the desk the text of this statement, and ask unanimous consent that it be printed at this point in the body of the RECORD.

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

STATEMENT BY SENATOR WILEY

THE SIGNIFICANCE OF UTILIZING FOREIGN AND AMERICAN INVENTIVE TALENT

The other day the United States got grim confirmation of the fact that we are not keeping competitive step with the Soviet Union in the life-and-death technological race for superiority in weapons and weapons systems.

Assistant Secretary of Defense for Research and Development, Donald A. Quarles, stated that our technical position as compared with that of the Soviet Union is less favorable than it was a year ago. Said Mr. Quarles:

"Our margin of advantage has narrowed and we must face the sober inferences to be drawn from these facts."

Secretary of Defense Charles E. Wilson later said that we now have "a better understanding of what the gap is."

So far as I am concerned, I point out that no man can be absolutely sure today or tomorrow whether we are 1 year, 2 years, or 3 years ahead of the Soviet Union in any particular field—in the field of intercontinental bombers, guided missiles, the A-bomb, the H-bomb, etc.

An attempted comparison of how far we are ahead, if at all, depends upon a great many variables, such as (a) the reliability of our intelligence information out of the Soviet Union, (b) the willingness of the Soviet Union to show off its own military might as in the recent air parade when it showed off bombers akin to our B-47 and B-52, (c) the ability of Soviet scientists to "crack" particular problems which might be holding them up—and whose solution might overnight accelerate their work, etc.

Reds have surpassed experts' estimates

Moreover, even if we are at this particular moment far ahead in any or all of these fields (and there is very disturbing evidence to the contrary) the fact of the matter is this:

The Soviet Union has time and again upset our calculations as to how far we are ahead and how long it would actually take them to close the gap.

Very often certain of our experts have predicted that the Soviets could not for, say, 2 years achieve some particular technical objective; and then the Reds have surprised us by achieving the objective far ahead of schedule.

It is obvious that when a totalitarian nation such as the Soviet Union concentrates one-half or more of its entire industrial might toward military purposes exclusively, it can attain objectives which we, from our peaceful, civilian economy standpoint, might regard as unattainable within a given period of time.

There is clear evidence that the Soviet training en masse of engineers and scientists is paying off, just as diabolic Soviet overseas espionage has paid off and just as Soviet mass importation of German scientists paid off.

In any event, the job facing the United States is to utilize to the fullest American and Allied inventive genius in every phase of military science. We must keep as far ahead as we possibly can—under the circumstances of a free democratic and peacefully inclined society.

To do this we must have sufficient reservoirs of well-utilized technicians, scientists, engineers so that we do not lose out in the life-and-death race.

Fortunately, the United States has several instrumentalities by which to encourage inventive technology.

The Defense Establishment's splendid research and development program which is well described in the current issue of Reader's Digest is a principal case in point.

Then, too, there is the National Inventors Council, with which I have had a good deal of contact in recent times.

Vital work of National Inventors Council

This organization composed of some of the greatest industrial and military names on the American scene, has performed invaluable service for American military science throughout World War II and the postwar years in evaluating inventive ideas suggested by the American public.

Recently, I received current word on the NIC from Mr. John C. Green, Acting Director of the Office of Technical Services of the Department of Commerce. Mr. Green forwarded an encouraging progress report from Mr. Lawrence Langner, the able secretary of the National Inventors Council, to the members of that distinguished body.

Among the favorable developments reported here and elsewhere has been an increasingly understanding approach by the Defense Department toward several longstanding claims by leading civilian inventors—claims which certain impartial observers feel had previously not been given sufficient consideration by the Defense Establishment.

The Langner report described other promising developments, evidencing a heightened interest by our Defense officials in providing incentive for United States inventors. It reported, for example, the creation of a committee within the Defense Department to examine present methods of handling the civilian inventor.

I welcome this report as another favorable indication of the forward-looking views of the present administration. Views contribute toward this vital objective in which I, for one, have long enthusiastically believed.

Inventive award bill

I am sure that progress is welcomed, too, by the distinguished past chairman of the Senate Judiciary Committee, the Honorable PAT MCCARRAN, who is the author of a bill, S. 27, to provide inventive awards.

This bill is now pending before the Senate Judiciary Subcommittee on Patents, Trade-Mark, and Copyright Law, of which I personally am chairman.

I may say that this is but one of the capacities in which I, for one, am particularly interested in this invention subject.

Mutual-aid funds for allied weapon design

In my capacity as chairman of the Senate Foreign Relations Committee, I am deeply interested in the phase of encouraging a pooling of allied inventive talent with that of our country.

Recently I requested and secured a report from Assistant Secretary Quarles regarding the considerable extent to which, under existing United States mutual-security programs British, French, Canadian, and other inventive talent has contributed to advances in NATO technology.

I point out now that the Mutual Security Act for fiscal year 1954 provided—in section 542 of the Mutual Assistance Act of 1951, as amended, a specific allowance, for the first time, for the purpose of accelerating the development of weapons of advanced design by our allies and by other nations friendly to the West.

I intend to submit further reports to the Senate on this important phase, both as chairman of the Foreign Relations Committee in connection with the forthcoming mutual-aid bill, and from my position as ranking majority member on the Judiciary Committee.

I am convinced that we have only scratched the surface of the pool of inventive genius available in allied countries, much less in our own country.

There are a fifth of a million Western Europeans, constituting the most advanced technological area and technically skilled citizenry of the world, with the exception of the United States-Canadian area.

There is, to my knowledge, virtually no comprehensive, integrated program at present by which either allied governments, in conjunction with ours, or even separately, fully utilize that pool of inventive skill.

Foreign inventive award systems

I have discussed this problem at times with various United States officials. I have had counsel for the Senate Foreign Relations Committee explore the respective laws and machinery by which foreign governments stimulate inventions.

Great Britain, for example, maintains an extensive system of monetary awards for

government employees and other inventors. An award of 100,000 pounds sterling was made, to Sir Frank Whittle, who spent 20 years developing the jet engine. Whittle, incidentally, had not even filed a claim with the Royal Commission on Awards to Inventors.

Among other awards granted by the Royal Commission were—

(a) to inventors of the device known during the war as project Pluto for supplying gasoline in bulk to the Allied invading forces in France in 1944, by means of pipelines laid on the seabed across the English Channel.

(b) for the ship-belt device known as degaussing, which so successfully counteracted the German magnetic mine;

(c) for an antimine flail device for tanks, etc.

These awards, incidentally, are not liable to the British income tax, except in unusual circumstances, because awards are considered "not for services rendered, but are a recognition of the exceptional utility of the work done, or other special circumstances connected with the work."

The Canadian Government carries on considerable research resulting in patentable inventions, chiefly through its National Research Council. Government employees, who are engaged in research outside the National Research Council may be eligible to receive at least half of any royalty receipt resulting from their inventions. Canada, however, depends in principal measure upon its patents system as an incentive to inventors.

Sweden maintains the Swedish Inventors Office, which functions as a liaison body between the inventors and the government. When an inventor lacks the necessary means for developing his invention, it may be financed by the Inventors Office. In the field of military technology, Swedish inventors would normally deal with the Research Institution of the Armed Forces, and the Board of War Supply.

Soviet programs for inventors

The Soviet Union maintains a very extensive program of incentives to inventors. Three programs are described by which inventors are given incentive. One of these is Russia's so-called version of the patent system. However, as can well be understood under the Communist collective system, this program is only theoretically available even to some few favored persons.

The other two programs are the real backbone of Soviet incentive—the so-called author's certificate, with remuneration, and the Stalin Prize System, under which an inventor can receive as much as 200,000 rubles.

The Soviet Union has a Central Bureau of Inventions attached to its State Planning Commission.

I might point out that in recent years, the Stalin prizes have been awarded to Artem I. Mikoyan and Anatoly Gorevich, designers of the MIG-15 jet-fighter plane, and also to Andrei N. Tupolev, chief designer of the Soviet long-range bomber.

On March 4, 1950, it was announced that one Georgi Shain had received a Stalin prize of 200,000 rubles for discovery of a heavy hydrogen in the atmosphere of the stars. That day, the Associated Press speculated in a Moscow dispatch, that this might be the basis of a hydrogen bomb.

In addition to its monetary incentives, the Soviet Union gives the widest publicity to its outstanding scientists as heroes whose example should be followed. They may receive such decorations as the Order of Lenin, or the Order of the Red Banner. Sometimes they are also elected to the Supreme Soviet. In any event, they are stimulated with special privileges, such as a high priority for housing, food, and consumer goods.

I could cite other foreign practices: For example, the awards system of Nazi Germany during World War II.

I think, however, that the point is clear that the United States should look carefully into foreign incentive programs. Obviously, we, in our free-enterprise system, will not look to a totalitarian system, a system of slavery, for example, as such, to follow.

But we should note what the Soviets are doing. Moreover, we should evaluate the experience of democratic societies.

Patent system, cornerstone of United States inventions

Basically, we must make absolutely sure that we gain from our democratic patent system the fullest possible fruits, because it is quite clear that communism is trying to extract all it can from its own slave system.

There is, of course, nothing incompatible between the United States patent system which is, of course, the cornerstone of American free enterprise, and a special system of incentive to United States inventors in the military field.

Nothing must ever be done which would in the slightest endanger the United States patent system but, at the same time, we must supply more inventive incentive on devices useful to the armed services.

I intend to continue to explore this and other phases. But as I have indicated, while we look at the green pastures of inventive talent abroad, I do not want us for one moment to be lax in developing inventive genius here at home.

NIC should be given more sinews

To my way of thinking, it is a pity that the National Inventors Council is not given more sinews, more financial means to do its job. The council is given the munificent sum of only $35,000 a year. The members of the council (whose distinguished names I am appending at the end of these comments) do not even receive per diem. Virtually none of them even receive travel expenses to meetings.

I doubt if there is a corporation in America which could afford to hire this body of men, so great is their collective executive, technical, military, and scientific ability. But the United States gets their services free. So, I say, more power to these leaders and to the patriotic spirit which guides them.

I conclude with this thought:

It is my earnest hope that the outstanding work of the National Inventors Council will proceed in far higher gear than at present. This program must not be permitted to be starved for funds. A single invention, opening up a chain of inventions, cannot only mean the saving of countless money, but infinitely more important, the saving of countless lives, and, indeed, can constitute great aid possibly in the saving of America.

The United States must not be smug. It must not be complacent over its technical superiority. The free-enterprise system is the greatest key in the world for unlocking man's genius, but we must provide more inventive incentive if that genius is to reach highest fruition.

I append after the NIC names the text of an article which John Green had written for the magazine U. S. A., back in December 1952. This article is as excellent a summary of the work of the National Inventors Council as I have seen.

MEMBERS OF NATIONAL INVENTORS COUNCIL

Charles F. Kettering (chairman), Lawrence Langner (secretary), Roger Adams, George Baekeland, Alvan L. Barach, Rear Adm. Frederick R. Furth, Oliver Buckley, George Codrington, William D. Coolidge, Watson Davis, Luis de Florez, Hugh L. Dryden, Homer H. Ewing, Frederick M. Feiker, Carl H. Walther (alternate for Dr. Feiker), Thomas K. Glennan, Webster N. Jones, Lt. Gen. Donald L. Putt, Maj. Gen. John F. Uncles, Brooks Walker, Robert C. Watson, James C. Zeder, John C. Green (staff director), and Henry J. Rand.

IDEAS FOR DEFENSE

(By John C. Green)

Shortly after the Korean war flared up a young World War II veteran went to work on an idea for saving American lives. During his experience while fighting from one Pacific island to another he'd seen many landing craft stuck in the sand on enemy beaches after delivering their loads of men and machines. To this young veteran the helplessness of their crews and their vulnerability to enemy fire seemed an unnecessary risk.

After hours of planning he drew up blueprints for a device which he thought would offer a practical solution to the problem. It is a hydraulic mechanism with a large bulldozer blade which fits on the ramp of the landing craft. When the ramp is lowered to discharge its assault forces the blade digs in and pushes the craft upward and backward.

The young inventor forwarded his suggestion to the National Inventors Council in Washington. Staff evaluators found this new approach to an old problem worthy of further consideration and passed the plans along to the Navy, which is now putting the device through a series of tests.

Today any civilian inventor, whether professional or amateur, can help the Government with its technical problems without going through a maze of Government offices. By submitting ideas to the Inventors Council he by-passes much of the confusing red tape which once kept sound technical suggestions from reaching the proper department.

The council is a cooperative, industry-government organization which links the inventing public and the armed services. It grew from the acceptance of two important facts:

First is that science and technology are of ever-growing importance in mobilizing for war as well as in war itself.

Second is that most revolutionary war inventions are made by civilians. Ancient history tells us that the war machines of Archimedes held off the Romans for 3 years. In his own time Leonardo da Vinci's war machines were far more important than his works of art. Two examples of more modern contributions to military science by civilians are those of Eli Whitney, who produced the first rifle with interchangeable parts, and John C. Garand, who invented the famed M-1 rifle of World War II.

The council was established in 1940 in the Department of Commerce by the late Harry Hopkins with the concurrence of President Roosevelt. Appointed chairman, and still in that capacity, is one of America's foremost research and technical experts. Dr. Charles F. Kettering of the General Motors Research Corp. The membership of the council, which has never exceeded 20, includes outstanding American inventors, scientists, and industrial research men with specialized experience in the development and utilization of inventions. They have served without pay, viewing their task as one of public service. In addition to the civilian members, the armed services and other Government divisions are represented.

The Office of Technical Services in the Department of Commerce provides a staff agency for the council. For the taxpayer the cost has been very little since at the peak of its employment in World War II the staff consisted of only 55 and now numbers only 12. Government appropriations for the council over the past decade ran around $1 million but more than $200,000 has been returned to the Treasury from one source or another.

One of the first tasks of the council after its organization was to find inventors and to supply them with information about the technical problems of our military leaders.

It began by setting up an information program to explain its services, then followed up its story by publishing periodic lists of technical problems which were circulated among the inventing public.

The second major task was that of handling and screening ideas being submitted so that those with merit could be routed to the proper military channels. The staff in the Office of Technical Services did the initial screening. Then the members of the council, after further review of the proposals, submitted them to separate committees covering the entire field of military needs from "toothpicks to tanks." Each council member served as chairman of one of the committees. In their work the chairmen visited military installations to study technical problems bedeviling the services. They also contacted industrial plants to make certain that nothing with military application was missed.

The development of a tank-driven mine detonator during World War II is typical of how a council member was able to solve a problem after a field investigation. During a visit to Fort Belvoir, Va., Fred M. Zeder, who directed engineering research activities for the Chrysler Corp., was horrified at the slow, tedious, and dangerous methods used by the Army engineers in clearing mine fields. He took the problem back to Detroit where Chrysler engineers devised the first satisfactory tank-driven detonator, a huge harrow-like structure consisting of individually suspended heavy steel discs.

From its earliest days the council has been welcomed by the armed services because it relieves harassed military research officers from time-consuming correspondence and interviews with inventors and their representatives. Since it came into existence the military has received only those inventive ideas which both the staff, the council, and its members have found worthy of attention.

The idea of getting the inventive public behind United States mobilization is not new. During World War I, the Naval Consulting Board and the Inventor's Section of the General Staff appealed to the public for ideas. The Navy's report intimates that the ideas it got were of little value. The record seems to confirm the tone of the report. Of 110,000 proposals about 110 were considered worthwhile, and there is no record of any actually being produced.

The records of the National Inventors Council in World War II tell a different story. Some 208,975 inventions and ideas were evaluated and 13,887 interviews were held with inventors. Of these some 8,615 ideas were of sufficient value to be classified, while more than 5,000 were sent to the armed services for review. Technical experts in the services selected 757 for additional investigation, development, and testing. By June 30, 1952, the council received an additional 35,395 suggestions of which 2,648 were deemed useful. The full story on inventions put into production probably will never be known, because the council did not follow the ideas through the development and testing programs once they had been referred to the proper military offices.

The records of the council substantiate the belief that the Americans rise to whatever heights are expected of them when the Nation faces an emergency. The peak of suggestions during World War II occurred in March 1942, during the dark days after Pearl Harbor. More than 2,400 individual suggestions poured in during a single day, while the total for 1 week topped 8,000. The number remained high until after the invasion of Normandy, then dropped more than 50 percent by V-J Day. In the 10-month period following V-J Day only 2,693 suggestions were received as compared with the 85,733 in the 11-month period following Pearl Harbor. The early World War II record is even more significant, inasmuch as the council did not begin to circulate its printed lists of military technical problems until 1943.

Perhaps the greatest public response came in the answer to the military need for a method of soil solidification. The services needed some chemical or mechanical method that would solidify sandy, marshy, and other soft soils. They wanted to speed up the operation of vehicles on beaches during amphibious operations, make safer quick emergency strips for aircraft, and have a reliable method for meeting all the other emergency situations involving the use of heavy implements on marshy ground. The council has received hundreds of suggestions for solving this problem. Many have been referred to the armed services and have been incorporated in several partially satisfactory methods that have undergone tests.

One general category contained in most of the council's "technical problems" lists emphasizes the need for Arctic equipment of all types. Recently a manufacturer submitted a pair of Arctic gloves which, after testing, the Army found unsatisfactory at 65° below zero. However, the coating on the gloves is now being used for another purpose. The use of some ideas for a purpose not anticipated by the inventor has become almost commonplace in the council's operation.

After the war the council also was called upon to help solve problems outside the military sphere. The Voice of America asked it to recruit a team of idea men to get suggestions for piercing the Iron Curtain. It was a relatively easy matter for the council to recruit a group of men who had worked on radar countermeasures during World War II, and the order was filled.

In the 12-month period after Korea, the number of suggestions sent in skyrocketed to 15,344, as compared with only 3,202 in the preceding 12 months. During the first 6 months of 1952 an additional 7,941 ideas poured in. Of this post-Korean total, 830 suggestions were considered useful.

One of the more interesting of these came from a woman who developed a disposable surgical gown made of a special type of paper. It eliminates the need for cumbersome laundry and sterilization procedures in field hospitals. The armed services are anxious to test it to determine whether or not it will hold up for the long hours required on difficult cases of battlefield surgery. The inventor is hard at work on suitable samples. In this case, as in many others, the inventor has turned down offers of Government aid to turn out test models, preferring to do the job on her own.

The council is receiving scores of suggestions, principally from the Nation's sportsmen, for insect repellents that can be taken internally. Their successful development would be a boon to fighting men in tropic areas, such as Korea, since it would eliminate the need for carrying bottles and would save the time consumed in applying repellents directly to the skin.

Another post-Korean invention which shows promise is a portable compact heat exchanger designed to use the waste heat from internal combustion engines for preheating other engines, providing hot water for men in the field, and for heating small spaces. The Navy is interested in a new gage for measuring the liquid level in tankers. The old method was to open the tank and place a stick in it as was done on dad's car or the fuel oil tank at home, with resultant danger of explosion or fire every time the tank was opened. The new device is a clear plastic rod which can be kept in the tank. When light is sent through the rod the calibrated marking on it can be read through a porthole, thereby eliminating any need for opening the tank.

Recently the council received a suggestion involving a device which appears to have only limited military application, but may interest highway officials throughout the country. It is a radar device which does not function when a motor vehicle is proceeding at or below the legal speed limit. When the vehicle exceeds the speed limit it takes a picture of the rear of the vehicle, including the license plate.

Europeans are sending the council an increasing number of suggestions. Many came from refugees who hope to trade their skills for visas. Many are written in foreign languages and, since the council has to depend on other Government agencies for its translation services, the processing of these suggestions is sometimes slow. The council currently is trying to find a more effective means of enlisting the technical skills of Western European inventors to draw upon all the resources of the free world.

Council members frequently are asked, "Who makes up the inventing public?" They have found that in addition to recognized scientists, engineers, and inventors working on defense projects for industrial firms, there are many technically trained men and women who can contribute scores of additional ideas. Among them are independent consulting engineers, men from small factories, foreign inventors, master mechanics and technicians, and a large number of technically competent enlisted men and officers. The majority of all suggestions comes from technically untrained citizens, the plain John and Jane Does, whose motivation is primarily patriotic. A good example is the mother who lost a son in the North Atlantic, with her suggestion for a protective device against torpedoes.

In the history of the council's operations during World War II there is the following statement: "Few inventions of merit were expected from the John Does, and few were received." If by this is meant the average John Doe, the statement is entirely correct, but it is not accurate when interpreted to cover the corner radio repairman, the garage mechanic, or the white-collar man who is constantly puttering around his workshop.

One of World War II's most widely known developments was the set of signal mirrors which focused the rays of the sun on passing aircraft. These mirrors became standard equipment for our fliers and are credited with saving the lives of many forced down at sea. The outstanding design for this device came from a California garage mechanic. He was a Scoutmaster and had developed his mirror as a signaling device for the Scouts in his troop.

Not all the motives behind the suggestions sent to the council are patriotic. Some inventors want money, and for the deposit of a sum ranging from a few hundred dollars to more than a million, they will reveal the secret that will win any war. One wordy correspondent admitted that the hot breath of the draft board was coming closer. He thought a useful suggestion might save him, and as his "greetings" day approached, he wrote faster and more furiously.

From thousands of suggestions that have poured into the council have come inventions which have saved countless lives and millions of dollars, and they continue to come in. Among the best known of these was the World War II mine detector, which began with a treasure hunt for pirate gold. It was invented by a Miami electrician for a treasure-hunting neighbor who wanted to look for pirates' gold along the coasts of Florida and the keys. Without it the allied victory in North Africa might have been delayed for months. Of all World War II inventions developed through the council, it undoubtedly saved more lives and shortened the war more than any other.

The council also has had its share of weird and fantastic inventions. One of the Nation's leading zoologists, a world authority on bats, proposed to equip certain giant species of bats with incendiary bombs and release them over enemy cities at night. In actual

tests over an experimental town the bats sought out the darkest attic corners and other inaccessible spots, ideally located for starting fires. Although the idea worked, other incendiary methods proved more efficient and the bats were not used abroad. One inventor sent models for two types of bombs through the mails without any warning as to the contents, although there was a notice inside the package stating that the bombs were loaded and might explode. On the lighter side was the South American inventor who sent samples of an antipersonnel bomb loaded with itching powder. Several members of the staff were rather uncomfortable for a few hours.

One of the present problems before the council is the need for a lubricant for the movable parts of medical instruments that will provide both sterilization and lubrication at the same time. Also in the chemical field is the need for a superior jellying agent for gasoline.

The military services are searching for better methods for sealing food cans, particularly those which will prepare cans for the hard treatment received in shipping to the far corners of the globe. Improved methods for preserving and dehydrating food also would be warmly welcomed by the military.

Another problem is the military need for an insulating material for clothing and sleeping bags that would be effective under icy and wet conditions. On the warmer side is the problem of protection for the soldier exposed to the deadly flamethrower. A lightweight, flame-protective material would fill the bill.

The council encourages suggestions from any source. If the device has merit but needs further development, the council, through its nationwide contacts, refers the inventor to some source of help, such as a nearby college laboratory which may be willing to lend a hand. At various times the council has had at its disposal a model-building fund with which to finance the construction of a test model if the inventor was not financially able to do so. This year funds for this aren't available.

While the council offers no patent protection, the submission of an idea to a Government agency establishes the date on which the idea was recorded and helps in determining priority of invention. The submission of a suggestion does not legally obligate the Government, and the inventor is free to dispose of his invention in any way he sees fit. Since the council's primary purpose is to bring together inventors and Government agencies, it takes no part in the transaction once a military agency accepts an idea. Neither will it help inventors to sell their proposals to commercial buyers.

Although the council will not take part in the actual sale of ideas to the Government, its recommendations are carefully studied by interested military agencies. When an agency decides to use an invention or a suggestion, it makes its own financial arrangement with the inventor. So, if you have any ideas which may help to win either the hot or the cold war, send them to the Inventors Council, United States Department of Commerce, Washington 25, D. C.

FINNISH FLAG DAY

Mr. HUMPHREY. Mr. President, today, June 24th, is Finnish Flag Day, a day on which the Finnish people symbolize their devotion to freedom in public celebration of the flag under which they have achieved and secured their national independence. It is a warm, happy occasion, coinciding with the time of the midsummer festival in Finland. For us it is an opportunity to extend our greetings to this gallant nation with which we have had such friendly and rewarding relations.

Much of the landscape of Finland is strikingly like that of my own State of Minnesota: a low-lying panorama of lakes, forests, and good farmland. Perhaps that explains why so many Finnish people who have come to this county have settled in Minnesota, contributing greatly to its life and growth. They have carried with them their native spirit of independence and traditions for honesty, friendliness and creative work—these qualities I have experienced first-hand.

Only a people who has consistently struggled against odds to preserve its liberty and national integrity can truly feel the meaning of those values. For the Finns freedom is not merely a concept to be esteemed; it is life itself to these people, and they have time and again fought with incredible tenacity to preserve their freedom against the aggressions of larger nations. Even today, though she lives in the very shadow of a new tyranny, Finland bristles defiance at the least suggestion of encroachment upon her freedom by the Soviet Union, and indeed, the Russians have had ample lessons in the fierceness of Finnish resistance to such incursions.

Since 1919, when they threw off their Russian vassalage, the Finnish people have been among our closest foreign friends. Finland stands unique in our eyes as the only nation to pay off her World War I debt to the United States, an achievement which symbolizes at once the self-sufficiency and probity of her people. But this sturdy character is balanced by a creativeness which is astonishing in so young a nation. Our own culture has been enriched by the music of Jean Sibelius, and by the magnificent architecture of Eliel Saarinen, to mention two great examples of the Finnish artistic genius.

The Finnish Republic is relatively young in terms of chronology; indeed; the Finns have lived in freedom under their own flag—the blue cross on a white field—for only 35 years. However, they are mature in their appreciation of the values of democracy, and our mutual friendship with them is secured by these timeless values which we share in common and admire in each other. There is, therefore, an international brotherhood between the United States and Finland, which might well serve as the model in spirit and substance for all.

Thus, with unreserved pleasure we may send the people of Finland our greetings and renewed assurances of friendship on this, their Flag Day.

THE ROLE OF PHILANTHROPIC FOUNDATIONS IN CONNECTION WITH EDUCATION

Mr. FULBRIGHT. Mr. President, in this era of the glorification of the ignoramus, it is refreshing to come across a statement like that of Arthur S. Adams before the Select Committee of the House of Representatives to Investigate Tax Exempt Foundations. Mr. Adams is the President of the American Council on Education.

The statement is full of wisdom and good advice to Congress and to the people.

I hope the Members of the Senate and the people of the country will take the time to read what Mr. Adams has to say. If we persist in the attack upon our educational institutions and upon intellectual activities generally, I fear for the future of democracy.

I ask unanimous consent that the statement by Mr. Adams may be printed at this point in the body of the RECORD as a part of my remarks.

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

STATEMENT OF ARTHUR S. ADAMS, PRESIDENT, AMERICAN COUNCIL ON EDUCATION, BEFORE THE SELECT COMMITTEES OF THE HOUSE OF REPRESENTATIVES TO INVESTIGATE TAX-EXEMPT FOUNDATIONS

I am Arthur S. Adams, president of the American Council on Education. I appear before you today by the authority and direction of the executive committee of the council, to present a statement which that committee has unanimously approved. We are deeply concerned that the select committee may obtain a true picture of the role that philanthropic foundations have played in connection with education. We believe deeply and firmly in the importance of education to American principles and institutions. There often comes to my mind the historical fact that when the settlers of our country first came to its shores, they addressed themselves to building a school building almost before they had provided shelter for themselves. The whole story of American greatness, to my mind, has been written in terms of educational opportunity.

Especially in times such as these, there is need for a clear and accurate public understanding of what our schools and colleges are trying to do. I believe that this committee has the opportunity to perform a great service by assisting the people to gain such a picture. Hence, although it was the understanding of many of us that the central focus of the investigation was to be the activities of foundations, it is gratifying that the focus has been broadened to include not only the relationships of foundations to education but the relationships of education to the public welfare. This affords a magnificent opportunity for the committee to present a clear-eyed judicial appraisal of the importance of education to our society.

Now, let me comment briefly on some of the reasons why philanthropic foundations have flourished and multiplied in American society as nowhere else in the world. It is not because we have a monopoly of wealth; great fortunes have been amassed in other countries. I suggest it is because a climate has been established here, an atmosphere of freedom which encourages private initiative not merely for selfish purposes but for the public welfare. Both Federal and State governments, from the beginning of our history, have maintained the position that it is in the public interest for individuals and groups of individuals to contribute voluntarily to worthy causes.

Advocates of centralized national planning and action have always contended that many of these causes could be served more efficiently by Government. In criticism of private initiative, they have pointed out that at times it has resulted in duplication of effort, lack of coordination, sometimes even naive support of dubious causes. One can accept these criticisms in large part and still assert with deep conviction that despite failures and mistakes, private funds, dispensed by independent agencies, have by and

large made an impressive and creditable record. Both the mistakes and the achievements are symbols of free enterprise as we in America know it.

Now suppose that the climate in America should change, and it should become established policy that Government should regulate the purposes of private foundations, their methods or operation, and the appointment of their trustees and other personnel. What incentive would remain for anyone to give to them? It would be much easier simply to let the Government collect the money in taxes and take the total responsibility for the public welfare.

I take it that none of us desire such developments. I urge this committee to protect the climate of freedom in which we now live. True freedom means the right to make mistakes as well as to achieve successes. Federal control of foundations operating within the broad limits of public welfare, would not last long. Foundations would simply disappear. Free enterprise of any sort vanishes under Government dictation.

Against this background, let us consider briefly the frame of reference supplied to this committee by its director of research to assist it in the current investigation. I would respectfully suggest that the committee scrutinize the document with great care before determining what guiding principles should be adopted. Several of the basic assumptions are open to serious question. I am confident that the committee desires to approach the study without prejudice in the interest of truth. The search for truth will obviously be severely hampered if the committee at the very beginning accepts a series of dubious concepts as the basis for its study.

I suggest, for example, that the committee give special consideration to the application of the term un-American. The report of the research director asserts that a political change so drastic as to constitute a revolution took place in this country between 1933 and 1936, without violence and with the full consent of the overwhelming majority of the electorate. He might have added that it was approved by the Congress as sound public policy and by the Supreme Court as constitutional. Later in the report there seems to be a definite implication that some, at least, of the changes made at that time were un-American.

It is a strange doctrine indeed that the overwhelming majority of the American people, acting through their own political and social agencies, can adopt un-American policies. Certainly the American people can make mistakes; they can also rectify mistakes. One may consider the 18th amendment to have been right or wrong, and its repeal to be either right or wrong; but surely both the adoption and the repeal of prohibition were American actions. To take any other position is to assume that the power resides somewhere, in some group, to pass judgment on the decisions of the American people made in accordance with the Constitution, and to declare some of these decisions un-American. I am confident that this committee desires neither to arrogate that power to itself nor to confer it upon its research staff.

This matter is closely related to the definition of the public interest. The research director has recommended that this phrase be defined in terms of the principles and form of the Federal Government, as expressed in our Constitution and in our other basic founding documents. What this passage seems to imply, in context, is that a foundation or other agency operates in the public interest only when it promotes acceptance of a particular theory concerning government, called in legal circles, I believe, a strict interpretation of Federal powers.

If this committee desires to discover to what extent foundations and other organizations have spent money and energy in promoting a special theory in constitutional law, it has every right to do so. I respectfully suggest, however, that if the committee discovers, as it well may, that little time and money have been so spent, it should report the fact in those terms. To report such a conclusion to the American people as a finding that foundations and educational agencies have failed to operate in the public interest would be a semantic distortion of the first order. The American people have more than an impression; they have a conviction that efforts to control disease, to alleviate poverty, to advance science and technology, to expand libraries and museums, and to do many other things having nothing to do with the promotion of a special brand of political philosophy contribute to their welfare. Such activities are therefore, in any reasonable defintion of the term, in the public interest. All of these areas happen to be among those in which foundations have been especially active.

I would suggest further that as part of the process of establishing a reasonable framework for its investigation, this committee consider the historic purpose of tax exemption. It would appear that this privilege was originally related to the principle, stated frequently by the Founding Fathers, that the power to tax is the power to destroy. Tax exemption was presumably granted to local and State governments to reinforce their freedom from Federal control. Tax exemption was presumably granted to churches to reinforce the provision of the first amendment guaranteeing freedom of religion. Tax exemption was presumably granted to educational institutions and agencies to reinforce the constitutional provision against Federal control of education. Similarly, tax exemption was presumably granted to other agencies, such as hospitals, charitable and welfare organizations, and philanthropic foundations, on the theory that private initiative should be encouraged in certain broad areas of concern for the public welfare.

A contrary principle, frequently advanced in recent years and seemingly implicit in the report of this committee's research director, is that tax exemption not only confers the right but carries along with it the obligation of Federal supervision and, if need be, control. This doctrine is itself one of the most revolutionary concepts in the history of American government. It could lead to Federal control, either by direct regulation or by threat of removal of the tax-exempt status, not merely of foundations but of health services, education, religion, and the operations of State and local government. It would seem to be highly important that this committee take a stand on this issue and announce in clear terms the extent to which it believes Federal control of tax-exempt institutions and agencies is justifiable. I should think the committee might question, for example, the assumption implicit in the report of its research director that the Government should determine the scope and direction of research and instruction in the social sciences.

We come now to the reason why the American Council on Education has become involved in this investigation. The argument of the research director seems to be this:

1. That, beginning in 1933, a political revolution took place in the United States, supported by an overwhelming majority of the electorate, which in some of its manifestations seems to the research staff to be un-American.

2. That the approval of this so-called revolution by the electorate resulted from their indoctrination by the Nation's educational institutions.

3. That the indoctrination was engineered by a closely knit group of national organizations, including the American Council on Education.

The flimsiness of this line of reasoning can be demonstrated in many ways. One is to consider the time factor.

Of the population over 25 years of age in 1932, comprising, roughly, 88 percent of our potential electorate, more than 60 percent had received no formal education beyond the eighth grade. This fact seems to warrant the inference that more than half the voters completed their formal education before 1920. Yet the research director, in his own report, notes that the American Council of Learned Societies was founded in 1919, the National Research Council in 1916, the Social Science Research Council in 1923, the American Council on Education in 1918, and the John Dewey Society in 1936. The assumption that these organizations engineered a program of mass indoctrination through the schools that brought about the revolution of 1933 would seem to be an undeserved tribute to their power, since in 1920 the oldest had been established only 4 years and the 2 youngest had not yet been conceived.

Let us approach this matter in another way. The director of research says his procedure has been to reason from total effect to primary and secondary causes. It would appear that in this instance he may have omitted the primary causes and have gone far beyond the secondary. Would he seriously contend that the farmers who roamed the roads of Iowa with pitchforks and shotguns in the early thirties, or the industrial workers who stood in mile-long breadlines, or the veterans who sold apples on street corners, or the bankrupt businessmen who jumped from 10-story windows, did so because of something in their educational curriculum? Whatever one's political persuasion may be, one must concede that, surely, the economic forces which brought the industrial machine grinding to a halt constituted more important causes for social change than any possible influence of the little red schoolhouse.

What, then, is the role of education in social change? It would appear that in a democratic society such as ours, where, as in all societies, constant changes are required to maintain equilibrium between the rights of the individual and the protective functions of government, education serves two essential purposes: first, it strengthens the conviction that necessary adjustments can be made by peaceful means, and second, by spreading knowledge, it assists the people and their leaders to discover what the appropriate adjustments are. To say that education provides the motivation for change because it performs these functions is like saying that fire engines cause fires because they are usually present at the scene and seem to have a significant role in the proceedings.

It seems apparent, from some of the testimony previous presented before this committee, that the director of research and his staff have done a considerable amount of research in the library. In that process, they have uncovered, in books and periodicals, numerous statements by educators advocating specific programs. Individual educators, like members of other professions, are human and are prone to argue that their ideas are worthy of immediate universal adoption. It would be an unwarranted inference to assume, however, that such statements invariably, or even usually, reflect prevailing beliefs or practices. The gap between theory and practice is as great in education as in other areas of human activity, such as ethics, and as great as the gap between individual opinions and the consensus in other professions, such as politics.

Furthermore professors, as the great historian Carl Becker once remarked, are by temperament people who think otherwise. If all their ideas were simultaneously adopted, the result would be utter chaos.

Hence, by carefully selecting his excerpts, one can secure evidence from educational publications for almost anything he may set out to prove. The only way to find out what educational institutions are actually doing is to examine them at first hand, without preconceived ideas. That is a vast undertaking, which the research staff of this committee has apparently not undertaken and has certainly had inadequate time to complete.

I suggest to the committee, therefore, that it be wary of conclusions based on the wishful thinking of individual educators as expressed in books and periodicals. To consider such material as presenting an accurate picture of educational practice is like judging the accomplishments of a session of Congress by a selected group of bills introduced rather than by the sum total of legislation actually passed.

With regard to the American Council on Education itself, I have brought with me a supply of pamphlets that describe its objectives and operations and lists its membership. You will note that members of the council are institutions and organizations, not persons. You will note further that the largest group of members is composed of colleges and universities. That fact explains why the major interest of the council has traditionally been and is now in higher education, although it has a general concern with the whole range of education.

The council is thoroughly democratic in organization. Its governing body is the membership, represented by duly appointed delegates at the annual meeting. The interim policy-making body is the executive committee, elected by vote of the membership. Member dues comprise the major source of income for central operations.

The council has no power to regulate its members in any respect, nor has it ever attempted to exercise such power. Although the basic reason for this policy is that it represents a sound concept of service to education and to the public, a second reason is wholly practical. Since all authorities on higher education agree that its dominant characteristic is diversity, any effort toward regimentation from a central headquarters would mean disaster for the organization through the immediate loss of numerous members. The truth of this statement is clear from a mere listing of the affiliations of member institutions. One hundred and twenty-eight are affiliated with the Catholic Church, 61 with the Methodist Church, 24 with the Lutheran Church, 29 with the Baptist Church, 35 with the Presbyterian Church, and 60 with a dozen other denominations. Twenty-nine are supported by municipalities, 261 by 48 States, and 28 by other public and private agencies. A final 200 are privately supported, without special affiliation, and are administered by their individual boards of trustees. The constituent organization members of the council have a similar diversity of support and orientation. The most challenging problem of the council, under these circumstances, is to discover issues on which there is such agreement among council members as to warrant joint consideration.

Let me say emphatically that the college curriculum is not one of the matters on which agreement has ever been reached among institutions of higher learning. The standard educational curriculum apparently discerned by this committee's director of research is sheer fantasy. The idea that such diverse institutions as the University of Notre Dame, Southern Methodist University, Yale, and the University of California have adopted or would ever adopt the same curriculum is simply inconceivable. This diversity, reflected in the freedom of choice which every institution exercises with respect to its curriculum, is, in fact, the distinctive genius of higher education in America.

Yet American institutions of higher learning, and in fact educational institutions at all levels, do have some ideas in common, and feel that those ideas should be vigorously expressed. That is why they have created and now support national organizations such as the American Council on Education. In serving the cause of education, these organizations do believe, with great sincerity, that they render a national service. Unless the members likewise believed it, there would be no such organization.

One of the central ideas that the American Council on Education is authorized and directed by its members to express is that the independence of colleges and universities should be maintained at all costs and against all agencies, including the Federal Government, that might attempt to dominate them. The basic reason is that they are opposed in principle and in practice to indoctrination. Although they approach they goals in many and varied ways, they share the purpose of preparing students to think for themselves and to continue the habit of study to the end that they may be well informed and effective citizens. The distinctive product of higher education in the United States is not a person taught to embrace certain prejudices but a person trained to make intelligent decisions on issues as they arise. And this, in the expressed opinion of great American leaders, from Thomas Jefferson to Dwight D. Eisenhower, is a basic pro-American service.

The plain fact is that the schools and colleges of this country do not have the power to achieve mass political indoctrination even if they had the desire to do so. Political indoctrination of the great mass of American citizens is impossible for any institution or group of institutions so long as freedom of speech and the press continue to exist. Indoctrination requires a negative as well as a positive force to be effective, as both Hitler and Stalin well knew. Not only must a single doctrine be presented with persistence, but access to all other doctrines must be denied. The only agency in this country capable of mass political indoctrination is the Federal Government, and even the Government could not be successful by controlling the schools alone; it would also have to control the pulpit, the press, radio, television, and all other media of mass communication. Mass indoctrination is therefore a theoretical as well as a practical impossibility in America today. It simply does not exist. It cannot exist so long as any minority is free to raise its voice.

Let me summarize. The standard educational curriculum postulated by the committee's director of research is nonexistent. If the executive committee or staff of the American Council on Education had any desire to promote such a curriculum—which they do not—they could not do so, because the council's membership would literally dissolve if they did. If the council cannot promote such a curriculum itself, it certainly could not effectively participate in an alleged conspiracy among national educational organizations to reach the same objective. The alleged conspiracy, also, is a figment of imagination.

I am at a loss to understand what factual basis there could conceivably be for the allegations apparently made by the director of research against the American Council on Education. I shall be glad to answer questions, to the best of my ability and knowledge, about any of the council's operations. As I indicated at the outset, we welcome the opportunity to assist the committee in constructing a true picture of the part which educational institutions, educational organizations, and foundations interested in education have played in the development of American civilization.

EXTENSION OF TRADE AGREEMENTS ACT

The PRESIDENT pro tempore. Is there further morning business?

If not, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 9474) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended.

The PRESIDENT pro tempore. Under the unanimous-consent agreement, the Senator from Nevada [Mr. MALONE] is recognized for 2 hours.

Mr. MALONE. Mr. President, I am opposed to any extension of the Trade Agreements Act of 1934.

I am opposed to extension of the act because the Constitution of the United States, in article I, section 8, specifically provides that the Congress shall have power to lay and collect duties, imposts, and excises—we call them tariffs—and to regulate the commerce of the United States with foreign nations.

In the 1934 Trade Agreements Act, Congress yielded these responsibilities to the executive branch, which delegated them to the State Department, which today scatters and diffuses them among foreign nations in an international creation called the General Agreement on Tariffs and Trade, which has never been approved by Congress, and which considers itself, in fact, a creature of the United Nations.

GATT includes one Communist country, Czechoslovakia; several countries which appear to side with Russia in every controversy; and many countries which, in return for the many concessions which we, through GATT, have granted, today are enjoying brisk trade with Red China, Communist Russia, and Soviet satellites.

TRYGVE LIE EXPLAINS GATT

Mr. Trygve Lie, then Secretary General of the United Nations, stated at the conclusion of the first multilateral agreement, held in Geneva, Switzerland:

> It is a demonstration of the kind of constructive work that the United Nations can do in the economic field.

Mr. Lie also stated:

> The general agreement will replace the reciprocal trade agreements which the United States already has with a number of negotiating countries, namely Belgium-Luxembourg, Canada, Cuba, France, the Netherlands, and the United Kingdom.

He also stated:

> This multilateral application of the schedules, as compared with separate bilateral tariff agreements, enables countries to obtain concessions on products of interest to them which they could not have obtained under bilateral agreements because they could not claim to be one of the main suppliers of the product concerned.

Mr. President, we have come a long way from the Constitution and a long way even from the purposes and intent of the original Trade Agreements Act of 1934.

TRADE AGREEMENTS ACT DISTORTED

Bilateral agreements entered into under the authority of that act have now

been supplanted by multilateral arrangements made by an agency never approved by the Congress, and includes beneficiaries which, according to the former Secretary General of the United Nations, would have been ineligible for such favors under the principle of bilateral negotiation envisoned in the original Trade Agreements Act.

Mr. President, the Congressional Digest, issue of January 1954, summarized the history of GATT in an article titled "The GATT and Its Origin," giving proper significance to its connection with the rejected International Trade Organization. I ask unanimous consent that this article be printed in the RECORD at this point in my remarks.

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

UNITED STATES FOREIGN TRADE POLICY—THE GATT AND ITS ORIGIN

The basic idea for a multilateral approach to the problem of world trade had been formulated by the time United Nations delegates began framing the U. N. charter at San Francisco in 1945.

The original plan was to establish, as a special agency of the U. N., what later became known as the International Trade Organization. The ITO, as its title suggests, was a vast and complicated arrangement designed to concern nearly all aspects of world trade. From November 1947 to March 1948, representatives from 56 of the United Nations met in Habana, Cuba, to give the ITO Charter a final drafting. The U. S. S. R. did not attend. This meeting was called the U. N. Conference on Trade and Employment. On March 23, 1948, the charter of the ITO was adopted and received the signatures of the United States and 52 other nations.

Space does not permit a complete account or even a detailed résumé of the ITO Charter. It is divided into 9 chapters, 106 articles, and 16 annexes. One of the annexes alone accounts for 62 interpretive notes. In all the charter runs some 30,000 words.

To become operative the charter was required to be approved by a majority of the signatory nations according to their respective constitutional systems. For the United States, this meant congressional approval.

The controversial charter was not well received in many places. It was never reported out of committee. Finally, in December 1950, the State Department announced that it would no longer seek congressional approval of the charter, but instead would seek appropriate legislative authority to make more effective United States participation in the General Agreement on Tariffs and Trade, or GATT, at it is popularly called.

This agreement was negotiated during the preparatory meetings which led to the Habana Charter for ITO. The general provisions of GATT were originally intended to be a temporary device for safeguarding the tariff concessions exchanged by the contracting parties. Ultimately they were to have been superseded by the ITO.

The multilateral agreement known as GATT now embraces the original agreement concluded by the original 23 contracting parties at Geneva in 1947; the Annecy protocol of 1949, concluded at Annecy, France; and the Torquay protocol of 1951, concluded at Torquay, England.

The general agreement consists of two parts: (1) the so-called general provisions, which are the numbered articles that set forth rules for the conduct of trade between the contracting parties, and (2) the schedules of tariff concessions resulting from the multilateral negotiations at Geneva, Annecy, and Torquay. Under the existing provisional application of the general provisions of the agreement, the contracting parties are not required to amend existing domestic legislation or to promulgate new legislation in order to adhere to the agreement. They are, however, required to refrain from enacting new legislation inconsistent with the agreement.

Under the general agreement, initial tariff negotiations are conducted bilaterally on a product-by-product basis at conferences sponsored by the contracting parties. Ordinarily, each participating country negotiates on the basis of the principal-supplier rule, negotiating on any given import commodity with the country that has been, or gives promise of becoming, the principal supplier of that commodity. The understandings reached in the bilateral negotiations are then combined to form the respective schedules of tariff concessions that are set forth in the general agreement.

There are at present 34 contracting parties to GATT. They are: Australia, Austria, Belgium, Brazil, Burma, Canada, Ceylon, Chile, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Finland, France, Greece, Haiti, India, Indonesia, Italy, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Peru, Southern Rhodesia, Sweden, Turkey, Union of South Africa, United Kingdom, the United States, and Uruguay, which acceded on December 16, 1953.

Liberia withdrew, June 13, 1953; Syria, August 6, 1951; Lebanon, February 25, 1951; and the Republic of China, May 5, 1950.

From the enactment of the Trade Agreements Act in 1934 to GATT, in 1947, the United States negotiated bilateral trade agreements with individual foreign countries. Twenty-nine such agreements were concluded. Of the 27 bilateral trade agreements that were in effect in 1947, 15 were terminated or suspended by reason of the foreign country's accession to GATT. Included in the 15 countries are those with which we have the largest volume of trade, consequently the major part of our trade agreements are now on a multilateral basis within GATT.

From the time the United States acceded to GATT to the present, it concluded only one bilateral trade agreement, a supplementary one with Venezuela in 1952. In addition to Venezuela, the United States has bilateral trade agreements with nine other countries who, like Venezuela, are not contracting parties to GATT. They are: Argentina, Ecuador, El Salvador, Guatemala, Honduras, Iceland, Iran, Paraguay, and Switzerland.

A question that arises in connection with GATT is its legality. One side contends that such a far-reaching executive agreement is not legally binding without congressional approval. Opponents to this position maintain that it is perfectly legal within the language of the Trade Agreements Act. There has been no court test of the issue, but taking cognizance of the doubt involved, Congress inserted the following provision in the 1951 and 1953 Extension Acts: "The enactment of this act shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade."

Reading in part from the article which appeared in the Congressional Digest:

The original plan was to establish, as a special agency of the U. N., what later became known as the International Trade Organization. The ITO, as its title suggests, was a vast and complicated arrangement designed to concern nearly all aspects of world trade. From November 1947 to March 1948, representatives from 56 nations met in Habana, Cuba, to give the ITO Charter a final drafting. The U. S. S. R. did not attend. This meeting was called "The U. N. Conference on Trade and Employment." On March 23, 1948, the charter of the ITO was adopted and received the signatures of delegates from the United States and 52 other nations.

Quoting from another paragraph in the article:

This agreement—the co-called General Agreement on Tariffs and Trade—was negotiated during the preparatory meetings which led to the Habana Charter for ITO. The general provisions of GATT were originally intended to be a temporary device for safeguarding the tariff concessions exchanged by the contracting parties. Ultimately, they were to have been superseded by the ITO.

ITO SCHEME SPURNED BY CONGRESS

It will be remembered, Mr. President, that the ITO was never accepted by the Congress of the United States.

Quoting from another section of the article:

There are at present 34 contracting parties to GATT. They are: Australia, Austria, Belgium, Brazil, Burma, Canada, Ceylon, Chile, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federal Republic of Germany, Finland, France, Greece, Haiti, India, Indonesia, Italy, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Peru, Southern Rhodesia, Sweden, Turkey, Union of South Africa, United Kingdom, the United States, and Uraguay, which acceded on December 16, 1953.

Quoting from another section of the article:

A question that arises in connection with GATT is its legality. One side contends that such a far-reaching executive agreement is not legally binding without congressional approval. Opponents to this position maintain that it is perfectly legal within the language of the Trade Agreements Act. There has been no court test of the issue, but taking cognizance of the doubt involved, Congress inserted the following provision in the 1951 and 1953 Extension Acts:

"The enactment of this act shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade."

Mr. President, I intend to offer an amendment in the nature of a substitute for the pending bill which proposes to extend the Trade Agreements Act, and I shall advert to the amendment later in my address.

DEFENSE PROGRAM SUFFERS

I am opposed to extension of the Trade Agreements Act because I am convinced that it has retarded and weakened the Nation's defense potential.

Development of our own resources necessary to our survival in time of war has been stunted and paralyzed by favoritism shown foreign producers of critical and strategic materials, minerals, and fuels, during the administration of this act, and through agreements made purportedly under authority of this act.

Concessions granted foreign countries have reduced the productive capacity of vital American defense industries, and have atrophied worker and professional skills in those industries. I shall develop this subject later in my remarks.

I oppose extension of this act because it has produced the converse of the conditions it was expected to develop in foreign trade.

OTHER NATIONS RAISE BARRIERS AS WE LOWER TARIFFS

As we have progressively lowered tariffs to open our gates to the products of coolie, peon, and sweatshop foreign labor, other countries have erected new tariff barriers, imposed drastic licensing and quota systems to bar or restrict entries of American goods to their markets, and have penalized American products further through systems of multiple exchange controls which penalize American producers and exporters and discriminate against American labor and investment.

Mr. President, during the past 6 months I have made a casual survey of trade barriers erected against American products by foreign countries as officially reported by our Government.

I am sorry that I have not had time to cover the full year that has elapsed since the Trade Agreements Act was last extended, but the barriers erected against American products just during the past 6 months have been very extensive, and I shall discuss them later in my remarks.

PARITY FOR FARM PRODUCTS BUT NONE FOR INDUSTRY

I am opposed to extension of any act that denies to industry and to workingmen in industry the fair and reasonable safeguards that have been freely granted to agriculture, including safeguards to farm and dairy producers, which I have supported and now support.

I challenge ardent advocates of free trade to state publicly whether they advocate free trade for foreign farm products in the markets of the United States, and to state to the Nation's farmers their reasons for such advocacy.

This, of course, would demand repeal of our entire farm program and removal of all protection against the dumping of foreign cotton, wheat, butter, meats, and other products of agriculture, in the same manner that protection against products of foreign mines, forests, and factories has been removed.

I would oppose free trade for foreign agricultural products competing against American farm products just as I oppose free trade for the products of foreign industry competing against the products of American industry.

HOW DO FREE TRADERS STAND ON UNLIMITED FARM IMPORTS?

Carrying this thought one step further, do any of the proponents of the Randall recommendations for a 15-percent cut in tariffs on manufactured commodities advocate of 15-percent increase in wheat from the Argentine, butter from Denmark, cotton from India or the Nile, meat from Australia and New Zealand, peanuts from Africa, or flaxseed from Russia? If they do let them speak up. If they do not, how can they reconcile protective legislation for the farmer with subsidized cutthroat invasion of all industries?

The junior Senator from Nevada would oppose increases in competing farm imports, just as he opposes increases in competitive industrial imports such as are being sought through further tariff cuts. I expect to discuss this subject further later in my remarks.

I should like to say that no one I know advocates a high tariff or duty, or advocates a low tariff or duty. What he advocates, when he talks about the living standards of America, is a flexible import fee or tariff or duty as the Constitution of the United States calls it which roughly makes up the difference between the wages and the taxes and the other important factors of the production expense between producers here and those abroad.

TRADE ACT INCREASES UNEMPLOYMENT

I am opposed to extension of the Trade Agreements Act because it will increase unemployment, lower American living standards, force more shops, mills, and factories to close their doors and more mines to be abandoned as so many of them have been during recent years, and augment the number of distressed areas which have now reached a new postwar high.

I am opposed to extension of the Trade Agreements Act because it is against the national interest, and I will have more to say about the national interest further on in my remarks.

I am opposed to extension of the Trade Agreements Act because it makes this Nation subject to foreign blackmail aimed at further international concessions or cartels under threat of denial of export permits on materials we need including materials that, in the absence of protection and programs to stimulate production of our own resources, always will be critical.

I am opposed to extension of the Trade Agreements Act because it departs from all normal and sensible business practices in foreign trade and thus, in fact, restricts our foreign trade in the noncompetitive foreign products our Nation needs.

Mr. President, the principle on which this trade agreements program has operated is like that of two barbers on the same block, trying to make a living by shaving each other.

THE FALLACY OF FORCED TRADE BETWEEN COMPETING NATIONS

Whenever we try to force trade between two areas like Europe and the United States, or two other highly developed processing or manufacturing areas, the result is that whatever one area produces and sells to the other reduces by that much what is produced by the other area. In that case, just as in the case of the two barbars, when one quits putting up the eating money, the partnership is dissolved.

If I were a haberdasher, Mr. President—and we once had one in the White House—I would be very careful about giving money to my competitor down the street. I would be even more careful, if I needed a fresh shirt, to take it from my stock instead of going to my competitor's shop to buy one, even though, thanks to the money I had given him, his shirt might be priced a little cheaper, as it would be cheaper in proportion to the money I had given him.

If I were an automobile worker in Detroit or South Bend, I would not buy a foreign car made by cheap foreign labor, nor, would I buy a car made by my toughest competitors, and I note that principle has been upheld in the case of Studebaker workers, who insisted on driving other automobiles. They were fired.

For 150 years, Mr. President, this Nation enjoyed what truly amounted to free trade and not trade internationally regimented.

The American people imported the foreign products they wished to buy at prices based on the laws of demand and supply.

We exported to foreign peoples the goods they wished to buy, and for which they had demand and not supply.

We gave neither billions nor box-tops to enable low-wage, low-tax foreign labor to undercut our own workers and consumers, and we gave no billions from the pockets of our taxpayers either to subsidize their industry and trade, or with which to pay for the goods they acquired from us.

During this period we became the most prosperous, most productive and strongest Nation in the world, with high living standards and low taxes.

TRADE AGREEMENTS ACT DIMINISHES NATION'S SOVEREIGNTY

The so-called free traders—meaning, of course, regimented or socialized traders—ended that.

I am opposed to the extension of the Trade Agreements Act, which has been and is depleting our economy and diminishing our sovereignty as a free and independent nation.

A very interesting article appeared in a recent issue of the New York Journal-American, written by Leslie Gould, its financial editor. The headline reads: "United States Neglects Big Weapon—Trade Ban—In War on Reds."

The article reads, in part:

With the Guatemalan situation, the futile Geneva Conference, and the defeats in Indochina, communism is still very much on the march.

The world situation is as critical as at any time since and just before Korea. It is the old story of indecision, division, and too little action too late.

The United States has two powerful weapons in its war with communism. The nuclear bombs and trade. Both of which the United States seems reluctant to use.

The reluctance as to the bombs may be understandable—although if it had used them and airpower on Red China when that Communist army attacked Korea there might be no Indochina crisis. There might be peace instead of this new threat of war spreading from Asia. That's something for the military to pass judgment on.

As to the other weapon—trade—failure to use that is not understandable.

The failure to use economic pressure after World War II allowed the Russian dictators to expand their power internally as well as externally. The result is that today Russia controls most of Asia, without losing a Russian, as well as a major part of Europe.

AIDED BY UNITED STATES DOLLARS

American dollars helped make this possible. The shocking and inexcusable part is the way American dollars have helped finance the Red conquest in Asia. This could have been shut off by the very simple expedient of the United States Treasury calling in all large American bills—notes from $20 and up. It would also have trapped the mobsters, black-market operators of World War II, and the shortage period following, and the political crooks.

Two things are happening which are further building up Russia and her captive nations. One is trade with that bloc by the Western nations. The other is the purchase of Russian gold with that metal eventually coming to the United States, where the Treasury is paying $35 an ounce.

Later in his article, Leslie Gould writes:

The pressure to further relax trade is on, particularly from the British, who will trade with anybody—they did with the Nazis right up to the hour of shooting. The French are even less reliable, in spite of the billions poured into that country since the war

He concludes his article by saying:

This whole mistaken policy is sowing the seeds of world war III. We learn from history that we learn nothing from history.

I agree with what Mr. Leslie Gould says.

Mr. President, it should be fresh in the minds of many Members of the Senate that previous to World War II we furnished materials to Japan to build her battleships. We furnished iron, coal, and steel at different times. They went to Japan by the shipload. The veterans organizations in this country cried to high heaven about it, but all they got was the "horse laugh." But, Mr. President, it was not so funny when we sent our boys there to catch this iron and steel in their bare hands, coming back. And it is coming again, Mr. President, unless we reorganize our whole method of approach.

TRADE PLEDGES OF 1934 DISCARDED BY FREE TRADERS

Mr. President, the trade-agreements program we are being asked to continue bears scant resemblance to the program promised by the late President Roosevelt when he proposed powers in 1934 to enter into executive commercial agreements with foreign nations.

He said:

The exercise of the Authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed.

We have traveled a long distance when we arrive at the point where it is seriously proposed by the State Department—and there is a bill to that effect which has been introduced by a very distinguished Member of this body—to make up in money and other materials what is lost by a community through the loss of an industry. The State Department went so far as to say they would train the men made idle because of imports to do other jobs. Just what they propose to do is not very clear at this time. The last report available to me showed 134 depressed labor areas in the United States, which are being added to almost every day.

EVIDENCE OF TRADE ACT INJURY TO AMERICAN INDUSTRY MOUNTAINOUS

Mr. President, I can cite scores of cases and volumes of documented evidence showing conclusively where sound and important American interests have been and are being seriously disturbed by the exercise of administrative powers under the Trade Agreements Act. Many not only are being disturbed; they are being ruined.

Files of the Tariff Commission, of various congressional committees, and, unless they were thrown in the waste basket, of the recent Randall Commission on Foreign Economic Policy are loaded with documentary evidence submitted by important American interests injured and disturbed by coddling concessions bestowed by the State Department, dedicated as it is to foreign favoritism, on their foreign competitors.

The late President Roosevelt also stated in his message to the 73d Congress:

The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests.

Whatever were President Roosevelt's intentions, no such premise has ever been followed by the State Department.

Agreements are entered into without regard to benefits, if any, that might accrue to sound and important American interests, and without regard to the injury such agreements inflict on sound and important American interests.

STATE DEPARTMENT DEDICATED TO AID FOREIGN INTERESTS

In scores of agreements, a number of which I shall cite later on in my remarks, it is obvious that what the State Department did consider and undertake to achieve was concessions that would benefit competitive foreign iterests to the injury of American free enterprise.

President Roosevelt, in his message, assumed that agreements that might be entered into would be bilateral. The disposition of each country, he said, "to grant an improved place to American products" was to be carefully "sounded and considered." And, he added significantly, "upon the attitude of each must somewhat depend our future course of action."

This is exactly the reverse of "most-favored-nation" application, and of the multilateral give-aways of our State Department since the illegitimate birth of GATT, which I shall discuss later in my remarks.

President Roosevelt sought to assume the authority that the entire Congress, under article I, section 8 of the Constitution, had exercised for 140 years, pitting his intelligence against that of the 435 Representatives and 96 Senators in the Congress, on the basis that it was an emergency measure solely and that every interest would be protected. A New Deal Congress gave this authority to him. Once in his possession he tossed it to a foreign-minded State Department.

Let me cite one more example of how strong his pre-enactment assurances were, assurances which long since have been discarded. He said:

You and I know * * *. That it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life, that it must sustain activities vital to national defense and that such interests cannot be sacrificed for passing advantage.

Mr. President, if that be true—and the junior Senator from Nevada has held to that belief throughout his life and during his service in this body—then the Trade Agreements Act of 1934 must not be extended.

It has destroyed necessary diversity and balance to our national life; it has grievously retarded activities vital to national defense, and it has sacrificed critical and strategic elements of our security, both military and economic, for the passing advantage, not of America, but for the passing advantage of some begging foreign nation.

TIME BEARS OUT 1934 MINORITY POSITION

Mr. President, the trade-agreements bill was considered by the House Committee on Ways and Means and both a majority report and minority views were submitted. The majority report declared expansion of exports a prerequisite to the restoration of prosperity.

The minority views stated that the contemplated increase in imports could seriously injure certain domestic industries, as it has done.

The minority views also stated that the proposed method of negotiating generalized concessions gave no assurance that increased purchases by the United States from an agreement country would result in a corresponding increase in United States sales to that country, a statement which we know today to be all too true.

To maintain the fiction that many countries are matching us in purchases, we have loaned, advanced, or given away $50 billion to foreign countries since the war so they could buy goods from us with our own money, taken from the pockets of our taxpayers.

REPUBLICANS CHALLENGED CONSTITUTIONALITY OF ACT

The minority views—and I wish to remind my colleagues at this time that it was a Republican minority—stated that the power requested by the Executive was excessively broad and would be unconstitutional.

The junior Senator from Nevada has consulted with attorneys who hold to that view today, but no court test of the constitutionality of the Trade Agreements Act of 1934 has ever been presented.

Republicans on the House Ways and Means Committee in 1934 also took another firm position which has never been put to a test. They stated that the proposed agreements would in fact be treaties, and as such would require approval by a two-thirds vote of the Senate. I think they are treaties on their face and that any administration that refuses to consider them as such is evading its constitutional responsibility to refer them to the Senate.

The Trade Agreements Act was passed. It included a most-favored-nation clause, thus going far beyond President Roosevelt's request and departing from his counsel.

The freetraders were in the saddle.

ACT NEVER RECIPROCAL

The junior Senator from Nevada assumes that his colleagues are all familiar with the act, or have ready access to it, and that they are aware of these facts:

First. Nowhere in the act is the word "reciprocal" used. There is nothing reciprocal about it and it was not intended

to be reciprocal. No act which automatically extends all concessions to all nations—except in exceptional circumstances which must be specified—is or can be reciprocal. The nations benefiting from any agreement who were not a negotiating party promise nothing and are committed to nothing. Only the United States is committed to throw open its doors to their low-wage, low-tax products.

Second. Nothing in the act expressed any interest in consumers, nor did the act express any purpose to accomplish savings to consumers. The act has not resulted in savings to consumers. During the recent 1-year extension that ended June 12, 1954, living costs hit their highest peak in history, although our tariffs rank eighth lowest in the world; imports totaled $10,777,426,331; and we gave $6,800,000,000 to foreign countries to help subsidize their foreign industries. If anyone thinks free trade lowers prices to consumers, let him consider the price of coffee today. There is no tariff on coffee and there never has been.

THE "DOLLAR GAP" HOAX

Third. Nothing in the act was provided to make it possible for its use with respect to servicing or repayment of any foreign debt to the United States, and nothing in the act expressed any purpose to grant authority to be used to close so-called dollar gaps, one of the greatest myths and hoaxes ever perpetrated on American producers and taxpayers. The State Department, under an assumption of authority not conferred in the act, has used it for such purposes and pretended purposes ever since World War II; moreover, they have made them their main objectives in their administration of the act. The international trade program, as envisioned by the State Department, is to benefit foreign trade at the expense of American industry and taxpayers. It has assumed powers not conferred in the act, abused the powers that were conferred, misused and misled the American people and the Congress.

Madam President (Mrs. BOWRING in the chair), the act has been used to remake the industrial map of the United States of America in the image of the State Department. The State Department has at its mercy any industry in the United States which is dependent on protection from the low-cost sweatshop labor areas of the world; and, in fact, it has made every effort to subsidize further imports into this country.

MANY FOREIGN EXPORTS SUBSIDIZED

It is well know that foreign nations, in many cases, subsidize, in many ways, their exports of certain materials which they desire to export, and to encourage any imports which they themselves choose. In other words, France will give her exporters a certain number of francs for the dollars, if they export raw materials; she will give them a larger number of francs per dollar if processed materials are exported. The same is true of the Argentine and many other nations.

Madam President, in reviewing the administration of the act I shall skip briefly through the prewar period and the war period.

During the first 3 years the act was in force bilateral agreements were made with 17 countries. Nevertheless report No. 160 of the United States Tariff Commission tells us, the worldwide depression persisted. It alibis thus:

> Important factors other than the trade-agreements program were operating during that period to increase the difficulty—always a formidable one—of isolating and evaluating the effects of the program itself on United States import and export trade.

TRADE ACT HAS NEVER ACHIEVED PROFESSED PURPOSE

In other words, the effects on exports, which the late President Roosevelt had professed as a major objective of the act, were too vague or insignificant to evaluate.

The act, having not achieved its emergency purpose during its 3-year emergency term, was extended.

Report No. 160, referred to above, tells us that "throughout 1937–40 the trade-agreements program continued to be advocated primarily as a means of promoting exports."

It adds:

> Increasing emphasis was placed on the purpose of securing nondiscriminatory treatment for United States exports.

DISCRIMINATION AGAINST UNITED STATES PERSISTS

As I shall demonstrate later in my remarks, despite this emphasis discriminatory treatment for United States exports still prevails in not one, not two, but in many countries.

The period was not a normal one for operation of the act. The reports point out:

> The period 1937–40 was one in which momentous changes occurred throughout the world. Affected by preparation for war and actual war abroad and by defense activities at home, the depression in the United States lifted, exports rose, surplus stocks dwindled, and unemployment declined.

No credit is given to the Trade Agreements Act, other than that 7 trade agreements were negotiated, 1 of them with the United Kingdom.

But, Madam President, I call attention to the fact that there were 9 million unemployed persons in the United States, and 17 million partially unemployed. World War II put an end to unemployment for the first time since the depression in 1929.

With the beginning of World War II the emergency was over; but again, in the midst of war, a New Deal Congress granted a new 3-year extension. As report No. 160 states:

> During the 3 years 1940–43, United States foreign trade relations were dominated principally by military considerations * * * worldwide hostilities seriously disorganized the economic structure of many countries, both belligerent and neutral; commercial intercourse between enemy countries was stopped, and the foreign trade of many neutral nations came under the control of either or both of the belligerent groups.

Still there is no evidence of the act having either helped or harmed the Nation and its foreign trade.

Nor was there such evidence during the 2 years the act was further extended. As report No. 160 states:

> Negotiation of trade agreements was * * * as might be expected under war conditions, virtually at a standstill.

One new agreement, with Iceland, was negotiated. This, under the favored-nations treatment, opened our markets to large imports of foreign fish and started the downtrend of the domestic fishing industry.

OLD PLEDGES UNKEPT, SO NEW PLEDGES MADE, ALSO WORTHLESS

In 1945 Congress again renewed the Trade Agreements Act, this time for 3 years, but only after, to quote report No. 160, "considerable attention was centered on the question of adequate safeguards for domestic producers in the event of further duty reductions, especially in view of the uncertainties of the postwar period."

This brings us to another great hoax perpetrated on the American people by free traders, the so-called escape clause.

To quote the report:

> Spokesmen for the administration—

A previous administration, that is—

> assured congressional committees that the effort had always been made to avoid serious—

I emphasize the word "serious"—

> injury to domestic industries and to afford adequate safeguards but that, going further, all future trade agreements under the act would contain a comprehensive escape clause similar to that which had been included in the trade agreement made with Mexico in 1942.

Madam President, we have now come a long way down the free-trade trail. Senators will recall that in Mr. Roosevelt's original proposal there was to be no injury at all to American industry, only benefits. The late President had stated, it will be recalled, that "no sound American interest will be injuriously disturbed."

THE SERIOUS-INJURY SUBTERFUGE

The administration turned its back on that premise. It conceded, in effect, that it has never sought to follow such a premise by contending it merely had been seeking to avoid serious injury to domestic industry.

It did not state at what point an injury to an industry becomes a serious injury in the eyes of our foreign-minded State Department, or what injury an industry must be expected to accept before it considers it to be serious. Some of us would assume that an industry in which scores of mills, mines, or factories have been forced to close, throwing thousands of working people out of work, has suffered serious injury. But not the State Department.

An indication of present and recent attitude toward serious injury is evidenced by action in the so-called escape-clause cases, which has exposed administration promises made to sugar-coat the bitter free-trade pill as a sham and a hoax, which has been used to delude distressed industries, investors, and unemployed workingmen.

THE ESCAPE CLAUSE RECORD

During the years 1951–53 and including January of this year 33 applications had been made for relief under the escape clause.

I ask unanimous consent that the brief list of these cases, giving the commodity, application date, date completed, and action taken be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. BEALL in the chair). Is there objection?

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

1. Watches and parts (see No. 26), application February 13, 1951, completed June 14, 1952, Commission findings rejected.
2. Motorcycles and parts, May 21, 1951, completed June 16, 1952, no escape recommended.
3. Blue-mold cheese, June 11, 1951, completed June 12, 1952, no escape recommended.
4. Spring clothespins (see No. 32), August 22, 1951, completed August 21, 1952, no escape recommended.
5. Groundfish fillets, September 10, 1951, completed September 4, 1952, no escape recommended.
6. Garlic, October 8, 1951, completed June 6, 1952, Commission findings rejected.
7. Bicycles and parts, October 11, 1951, completed October 9, 1952, no escape recommended.
8. Cherries, candied, October 26, 1951, completed October 17, 1952, no escape recommended.
9. Bonito tunafish, November 28, 1951, completed November 26, 1952, no escape recommended.
10. Tobacco pipes and bowls, December 29, 1951, completed December 22, 1952, and August 19, 1953, Commission findings rejected.
11. Vitrified chinaware, February 11, 1952, completed February 6, 1953, no escape recommended.
12. Dried figs, March 17, 1952, August 16, 1952, no change since August 1952.
13. Woodscrews (see below), August 15, 1951, completed December 29, 1951, no escape recommended.
13a. Woodscrews, April 1, 1952, completed March 27, 1953, no escape recommended.
14. Estrogenic substances, April 8, 1952, completed April 2, 1953, no escape recommended.
15. Whiting chalk, April 10, 1952, completed April 9, 1953, no escape recommended.
16. Woodwind musical instruments, April 29, 1952, completed April 28, 1953, no escape recommended.
17. Cords and twines (cordage) July 7, 1952, completed January 14, 1953, escape relief request withdrawn.
18. Cotton carding machinery, August 12, 1952, completed July 29, 1953, no escape recommended.
19. Screen printed silk scarves, April 14, 1952, completed April 13, 1953, President asked for more data.
20. Rosaries, etc., September 15, 1952, completed August 21, 1953, no escape recommended.
21. Watch bracelets, September 24, 1952, completed August 20, 1953, no escape recommended.
22. Hand blown glassware, September 2, 1952, completed September 22, 1953, President asked for more data.
23. Mustard seed, February 9, 1953, completed December 10, 1953, no escape recommended.
24. Scissors and shears, March 19, 1953, hearing on June 29, 1953, pending.
25. Groundfish fillets, May 27, 1953, completed October 20, 1953, pending.
26. Watch movements and parts (see No. 1) September 1, 1953, completed February 11, 1954, pending.
27. Lead and zinc, September 14, 1953, completed November 3–5, 1953, pending.
28. Common pins, September 23, 1953, hearing March 1954, pending.
29. Safety pins, September 28, 1953, hearing March 1954, pending.
30. Fluorspar, October 20, 1953, November 23, 1953, escape relief request withdrawn.
31. Alsike clover seed, November 23, 1953, hearing February 16, 1954, pending.
32. Spring clothepins (see No. 4) January 7, 1954, hearing April 20, 1954, pending.
33. Ground chicory, January 19, 1954, completed April 27, 1954, pending.

ONLY HURT INDUSTRIES CLOSE DOWN

Mr. MALONE. Mr. President, this is the program, I may recall, which the late President Roosevelt said was to operate in such a way that no sound and important American interest would be injuriously disturbed.

Free-trade defenders, I assume, will contend that the motorcycle and bicycle industry of the United States, the cheese industry, tuna and groundfish industries, glassware and vitrified chinaware industries, cutlery industry, watch industry, and the many other industries I have listed, are neither sound nor important.

In the opinion of the junior Senator from Nevada, any industry is important which gives legitimate employment to American working men or women, provides wages which buy food, shelter, and clothing for American families, or pays taxes into the United States Treasury, even if they include taxes to be spent on building up foreign competition with domestic industries.

I may say at this point, Mr. President, that for 140 years the American people competed with themselves. Any person out of school, ready to work, or anyone wishing to change his job or business, needed only to look around, and, regardless of whether the area he was interested in was desert, prairie, plain, or mountain, if he could determine that the business which he had in mind was feasible, considering such factors as transportation, raw materials, the cost of power and water, and other factors affecting the feasibility of the business, including the wages which he would have to pay, as well as taxes; and if he could arrange financing to build a factory or exploit a mine, or enter into whatever other business he had in mind, and if his judgment was good, he would be in business. Today, instead of having to compete with his own people throughout the United States, what does he have to do? To be sure that he may remain in business and compete with his own people, he must also take into consideration competition with 70 or 75 percent of the foreign nations.

THE FOREIGN-WAGE ADVANTAGE

Wages paid in foreign nations range from 15 to 50 or 75 cents an hour, and industries in those nations compete with our industries, Mr. President. Up to the time of reciprocal-trade agreements there had always been what is, in the Constitution of the United States called a duty, or as it is commonly referred to, a tariff, which was imposed on imported products in order to make up the difference between the wages and taxes in effect in this country and those in effect in competing countries abroad. Since we have changed our policy to one of free competition with all the nations of the world, the discouragement of private investment in business has been complete. The usual statement now made, when one is contemplating going into business is, "If you are to have a chance for success, you must get the Government as a partner, and even then you cannot be sure."

INDUSTRY HAS NO ESCAPE WHILE ACT CONTINUES

What the action on escape clause cases has proven is that there is no escape so long as we continue the proforeign trade program envisioned in the administration of the Trade Agreements Act, and the only escape many of these industries can hope for is the continued erasure of the Trade Agreements Act from our statute books.

There is no escape for American industry under the act or extensions of the act, even with escape clauses written therein.

One cannot patch a tattered 20-year-old tire and make a new tire out of it. The only thing to do is to throw the tire away.

Mr. President, up to now we have dealt with bilateral agreements as envisioned by the late President Roosevelt, the "most favored nation" clause which a New Deal free-trade Congress used to expand the President's proposals, and the sham "escape clause" used to sugar-coat extensions of the act.

THE RECORD OF BILATERAL TRADE AGREEMENTS

Mr. President, I have before me a master list of all bilateral trade agreements the United States has concluded under the Trade Agreements Act of June 12, 1934, as amended and extended, and their status on April 1, 1953. I ask unanimous consent to have the list printed in the RECORD at this point as a part of my remarks.

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

MASTER LIST OF ALL BILATERAL TRADE AGREEMENTS THAT THE UNITED STATES HAS CONCLUDED UNDER THE TRADE AGREEMENTS ACT OF JUNE 12, 1934, AS AMENDED AND EXTENDED, AND THEIR STATUS ON APRIL 1, 1953

This statement would not be complete without reference to and list of bilateral trade agreements entered into under the Trade Agreements Act of June 12, 1934, as amended and extended, the effective date of such agreements, and their most recent status and relationship to GATT. The following tabulation presents such a list showing in each case date terminated, suspended or superseded or joined as a segment of GATT.

In addition to the 29 countries with which this country completed bilateral trade agreements prior to December 31, 1947, an additional list of 21 (mostly colonies or former parts of empires), have been invited during 1948, 1949, 1950, and 1951 to subscribe to the general agreement and to become members of GATT.

A. Miscellaneous countries outside of Canada, Latin America, and continental Europe

Country	Date effective	Date terminated, suspended, or superseded	Remarks
Finland, bilateral agreement	Nov. 2, 1936	Terminated May 24, 1950	Acceded to GATT May 25, 1950.
United Kingdom, bilateral agreement	Jan. 1, 1939	Suspended Jan. 1, 1948	Acceded to GATT Jan. 1, 1948.
Turkey, bilateral agreement	May 3, 1939	Terminated Aug. 4, 1952	Acceded to GATT Oct. 17, 1951.
Iceland, bilateral agreement	Nov. 19, 1943		
Iran, bilateral agreement	June 28, 1944		

(B) Bilateral agreements with Latin American countries (arranged in order of 1st agreement preceding GATT)

Country	Date effective	Date terminated, suspended, or superseded	Remarks
Cuba: [1]			
1st bilateral agreement	Sept. 3, 1934	Suspended Jan. 1, 1948	Acceded to GATT.
1st supplemental bilateral	Dec. 23, 1939		
2d supplemental bilateral	Jan. 5, 1942		
GATT	Jan. 1, 1948		
Exclusive bilateral, supplementing GATT	do		
Other Latin American:			
Haiti, bilateral agreement	June 3, 1935	Terminated Dec. 31, 1949	Acceded to GATT Jan. 1, 1950.
Brazil, bilateral agreement	Jan. 1, 1936	Suspended July 30, 1948	Acceded to GATT July 31, 1948.
Honduras, bilateral agreement	Mar. 2, 1936		
Colombia, bilateral agreement	May 20, 1936	Terminated Dec. 1, 1949	Terminated by joint agreement.
Guatemala, bilateral agreement	June 15, 1936		
Nicaragua, bilateral agreement	Oct. 1, 1936	Duty concessions and certain other provisions terminated Mar. 10, 1949. Entire agreement terminated May 27, 1950.	Do. Acceded to GATT May 28, 1950.
El Salvador, bilateral agreement	May 31, 1937		
Costa Rica, bilateral agreement	Aug. 2, 1937	Terminated June 1, 1951	Terminated by joint agreement.
Ecuador, bilateral agreement	Oct. 23, 1938		
Venezuela, bilateral agreement	Dec. 16, 1939		
Supplementary, bilateral agreement	Oct. 11, 1952		
Argentina, bilateral agreement	Nov. 15, 1951		
Peru, bilateral agreement	July 29, 1942	Terminated Oct. 7, 1951	Acceded to GATT Oct. 7, 1951.
Uruguay, bilateral agreement	Jan. 1, 1943		
Mexico, bilateral agreement	Jan. 30, 1943	Terminated Dec. 31, 1950	Terminated by joint agreement.
Paraguay, bilateral agreement	Apr. 9, 1947		

[1] Cuban trade agreement was only truly reciprocal agreement entered into. It was separately authorized in the trade agreements amendment, sec. 350.

(C) Agreements entered into with Canada and European countries (arranged in order of 1st agreement preceding GATT)

Country	Date effective	Date terminated, suspended, or superseded	Remarks
Belgium, bilateral agreement	May 1, 1935	Suspended Jan. 1, 1948	Acceded to GATT Jan. 1, 1948.
Luxembourg, bilateral agreement	do	do	Do.
Sweden, bilateral agreement	Aug. 5, 1935	Terminated June 30, 1950	Acceded to GATT Apr. 30, 1950.
Netherlands, bilateral agreement	Feb. 1, 1936	Suspended Jan. 1, 1936	Acceded to GATT Jan. 1, 1948.
Switzerland, bilateral agreement	Feb. 15, 1936		Modified, 1950.
France, bilateral agreement	June 15, 1936	Suspended Jan. 1, 1948	Acceded to GATT Jan. 1, 1948.
Czechoslovakia, bilateral agreement	Apr. 16, 1938	Proclamations making effective reduced rates of duty terminated by United States Apr. 22, 1939.	Occupation of parts of Czechoslovakia by Germany and Hungary made it possible for Czechoslovakia to fulfill its obligations under the agreement.
GATT	Apr. 20, 1948	All obligations under the General Agreement suspended by United States Sept. 29, 1951. Proclamation making reduced rates of duty effective terminated by United States Nov. 2, 1951.	Suspended pursuant to sec. 5, Trade Agreements Extension Act of 1951.
Canada:			
1st bilateral	Jan. 1, 1936	Superseded Jan. 1, 1939	Superseded by 2d bilateral agreement.
2d bilateral	Jan. 1, 1939	Suspended Jan. 1, 1948	Acceded to GATT Jan. 1, 1948.
Supplemental bilateral	Jan. 1, 1940		
Do	Dec. 20, 1940		
GATT	Jan. 1, 1948		

HOW OUR SOVEREIGNTY IN FOREIGN TRADE WAS FORFEITED

Mr. MALONE. Mr. President, during the period of bilateral trade agreements we were still functioning as an independent, sovereign Nation, in which an administration could be charged with its own errors or credited with its own accomplishments.

We were also, I might add, somewhat solvent despite our enormous war debt. Industry had not yet been hurt too drastically by the concessions to 27 countries made in wartime or during depression, affecting 69 percent of our total imports, free and dutiable, and 68 percent of our dutiable imports, with an average reduction in duties of 44 percent, or just 6 percent below the limit allowable up to that time under the Trade Agreements Act.

Their full effects will never be felt until we approach a relatively normal period of economy.

I might say, Mr. President, that there had been no normal period since the act was passed and there has never been a normal period since the act was passed. There will be no normal period unless we now allow the water to settle.

Since 1934 there have been the WPA, the PWA, two wars, and preparation for war. There has never been a normal period. However, we now have an opportunity to let the water settle. The act has expired, and nothing has happened. We can allow the act to remain expired until January 1955, when the President presumably will again deliver a state of the Union message to Congress. Until that time, or until such time as the President himself might change the agreements, all the trade agreements which have already been made will remain in full force and effect. They will remain in effect until the President shall serve notice on the country with which such a trade agreement has been made that there is to be a cancellation. Therefore, if the President served no such notice, there would be no change between now and next January, when a state of the Union message will be delivered to the Congress.

TRADE ACT EXTENSION WOULD ONLY DIVIDE MORE MARKETS WITH THE WORLD

I point out, Mr. President, that the people of this Nation have been told, and it has been indicated to them time and again, that serious detriment to our country would ensue if the act were allowed to expire. The act did expire on June 12, and there has been no change,

and there will be no change. The President does not need the extension of the act, unless it is intended further to divide or share the business of the industries of this country with those of foreign countries; in other words, to further trade with countries with which there have already been trade agreements, or with which new trade agreements might be negotiated.

The reduction in our import of 44 percent was not enough to satisfy the trading nations hungry for the American market, or for Soviet spy manipulators, such as Harry Dexter White, eager to destroy the American industrial economy.

THE LOADED GATT TO HOLD UP UNCLE SAM

Toward the end of the war, and I mean World War II, a scheme was developed to divide the American market with the world, while denying world markets to America, and the scheme is called GATT.

GATT is the abbreviation for an international creation which has never been approved by the Congress, and which, in fact, the Congress has indirectly repudiated, which calls itself the General Agreement on Tariffs and Trade. It holds its sessions in foreign tourist centers where scores of State Department and other departmental or agency officials, none of whom have ever been elected to any office or are well known to industry and labor, spend weeks and months basking in foreign resort delights, at American taxpayers' expense, conniving on new ways to sell out American industries, investors, and workingmen.

GATT, to all intents and purposes, has now superseded the trade-agreements program, and it was designed to supersede it, with considerable collusion between a previous administration and our British friends.

A collusive factor also, as the junior Senator from Nevada will explain later, is the International Monetary Fund, headed for several years by Harry Dexter White, the Soviet spy who previously had been Assistant Secretary of the Treasury. Elsewhere I shall insert a chronology of Mr. White's service with the Government at the taxpayers' expense, which included a brief hitch with the Tariff Commission, shortly after the Trade Agreements Act of 1934 was enacted.

WORLD TRADE SCHEME AN ACKNOWLEDGED BRITISH PRODUCTION

The plan or scheme to divide the American market with the world, without dividing the world market with America, had, however, even earlier origins.

It was first envisioned in the Atlantic Charter, which Prime Minister Winston Churchill relates was "in its first draft a British production cast in my own words." It contained a provision looking to equal trade and equal access by all nations to the raw materials of the world.

Mr. President, Prime Minister Churchill will soon visit Washington. I admire and esteem him as a great British patriot. His British production was wholly in the interests of his country, a trading nation. As President Roosevelt once said:

> They [the British] live by importing goods from all parts of the world and by utilizing large overseas financial resources.

Mr. President, another great Prime Minister of England said, in 1858:

> We—

England—

> have no permanent friends or enemies. We have but permanent interests.

Mr. Churchill, many years later several other British Prime Ministers repeated, although in different words, that statement of the policy of Great Britain, which is a proper policy, Mr. President. I admire them for it. Mr. Churchill was the latest to state it—although, of course, he did so in different words.

Late in World War II, President Roosevelt said to Mr. Churchill:

> You should relinquish your colonies—

I believe India was specifically mentioned—

> and keep us out of trouble.

Mr. Churchill replied:

> Mr. President, I say to you—

Few remember what Mr. Roosevelt asked Mr. Churchill, but everyone remembers what Mr. Churchill replied; he said to President Roosevelt:

> I did not become the King's first minister to liquidate the British Empire.

In other words, Mr. Churchill was saying in effect, "You can go with us, or there are other places you can go." And we went with the British.

Mr. President, I admire Mr. Churchill. Later in the week we shall have a visit from him.

PRAISE FOR PRIME MINISTER WINSTON CHURCHILL

If the United States of America should employ Mr. Churchill or another Englishman of his stature—an Englishman who understands foreign trade; and they have lived by it and by their wits for 100 years—and paid him a billion dollars a year, tax-free, the United States would still make a great deal of money. Mr. President, just imagine what an Englishman of Mr. Churchill's stature could do if he had a real taw to work with. What Mr. Churchill has done has been phenomenal. He is without a peer.

So, Mr. President, it might have been good judgment to give Mr. Churchill or someone of his stature half of what he could have saved for us. I imagine that out of the $50 billion our foreign aid has cost us since World War II, such a representative of the British Government could have saved us so much that he would have had for himself $15 billion or $20 billion, if we had made with him an arrangement whereby he would have for himself half of what he saved for us.

Mr. President, to return to the Atlantic Charter developed at the Roosevelt-Churchill conference off the coast of Newfoundland in August 1941, the Churchill draft prepared by Mr. Churchill as a statement to be made both by President Roosevelt and himself, stated with reference to trade:

> Fourth, they—

The two nations—

> will strive to bring about a fair and equitable distribution of essential produce, not only within their territorial boundaries, but between the nations of the world.

Mr. Churchill—or I think I should refer to him now by his proper title of Sir Winston—reports that the President "wished to insert the words, 'without discrimination and on equal terms.' "

In the compromise version the phrase "without discrimination," which the President wanted, was left out; and anyone with knowledge of Britain's empire preferences, exchange manipulations, and her sterling bloc may readily conceive why it was left out. The phrase "equal terms," more general, and oft-times meaningless, was left in.

Section four, in its final draft, read:

> They will endeavor, with due respect to their existing obligations—

Another loophole phrase—

> to further the enjoyment by all peoples of access, on equal terms, to the trade and to the raw materials of the world which we needed for their economic prosperity.

Here, Mr. President, was the inception of a program to divide the raw materials of the world—which Britain, a processing nation, needs—and to give Britain access, on equal terms, to the trade and markets of the world, which Britain also knew she would sorely need at the termination of the war.

So, Mr. President, I may say that in 1945, when I was acting as special consultant to the Senate Committee on Military Affairs—at that time I was not a Member of the Senate; I had been a special consultant to that committee during World War II, and also to the Secretary of War, on strategic and critical metals and materials—I was asked to sit in at the San Francisco Conference, as an observer. The view I held at that time has not changed. At the end of the conference, someone asked me, "What do you think of the United Nations?"

ONE NATION, 48 BASKETS

I had seen our State Department and other agencies of our Government enter into the various agreements, and into the United Nations Charter. My reply to the question was, "49 nations were represented there; and 48 of them had a little basket on each arm, but only 1 nation had anything to put into the basket."

The lend-lease program, with which my distinguished colleague, the junior Senator from New York [Mr. LEHMAN] had so much to do, in an administrative capacity, contained this provision: I quote from Report No. 160 of the United States Tariff Commission:

> In article 7 of each of the master lend-lease agreements executed between the United States and various other members of the United Nations the governments concerned agreed that in the final settlement for lend-lease aid, provision should be included for agreed action directed to the expansion of employment and of the exchange and consumption of goods, to the elimina-

tion of discriminatory treatment in international trade, to the reduction of tariffs and other trade barriers, and to the attainment of the other objectives of the Atlantic Charter.

NO PLACE TO GO BUT DOWN

With the highest standard of living in the world, the highest wages, and the highest taxes, there is nowhere to go but down if the standard of living of the United States is to be averaged with that of other nations through a division of markets. This Nation, after 175 years of work—many people working 15 hours a day or more in their businesses, with energy and intelligence—has made such progress that the only market in the world today in which we can sell anything and get the money, unless we have previously given the buyer the money—is in the United States. So it is the market of the United States that is the target of all the other nations of the world. I invite anyone to question that statement.

Going back to the lend-lease agreements previously referred to, there was, of course, no United Nations then in being, and there would be none for another 4½ years. However, as article 7 states, there was a program for "agreed action" to divide America's wealth, jobs, and markets with the world which required a GATT and a United Nations to accomplish. One economic world, correlated, of course, to Britain's economic world, was thus agreed to.

Mr. President, the junior Senator from Nevada is a great admirer of Sir Winston's talents, which he no doubt will demonstrate with continued effect during his impending visit to the United States. He is a peerless British patriot. He is all for Britain as, being Briton, he should be. The only competition that Sir Winston will encounter, while he is a head of state, is a head of state as vigilant in the interests of his nation as Sir Winston is in the interests of the United Kingdom.

The pronouncements previously referred to were mere planning or political oratory, as it were. They had not yet been implemented by concrete action. That was to come. The free-trade scheme to divide American markets with the world while denying world markets to America required machinery, and machinery going far beyond the Reciprocal Trade Agreements Act of 1934, which we are now being asked to extend.

CHURCHILL POLICY CARRIED FORWARD IN U. N. CHARTER

The United Nations Charter, adopted in June 1945 at San Francisco, the conference in which Alger Hiss had such a stellar role, created an Economic and Social Council, a primary function of which is to promote international economic cooperation. We are a signatory to that affair.

The Food and Agriculture Organization, set up under the United Nations, and with headquarters in Rome, is pledged to cooperate in programs to maintain open channels of world trade. We are an active participant in that Organization.

The International Monetary Fund, of which Mr. Harry Dexter White became the Executive Director and presiding genius, was set up to assist member nations in reducing or avoiding monetary disturbances. It was not stated that American tax dollars were to be used in reducing or avoiding foreign monetary disturbances, but that is what has occurred. Uncle Sam has become the great world banker and philanthropist, and is going deeper and deeper into debt in the process.

Later in my remarks I shall relate the International Monetary Fund, of which Harry Dexter White was the Executive Director, to GATT and its creation.

Likewise set up during this same one-economic-world promotion period was the International Bank for Reconstruction and Development. Its functions were to extend credits for the purpose of promoting rehabilitation of national economies and their orderly development.

THE ONE-WORLD TRADE GRAB SCHEME

All of these were steps toward the great crowning achievement of the one-economic worlders and free traders, the International Trade Organization.

I am informed that during the war years, when the State Department sheltered a coterie of both eminent free traders, and Soviet aides, committees were set up to consider ways and means of reestablishing world trade after the war on a multilateral basis. They envisioned the International Trade Organization and prepared a tentative draft of a charter for such an organization.

As in all State Department dealings of that day—and perhaps even now—the draft had to be cleared with England. Negotiations were conducted with representatives of the United Kingdom which resulted in what is called the Anglo-American Financial and Commercial Agreements.

BRITAIN SETS A $3,750,000,000 FEE FOR CLEARING STATE DEPARTMENT DRAFT

Clearing any agreement with England is expensive, and this agreement cost the United States a fee of three billion seven hundred and fifty million, part of which Britain used to socialize its coal and other industries.

In addition to the $3,750,000,000 Britain billed us for, the United States readily acquiesced to a program designed to promote a more rapid transition from controlled bilateral to free multilateral trading. The principles to be included in such a program were incorporated by the State Department in its proposals for the expansion of world trade and employment.

The State Department cleared this also with the British Government, which apparently had—and may still have—veto powers over State Department foreign policies and trade policies.

Britain approved the draft with the notation in full agreement on all important points in these proposals and accepts them as a basis for international discussions. Why not? They were the fruits of a policy enunciated by Sir Winston Churchill and naturally in Britain's interest.

The United States then, in February 1946, introduced a motion in the Economic and Social Council of the United Nations to hold an international conference on trade and employment. The council set up a committee to arrange this conference, inviting 20 countries, including Soviet Russia and Czechoslovakia, to be members of the committee.

ITO SUGGESTED CHARTER GETS LONDON O. K.

The committee met in London in October 1946, Russia's representatives stayed at home, but all the other 19 members were represented. The State Department went prepared and presented a suggested charter for an international trade organization of the United Nations, which was approved by the London conference. Some finishing touches were put on it in New York during January and February 1947, one of the rare instances in which such an international remuda has been held on United States soil.

ONE-WORLD ROAD SHOW SHIFTS TO HABANA, CUBA

On November 21, 1947, these one-economic-worlders shifted their base to Habana, Cuba, where they wintered in the Carribean sun until March 24, 1948.

In the interim between London and Habana, however, GATT had been born. Conferees in the first session of the conference on trade and employment moved on to Geneva, Switzerland, for a second session. The time was April to October, 1947, a favored time to visit Switzerland's cool lakes and dells just as the winter months are a favored time to sojourn in Habana.

There a general agreement on tariffs and trade was drawn up, most of its provisions similar to the proposed draft of the proposed charter for an international trade organization. Nineteen countries participated in initial negotiations and later were joined by four other nations. The State Department was, of course, an early bird participant. The State Department took the position that its participation was under the authority of the Trade Agreements Act.

This was the authority given also for participation in the winter huddle at Habana, and in other one-economic-world or free trade to-do's that give State Department officials an opportunity to see the world and barter away American industry at the expense of American taxpayers.

Mr. President, I would be remiss if I did not at this time—and before we take up the final international instrument to destroy our sovereignty over commerce and disrupt our foreign trade—discuss a further scheme to divide our resources and our markets with the world without enjoying world markets and world resources on any reciprocal basis.

This further scheme, or perhaps I should term it another segment of the same scheme, was the international materials conference, which also was sired by the one-economic-world, free-trade clique in the State Department, and by the London conference I have referred to before.

THE SCHEME TO SOCIALIZE WORLD'S RAW MATERIALS

The International Materials Conference, which, like GATT, never received authorization from the Congress, had its

origins and inspirations in the State Department during the war years when foreign policies were being formulated by second and third echelon career employees who used their time and taxpayers' money to concoct plans for a postwar world in which the United States was to undertake the economies of all other nations at the expense of our own national wealth and interest.

These planners included Alger Hiss in the State Department, Harry Dexter White, and Frank Coe in the Treasury Department, and many others whose motives since have been exposed.

The International Materials Conference was established in December, 1950, without reference to the Congress, one of the many schemes to supersede bilateral trade agreements through a system of international socialistic multilateral economic controls which would put our own resources and wealth on the auction block to be knocked down, not to the highest, but to the lowest foreign bidder.

The British were, of course, very active in this scheme, as it was Sir Winston Churchill, you will recall, who first proposed to pool the raw material resources of the world for the enjoyment of other countries and particularly Britain.

ONE-WORLD SCHEMES IDENTICAL IN PRINCIPLE, DIFFER ONLY IN NAMES

The principle of all these schemes was that the United States should give up its economic sovereignty and subject American workers to the risks of unemployment, but should permit Britain to retain her empire preference system and other discriminatory practices, widen her access to raw materials on a cutrate basis, and enable her to undersell American producers in our own markets.

There is no doubt in the mind of the junior Senator from Nevada that the International Materials Conference was created as a subterfuge to carry out the policies of Britain as enunciated in August 1941 by Winston Churchill.

I may refer back to the International Materials Conference later in my remarks, but at this point I shall discuss the International Trade Organization, or ITO, which was to combine one-economic-world schemes into one super-socialistic communal corral in which each nation, including the United States, was to have only one vote. Commonwealth countries or Communist countries admitted would, of course, have been expected to vote as groups in their respective blocs, but the United States would have one vote.

Our diplomats and those of 54 other countries spent a sunny winter in Habana, agreed to the so-called Habana charter for an International Trade Organization, and returned home.

CONGRESS REFUSES ITO CHARTER BACKING, PRESIDENT WITHDRAWS IT

President Truman submitted the proposed charter to the Congress. A resolution was introduced to provide for United States membership and participation in ITO. Secretary of State Acheson plumped for adoption of the resolution. Hearings were held. The House Committee on Foreign Affairs refused to report favorably on the resolution. President Truman withdrew his request. Of all the nations represented at Habana only Liberia acceded to ITO. Formally ITO was dead, informally it was very much alive.

Mr. President, I should like to say at this point that in the testimony before the Senate Committee on Finance and the House Committee on Ways and Means, Mr. Acheson, then Secretary of State, and Mr. Willard Thorpe, his assistant, who is now at Princeton University, testified many times that it was impossible to separate the domestic economy from foreign policy.

That is true under the 1934 Trade Agreements Act, as extended, which is under discussion today.

Inasmuch as Congress has transferred to the executive its constitutional responsibility of regulating foreign trade and fixing duties, imposts, and excises, which we call tariffs, and inasmuch as the State Department is the administrative agent of the executive department, it is impossible, just as Mr. Acheson and Mr. Thorpe testified, to separate the domestic economy from foreign policy.

Article 1, section 8 of the Constitution of the United States provides that the Congress set the duties, imposts, and excises regulating foreign trade and that it regulates the domestic economy.

Why does the Constitution of the United States allocate that duty in Congress, the legislative branch of our three-branch Goverment? Our Founding Fathers so provided simply because, as the debates at the time show, the responsibility of regulating the domestic economy was passed in the branch of the Government where every precinct in the United States is represented. On the floor of the Senate every precinct is represented by two Senators from each State. In the House every precinct is represented by 435 Representatives, elected on a population basis.

ONLY CONGRESS CAN PROPERLY SAFEGUARD DOMESTIC ECONOMY

When the domestic economy affecting any precinct or State is at stake in any part of the United States, there is a representative on the floor of the House and on the floor of the Senate who knows what it is all about and the problems and the factors.

When that responsibility is placed in the hands of the executive department, into the hands, specifically, of the Secretary of State, who does not represent anyone and who never ran for office from any State or precinct, then we can expect exactly what we are getting. In other words, the responsibility for our domestic economy has been placed by Congress in the executive department, in which the Constitution fixes the responsibility of regulating our foreign policy. That foreign policy is conducted by the State Department. Therefore, since we hand over the domestic economy to the State Department, our domestic economy has been in accordance with what the State Department believes to be the proper foreign policy, and the industries of this country are often traded, under the Trade Agreements Act, to further some international political policy.

ECONOMICS VERSUS FOREIGN POLITICS

Up until the 1934 Trade Agreements Act foreign trade had been regulated under the Tariff Commission, which is an agent of the Congress, on a basis of economics. That is to say, the Tariff Commission could determine the high cost or the low cost or the fair cost in the United States, and determine the fair cost in a foreign country for a like or similar article, and the difference would be recommended to be the proper tariff. The Tariff Commission is given no leeway by the Congress to determine political considerations. But with the advent of the 1934 Trade Agreements Act the political factor was inserted. In other words, the State Department, as a part of the executive department, was then saddled with the responsibility of regulating the domestic economy, of regulating foreign trade, and of fixing duties, imposts, and excises, and since that time the State Department has taken into consideration political factors and has proceeded on the basis of what, in its judgment, might be the overall international good, based on political factors. The record is clear that the State Department has failed to get from foreign nations any favors in a political way. It is now beginning to reap the consequences.

Turning back now to the collapse of the super-one-world trade scheme, the ITO, and its withdrawal from consideration by the Congress.

The one-economic-worlders lost ITO but they still had GATT, the International Materials Conference, the International Monetary Fund, the International Bank for Reconstruction and Development, the so-called Economic and Social Council of the United Nations, a proforeign State Department, the International Food and Agriculture Organization, and other lesser agencies.

Soon they were to have the Economic Cooperation Administration, Mutual Security Agency, and Foreign Operations Administration, the last 3 actually the same giveout and sellout agency operating under 3 separate names; just as GATT and its sister groups are in reality another name for ITO, which was rejected by the Congress.

GATT NEVER BEFORE CONGRESS

Congress has never had an opportunity to accept or reject GATT and no GATT agreement or proposed agreement has ever been submitted to the Congress, as President Truman submitted to the Congress the proposed charter for ITO.

Mr. President, to show the relationship between these international organizations dedicated to socializing or communizing world trade, and so interlocked that when one or more are rejected its functions are carried on by other agencies, including agencies operating outside any sanction of the Congress, I shall quote several excerpts from the book, Progress Report on the Operation of the General Agreement on Tariffs and Trade, published in 1949.

American participation in the International Trade Organization, as I stated previously, was rejected by the Congress,

but it has survived to all effects in GATT. The report referred to states, in fact, that the interim Commission for the ITO helped devise the methods and procedures for GATT. GATT, likewise, "assumed extensive obligations in their relations with one another which are similar to, and in fact closely modeled on, some of the obligations to which they will be committed when they accept the charter." The charter was never accepted by any of the nations which considered it at Habana, with the exception of Liberia, but GATT carries on.

I quote further:

The history of the agreement (GATT) is inseparable from that of the Habana charter for the International Trade Organization.

WHAT WAS ITO?

Mr. President, what was the International Trade Organization? It was simply a group of diplomats from 54 or 56 or 58 nations—they do not even agree themselves on how many countries were represented—who met at Habana to draw up plans to divide the trade and markets of the world. If this organization had been approved by the Congress, it could have met at least once a year, or perhaps many more times than once a year, to divide the estimated world consumption and the estimated world production for the following year among nations on the basis of what was later defined by the queer term "entitlement for consumption." It was never intended that anyone should know what that meant, and no one I have ever met does know what it means. But the intention was that the fifty-odd nations would meet and divide the United States markets and consumption among the nations of the world. That has never been denied, and it cannot be successfully denied. ITO is dead, but it is still being carried on under another name.

THE TWO-WAY APPROACH TO THE SAME GOAL

I quote again from the so-called progress report referred to above:

While the charter for the ITO was in the course of preparation the members of the preparatory committee, appointed by the Economic and Social Council of the United Nations, proceeded with negotiations with tariff reductions among themselves instead of waiting for the organization to come into existence.

The multilateral negotiation of tariff reductions was a new venture in international commercial relations. Attempts, all unsuccessful, had been made to reach agreement upon maximum tariff rates and upon percentage reductions of tariffs. This was the first endeavor, however, to bring about lower duties by multilateral negotiation and bargaining. The negotiations were conducted in Geneva, commencing in April 1947, concurrently with the second meeting of the drafting of the charter. All of the members of the preparatory committee, with the exception of the U. S. S. R., which took no part in the work, participated in the negotiations. * * *

The 23 governments which participated in the Geneva negotiations have become contracting parties. But they are applying the agreement only provisionally under an arrangement, the protocol of provisional application, which enabled them to bring the new tariff rates into effect, to establish most-favored-nation treatment among themselves, and to follow the rules laid down in the general provisions of the agreement.

Frequent reference will be made in this report to the sessions of the contracting parties. The agreement requires representatives of the contracting parties to meet from time to time for the purpose of giving effect to those provisions which require joint action.

In accordance with this arrangement three sessions of the contracting parties have been held:

The first session took place at Habana in March 1948, during the closing weeks of the United Nations Conference on Trade and Employment;

The second session was held at Geneva in August and September 1948; and

The third session was held at Annecy during April–August 1949, while the contracting parties were conducting their tariff negotiations with the acceding governments.

Mr. President, this is very enlightening. The action taken at the so-called first session was repudiated by the Congress through its refusal to participate in the International Trade Organization the first session had set up.

STATE DEPARTMENT PREPARING NOW FOR NINTH GIVEAWAY GATT SESSION

The sessions go on and on. The Department of State now is busily engaged in preparations for participation in the ninth session, scheduled tentatively for October.

We learn also in this report previously referred to that—

At London and Geneva the members of the preparatory committee—and at Habana the representatives at the United Nations Conference on Trade and Employment—consulted closely with officials of the International Monetary Fund on all provisions of the ITO charter relating to currency and the regulation of trade by quantity of value.

Mr. President, the Executive Director of the Monetary Fund during this period was the late Harry Dexter White, who has been described as a Soviet spy.

To resume quoting from the report:

The interdependence of the two organizations was never doubted, although each would have its own sphere of interest: The fund being concerned with controls bearing upon the means of payment, and the ITO with restrictions imposed upon the quantities of goods that might be imported. Accordingly, the charter provides that the two organizations will work closely together. It takes care to avoid a confusion of functions and a conflict of authority. On all matters affecting monetary reserves, balance of payments, and foreign exchange arrangements, the ITO will be required to consult with the fund and to accept the fund's findings of statistical and other facts.

"Similar provisions are included in the provisional part of the general agreement," that is, GATT.

GATT, the report tells us, can only operate subject to existing legislation. Then it adds this surprising statement:

The amendment of any such legislation which offends against the principles upon which the ITO will be founded cannot be enjoined until the Habana Charter is ratified.

Mr. President, this is a long way from the program proposed in 1934, and a long way from any Trade Agreements Act ever passed by the Congress.

GATT GOES INTO OPERATION

We now come to the GATT session held in Geneva, Switzerland, in 1947, at which the United States participated with many other nations in drawing up what is called the General Agreement on Tariffs and Trade. President Truman, on January 1, proclaimed the United States bound provisionally by the agreement.

In the agreement the United States made concessions to 22 countries, with some of which we already had bilateral agreements such as were contemplated under the the Trade Agreements Act of 1934.

Concessions granted covered 70.4 percent of the total dutiable imports into the United States in 1939, which is used as a base year in the reports. Articles on which duties were reduced for the first time accounted for 17.9 percent; articles on which previously reduced rates were further reduced for 35.7 percent, and articles on which other concessions were granted 16.8 percent.

UNITED STATES GRANTS REAL CONCESSIONS; FOREIGN NATIONS PHANTOM CONCESSIONS

Now we come to a very significant fact as reported by the United States Tariff Commission:

The concessions granted by the United States in trade agreements consist almost entirely of tariff concessions (including reductions in duty, bindings of duty, and bindings of duty-free status) specifically listed in the schedules of the various agreements. This fact is due largely to two features of the trade policies of the United States.

The tariff has always been the principal means used by the United States to regulate its import trade, and for many years this country has observed the most-favored-nation principle by according to all countries without any discrimination a single rate of import duty on each tariff classification. It has made little use, compared with many other countries, of quotas and other nontariff trade restrictions and no use at all of exchange controls for the purchase of regulating imports.

Now let us see what the report has to say about the concessions obtained by the United States for all its generosity in cutting tariffs on imports from GATT countries.

Again I quote from the report:

The trade-agreement concessions obtained by the United States from foreign countries have consisted to a considerable extent of concessions other than reductions of duty and bindings of duty or of duty-free States.

In the schedules of some agreements foreign countries have granted to the United States, on certain items, bindings of, or reductions in, margins of tariff preferences, without commitments as to rates. In other instances they have agreed to increase to a specific minimum, or at least not to reduce, the quotas assigned to imports from the United States.

Mr. President, is not that just dandy? In return for reducing tariffs on imports from some countries they agree not to reduce the quotas assigned to imports from the United States.

FOREIGN CONTROL AND DISCRIMINATIONS AGAINST UNITED STATES CONTINUED

We are told in this connection:

Because of the difficulties with their dollar balances of payments, it appears that, at least for the next few years, many trade

agreement countries will continue to use quantitative import controls and to apply them so as to discriminate against imports from the United States. So long as these difficulties continue, discrimination against United States exports as to goods either obtainable from other countries or regarded by the importing country as nonessential will likewise continue, and dollar exchange available to pay for imports will be used mainly to purchase United States goods not obtainable elsewhere and regarded as essential. For some time to come, therefore, the provision against the discriminatory use of quotas will remain largely inoperative, and in consequence the value to United States exporters of many of the scheduled concessions will remain problematical. Moreover, quantitative restrictions imposed for balance-of-payments reasons may often afford additional protection to the industries of the countries imposing them and encourage the development of new industries.

NATIONS CREATE OWN DOLLAR "GAPS" BY MANIPULATING EXCHANGE

I might say at this point that the dollar shortage and dollar exchange were held out to the United States Congress to be an important factor. There are two reasons for a dollar shortage, which affects all of us. A dollar shortage occurs when we spend more each year than we earn. This applies specifically to the foreign nations when they set a price in dollars on their currency above the market price on the world exchange. Then, of course, no one would pay that price except a misguided Congress.

The report referred to also advises:

So long as countries suffer from balance-of-payment difficulties they are largely exempt from the general prohibition * * * against the use of quantitative restrictions and against discrimination among countries in the application of such restrictions.

Mr. President, the only thing that stands between a free exchange of currencies is the fixed price which is placed by foreign countries on currencies in terms of the dollar. Whenever foreign countries cease putting on their currency a price which is higher than the market price, then there will be free exchange.

Anyone would just as soon have in his pocket a British pound, an Australian pound, or an Indian pound, if he could pay for it only the price at which he could purchase it at his bank in the morning. But when the price is above that amount, whether in francs or in pesos, then, of course, no one will take it.

THE "COUGH UP OR ELSE" FOREIGN TRADE PROGRAM

"Balance of payment difficulties" is simply a nice way of saying that we must put up the difference between what the foreign country says its money is worth and what it is actually worth, whether it be a franc, a peso, or anything else. Otherwise, the foreign countries are saying they will discriminate against the trade from this Nation.

We talk about foreign trade, and say that we give foreign countries our money in order to encourage our foreign trade. Yet we give them free trade, so that Japan's 15-cent-an-hour labor and England's 43-cent-an-hour labor can compete with American labor which is paid $1.80 or $2 an hour. Whenever it is said that foreign nations wish to compete on this basis, it simply means—and this is what we have been heading for, as I have demonstrated many times—a destruction of the workingmen and investors of the United States of America as we know it. It means the destruction of the workingmen and the elimination of private business, as we know them, in the United States of America.

(At this point, by unanimous consent, Mr. MALONE yielded to Mrs. BOWRING to address the Senate on the price-support program, with the agreement that he would resume his remarks following those of Mrs. BOWRING and that her remarks would be printed at the conclusion of his speech.)

Mr. MALONE. Mr. President, all that any country has to do to continue doing whatever it pleases with relation to imports from the United States is to juggle its exchange—as many of them are doing—to make it appear that it still has balance-of-payment difficulties.

I may say, Mr. President, the way the program is handled, any nation finds it very easy to have balance-of-payment difficulties.

MANY UNITED STATES CONCESSIONS AT GENEVA LISTED

To analyze further the concessions made by the United States at Geneva we find that there were concessions made on 78 percent of total imports, using the 1939 base.

Concessions were made on many commodities, including whisky; woolen and worsteds, countable cotton cloths, linen goods, earthenware and chinaware, nickel, aluminum, Christmas trees, blueberries, gelatine, glass, sparkling wines, brandy, leather gloves, perfumes and laces, wool, on which a 25-percent reduction in duty was made, tungsten, antimony, handkerchiefs, embroideries, hat braids, bristles, glassware, jewelry, imitation precious stones, footwear, burlap, mica, sheep and lamb skins, carpet wool, sardines in oil, and wood pulp.

Mr. President, it would require many pages to list the nature and amount of concessions on each item, but in general it may be stated that rates of duty were bound on 20 percent of our total dutiable imports, were reduced less than 25 percent on one-tenth of such imports, were reduced 25 to 35 percent on slightly more than a fourth the imports, and from 35 to 50 percent on 43 percent of all dutiable imports.

CONCESSIONS PARALLEL DISTRESSED UNITED STATES INDUSTRIES

One has only to scan the list of foreign products on which tariff reductions were made at Geneva, and the list of industries that are in distress in the United States today to note a parallel.

Our diplomats met again in 1949, conferring on further concessions at Gatt sessions held in Annecy, France, from April to August 1948, an especially appropriate season to spend in France.

Concessions were granted by the United States to 10 more countries at Annecy.

Among the foreign commodities on which duties were reduced were silverware, heavy, noncarburetor internal-combustion engines, butter, blue-mold cheese, silver jewelry, sponges, olive oil, olives, canned tomatoes and tomato sauce, accordions, vermouth, cotton bedspreads, wool felt hat bodies, lemon oil, various hemp products, plywood or red pine or alder, insulating board, wallboard, a large number of iron and steel products, including ingots, blooms, slabs, billets, bars, sheets, plates, wire rods, wire, strips, bearings, tubes, sanitary ware, saws, penknives, scissors and shears, surgical instruments, pliers, hand tools, files and certain types of machines; meat extracts, canned beef, cattle hides, and mercury compounds. All of these concessions involved tariff reductions, and in the interest of time and space many items have been omitted.

A number of countries bound duties on a number of American products and in a few instances duties were reduced, but what these may mean in foreign trade cannot be computed.

THE FACTS ABOUT FOREIGN RESTRICTIONS

They cannot be computed for the reason set forth in Report No. 172 of the United States Tariff Commission which states as follows:

All countries with which the United States has trade agreements employ some or all of the various types of quantitative import restrictions and exchange-control measures permitted under the general agreement.

MORE CONCESSIONS BRING TIGHTER UNITED STATES CONTROLS

And here is a significant note.

I am continuing to quote from the same report:

In 1949 some countries continued their controls with little or no modification, the general tendency, however, was toward a tightening of controls. There were few important relaxations of such controls, particularly those imposed on imports from the United States and other so-called hard-currency countries.

Perhaps in the interest of clarity I should include another quotation from this same report. It is:

Use of exchange controls and quantitative import restrictions is permitted in the general agreement on tariffs and trade under certain conditions: of particular importance are the controls permitted for reasons of balance-of-payment difficulties, and for economic development.

Mr. President, I submit that covers the waterfront. Tariff concessions made by the United States are firm concessions. The value of our money is stable. There are no restrictions on industrial imports. Any amount of such commodities can be imported into the United States and the foreign producer will get dollars. A tariff reduction means money in the bank for any foreign industrial producer who can ship his goods here at a profit, and bigger profits for those who could ship goods here at a profit before the State Department gave him a tariff-reduction bonus.

TARIFF DECK STACKED AGAINST UNITED STATES

In contrast a bound tariff or even a reduced tariff by any foreign country is meaningless in terms of trade. They can manipulate their exchange tomorrow to wipe out the so-called tariff concession. They can deny import licenses

or juggle quotas as Venezuela has been juggling quotas on American textiles, tires, butter, potatoes, and other American products. They can and they do manipulate money and restrictions so that any change in their tariff rate is completely meaningless.

When our diplomats play foreign trade at Geneva, Annecy, Torquay, or any other European resort city, they have to play against a stacked deck, but to sit in the game they also have to use Uncle Sam's blue chips, provided them by American workingmen and taxpayers.

GATT gives these foreign sharpers our diplomats' play against every out. The house rules are made completely in their favor. The only concessions the United States can win are worthless checks, and the concessions they win from us mean hard cash.

We now come to the last big international trade game in which our diplomats sat in with representatives of 34 nations.

The State Department boasts of many concessions obtained at Torquay, but states, understandably in the light of exchange controls and import restrictions that "it is too early to estimate the amount of trade that will be benefited."

MORE UNITED STATES CONCESSIONS LISTED

Concessions granted by the United States to foreign countries at Torquay, and which are real and not paper concessions as previously explained by the junior Senator from Nevada in his remarks, included tariff reductions on imports of wool knit outerwear, cobalt oxide, sheet and window glass, structural shapes of iron or steel, radio and television apparatus, edam and gouda cheese, wool mill waste, wool tops, wool carpets, rugs and mats, rayon staple fiber, plywood, acetic acid, ferromanganese, lead in ores, mattes and flue dust, zinc ores and concentrates, cheddar cheese, canned salmon, frozen blueberries, grapes, mustard seed, Canadian whisky, a wide range of chemicals, mixtures, compounds and salts, cabbage and cauliflower seed, levers lace machine products, silk and rayon bobbinets, woodwind musical instruments, coal-tar intermediates, dental burs, drawing instruments and parts, certain clocks, clock movements and parts, printing machinery and parts; toys, mechanical and otherwise; cameras, art pottery, straw hats, Marsala wine, fish hooks, fish cakes and fish balls, bonito and yellowtail which are tuna-like fishes, certain raw cotton, bismuth, X-ray apparatus, tobacco machinery and parts, electrical calculating machines and parts, and cash registers and parts.

All of these concessions were in the form of tariff reductions.

Mr. President, I have endeavored to list here only commodities which are not only produced in foreign countries to which the State Department has given monetary concessions in the form of tariff cuts, but are produced also in quantity in the United States in American factories by American workingmen and women.

In other words the State Department has offered a bonus to these foreign countries to ship their competitive commodities into our market and take over American industries and jobs.

OUR MIGRATORY INDUSTRIES

We also encourage, Mr. President, our own businessmen and producers to go to the low-wage countries and gain a vested interest in their low-cost labor, a vested interest which those nations themselves have long had. Therefore, so long as we have virtually free trade, there is no incentive to raise the wages or standard of living in those areas, because the more such manufacturers and producers can receive for their products in this country the greater their profits. If the Congress would reassert the authority granted to it by the Constitution of the United States, and, acting through the Tariff Commission, regulate the tariffs or duties, as the Constitution calls them, in accordance with the differential of the wage standard of living here and abroad and take the profit out of the sweatshop labor, it would not require a very long time to convince the foreign nations that so long as it is not profitable to hold down their wages, they could pay the difference into the United States Treasury when their goods landed in America. The incentive to hold down wages would be gone, and I believe that within a very short period of time there would be a rise in the wages and the standard of living abroad and thereby they could create markets in their own countries.

The junior Senator from Nevada contends that there is ample trade in the world today that can be exchanged without damage to American workingmen and investors, and without damage to foreign workingmen and investors. There are articles produced in South America, in Africa, and in some parts of Europe that are not grown or manufactured in quantity in the United States.

I think more of them would be bought in the United States if American workers were not being bumped from their jobs by imports of the products that American workers can and do make as well or better than any foreign wage-earner, however low his wage or however long the hours he puts in.

BILLIONS SPENT TO ENCOURAGE FOREIGN COMPETITION

There are many products manufactured in the United States that peoples in many parts of the world want and need and which they do not supply themselves. Billions of dollars of American taxpayers' money is being spent in these areas to create industries that will supply these needs, but until these foreign industries, subsidized by tax dollars, attain substantial production these areas offer substantial markets for our products.

The fact is that the vast majority of concessions offered by our State Department at these foreign trade bazaars, are on foreign products which are competitive against American goods produced by American workers.

The economy of America is traded off in bits and pieces at international clambakes never approved by the Congress, and in a way never authorized under the Trade Agreements Act.

GATT HAS POWER WITHOUT SUBSTANCE

GATT is not even an official agency. It is provisional only. It has no permanent home or staff. It is not a body, merely a self-assembled conglomeration of diplomatic busy-bodies who play at dictating the economy and trade of the world. No nation has to accept any of its decisions. No nation can call it to account because when it is not in session it does not exist.

It does not call itself an organization but a collection of contracting parties to the General Agreement on Tariffs and Trade.

The progress report on the operation of the General Agreement on Tariffs and Trade, which I cited earlier in my remarks, is specific on that point. The foreword by E. Wyndham White, Executive Secretary of the Interim Commission for the International Trade Organization, or ITO, which was repudiated by this Congress, states:

> The contracting parties to the General Agreement on Tariffs and Trade are not an organization. They have no staff or equipment of their own.

Even their methods and procedures, he tells us, were borrowed from the ITO.

If the State Department considers itself a contracting party with or through GATT the Congress has never given it the authority to contract with or through GATT.

The State Department has never asked the Congress to authorize its deals with GATT, and has never sent to Congress any instrument that might be construed as a birth certificate. It cannot because GATT is illegitimate, and whether the State Department or Britain's Foreign Office is its father, its lineage is obscure.

GATT DEALS CLAIMED LEGALIZED BY TRADE AGREEMENTS ACT

The State Department says it has participated in GATT sessions under the authority of the Trade Agreements Act, which, as I read it, confers no such authority. There is little doubt, however, in the mind of the junior Senator from Nevada that if the Trade Agreements Act is extended the State Department will continue to send dozens of its employees to whatever foreign resort center the so-called contracting parties choose next to assemble in for a new go-around of dividing America's markets among themselves, while denying America all of their markets that they choose through import restrictions, juggled currencies, and other trade barriers to American products.

Mr. President, I think this is dangerous not only to our economy but to our national security and to our production of strategic and critical metals, minerals, and materials in the United States without which we could not fight a war or maintain high-level peacetime economy. I am therefore submitting as an amendment to H. R. 9474, S. 2992, introduced by me in the Senate of the United States on February 23, 1954, to encourage and assist the production of strategic and critical metals, minerals, and materials

in the United States, and for other purposes, and ask that it be printed in the RECORD at this point in my remarks.

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

Be it enacted, etc., That as used in this act the term "strategic and critical metals, minerals, and materials" means any metal or mineral ore or concentrate not fabricated into finished form, and any other material, which is determined to be strategic or critical under section 2 (a) of the Strategic and Critical Materials Stockpiling Act.

SEC. 2. It is declared to be the policy of the Congress to develop and promote the production of strategic and critical metals, minerals, and materials within the United States so that such metals, minerals, and materials will be available to the Nation in time of war and to relieve the United States from dependency upon foreign areas for such strategic and critical metals, minerals, and materials, the transportation of which in time of war would be difficult or impossible. It is necessary and essential that a proper economic climate be created or exist to encourage the development and production of our strategic and critical metals, minerals, and materials. Such economic climate would enable the United States to maintain a going concern critical minerals and materials industry within the United States in time of peace which can supply the Nation with such strategic and critical metals, minerals, and materials in time of war. To create such favorable economic climate and to accomplish the other objectives of this act it will be necessary to reestablish a principle in the regulation of import duties on strategic and critical metals, minerals, and materials to provide for fair and reasonable competition between foreign producers and domestic producers.

SEC. 3. (a) There is hereby created a Strategic and Critical Minerals and Materials Authority, to be composed of the Secretary of the Interior, the Secretary of Defense, the Secretary of Commerce, the Secretary of the Treasury, and the Chairman of the United States Tariff Commission (hereinafter referred to as the Authority), which shall have the powers conferred by this act with respect to any strategic and critical metal, mineral, and material whenever the Authority certifies that such strategic and critical metal, mineral, or material requires relief as authorized herein.

(b) The Authority may, subject to the civil-service laws, appoint such employees as it deems necessary to carry out its functions under this act and shall fix their compensation in accordance with the Classification Act of 1949, as amended.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SEC. 4. All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of the Tariff Act of 1930, as amended, insofar as they relate to strategic and critical metals, minerals, and materials, are hereby transferred to, and shall be exercisable by the Authority, including but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

SEC. 5. (a) The Authority is authorized and directed from time to time, and subject to the limitations herein provided, to prescribe and establish import duties upon strategic and critical metals, minerals, or other materials, which will provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Authority finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Authority shall take into consideration, insofar as it finds it practicable—

(1) the lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

(2) any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

(3) the policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

(5) the actual and potential future ration of volume and value of imports to volume and value of production, respectively;

(6) the probable extent and duration of changes in production costs and practices; and

(7) the degree to which normal cost relationships may be affected by grants, subsidies (effected through multiple rates of export exchange, or otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Authority either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however*, That no change in any import duty shall be ordered by the Authority until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

(d) The Authority, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this Act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of the Tariff Act of 1930 or upon the United States value as defined in section 402 (e) of said act.

(e) In order to carry out the purposes of this act, the Authority is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

(f) Any increase or decrease in import duties ordered by the Authority shall become effective 90 days after such order is announced: *Provided*, That any such order is first submitted to Congress by the Authority and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

(g) No order shall be announced by the Authority under this section which increases existing import duties on foreign articles if the Authority finds as a fact that the domestic industry operates, or the domestic article is produced, in a wasteful, inefficient, or extravagant manner.

(h) The Authority, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however*, That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of the Tariff Act of 1930.

(i) For the purpose of this section—

(1) The term "domestic article" means an article wholly or in part the growth or product of the United States; and the term "foreign article" means an article wholly or in part the growth or product of a foreign country.

(2) The term "United States" includes the several States and Territories and the District of Columbia.

(3) The term "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions).

(4) The term "landed duty paid price" means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a consumer, dealer, retailer, or manufacturer, if imported by an agent.

(j) The Authority is authorized to make all needful rules and regulations for carrying out its functions under the provisions of this section.

(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry.

Mr. MALONE. Mr. President, I have noticed today that a very interesting bill has been introduced by the distinguished junior Senator from Massachusetts [Mr. KENNEDY].

The PRESIDING OFFICER. The 2 hours of the Senator from Nevada has expired.

Mr. GORE. Mr. President, on behalf of the minority leader, I desire to yield 1 hour to the distinguished and able junior Senator from Nevada, who has devoted such great study to this important problem.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MALONE. I thank the distinguished Senator from Tennessee.

The bill introduced by the Senator from Masssachusetts [Mr. KENNEDY], which is S. 3650, reads, in part, as follows:

SEC. 6. Information and advice: Any business enterprise found to be eligible by the Board for assistance under this act may apply to appropriate departments and agencies of the Government for technical information, market research, or any other form of information and advice which might be of

assistance in the development of more efficient methods of production and in the development of new lines of production. Similarly, any community or industrial development corporation found eligible for assistance under this act may apply to appropriate departments and agencies of the Government for such information and advice as will enable it to develop a more balanced and diversified economy.

I now move to section 8 of the bill, paragraph (a) (1), which reads as follows:

SEC. 8. Unemployment compensation: (a) (1) The Secretary of Labor (hereinafter referred to as the "Secretary") shall on behalf of the United States enter into an agreement with any State in which an enterprise, or community, with respect to which a certificate of eligibility has been issued under this act, is located, under which the State, as agent of the United States, will make supplementary payments of compensation to unemployed individuals in the State as provided for in this section, and will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this section.

The bill is very comprehensive. Under paragraph (a) (4), it provides, in part, as follows:

(4) In any case where an unemployed individual receiving supplementary compensation under this section is no longer entitled to payment of compensation under the unemployment compensation laws of the State solely by reason of the expiration of the period for which such compensation is payable under such laws, there shall be paid to such individual, out of amounts paid to such State by the United States for such purpose and without cost to such State, compensation in an amount equal to the rate of State unemployment compensation and any supplementary compensation under this section which he has receiving immediately prior to the time he was no longer entitled to receive such rate.

HELP FOR DISTRESSED AREAS AND INDUSTRIES NEEDED

Without discussing the bill further, it is sufficient to say that it is a bill which has been drafted apparently in accordance with the statement of the State Department that whenever the operations of agreements which have been made under the Trade Agreements Act result in unemployment or injury to industry in the United States, the industry so affected shall be compensated, and the workingmen shall be compensated and trained for other work.

Since there are now 124 depressed labor market areas in the United States, it is time that some cognizance should be taken of the fact. If Congress is to continue the Trade Agreements Act and continue the free-trade policy, then certainly some compensation is due the affected areas and their workingmen. However, that is not the kind of policy which builds up a country.

Mr. President, the distinguished senior Senator from South Dakota [Mr. MUNDT] has offered an amendment to the pending bill, H. R. 9474. I have joined with the Senator from South Dakota in offering the amendment, because if the 1934 Trade Agreements Act is to be extended, and the trade agreements are to be continued, naturally there must be some protection for the agricultural industry. The amendment provides for such compensation and adjustment.

A few moments ago I offered an amendment to the bill, H. R. 9474, and I shall discuss it in a moment.

First, I wish to call attention to a dispatch in the Washington Evening Star of yesterday, entitled "Japan Must 'Make a Living,' President Warns Editors." The President of the United States is exactly correct. The article, commenting on the President's speech, reads, in part, as follows:

It is true, he remarked, that you cannot keep any other country in the world free by money alone.

At another point the article reads:

He cited four examples of types of arguments which he said were brought to his attention consistently, each having some element of truth, but none by itself advancing the Nation's welfare.

In this category General Eisenhower——

I prefer to call him President Eisenhower now——

listed assertions that—

1. The United States cannot be an Atlas and carry all other free countries on its own shoulders and so should stop so-called give-away foreign aid programs.

It is true, he remarked, that you cannot keep any other country in the world free by money alone.

2. America's allies should not be allowed to trade with the Reds.

Of course, it is true, the President said, that we should not provide our would-be destroyers with the means by which to destroy us.

3. This country should not "get involved" in southeast Asia.

He said it is true that the United States cannot be strong enough to defend every part of the world, and unless threatened nations are determined to remain free they will fall prey to Red domination.

4. The United States should not import goods from countries that have wages and living standards drastically lower than those prevailing here.

Of course, General Eisenhower said, this country must not open its gates to such a flood of low-price imports as to result in breadlines of unemployed here.

Mr. President, I shall direct my attention particularly to the second point:

America's allies should not be allowed to trade with the Reds.

I revert to my earlier discussion of an article in the New York Journal-American of yesterday, written by a special finance writer, in which he said that the United States has it in her hands, on two counts, to delay indefinitely any attack on the United States by Soviet Russia. The first is the atomic bomb. I would add, too, Mr. President, the ability to deliver the atomic bomb, which is in question just now. We should concentrate on the atomic bomb and the methods and means to deliver it.

The second point is the arming of the Reds.

FOREIGN AID BENEFICIARIES ENJOY BRISK TRADE WITH REDS

Mr. President, I have been in the Senate since 1947. Since 1948, I have, at intervals, submitted evidence, beginning 1948, that trade between the European nations, which were the first nations to receive Marshall plan aid, and Soviet Russia has never abated. It has never diminished. Those countries never had any idea of its being diminished.

In 1948 and 1949, I submitted a list of 96 trade agreements which were in effect between the 17 so-called Marshall plan countries and Russia. The countries which were receiving Marshall plan aid were selling to Russia everything necessary to fight a war, including tool steel, ball bearings, and engines. When the war began in China, that material found its way into China. We were arming our enemies so that they could fight the boys we sent to Korea.

We are still continuing to follow the same practice. The $50 billion which the United States has paid in cash and materials since World War II for the benefit of Marshall plan aid has largely gone to build up European nations which are now furnishing material to Russia and the Iron Curtain countries, and which have been doing so continuously since World War II.

We have heard that there is a cold war. I have heretofore today mentioned our good friend, Sir Winston Churchill. I am completely convinced that next to his love for Great Britain, Sir Winston loves America.

"COLD WAR" AND "IRON CURTAIN" EMPTY PHRASES

Now, where do we have a cold war? "Cold war" was a phrase invented by Mr. Churchill. But we have had no cold war, Mr. President. A cold war would be an economic war. We have had no economic war. We simply give money to European nations, who furnish it to Russia or her satellite nations on the first bounce. The European nations simply furnish to the Communist nations goods paid for with money we have given the European nations. They supply the so-called Iron Curtain countries, Russia and her satellite nations, with materials with which to wage war. Where did we get the idea of Iron Curtain countries? From the same source, Mr. Churchill, who is a very prolific coiner of phrases. Where is this Iron Curtain? Countries wishing to trade with so-called Iron Curtain nations, Russia and satellite nations, have no difficulty penetrating the Iron Curtain. So I would say there has been a very ragged Iron Curtain, and no cold war; we are the only ones who have retained the deception.

I shall now address myself to No. 4 in the article published in the Evening Star of yesterday, to which I previously referred:

The United States should not import goods from countries that have wages and living standards drastically lower than those prevailing here.

FOREIGN TRADE SHOULD BRING FAIR RETURN

No one of my acquaintance, or of whom I have knowledge, has ever said we should not import goods from other countries. We should, of course, have foreign trade. In an article appearing in an issue of Life magazine which is currently on the newsstands, it is stated very emphatically that certain Senators, including the junior Senator from Nevada, are against foreign trade.

The newer generation, the one which has grown up during the past 20 years, apparently believes that if one desires to get a quid pro quo for his money, he is against foreign trade. The junior Senator from Nevada, and all his acquaintances and all persons of whom he has knowledge and who discuss foreign trade in a sensible manner, are in favor of foreign trade on the basis of fair and reasonable competition. They are in favor of making effective the provision of the Constitution of the United States which imposes upon Congress the duty of levying tariffs, and of letting Congress do what the Constitution says it must do, namely, adjust duties, imposts, and excises, or tariffs or import fees—whatever one may wish to call them—on the basis of fair and reasonable competition. That means that the tariff or duty would represent the difference existing in wages, taxes, and other pertinent costs of doing business, considering efficiency, in this country as compared with other countries. It means that such tariffs should be adjusted continually on the basis of the difference in costs of production in this country and those in the chief competing nations.

TAKE PROFIT OUT OF SWEATSHOP LABOR

Does that sound as if the junior Senator from Nevada is against foreign trade, or does it appear from that statement that he thinks we should not trade with lower-standard-of-living nations? The junior Senator from Nevada is simply in favor of taking the profit out of sweatshop labor. Let foreign countries have equal access to the markets of the United States, but do not give them any advantage. Give the American producer and the American workingman equal access to his own market. That is an idea that does not prevail in foreign nations.

COMMENTS ON JAPAN MADE IN SEPTEMBER 1951 RECALLED

Mr. President, the title of the article which appeared in the Star was, "Japan Must 'Make a Living', the President Warns Editors." I now revert to the date of September 11, 1951, when the junior Senator from Nevada took the floor of the Senate, following some debate and addresses by distinguished Senators who had participated in the signing of the treaty between Japan and the United States of America just prior to that date. I should like to read excerpts from the address I made on September 11, 1951, which was an extemporaneous one:

Mr. President, the Japanese Peace Treaty just signed at San Francisco marked the final official slap at Nationalist China. The representatives of that great nation were not invited to sit in on the final treaty conference with Japan.

I read further:

The way has been paved for the recognition of Communist China by Japan, which will happen within a comparatively short time, unless the public realizes what the administration's long-range program really is and prevents such recognition.

I continue to read:

We have been able to postpone the recognition of Communist China by the United Nations by informing the people of the real plan of our own State Department to maneuver such recognition while giving the impression that they are opposed to it.

ACHESON WILL NOT USE VETO TO PREVENT RECOGNITION OF COMMUNIST CHINA

Mr. Acheson came back from his European trip early in 1950, and in an hour-long speech before a joint meeting of Congress told us nothing that we had not heard 50 times before, or that had not been previously stated by his henchmen, except, buried in one paragraph in the middle of his speech—leading up to it fast and getting away from it fast—he said that we would not use the veto to prevent recognition of Communist China by the United Nations. He has never changed the statement. He has never changed his attitude.

STATE DEPARTMENT POSITION ON RED CHINA VETO UNCHANGED

The junior Senator from Nevada said that on September 11, 1951, and as yet the present Secretary of State has not taken a position different from that of the former Secretary of State. He has said we would be justified in using the veto. He has said we would not let them shoot their way into the United Nations. But he has not said we will use the veto to prevent it.

I read further from my September 11, 1951, address, which seems to be running particularly true so far:

We now have free trade with Japan. They are sending their sewing machines, Christmas cards, precision instruments, and 101 other things, which under normal conditions would disarrange our American economy through eliminating American workingmen's jobs and wiping out American investments. However, by continued emergencies, bringing in constantly increasing taxes and new money from the sale of bonds to the American people, we are able to keep our economy going. Eventually we must protect our own higher standard of living from that of the 7 to 15 cents per hour Japanese labor.

Then when we stop sending three-quarters of a billion dollars to Japan annually, they must trade with China. Japan must buy her raw materials and sell her manufactured articles in China.

The final downfall of Nationalist China was the result of the brutal State Department action in utterly ignoring the almost century-old friendship between China and us and the fact that China is probably one of the few nations whose interests are parallel with our own.

Quite probably we shall resume the peace negotiations at Kaesong, or some other place within a very short time, and there will be peace in Korea. Our representative will agree to confine our activities in Asia to a few miles beyond the 38th parallel as already outlined; then there will be no more interference with Russia's activities in consolidating her gains in Nationalist China and in Asia during the next 15 to 24 months.

That is exactly what is happening now. We are on the verge of seeing the next move by Japan, which will be trade with China, her natural trading ally. Regardless of who controls China, and our State Department at that time made sure who controlled her, there will be such trading between the two countries.

Mr. President, the amendment I am offering today to the bill to extend for 1 year the life of the Trade Agreements Act is the bill introduced by me on February 23, 1954.

PRO-AMERICAN RESOURCES AMENDMENT EXPLAINED

The first paragraph of my bill, which is offered as an amendment to the bill extending the life of the Trade Agreements Act, reads as follows:

That as used in this act the term "strategic and critical metals, minerals, and materials" means any metal or mineral ore or concentrate not fabricated into finished form, and any other material, which is determined to be strategic or critical under section 2 (a) of the Strategic and Critical Materials Stockpiling Act.

In that connection, Mr. President, I point out that there are approximately 75 such metals, minerals, and materials.

Furthermore, Mr. President, in section 5 (b) (2) of my bill, which now is submitted as an amendment to the pending bill, it is stated that—

The authority shall take into consideration, in so far as it finds it practicable—

* * * * *

(2) any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments—

In other words, the Authority would be allowed to take cognizance of the manipulation of foreign exchange for trade advantage.

The next paragraph reads as follows:

(3) the policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits.

Mr. President, that simply means to take cognizance of subsidized exports by foreign nations to the United States.

A little later in that subsection we find the following:

(7) The degree to which normal cost relationships may be affected by grants, subsidies (affected through multiple rates of export exchange, or otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

FAIR AND REASONABLE COMPETITION PRINCIPLE SAFEGUARDED

In other words, Mr. President, cognizance could be taken of any manipulation to defeat the application of the principle of providing for fair and reasonable competition between foreign producers and domestic producers.

Mr. President, after having described the bill and having read it, I desire to state that if the bill is accepted as an amendment to the pending measure, then in the case of any strategic or critical metal, mineral, or material that is necessary for the protection of the United States, the tariff or import fee or duty would be fixed by the Authority, in the manner described—in other words, on a basis of fair and reasonable competition, meaning that United States producers and workingmen in those industries would have equal access to the United States market, their own market, without either any advantage or any disadvantage.

TRADE AGREEMENTS VERSUS JOBS

Mr. President, we now take up the effects of the trade deals we have made

with foreign countries on employment in the United States. The State Department is creating jobs for foreign workers and unemployment for American workers.

It is doing this through proforeign trade agreements enabling the products of peon, coolie, and sweatshop foreign labor to undercut products of American labor in our own markets.

The State Department is forcing thousands of Americans out of work, destroying the industries and jobs that are their source of livelihood, and turning these jobs over to low-wage, low-taxed foreign competitors.

It has wrecked the coal-mining industry, the zinc, lead, and other mining industries, is damaging the textile, chemical, glass, pottery, electrical goods and scores of other manufacturing industries and workingmen, and threatens every manufacurer and wage earner in the United States whose product is now or may be subject to foreign competition.

The head of one of the leading manufacturing companies of this Nation, one of the companies which assisted in establishing the chemical industry in this country following World War I, has stated that unless something is done in the way of protection of the chemical industry, by maintaining a duty or tariff to make up the difference between wages, taxes, and cost of doing business in this country as compared with costs in the chief competitive nation, the chemical industry will move back on the Rhine. We shall automatically get rid of it. It will go back where it was before World War I. Some of us still remember the condition of the chemical industry in World War I. Some of us were in that war. The junior Senator from Nevada took a battery of field artillery to France. He knew very little about the chemical industry, but he did know that the people of this Nation were very much worried as to how to conduct a war without it.

UNITED STATES INDUSTRIES SACRIFICED FOR FOREIGN TRADE

The State Department is sacrificing American industry willfully, knowingly, and deliberately. It wishes to continue doing it, and it will continue if the Trade Agreements Act of 1934, giving the State Department power over every industrial job in America, is extended.

One year ago Congress extended the Trade Agreements Act to June 12, 1954. At the time Congress extended the act for 1 year there were 16 distressed major industrial areas in the United States and 18 distressed smaller areas, a total of 34 distressed areas. Today there are 51 distressed major areas and 73 distressed smaller areas, a total of 124.

The number of distressed major areas has more than tripled, and the number of distressed smaller areas has quadrupled during the year the State Department has been permitted to further wreck employment and prosperity in the United States through the Trade Agreements Act.

Today the Department of Agriculture is having to help feed hungry American citizens made jobless by the State Department. A specific example is cited in the Washington Daily News, issue of Wednesday, June 16, 1954, under the headline "Surplus Foods Are Godsend to the Unemployed Miners." A report from Norton, Va., stated:

> A lot of surplus Government food is reaching eager and grateful consumers in this part of the country. The reason is they are unemployed—80 percent or more of them coal miners from an industry that is having its own private depression.

Mr. President, the coal industry is suffering depression, but it is not private. It is very public. Some three dozen coal-producing centers of the United States are now officially listed as distressed areas.

The miners know the reason for this depression, and their organizations have stated it in many public expressions. The operators know the reason for this depression and have stated it in many public expressions.

JOBS FOR FOREIGN OIL WORKERS; UNEMPLOYMENT FOR AMERICANS

The reason is that the State Department prefers a prosperous and rich foreign oil industry with jobs for Mideast, Far East and Venezuelan oil workers, to a healthy American coal industry employing American coal miners.

In 1952 the State Department rushed through a trade agreement with Venezuela cutting duties on residual fuel oils 50 and 75 percent.

Thus the State Department wilfully and knowingly opened the gates to unlimited imports of foreign fuels to flood out American workers from the mines and put them on skimpy rations shipped in by the Agriculture Department from its surplus stores, for which these jobless miners helped to pay when they had work.

STATE DEPARTMENT ENGAGED IN INDUSTRY-WRECKING AND UNION-BUSTING

Of course, the trade agreement with Venezuela is available under the most favored nation clause to other nations—meaning the Middle East and any other area.

I charge that in the 1952 agreement with Venezuela the State Department deliberately engaged in an official Government attempt at union busting, the union being the United Mine Workers; and at industry wrecking being the bituminous coal industry of 16 States.

The oil industry in the oil-producing States also has been substantially closed down. The last word which the junior Senator from Nevada had from the Governor of Texas was to the effect that production is now rationed to 17 days a month.

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

Mr. MALONE. I yield.

Mr. DANIEL. I can inform the Senator that only last week the Railroad Commission of Texas cut the number of producing days to 16. So since the last word the Senator had from the governor, the working time has been reduced another day. Next month, during a 31-day month, production will be permitted on only 16 days.

IMPORTS CUT DOMESTIC OIL PRODUCTION

Mr. MALONE. I ask the distinguished Senator from Texas if he believes that to a considerable extent the allocation of 16 days is due to imports of petroleum.

Mr. DANIEL. The junior Senator from Texas believes that a considerable amount of the reduction is due to imports. Before a vote is reached on the pending bill the junior Senator from Texas will certainly try to see if some sympathetic understanding of the problem cannot be brought about among those who favor the 3-year extension. If I could be assured that there would be a study by the Congress of the problems which will arise in many domestic industries, and that we would not be getting rid of the entire problem by turning it over to the executive agencies, I would not be fearful of the proposed extension. I certainly wish to have some assurance to the effect that the Congress will not be getting rid of this problem entirely, because it needs further study by the Congress.

MORE CONCESSIONS IN OFFING IF TRADE ACT IS EXTENDED

Mr. MALONE. I am very happy to have the advice and counsel of the distinguished Senator from Texas. From the beginning of his term he has been very helpful in the work of the Committee on Interior and Insular Affairs. I believe he is cognizant of the work that committee is now doing. The first report will be printed early next week, I hope. The committee was able to obtain a great deal of information with respect to the petroleum industry, the coal industry, and the gas industry in relation to various communities in the United States, and also as to the effect which imports have had on the production of oil and coal and the use of gas.

Under the pending bill, which would extend for 1 year the 1934 Trade Agreements Act, the State Department could make further concessions to other nations. It has announced that it fully intends to make certain further concessions.

PROTECTIVE LEGISLATION OFFERED

I am offering an amendment to the pending bill which would put all the strategic and critical materials—they are now properly known as critical materials, of which there are 75, including petroleum, which are necessary in the national defense, under an authority consisting of four Cabinet officers and the president of the Tariff Commission. They would be given the power to fix the duty or tariff on those commodities on the basis of fair and reasonable competition, taking into consideration all the problems that beset the industries, and in that way give the local producer in the last analysis an equal right to his own market.

In other words, there would be no advantage given to the foreign producer and no advantage to the domestic producer, as nearly as possible, and all would be placed on the basis of fair and reasonable competition.

If the amendment is adopted it will materially assist our Nation in the preparation for its defense and maintaining its materials for its defense, and in answering the problems that beset the petroleum industry and the coal industry.

Mr. President, as I stated a few moments ago the State Department not only can destroy any manufacturing or resource industry in the United States, using the Trade Agreements Act as a weapon; it can bust any union.

The Trade Agreements Act is the most effective union-busting device ever invented by friends of foreign labor or enemies of the American workingman and is being so used by soft-handed diplomats who never have had to lift a pick or shovel.

Such diplomats used it in 1952 when they made their giveaway pact with Venezuela.

The 1934 Trade Agreement Act, in fact, could be designated as a conspiracy to destroy the workingmen and investors of the United States of America.

Previous to the 1952 agreement with Venezuela the State Department had engineered a trade agreement with Mexico, granting concessions as they always do which also, under the most-favored-nation clause, covered Venezuela, the Near East, and the Far East.

FAVORED-NATION CLAUSE INVITES WORLD COMPETITION

This agreement cut duties on foreign crude and residual oils from 21 cents per barrel to 10½ cents for all imports exceeding 5 percent of domestic production, and for imports not exceeding 5 percent of domestic output the rate was further reduced to a token fee of 5¼ cents per barrel.

Mexico canceled this agreement putting the tariff back to 21 cents and our State Department, ever mindful of jobs in foreign lands and foreign interests raced to Venezuela, conferred with representatives of that military dictatorship, and dropped tariffs to the 5¼-cents-per-barrel minimum on all the oil that Venezuela or other foreign countries, under the favored-nations clause, can send to us without limitation.

This is the straw that broke the back of the coal industry, just as other foreign trade pacts have broken the back of the lace, watch, hardboard, lead, motorcycle, sewing machine, tunafish, and scores of other industries employing American workers.

Mr. President, in this connection I should like to recall that in 1951 I stood on this floor debating the advisability of renewing the 1934 Trade Agreement Act. At that time we were able to cut the extension from 3 years to 2 years. Always previously the act had been renewed for 3 years. That is why it came up for renewal last year, when it was renewed for 1 year, and why it is now up for renewal again.

At that time the junior Senator from Nevada, speaking of Japanese sewing machines, had a sewing machine made in Japan placed on one corner of his desk and a sewing machine made in America on the opposite corner. It was impossible to tell them apart 15 feet away. Each was guaranteed to do the work of the other. One of them sold for $21 wholesale and the other for $72 wholesale.

There was a minor difference, however. In Japan the worker who produced the Japanese sewing machine received 12 cents an hour in wages, and in America the American worker who produced the American sewing machine received $1.80 to $2 an hour in wages. Today the sewing machine business in this country is on the way out. It has been materially injured, and no relief has been granted.

MINERS DRIVEN OFF JOBS BY FOREIGN OIL PUT ON FOOD RELIEF

To return to the trade pact with Venezuela, which has flooded this Nation with foreign oil, today some 200,000 coal miners are out of work and the Department of Agriculture is sending food to them to keep their families from going hungry.

A recent Washington news report stated that a carload of food had arrived in Wise County, Va., to be distributed by its public welfare director among 1,500 unemployed families, 80 percent or more of them families of coal miners.

The on-the-scene report stated that the car brought 30,000 pounds of surplus Cheddar cheese labeled "Donated by the United States Department of Agriculture."

At least when we donate food to our own people it is not labeled as a gift from England or Czechoslovakia or some other country. At least we get our own name on the donations.

RELIEF RATIONS FOR JOBLESS KENTUCKY COAL MINERS LISTED

A breakdown also was given in the news report of the foods being distributed to families of unemployed coal miners in Bell County, Ky., another distressed coal-mining area.

For each person per month, it was reported, there is 1 pound each of butter, beef, cheese, and navy beans, 8 ounces of shortening—in this case cottonseed oils, 3 pounds of potatoes for each child, and 12 pounds of potatoes for each adult.

Mr. President, the junior Senator from Nevada doubts that any Venezuelan oil worker, whose job has been made secure by our State Department, has to subsist on such short rations, unless it be potatoes.

Venezuela has a rigid quota on imports of potatoes from the United States, which works out to 13½ pounds per Venezuelan.

The pro-foreign-trade program of the State Department and the surplus-food program of the Department of Agriculture present a strange anomoly.

As the State Department creates more unemployment in the United States, as it is certain to do if the Trade Agreements Act of 1934 is extended, the Department of Agriculture will be able to relieve to some extent its $6½ billion surplus of foods produced under its protective farm program.

This offers possibilties—I do not know whether the State Department has them in contemplation under its long-range planning—it offers possibilities of eliminating the farm surplus almost entirely.

HELP FOR JOBLESS NEEDED

In connection with the bills introduced by the distinguished Senator from Massachusetts [Mr. KENNEDY], and by the distinguished Senator from South Dakota [Mr. MUNDT], to help employment and to protect industries, something may yet be done, especially if the amendment offered by the junior Senator from Nevada with respect to strategic minerals and materials is adopted.

The State Department, through expansion of its pro-foreign-trade program—assuming the Trade Agreements Act is extended—can conceivably increase unemployment in the United States to a point where more millions would be dependent on surplus farm products for their bare subsistence.

In that event, toward which the State Department has made great progress, Mr. Benson's storage worries would be over. The drawback is that then there would be no one to pay the taxes to continue the support program.

Of course, in all the objectives to which the State Department program has been pointed for 25 years, the taxpayer is the least considered.

AMERICAN WAGE EARNER WORLD'S BEST MARKET

Mr. President the finest market in the world for any product, whether it be an agricultural or an industrial product, is an American citizen who is employed.

An American wage earner, enjoying the living standards of American wage earners, is a better market for either goods or services than foreign workers, earning one-third to one-twentieth an American wage.

When the State Department, through a trade deal, destroys an American industry and American jobs it destroys also American markets, the finest in the world, the market offered by employed American consumers with their desire to own good homes, good cars, good household conveniences and to give their sons and daughters good food, good health and good educations.

Mr. President, proponents of free trade contend that extension of the act is necessary to an expanding foreign trade and the national economy. That was their contention a year ago when the act was extended for 1 year or until June 12, 1954.

As the junior Senator from Nevada stated earlier in his remarks, at the time of the last extension there were 34 distressed areas in the United States and today there are 124 such areas.

During the past year we have not been engaged in a shooting war. We have enjoyed conditions more closely approximating peacetime than in any period during the past 15 years and at the same time have maintained high-level defense production. If ever the Trade Agreements Act was to bear out in any measure the promises held out by its advocates the past year was the time for it to do so.

By March of this year the number of distressed areas had increased from 34 to 80.

EIGHTY DISTRESSED AREAS MARCH 31; 124 AREAS TODAY

Mr. President, on March 31 of this year, the junior Senator from Nevada discussed the 80 distressed areas that then existed in the United States, the industries in those areas which were in distress, and gave information concerning the amount or value of competing imports from foreign countries causing the distress to American industries and communities.

I said at that time:

The United States has the resources, the ability, and the capital to maintain a strong, balanced economy, but that "over a period of two decades there has been developed five approaches in the effort to destroy the Nation's living standards, built up over a period of 175 years, and to average them with lower standards prevailing elsewhere in the world.

Each of these approaches was detailed in my remarks, including the economic approach, which was started in 1934 with the passage of the Trade Agreements Act.

I said that as a result of this act we have industries that are hurt, industries partially destroyed, industries half destroyed, and industries that are almost completely destroyed.

WE CREATE OWN DISTRESS AND UNEMPLOYMENT

In other words, Mr. President, I said that we have created and are creating our own depressed industries and distressed areas through diplomatic schemes and deals designed to fatten foreign competition against American goods and materials, whatever the cost of sacrifice to American industries, investors, workers, or communities.

Mr. President, the only protection to the foreign nations which depend upon us for support or protection is to be found in our maintaining our high living standards and our economic integrity. The very thing they promote is tearing us down to the point where we not only cannot protect them, but we cannot protect ourselves. Perhaps, Mr. President, it might be well to look at the hole card some time and see if that might not be the objective. We are never quite sure who is our most determined enemy, who is the most determined to destroy us. It could be that the military threat is not the worst threat.

I stated in my remarks on March 31, 1954, that recession can be relieved by a return to the constitutional American system under which the Congress levies duties or tariffs on the basis of fair and reasonable competition, adding:

The first obligation of this administration and the Congress is to the American economy, with stability for all its economic segments.

The number of distressed areas in March 1954 was 80.

The number of distressed areas at the end of May 1954 was 124.

Of the 80 distressed areas in March 1954, there were 34 which were termed major areas, and 46 which were designated smaller areas.

The number of distressed areas at the end of May 1954 has, as I stated before, increased to 124.

Of these, 51 are major areas; 73 smaller areas.

The junior Senator from Nevada, in his March 31, 1954, remarks, pointed out that an unemployed worker and his family, living in a smaller area, are as distressed as are an unemployed worker and his family in a major area and may have even greater difficulty in finding odd jobs or part-time employment.

DISTRESSED AREAS NOW CLASSIFIED

Distress does not depend on the size of the city or area.

So many distressed areas have been accumulating in recent months, as imports of competitive products continue to pour in, that the Bureau of Employment Security has now felt impelled to break down distressed areas into two categories.

Areas of substantial labor surplus, that is, unemployment, or with 6 to 12 percent of the normal working force jobless, are now listed as group 4-A areas.

Areas of very substantial labor surplus, or with more than 12 percent of the working force jobless, have been classified 4-B.

In other words, we now have both distressed areas and what I would call superdistressed areas.

We have seven superdistressed major areas and 31 superdistressed smaller areas.

Forty-four major areas and 42 smaller areas have only 6 to 12 percent of their workers unemployed and are 4-A.

Four-B major areas are Lawrence, Mass.; Providence, R. I.; Ponce, P. R.; Kenosha, Wis.; and Altoona, Johnstown, and Wilkes-Barre-Hazleton, Pa.

The first two are textile cities hurt by imports of more than $4,500,000,000 worth of textiles from foreign countries in the past 4 years, and by the curbs and restrictions placed by foreign countries on entry of American textiles, such as have been imposed for the past 6 years by Venezuela.

Johnstown and Wilkes-Barre-Hazleton have suffered a drastic slump because imports of residual fuel oil from Venezuela, which raises barriers against many American products, have brought depression to Pennsylvania's coal industry.

Declines in coal mining have also contributed to distress in Altoona.

Kenosha's unemployment has been attributed largely to layoffs in the automobile industry at a time when Henry Ford II, Nash, and other motor manufacturers have expanded automobile manufacture in foreign countries.

In my remarks of March 31, 1954, Mr. President, I listed the distressed areas up to that time and the industries suffering unemployment; in the great majority of cases unemployment was caused by competing imports from foreign countries. The list can be referred to readily, and so the junior Senator from Nevada will not detail the information contained in it at this time.

He will, however, list the areas that have been added since that time, or which, previously in a general group IV classification, have now been demoted to group IV-B, meaning that more than 12 percent or more of their working force is jobless.

NEW AREAS LISTED

New group IV-A cities, commodities, or areas are:

ILLINOIS

Aurora: Unemployment two-thirds higher than in January. Job declines due to defense contract terminations, high inventories, lack of orders. Most significant cutbacks in nonelectrical machinery, ordnance.

Mr. President, I digress for a moment at this point to comment that many distressed areas, particularly many of those newly distressed, have suffered severe cutbacks in defense contracts at a time when more than $2 billion in contracts have been placed by our military in foreign nations to give jobs to foreign workmen at American taxpayers' expense; and at a time when Mr. Randall of the Randall report advocates still greater offshore procurement taking jobs from American workmen and giving them to foreigners, many of whom are members of the Communist-dominated unions.

I now continue with the list of new group IV-A areas in Illinois, Mr. Randall's home State:

Joliet: Employment downtrend underway since August, prolonged by recent cutbacks in defense chemicals and ordnance.

Peoria: Six months' downtrend in area's dominant nonelectrical machinery industry, smaller cutbacks in transportation and construction responsible for substantial labor surplus. Manufacturing employment one-sixth below, unemployment twice as great as year-ago level.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The Chair wishes to advise the Senator from Nevada that his time has expired.

Mr. BUSH. Mr. President, since the Senate will now begin to operate under the controlled time limitation in its debate on the bill, I ask unanimous consent——

Mr. MALONE. Mr. President, I wish to ask for the additional hour which I was promised from the other side of the aisle.

Mr. BUSH. I have no knowledge of an additional hour having been promised. The Senator from Nevada has just used 1 hour which had been yielded to him by the distinguished minority leader.

Mr. MALONE. There is 1 more hour due.

Mr. DANIEL. Mr. President, it is correct that the minority leader promised the distinguished Senator from Nevada 1 hour.

Mr. BUSH. Mr. President, I ask unanimous consent that I may be privileged to suggest the absence of a quorum, in order to signal to Senators who are not in the Chamber the fact that debate on the amendments will begin immediately after the quorum call.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement, the minority leader was granted the control of 2 hours for the purpose of allotting

time to Senators who are opposed to the bill. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. How much of that time has been used?

The PRESIDING OFFICER. Sixty minutes has been used thus far.

Mr. JOHNSON of Texas. Are there 60 minutes remaining?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. I should like to inquire if there are any Members of the Senate who are opposed to the bill who desire to have time allotted to them now?

Hearing no response, may I inquire if the Senator from Nevada desires an additional allotment of time?

Mr. MALONE. Yes; I desire additional time.

Mr. JOHNSON of Texas. I yield 45 minutes to the Senator from Nevada.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nevada for 45 minutes.

DISCUSSION OF NEW DISTRESSED AREAS RESUMED—INDIANA

Mr. MALONE. Evansville: Motor vehicle, aircraft parts layoffs reduce factory payrolls significantly since first of year.

Fort Wayne: Factory job losses (heaviest in transportation equipment, machinery) due to reduced defense, civilian orders lifts surplus to substantial levels.

The surplus here is of course a labor surplus. Farm surpluses, for example, are protected from foreign competition. The junior Senator from Nevada doubts that anyone in Government would even propose purchasing $2 billion worth of wheat, cotton or other farm commodities in foreign lands under an off-shore procurement program, such as has been done with respect to industrial materials to be used by our military.

CROPS PROTECTED BUT NOT JOBS OR HUMANS

No protection is offered to surplus labor in America.

Corn is protected but not humans.

MASSACHUSETTS

Fall River: Closing of two cotton weaving mills, decline in rubber responsible for recent nonfarm employment drop. Fall River might contact free traders who right now are demanding opening our markets still further to foreign textiles.

MISSISSIPPI

Jackson: Significant decline in furniture-lumber payrolls. Lumber is another commodity being increasingly imported from low-wage foreign countries.

MISSOURI

St. Louis: Recent factory losses, heaviest in durable-goods lines, particularly in ordnance, primary metals, and autos, boost labor surplus to substantial levels. Unemployment has more than doubled during the past year.

Mr. President, during 1953 we exported $6,400 million in foreign aid to foreign countries, which set a new postwar high.

We imported $10,878 million in foreign products.

We export dollars and import competition and unemployment.

We export payrolls and import distressed cities and industries.

GROUP IV–A AREAS CONTINUED

To continue with our list of new group IV–A areas:

NEW YORK

Albany-Schenectady-Troy: Recent employment losses led by ordnance, railroad equipment, and electrical machinery. Textiles, paper also edge down. Unemployment up some 60 percent in past year.

Buffalo: Unemployment rises to more than double year ago level. Sharp factory losses have been centered in durable-goods lines, especially in primary metals, motor vehicles, and electrical machinery.

Utica-Rome: Layoffs in textiles, apparel, leather goods, nonelectrical machinery, primary and fabricated metals responsible for 60 percent unemployment increase in past year.

OHIO

Canton: Production cutbacks in steel, nonelectrical machinery as defense and civilian orders decline result in substantial labor surplus.

PENNSYLVANIA

Erie: Nonelectrical machinery leads general manufacturing decline as factory jobs drop one-eighth since March 1953.

Mr. President, some of our foreign friends, assisted by substantial sums in American aid, have been making great gains in the manufacture of nonelectrical machinery, and at some future time I may put in some of the information and data I have showing their advances.

Philadelphia: Over-the-year declines in manufacturing primarily responsible for substantial labor surplus. Transportation equipment, machinery, primary metals, textiles most affected.

Pittsburgh: Factory jobs drop to 10 percent below year-ago levels; steel cutbacks responsible for half of recent decline.

ONE HUNDRED MILLION DOLLARS FOR FOREIGN COAL-STEEL COMBINE; IDLENESS FOR AMERICAN COAL-STEEL WORKERS

Mr. President, our Government, through negotiations conducted by the State Department, recently advanced $100,000,000 to the high authority of the European coal-steel community of Western Europe with headquarters in Luxembourg, to expand production in those foreign industries, construct new housing, and assist any workers who may become "redundant" or in other words unemployed.

We know of no such assistance to any of the distressed steel or coal communities of the United States, or to our own jobless miners and steel workers.

Reading: Increased labor surplus traceable to 10-percent factory drop over past year. Primary metals, apparel, food, transportation equipment show sharpest recent losses. Continued decline in primary metals appears in prospect.

TENNESSEE

Knoxville: Losses in textiles, primary metals, instruments, Government tobacco warehouses lead recent downtrend.

Mr. President, I refer again to the bill which has been introduced by the distinguished junior Senator from Massachusetts [Mr. KENNEDY]. It is the first bill ever introduced in Congress, at least which I have noticed, to reimburse workers and industries for the loss of jobs and the destruction of industry.

FAIR FOREIGN TRADE PROGRAM WOULD RESTORE DISTRESSED UNITED STATES INDUSTRIES

Mr. President, the textile and the primary metal industries will prosper when this country resumes the foreign-trade policies that existed during the first 150 years of our history, with American metals and textiles given equal access to American markets with competitive foreign products.

The favoritism shown to foreign metals and foreign textiles under the Trade Agreements Act of 1934 is bringing distress and unemployment to the American textile and metals industry.

We come now to the new smaller group IV–A areas, which I shall summarize from the May report of the Bureau of Employment Security of the Department of Labor.

SMALLER GROUP IV–A AREAS LISTED—ALABAMA

Alexander City: Recent drop in dominant textiles, over-the-year decline in important lumber and wood product companies increased number of jobless almost threefold within the year.

Anniston: Substantial cutback in ordnance plus recent sharp drop in lumber.

Talladega: Ordnance, textile, and apparel layoffs result in substantial unemployment increases.

GEORGIA

Cordele: Contract completion brings recent ordnance drop.

IOWA

Burlington: Sharp rise in joblessness in past year occasioned principally by ordnance layoffs.

Ottumwa: Sharp employment decline during the past year due to sagging demand for farm implements and layoffs in meatpacking, construction, railroads, and trade.

KENTUCKY

Frankfort: Year-long layoffs in textiles, apparel, leather, construction produce substantial surplus.

Owensboro: Cutback in dominant electrical machinery.

MASSACHUSETTS

Milford: Manufacturing decline, centered in textile machinery and textiles, boosts unemployment to substantial levels.

MICHIGAN

Adrian: Unemployment triples over year as slackened defense-civilian activity forces nonferrous foundry, metal fabrication, household machinery cuts.

Ann Arbor-Ypsilanti: Year-long employment decline stemming from cancellation of aircraft contract, suspension of auto assembly at major plant results in substantial unemployment.

Benton Harbor: Significant over-the-year losses in primary metals, nonelectrical-electrical machinery produces substantial labor surplus.

Iron Mountain: Winter shutdown of three iron-ore mines aggravates already adverse economic situation.

Jackson: Civilian and defense production cutbacks drop factory work force 10 percent.

MISSOURI

Joplin: Principal employment losses in past year noted in trade, textiles, and apparel.

Springfield: Over-the-year losses reported in furniture, transportation, and stone-clay-glass industries. Joblessness up more than 50 percent in same period.

Mr. President, I might say here that stone-clay-glass imports have wrecked that industry throughout the United States. Many Pennsylvania, Ohio, West Virginia communities and stone-clay-glass centers in other States are experiencing the same distress as Springfield, Mo.

NEW YORK

Jamestown-Dunkirk: Unemployment rise in past year attributed chiefly to downturn in primary metals and other durable goods manufacturing, plus layoffs in apparel and textiles.

PENNSYLVANIA

Berwick-Bloomsburg: Sharp drop in dominant transportation equipment attributed to termination of Government, civilian contracts.

New Castle: Durable goods decline (steel, machinery, auto parts), results from drop in civilian, defense orders.

TENNESSEE

Bristol-Johnson City-Kingsport: Largest cutback centered in dominant chemicals industry but furniture reduction also significant.

WISCONSIN

Beaver Dam: Past year employment declines in durable goods industries due to cutbacks in defense contracts.

This brings us to a group of new distressed smaller areas which have plunged almost immediately into group IV–B or areas in which 12 percent or more of the working force is jobless.

Litchfield, Ill.: Gradual deterioration over the past several years spearheaded by cutbacks in important coal mining.

Mt. Vernon, Ill.: One-third loss in manufacturing employment in past year centered in railroad equipment; apparel and trade payrolls also down.

Pittsburg, Kans.: Job declines centered in nonelectrical machinery, mining, trade, and transportation.

Henderson, Ky.: Permanent shutdown of Army camp, layoff of area's workers formerly employed in nearby Evansville, Ind., area boost labor surplus to substantial proportions.

Logan, W. Va.: Continued heavy layoffs in bituminous coal mining, return to area of former outmigrants virtually doubled unemployment in first few months of the year.

AREAS WHERE 12 PERCENT OF WORKERS JOBLESS GIVEN

Mr. President, I ask unanimous consent to place in the RECORD at this point in my remarks a complete list of all group IV–B areas, or areas where 12 percent or more of the area's work force is unemployed.

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

GROUP IV–B AREAS

Lawrence, Mass.; Providence, R. I.; Gloversville, N. Y.; Ponce, P. R.; Cumberland, Md.; Altoona, Pa.; Clearfield-Du Bois, Pa.; Indiana, Pa.; Johnstown, Pa.; Kittanning-Ford City, Pa.; Pottsville, Pa.; Sunbury-Shamokin-Mt. Carmel, Pa.; Uniontown-Connellsville, Pa.; Wilkes-Barre-Hazelton, Pa.; Big Stone Gap-Appalachia, Va.; Beckley, W. Va.; Logan, W. Va.; Morgantown, W. Va.; Point Pleasant, W. Va.; Ronceverte-White Sulphur Springs, W. Va.; Welch, W. Va.; Jasper, Ala.; La Follette-Jellico-Tazewell, Tenn.; Newport, Tenn.; Corbin, Ky.; Hazard, Ky.; Henderson, Ky.; Madisonville, Ky.; Middlesboro-Harlan, Ky.; Paintsville-Prestonburg, Ky.; Pikeville, Ky.; Williamson, W. Va.; Herrin-Murphysboro-West Frankfort, Ill.; Litchfield, Ill.; Mount Vernon, Ill.; Michigan City-La Porte, Ind.; Vincennes, Ind.; Kenosha, Wis.; Pittsburg, Kans.

AREAS OF 6 TO 12 PERCENT UNEMPLOYMENT

Mr. MALONE. Mr. President, I now ask unanimous consent to place in the RECORD a complete list of areas designated group IV–A areas in which from 6 to 12 percent of the area's workforce is unemployed.

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

GROUP IV–A AREAS

Biddeford, Me.; Fall River, Mass.; Lowell, Mass.; Milford, Mass.; New Bedford, Mass.; North Adams, Mass.; Southbridge-Webster, Mass.; Atlantic City, N. J.; Paterson, N. J.; Albany-Schenectady-Troy, N. Y.; Buffalo, N. Y.; Hudson, N. Y.; Jamestown-Dunkirk, N. Y., Utica-Rome, N. Y.; Mayaguez, P. R.; San Juan, P. R.; Asheville, N. C.; Durham, N. C.; Waynesville, N. C.; Winston-Salem, N. C.; Berwick-Bloomsburg, Pa.; Erie, Pa.; New Castle, Pa.; Philadelphia, Pa.; Pittsburgh, Pa.; Reading, Pa.; Scranton, Pa.; Williamsport, Pa.; Covington-Clifton Forge, Va.; Radford-Pulaski, Va.; Bluefield, W. Va.; Charleston, W. Va.; Clarksburg, W. Va.; Fairmont, W. Va.; Huntington, W. Va.-Ashland, Ky.; Parkersburg, W. Va.; Wheeling, W. Va.; Steubenville, Ohio; Alexander City, Ala; Anniston, Ala.; Gadsden, Ala.; Talledega, Ala.; Cedartown-Rockmart, Ga.; Cordele, Ga.; Jackson, Miss.; Bristol-Johnson City-Kingsport, Tenn.-Va.; Chattanooga, Tenn.; Knoxville, Tenn.; Frankfort, Ky.; Owensboro, Ky.; Adrian, Mich.; Ann Arbor-Ypsilanti, Mich.; Battle Creek, Mich.; Bay City, Mich.; Benton Harbor, Mich.; Detroit, Mich.; Ionia-Belding-Greenville, Mich.; Iron Mountain, Mich.; Jackson, Mich.—where the Republican Party was founded with pledges to safeguard America's economy—Monroe, Mich.; Muskegon, Mich.; Port Huron, Mich.; Canton, Ohio; Toledo, Ohio; Aurora, Ill.; Davenport-Rock Island-Moline, Iowa-Ill.; Joliet, Ill.; Peoria, Ill.; Evansville, Ind.; Fort Wayne, Ind.; South Bend, Ind.; Terre Haute, Ind.; Duluth, Minn.-Superior, Wis.; Beaver Dam, Wis.; La Crosse, Wis.; Racine, Wis.; Burlington, Iowa; Ottumwa, Iowa; Joplin, Mo.; Springfield, Mo.; St. Joseph, Mo.; St. Louis, Mo.; San Antonio, Tex.; Texarkana, Tex.-Ark.; Albuquerque, N. Mex.; Portland, Oreg.; and Tacoma, Wash.

QUERY ON VIEWS OF UNEMPLOYED TOWARD TRADE ACT PROPOSED

Mr. MALONE. Mr. President, I suggest that the Congress determine how the unemployed workers of those cities view imports of foreign products competing with American industry imports which these workers, when they were employed, helped subsidize with their tax dollars.

During the past year, and while the trade-agreements program was in force under an extension, 1,488,00 industrial workers lost their jobs, 1,344,000 of them in manufacturing, and 98,000 of them in mining industries.

Many of these jobless workers live in States, one or more of the Senators from which not only are advocating the extension of the depression-breeding Trade Agreements Act, but proposing extension of the act for 3 years, with greatly broadened powers to the executive branch further to decrease tariffs on foreign imports which today are putting American citizens out of work.

TWENTY-TWO PROPONENTS OF 3-YEAR EXTENSION HAVE DISTRESSED AREAS IN OWN STATES

This brings me to H. R. 9474, proposed as amendments in the nature of a substitute by the distinguished junior Senator from Tennessee and 22 other able Senators from 17 States.

Four of these States, Florida, Oklahoma, South Carolina, and Montana have no areas listed in the latest report of the Bureau of Employment Security as being either in group IV–A or group IV–B.

The number of distressed areas in the remaining 13 States ranges from 1 to 7.

Both of the distinguished Senators from Tennessee are associated in the amendments proposed as a substitute, which would extend the Trade Agreements Act for 3 years, with broad powers to further reduce tariffs. The distressed areas of Tennessee are Chattanooga, Knoxville, Newport, LaFollette-Jellico-Tazewell, Johnson City-Kingsport.

Earlier in my remarks today, I discussed unemployment in Knoxville and in the Johnson City-Kingsport area, and on March 31, 1954, I discussed the unemployment in Chattanooga, and in the LaFollette-Jellico-Tazewell and Newport areas, as reported at that time by the Bureau of Employment Security.

LaFollette-Jellico-Tazewell was distressed, my colleagues will recall, by a 60-percent decline in coal-mining activity, and with many of the remaining 1,400 miners employed only 1 or 2 days a week.

Newport was suffering from employment losses in lumber, leather, and the stone-clay-glass industry, all of them hurt by heavy imports. Both are now group IV–B areas, with 12 percent or more of their wage earners jobless.

Chattanooga was suffering from what the Bureau of Employment Security described as a fairly general downtrend led by chemicals, fabricated metals, trade.

The junior Senator from Nevada has previously noted that Johnson City-Kingsport, like Chattanooga, has suffered its largest cutback in the dominant chemicals industry, and that textiles, primary metals, and instruments lead the list of industries in which job losses have occurred in Knoxville, Tenn.

Textiles and primary metals are among our heaviest imports from foreign countries.

CHEMICAL CENTERS HARD HIT BY IMPORTS

The setback in the chemicals industry of Chattanooga and Johnson City-Kingsport is, in the opinion of the junior Senator from Nevada, quite significant.

I ask unanimous consent to have placed in the RECORD at this point in my remarks a signed article written by Dr. Cary R. Wagner, president of the Synthetic Organic Chemical Manufacturers Association, published under the heading "Free Trade Drive Is Seen as a Threat to Industry Progress" in the New York Journal of Commerce of June 3, 1954.

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

FREE-TRADE DRIVE IS SEEN AS THREAT TO INDUSTRY PROGRESS—SOCMA HEAD WARNS FURTHER LOWERING OF PROTECTION WOULD IMPERIL MOBILIZATION CAPACITY, STRENGTH OF DOMESTIC ECONOMY

(By Dr. Cary R. Wagner, president, Synthetic Organic Chemical Manufacturers' Association)

High pressures, hot retorts, mixed reactions, and murky solutions are familiar technical problems to producers of organic chemicals. These are also characteristics of the tariff debate which has swirled around the Randall Commission's report and the administration's program to carry out the Commission's recommendations.

Free traders, for example, like to repeat parrotlike the magic words that unless American tariff barriers are lowered, the free world will be unable to trade with us, become weak, and succumb to Communist ideology. Few trouble to look at the record. Those who do find that it rebukes such grossly distorted pleas for further reduction of United States tariffs.

TRADE FIGURES CITED

The record shows that there is now no dollar gap. United States current account of international payments, excluding military-aid shipments, for the 1953 fiscal year shows a deficit of $100 million. For the calendar year 1953 the deficit was $300 million. Foreign gold and dollar holdings have built up $8 billion in the last 5 years to $23 billion—50 percent higher than in 1937.

United States tariffs are the lowest of any important commercial nation. From a level of 46.7 percent average ad valorem equivalent in 1934. United States tariffs have been reduced to 12.4 percent on dutiable imports and 5.6 percent on dutiable and free imports in 1953.

United States imports reached a record-breaking $11 billion in 1953. Furthermore, the increase in our gross national product predicted by the Paley Commission report will carry along with it an ever-increasing volume of United States imports. By 1975 our gross national product will double, while our population increases nearly 27 percent. This will result in an increase in the physical volume of imports of 2.3 percent per year during the next 20 years.

MILITARY-AID BACKLOG

Let it be remembered, too, that there is at the present time a $10 billion backlog of undelivered but programed United States military aid for our foreign allies. Whatever imbalance may arise as the volume of merchandise and service exports and imports of the United States fluctuates from time to time can be met out of the dollars which are being made available to our allies through this offshore-procurement program, and without any additional appropriations.

The dire predicament of our allies depicted by the free traders as justification for tariff cutting simply does not exist, as these facts eloquently show.

Those interested in the tariff debate, who by now have perhaps become accustomed to seeing barbs and shafts launched by the free traders at the chemical industry should be reminded that the organic chemical industry is not urging higher tariffs.

EQUALIZING OF TARIFFS

The organic chemical industry has, however, been in the thick of the debate on our national tariff policy, because it owes its existence to a wise tariff policy adopted by the Congress after World War I, it owes much of its vigor and dynamic rate of expansion to the equalizing effect which chemical tariffs have had on the production advantages enjoyed by foreign producers.

What then is the objective of the organic chemical industry's tariff program if it's not higher tariffs. Simply, this: To preserve all the conditions necessary for protecting the restless strength and dynamic energy of the organic chemical industry.

The domestic organic chemical industry faces foreign competition whose labor is paid wages only one-fourth to one-sixth those paid the American chemical worker. Technology and raw-material costs are comparable here and abroad.

MUST FACE REALITIES

Equalizing the cost of production is not a sop to overcome a lagging unproductive domestic industry. It is stern reality premised upon the ability of our foreign competitors to use comparable technical production ingenuity in the same harness with underpaid, low-cost labor.

Under 20 years of doctrinaire free-trade agreeableness by the United States, chemical tariffs have been reduced 51 percent. By 1952 96 percent of chemical imports were subject to reduced duty rates. The average ad valorem equivalent of chemical duties in that year was but 12.4 percent.

Chemical imports under the lash of these tariff reductions have jumped fivefold between 1947 and 1952. They have increased in that period from $9 million to $44 million.

GERMAN EXPORT BOOM

The United States industry's traditional foreign competitor, the German organic industry, has seen its exports to the United States move from $129,000 in 1948 to $6,450,000 by 1952, a fiftyfold increase. The U. N. report on the economic situation in Europe in 1953 reports that by the end of 1953 West Germany's exports to the dollar area trebled over 1953, record level.

Well might the industry's leaders watch these developments. They occur at a time when the West German Government has all but abandoned efforts to secure legislation outlawing cartels. The inernational dye and chemical cartel was centered in Germany prior to World Wars I and II. It was the cartel which prevented the development of a domestic organic chemical industry before World War I.

After the First World War the Nation's military leaders, determined never again to wage a war without a strong organic chemical industry to supply essential chemicals for explosives, medicinals, dyes, and the countless industrial uses related to the war effort, secured from the Congress a realistic tariff policy for the establishment and development of an industry in this country.

World War II found a strong yet relatively small industry ready to do a job. Tremendous expansion of the organic chemical industry was necessary, however, in order to meet all of World War II's essential requirements.

ROLE IN NATIONAL SECURITY

The industry made that expansion. Productive capacity in 1939 was 4 billion pounds per year; by 1944 this had leaped to 15 billion pounds. This growth continued after World War II. In the Korean emergency the industry turned out 27½ billion pounds of organic chemicals. Under certificates of necessity, the mobilization authorities have projected the expansion of the industry to a capacity of 36½ billion pounds by 1955.

Those who followed the activities of the recent Chemical Progress Week, and particularly those who attended the convention of the Armed Forces Chemical Association in Washington that week and saw the exhibits there, realize the tremendous influence organic chemicals have on our way of life and our national security.

The amazing accomplishments and entire new industries which have been based upon synthetic organic chemicals is an exciting story of industrial pioneering in America's newest frontier—chemical technology. Pharmaceuticals, plastics, agricultural chemicals, dyes which duplicate the vivid hues of the rainbow, new explosives and implements of war, detergents, the amazing surface-active agents—all of these stem directly from developments in the organic-chemical industry during the past 10 years.

Indeed, many of the largest companies in the industry are devoting the bulk of their production today to products which were not even in existence 10 years ago.

AIM OF TARIFF ACT

Thoughtful leaders in the chemical industry are aware that these accomplishments are the fulfillment of the objective underlying the national policy expressed in the Tariff Act of 1922 and 1930 for the creation and protection of the organic chemical industry in the United States. The congressional debates and reports for those acts show that the Nation was determined to reach the following results:

1. Create and maintain chemical technology and productive capacity to supply the explosives, medicinals, dyestuffs, and other organic chemicals needed in time of war.

2. The advancement of medical chemistry, strengthening the Nation's health resources through progress based upon organic chemistry.

CREATES NEW INDUSTRIES

3. Bolstering the Nation's economy through expansion of the chemical industry and the establishment of new industries based on products of organic chemical research.

4. Building up a pool of technically skilled chemical engineers and research scientists to man domestic industry in time of peace and the Nation's war production in time of war.

5. Stimulate scientific research by multiplying chemical laboratories throughout the Nation and providing employment for students attracted through a lucrative profession in chemistry.

6. Protect the Americal chemical industry from economic warfare by foreign cartels.

PROGRESS IN 30 YEARS

The policy has been an astounding success. In the space of 30 years the industry's capacity for defense production has grown from 144 million pounds to 36½ billion pounds. Research expenditures have leaped from $4 million to $200 million.

Whole new areas in medical science have opened up based on the new wonder drugs and pharmaceuticals produced from organic chemicals. Entire new industries based on organic chemicals—synthetic fibers, synthetic rubber, plastics, agricultural chemicals, detergents—have sprung up to play their part in strengthening the domestic economy.

The industry's research and development activities have stimulated the growth of the chemical and engineering professions. Today nearly half of all chemists specialize in organic chemistry. More than 100,000 chemists and 50,000 chemical engineers now staff the plants and laboratories of the Nation, double the number in 1940.

INDUSTRY POSITION

The position which the organic chemical industry has laid before the Randall Commission, the executive departments, and the Congress is simply this:

Whatever form our national tariff policy takes, it must include adequate, efficient, speedy procedure to safeguard essential defense productive capacity from import injury.

Next our tariff and trade program, whatever its form, must not be executed in a manner which will undermine the sources of strength for our domestic economy. This is of far greater importance to a continued high level of foreign trade than any psychological monkeying with our tariff schedules.

The only remedy available now to protect industrial mobilization capacity or to preserve essential sources of strength in our domestic economy from import injury is the escape clause. How ephemeral this remedy is! In over 60 applications filed with the Tariff Commission, relief has actually been granted in only three.

BILL H. R. 6584

For similar reasons, SOCMA is opposed to H. R. 6584 now pending in the Senate which would change customs valuation and currency conversion procedures. By eliminating the higher foreign value base, the bill would cut duties and protection available to domestic industries.

A special analysis prepared for SOCMA by the Bureau of Census on the basis of Bureau of Customs data for 1952 imports indicates that a reduction of 12.1 percent in duties on the majority of imported organic chemicals subject to ad valorem rates would occur if this single change of eliminating foreign value were made.

The bill's new definitions for value bases would also result in lower duties and a loss of protection for domestic industries. The bill would tie currency conversion to par values for foreign currencies which are established abroad.

SAFEGUARDS LACKING

All of these changes, will make it easier for foreigners to exert some control over the determination of United States duties. The sweeping reductions which would result from this bill, moreover, are not even subject to the limited safeguards now provided by the peril point and escape clause procedures.

No one seriously will argue that the United States should not protect its industrial capacity of importance to our own security. Competent observers agree that the most important factor to a continued high level of international trade and the economic strength of the free world is the continued strength and expansion of the United States economy.

It behooves us, then, to adopt measures which will meet these two objectives upon which there is no disagreement. A further reduction of tariffs cannot logically be regarded as appropriate to either end. Rather, a streamlining of the escape clause so that relief from import injury will be quickly granted or a restoration of the procedure for equalizing the cost of production here and abroad is needed.

Mr. MALONE. Mr. President, the distinguished Senators from Alabama also are sponsoring the amendments proposed as a substitute to extend the Trade Agreements Act for 3 years, with authority to grant further tariff-cut concessions to foreign products shipped to the United States.

Alabama, like Tennessee, has 5 group-IV areas, 4 in group IV-A, Alexander City, Anniston, Gadsden, and Talladega, and 1 in group IV-B, Jasper.

Jasper, it may be recalled, is suffering from the depression in bituminous coal mining, caused in large part, according to industry and labor spokesmen, by the heavy imports of residual fuels from foreign countries.

Gadsden is suffering from layoffs in primary metals, Alexander City from its sharp drop in dominant textiles, Talladega from textile, ordnance and apparel layoffs, and Anniston from cutbacks in ordnance, while the Government carries out its two-billion-dollar program of offshore or foreign military procurement.

The junior Senator from New York, a State which has 6 group-IV areas, 1 of them now relegated to group B, has associated himself with the junior Senator from Tennessee in proposing a 3-year extension and further tariff cuts.

The group IV-B city is Gloversville, of which the Bureau of Employment Security has stated tersely: "Difficulty in competing with foreign glovemakers has contributed to employment decline for a number of years."

The other five group-IV New York areas are Hudson, where textile shutdowns have brought distress, and Albany-Schenectady-Troy, Buffalo, Utica-Rome, and Jamestown-Dunkirk, previously discussed.

Neither the States of Tennessee or Alabama, nor the State of New York, lead in the number of distressed areas, however. That unenviable distinction is held by Illinois, whose senior Senator is among the 23 Members who have proposed H. R. 9479, calling for a 3-year extension of the Trade Agreements Act as a substitute for the pending legislation.

Illinois has 7 group-IV areas, 3 of them classified as group IV-B.

The group-B areas are Herrin-Murphysboro-West Frankfort, where coal miners and sewing-machine operators make up a large segment of the 12 percent or more unemployed; Litchfield, and Mount Vernon, whose distress the junior Senator from Nevada discussed earlier in his remarks.

The group IV-A areas are Aurora, Rock Island-Moline, Joliet, and Peoria, also previously discussed.

Chicago has not reached group IV status, but it has moved downward from group II to group III in the latest report, group III meaning those of moderate labor surplus, or unemployment. The Bureau of Employment Security notes of Chicago:

> Mounting unemployment resulting from continuing durable goods cutbacks—especially in communications equipment, steel mills and foundries primarily responsible for classification change. Joblessness more than triple year-ago level.

TRADE ACT EXTENSION MAY BE DEPRESSION FACTOR

Mr. President, the junior Senator from Nevada has heard some speculation from other sources—and he wants to make it clearly understood that he in no way refers to the senior Senator from Illinois in this regard—that a depression would increase the possibility of a new administration in 1956, an administration more inclined to the policies of the extremist wing of the opposition party. I have never attached much weight to such considerations, convinced as I am that my colleagues on both sides of the aisle are dedicated to what they consider the best interests of the Nation.

However, should there be such assumption in any circles outside this body, no way to bring about a depression in time for the next elections could be more certain than extending the Trade Agreements Act for another 3 years.

ORIGINAL SPONSORS OF TRADE ACT UNSURE OF ITS EFFECTS

The Trade Agreements Act was a New Deal creation by New Dealers so unsure themselves of this international socialistic program that they limited the initial act to only 3 years. They did so at a time when they had such powerful influence in Congress that they could readily have made it a permanent statute and policy, subject only to outright congressional repeal.

The law was enacted originally as a temporary measure to meet only a temporary and emotional situation, and, through repeated extensions, it has been on the statute books ever since, reaping profits for a few industrialists who have extensive industrial operations abroad, and international financiers, and reaping distress, investment setbacks, retarded resource development, and unemployment here at home.

Missouri's two distinguished Senators, like those of Tennessee and Alabama, have associated themselves with the proposed amendment which would extend the Trade Agreements Act for 3 years and open the gates to increased foreign competition through further reductions in tariffs. Missouri has four newly designated group IV areas—St. Louis, Joplin, Springfield, and St. Joseph—with unemployment noted in Joplin's textile industry. Springfield's stone-clay-glass craftsmen, St. Joseph's meatpacking and apparel industries, and in St. Louis in ordnance, primary metals, and autos, with the notation that unemployment has more than doubled during the past year.

Ohio's able junior Senator supports a 3-year extension of the Trade Agreements Act, with Canton a new group IV area as a result of production cutbacks in steel and nonelectrical machinery, and Toledo an older group IV area because of cutbacks in auto plants, electrical machinery, aircraft parts, and glass.

RHODE ISLAND SUFFERS FROM TEXTILE IMPORTS

Other supporters of a 3-year extension of the act include the distinguished senior Senator from Rhode Island [Mr. GREEN], where its principal city, Providence, is a group B or superdistressed area, and has suffered a sharp slump in textile employment in recent years which is largely responsible for persistence of sizable unemployment, according to the Bureau of Employment Security.

States that have two Senators associated with the proposed 3-year extension substitute and which have one distressed area are Washington and Arkansas; those with one pro-3-year-extension Senator and one distressed area are Mississippi, Minnesota, Oregon, and New Mexico. None of the Senators who have associated themselves officially with the

amendment proposed by the junior Senator from Tennessee are Republicans.

TRADE ACT CREATES DEMAND FOR FOREIGN SUBSIDIES

Mr. President, the foreign policy carried over from the previous New Deal and Fair Deal administrations, under which we export money, jobs, and contracts, and import foreign goods, cutrate competition, and unemployment, just does not work in a peacetime economy. It has never worked in peacetime or at any time when we were not stretched to the very limit of our manpower potential by an all-out, maximum war-production effort. It cannot work at any other time, and will not work at any other time, because it simply does not make sense to subsidize foreign industry, subsidize foreign workers, and subsidize foreign products being brought into the United States to compete against our own goods, and in the meantime tax our industries and workingmen to the very limit, to pay for subsidizing the foreign competition that is closing the doors of our industrial plants and is putting their employees out of work.

The siren song of freetraders in 1934, as it is now, was that lower tariffs would induce foreign countries to open their markets to the products of our industry, without our having to furnish them the money to pay for what they obtain from us.

Since this act was placed on the statute books, we have managed to increase exports by giving more than $100 billion to foreign countries, almost 50 billion of it since the war.

In other words, the American taxpayer has had to pay for half the goods we export, without deriving any utility or monetary benefit from the products we ship abroad. This would not be too serious if we were only shipping abroad goods that we pay for ourselves. But hand in hand with this program of giving away America by bits and pieces has been the stratagem of flooding our own markets with foreign goods produced by low-wage, low-taxes, peon, coolie, or sweatshop labor. If carried to its ultimate end, this program to give away our jobs, resources, wealth, and industry will ultimately destroy our country, as the socialistic and communistic countries of the world desire.

FOREIGN COUNTRIES CURB ENTRY OF UNITED STATES GOODS

In a short time I shall document the acts of more than a score of foreign countries—all receiving aid from the United States, at the expense of American taxpayers—who have raised drastic trade barriers against American goods, while we have opened our gates to their products, products that are costing Americans their jobs, closing down mines, mills, and factories, and creating a serious industrial recession.

Mr. President, the data I present will be from our own official records.

Recession, or call it depression, if you prefer, is foreordained in any peacetime period so long as we give away to foreign competitors both our wealth and our jobs.

The only way we can maintain a rising and balanced economy is the way our forefathers followed for the first 150 years of our history, the constitutional way of regulating commerce through Congress in the interest of the United States, and of laying duties, imposts, and excises—called tariffs—to meet the glaring foreign wage and tax differentials, thus giving American workingmen and investors equal access to our own markets.

In other words, we must give American industry protection, as we give protection to our farmers, and for the same reason, namely, that if we do not, the whole country will "go broke."

At present we do give protection to many major agricultural industries, though not to all. We protect the prices farmers receive for tobacco, wheat, corn, peanuts, cotton, and rice, for example, under a program the junior Senator from Nevada has supported.

PARITY IS PROTECTIVE TARIFF PRICE FOR WHEAT, CORN, COTTON, RICE

We do it under a system called parity, which the junior Senator from Nevada also has supported.

Parity, to all purposes and effects, is the protective-tariff price for cotton, for wheat, and for the other commodities I have listed.

There are also other methods by which the Government, properly, I think, protects the farmer and the prices he receives for his products.

Mr. President, unless duties or tariffs—whatever they may be called—are invoked, so as to equal the differential between the wage-living standard in the United States and that of our chief competitive country, the importations of agricultural products will make the program so expensive that the American people will disown it. We are importing butter from Denmark and the Low Countries; we are importing wheat from Canada. I could name many other agricultural products we are importing; and we are either storing them or storing our own products. We now have in storage three crops of wheat and corn, and another crop of each is coming up.

TARIFFS ADD REVENUE TO TREASURY; SUBSIDIES TAKE MONEY OUT

Mr. President, at this time I should like to say that the difference between a tariff and a subsidy is that a tariff is new money coming into the United States Treasury, that may be expended in lowering the national debt or lowering taxes. On the other hand, subsidies are a new or a higher tax taken from the taxpayers and paid to the producers.

In contrast to the protection given important segments of our agriculture, Mr. President, no protection at all is given to producers in many of our vital industries, including our defense industries. Protection has been destroyed either by completely removing equalizing tariffs or by dropping them so low that the only way an American industry could compete would be to lower wages to the bare subsistence level of foreign sweatshops.

In other words, if the tariff or duty is only 10 percent lower than the differential between the wages and taxes and other important factors in connection with doing business in the United States, as compared with doing business in our chief competing nation, then the wages and investments must be written off by that amount, or else those firms will have to go out of business.

TRADE ACT LEAVES INDUSTRY DEFENSELESS

Made defenseless by the Trade Agreements Act of 1934, many mills, mines, and factories today have closed; industrial employment is continuing to plunge downward; and more and more cities are being added to our lists of distressed areas, as I have shown from official records.

How long, may I ask our free traders, will unemployed textile workers, pottery makers, coal miners, glassblowers, leather workers, hat makers—and I could name workers in a hundred other crafts and industries—continue to have faith in a representation in the Congress which year after year extends the Trade Agrements Act of 1934, thus denying them their means of livelihood?

INDUSTRIALISTS WITH FACTORIES IN FOREIGN LANDS BACK EXTENSION

How long are they going to back a program, whether it be the program of that erstwhile Venezuelan agent, Charles P. Taft; or of Clarence S. Coleman, busy manufacturing typewriters and accounting machines with low-cost labor in France and other foreign countries; or of Henry Ford II, with his 26 foreign subsidiaries; or of Clarence M. Randall; or, by adoption and misadvice, that of an administration, while displaced American workers are paying, on a national average, 21.5 cents a quart for milk, 70 cents a pound for butter, 17 cents for a 1-pound loaf of bread, or $4 or more for a cotton shirt—and paying for these protected commodities, if you please, out of their meager unemployment compensation checks, received in lieu of francs, shillings, and pesos going to some foreign workers.

Mr. President, I ask unanimous consent to have printed in the RECORD, at this point in my remarks, an article entitled "Foreign Firms Pay Two Backers of Free Trade," written by the Washington correspondent, Philip Warden, and published in the December 21, 1953, issue of the Washington Times-Herald.

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

[From the Washington Times-Herald of December 21, 1953]

FOREIGN FIRMS PAY TWO BACKERS OF FREE TRADE—CHARLES TAFT FILES AS VENEZUELA AGENT

(By Philip Warden)

Two of the leaders in a businessmen's campaign to lower American tariffs and permit free trade are on the payroll of some foreign firms which would benefit most, it was revealed Sunday.

They are Charles P. Taft, president, and George W. Ball, secretary, of the Committee for a National Trade Policy, Inc. Both have filed registration statements with the Justice Department under the Foreign Agents Registration Act as agents of Venezuela.

The American coal industry and the independent oil companies, whose properties and operations are confined to the United States, claim they are suffering heavy financial losses because many of the largest industrial consumers of their products are switching to Venezuela waste oil for fuel.

Venezuelan oil refineries, owned for the most part by one or two big American oil companies, are somewhat primitive by comparison with refineries in the United States, oil industry officials said. In refining gasoline and other petroleum products from Venezuelan crude oil, the refiners accumulate a low-grade oil which for many years was dumped in the ocean as waste.

UNDERCUT UNITED STATES OILS

Petroleum researchers found this waste oil made a good fuel oil when special burners were installed. The refiners in recent years have pushed its sale along the eastern seaboard, offering it at prices below American coal and American-produced fuel oils.

The coal industry and the independent oil producers have been fighting for congressional action for months to get tariffs increased on the Venezuelan residual fuel oils as a protective measure. The tariffs had been cut in half a year ago by Presidential order.

With a fight on their hands, the Venezuelan Chamber of Commerce hired the Washington law firm of Cleary, Gottlieb, Friendly & Ball, its associate firm in New York, at a $75,000-a-year fee to provide legal advice and related services.

"These services include giving advice to proposals designed to increase tariffs or impose quotas on petroleum and petroleum products," the registration statement filed by the law firm with the Justice Department said. "In this capacity the registrant has prepared and distributed mimeographed materials opposing such proposals and has individually communicated its opposition to such proposals to interested persons in the United States."

The registration statement showed that the law firm has established a network of representatives among powerful political figures across the Nation to propagandize for Venezuela.

Taft, brother of the late Republican Senator from Ohio, is listed as the spokesman in Cincinnati. Stuart S. Ball, one of Adlai Stevenson's principal advisers in the 1952 presidential campaign, is the Chicago representative, the registration statement shows.

Taft, the Justice Department said, has filed a separate registration statement. His statement, however, does not show what fees, if any, he has collected.

TAFT DESCRIBES WORK

Taft, in a recent letter to a newspaper, said his job involves "enlisting the support of the many Cincinnati businesses, ranging from small producers of cotton clothing and toys, all the way up to Procter & Gamble, and the Cincinnati Milling Machine Co.," in fighting the imposition of quotas on Venezuelan oil imports. He said he was "hired" by the Cleary firm for this purpose.

GOVERNMENT WEEKLY LURES FOREIGN INVESTORS

Mr. MALONE. Mr. President, the myth that subsidies and trade giveaways bring concessions, in return, from foreign countries, or that these countries in return open their doors to our goods and products, is readily debunked just by reviewing the multitude of trade barriers other nations have erected while we have torn down ours, leaving our industrial economy defenseless in the face of foreign competition.

A review of these facts, as presented in the Foreign Commerce Weekly of the Department of Commerce, will show how the contentions of our free traders are borne out.

Mr. President, the Foreign Commerce Weekly of the Department of Commerce frequently reflects the policies and effects of our pro-foreign-trade program.

A run-through of issues of the current year may be revealing.

For example, on page 4 of the January 4, 1954, issue appears an advertisement, paid for by American taxpayers, as is the publication itself. The advertisement reads as follows:

Investment in Venezuela. Conditions and outlook for United States investors. $1. From United States Department of Commerce field offices, or from the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C.

The advertisement is in a neat box, with the name "Venezuela" in big, black letters, and of course is published without cost to Venezuela. The junior Senator from Nevada is a strong believer in the virtues of advertising when paid for by the prospective beneficiary, instead of being paid for by the American taxpayer. He believes that the proper place for investment-in-Venezuela advertisements designed to extract dollars from America is in commercial publications, not in a Government publication for which our taxpayers have to pay.

PUBLICATION PROMOTES MORE FOREIGN COMPETITION TO UNITED STATES INDUSTRY

The junior Senator from Nevada has scanned all the 1954 issues of the Foreign Commerce Weekly, and many of the issues in previous years, and finds none advocating foreign investment in America, which might supplement American payrolls.

As will be shown, the Venezuelan advertisement is repeated in many issues of the Weekly, indicating that the Department of Commerce is eager to increase American investments in Venezuela and, through them, the production and exportation of more commodities in competition with American workingmen and women, such as already have brought distress to our coal industry and serious and severe cutbacks to our own domestic oil production.

The January 4 issue also contains a somewhat glowing article on Venezuela's prosperity, of which one paragraph reads as follows:

Production of heavy crude petroleum was increased to meet the better world demand for fuel oil, and overall country oil production reached an average of 1,870,487 barrels a day for the week ended November 23, the highest rate since the week ended January 5, 1953.

This is the fuel oil, of course, which is closing American coal mines in many states, putting coal miners out of work by the tens of thousands, creating a third of the Nation's distressed areas, and forcing States like Texas and Kansas to reduce their own oil production.

VENEZUELA FEARS UNITED STATES "DUMPING"

Equally intriguing are the following paragraphs appearing in the same article:

Reports from Buenos Aires on the unfavorable reception in Argentina of the United States declaration that beef was in surplus supply and would be sold to the United Kingdom for sterling, brought immediate reaction among farm and industrial groups in Venezuela.

These groups fear that a policy of dumping is being adopted by the United States.

Mr. President, the country which last year dumped on the United States more than one-third of a billion dollars' worth of petroleum products, including tremendous amounts of residual fuel oils, is worried about the possibility that the United States will dump on it some of our farm surpluses.

Let me read further from the article in the Foreign Commerce Weekly, published by the United States Department of Commerce:

The Venezuelan view is that dumping has not yet begun but that surpluses in the United States must be sold abroad.

Note this, Mr. President:

Those who expressed a fear of dumping proposed taking protective measures in anticipation of excessive exports from the United States.

Mr. President, from time to time protective measures against the dumping of Venezuelan fuel oils on the United States have been proposed to the Congress, and have always met with furious opposition from the State Department and the very vocal spokesmen for free trade. Venezuela, herself, has not been idle in resisting American proposals against having Venezuela dump her peon-labor products on the United States.

Mr. Charles P. Taft, we recall, was hired by Venezuelan interests to assist them in combating these proposals, on which occasion he registered under the Foreign Agents Registration Act as a foreign agent.

Foreign Agent Taft—Charles P. Taft, that is—now is president of a so-called Committee for a National Trade Policy, which is campaigning for more tariff concessions to Venezuela and other countries. Mr. Taft has recently been in Washington, propagandizing for approval of the Randall recommendations to further reduce our tariff defenses, weaken the Buy-American Act, and extend the depression-breeding Trade Agreements Act of 1934.

It would be interesting to note how Mr. Charles P. Taft views the Venezuelan proposals to take "protective measures in anticipation of excessive exports from the United States."

INDIA ALSO RECEIVES FREE ADVERTISEMENTS IN FEDERAL WEEKLY

The same issue of Foreign Commerce Weekly also contains advertisements for investment in India, the nation that recently has barred American military aircraft from flying over it, enroute to Indochina, for the purpose of attempting to aid in the resistance there against Communist aggression.

Senators may have had occasion to note in their newspapers that India's Premier Nehru apparently is becoming increasingly more friendly to the Soviet and to Communists in general. The junior Senator from Nevada questions the desirability of further American investments in India where, it would seem, there is considerable risk of competition and the invoking of India's ire.

The Department of Commerce itself does not seem to consider investment in India as important as investment in Venezuela. The Venezuela investment brochure, as stated before, is priced at $1, but the one on investment in India

may be had for 70 cents, paid in at any of the Department of Commerce field offices.

An advertisement plugging investment in Colombia in the same issue of Foreign Commerce Weekly, offers an even more reduced rate—55 cents.

MILLIONS FOR BRAZILIAN POWER PROJECTS NOTED

Turning to the January 11, 1954, issue we find that international bank loans to Brazil totaling $22.5 million will help railroads and public power, that Syria has increased duties on tires, tubes, refrigerators, washing machines, passenger cars, and sound films, and that New Zealand has a system of import licensing which "is the principal factor limiting imports from the United States and other dollar countries," although the Government was preparing to "issue import licenses for a limited quantity of Russian canned fish."

The January 18 issue of Foreign Commerce Weekly tells of Haiti imposing higher import surtaxes, the continued "upward trend" of United Kingdom exports, and of Italy favoring sales of Italian-made TV sets. "Wide support urged for world-trade week," has a special box on page 5.

FIFTY THOUSAND SEWING MACHINES BOUGHT IN THE NETHERLANDS

The January 25 issue carries another "Investment in Venezuela" advertisement on page 5; an article on page 11 listing direct foreign investments in Venezuela as $1.2 billion; Brazil, $1 billion; Cuba, $700 million; and Chile $600 million; an article titled "United States Buys Sewing Machines From Netherlands"—a mere 50,000 units valued at about $3 million—and of Haiti raising duties on buttons and combs.

Other interesting headlines include, "Austria to Buy Coffee Under Colombian Pact"; "U. K. to Purchase Beef Under FOA Program"—$17,250,000 worth; "India Plans to Increase Petroleum Production"; and "Soviet Seeks Indian Trade."

We learn also that "United States Merchant Fleet Decreases in Size," and that the United States Tariff Commission "Orders Hearing on Clover Seed."

RANDALL REPORT BOOSTED

The February 1 issue of Foreign Commerce Weekly, published by the United States Department of Commerce at taxpayers' expense, banners the Randall report and recommendations of tariff cuts, relaxation of the Buy American Act, and other changes that would inevitably weaken our economic defenses. The first of two articles on the subject starts on page 12, but there are many other interesting items in this issue.

The first reports, "Danish Agricultural Output Reaches New High: Industrial Production Up" which, of course, offers the possibility of more Danish cheese and butter.

"Japanese Industry Sets New Record" is another feature, with the notation that "October Exports Increased in Textiles and Textile Products (Except Staple Fibers, Drugs and Chemicals, Iron and Steel and Other Metal Products, Cement, Pottery, and Sewing Machines)."

BRITISH COAL PRODUCTION UP

After that there is an article headed, "British Industry Attains Production Records: Building, Utilities Rise."

Unemployed coal miners may be interested in passages in this report on British industry which state:

> Coal production in the week ended December 19, 1953, reached 5 million tons for the first time since 1938.

A marked upturn in coal production in November and December also is noted, but that is in the United Kingdom and not in the United States.

The United States statistics on coal production are not given, but the weekly does report the decline in exports of coal from 24,604,325 tons in 1952 to 13,226,546 tons in 1953.

India gets another free "investment in India" advertisement on page 8.

EUROPEAN COAL-STEEL 5-YEAR PROGRAM CALLS FOR $1,750,000,000

The February 8 issue of the Foreign Commerce Weekly published by the Department of Commerce continues its commendatory article on the Randall report, and carries one of the first indications of things to come in subsidies to the European Coal and Steel Community. The latter article is headed, "Investment Needed for European Coal, Steel," and the subhead states, "Coal to have first priority."

While American coal mines close, the coal industry suffers, and coal exports drop almost half within a year, we read that "A minimum of $1,750,000,000 over the next 4 or 5 years" will be needed to modernize Europe's coal and steel industries.

Recently our Government advanced $100 million toward this goal in Europe, or $100 million more than it has advanced the American coal industry which, although in great distress, receives nothing.

To return to the February 8, 1954, issue of foreign commerce weekly we find on page 15 that Australia has increased duties on acetone, floor coverings, not wholly of cotton; buttons other than trochus pearl or imitation; transmission chains; certain artisans' and mechanics' tools; spectacles, sunglasses, goggles and frames; butyl alcohol, and some types of polyethylene plastics.

Decreases were indicated for butyl acetate, gaskets of metal and asbestos combined, kit-bag frames, and cork rings and corks.

We find that South Africa had restored import duties on some semifinished iron and steel products and that Mexico had placed controls on various textiles.

It is interesting to note in this issue also that "United Kingdom tightens financial controls over Middle East trade."

That "Mexico places more items under import control," and that South Africa, unlike the United States, had imposed an antidumping duty on imports of woven cotton piece goods from Japan.

MORE BRITISH CARS SCHEDULED FOR UNITED STATES MARKET

Another item is headed "Sports car to be made in Britain for United States market," adding that for approximately 12 months the entire output will be shipped to the United States, and that the price will be around $3,000 each. This will, of course, be news—although the junior Senator from Nevada would not say welcome news—to Mr. Walter Reuther's unemployed automobile workers in Michigan and Indiana.

Headlines in the February 22 issue include: "Argentine Economy Boosted by Good Grain Harvests." "New Costa Rican Tariff Proposed." "Congo Raises Duties on Number of Items." "Dominican Coffee Tax Raised 17 Percent."

Exports, that is.

Another headline reads, "Increased Trade Between Italy, U. S. S. R. Projected Under Protocol for 1953–54"; and under another headline, "India Revises List of Free-Export Goods." One finds that antimony, bismuth, cadmium, chrome, columbium, rutile, tantalum, and zircon are no longer freely exportable without license.

Another item notes: "New Zealand Plans Lumber, Paper Projects With Export-Import Loan," and adds that United States equipment is to be used in mills now under construction.

Further on we read that the Foreign Operations Administration is financing up to $1,200,000 Spanish purchases of ferrous scrap. Purchases may be made from the United States or from Japan, Latin America, French North Africa, or Marshall-plan countries in Europe.

COFFEE PRICES RISE IN BRAZIL

The March 1, 1954, issue reports that coffee and cacao prices moved sharply upward in Brazil, that Japanese production continues at record levels, and that Mexico's new tariff schedules will further discourage Mexican imports of textiles, clothing, shoes, processed foodstuffs, and various agricultural products, most of which compete with domestic production and are already subject to high import duties.

The next to the last page notes, "United States coal exports lower in January."

The March 8, 1954, issue reports that:

> Finnish economy picks up in 1953.
> Economy in Pakistan shows uptrend.
> Haitian financial outlook improves: larger coffee, cotton crops seen.

And—

> Uruguayan wool exports satisfactory.

Everybody prospers, it seems, and only the United States appears to have suffered a downturn. The question that arises in the mind of the junior Senator from Nevada is, of course, How much of this foreign boom has been financed by United States dollars taken from the pockets of our taxpayers?

VENEZUELA BOOMS

Venezuela is planning a new $600,000 hotel we read, and the weekly carries another "Investment in Venezuela" advertisement on the following page. Further on we note that a $3.6 million new enterprise in Venezuela is to manufacture glassware, tumblers, window glass, and bottles. The issue also carries "Investment in India" advertisement.

Turning to the next issue of Foreign Commerce Weekly, that of March 15, we find that the Government of India, where the Department of Commerce

encourages American investments, has "Requested renegotiation of certain of its tariff concessions made in the general agreement on tariffs and trade in 1947 and 1951." This is being done, we are told, "in the light of exceptional circumstances."

A further paragraph reads:

The interested contracting parties to that agreement, including the United States, have agreed to this renegotiation. * * * India's purpose in requesting the renegotiation is to secure modifications in the concessions it has granted in rates of duty on specified items.

Mr. President, the junior Senator from Nevada is aware that considerable time is required to note all of these interesting items in the Foreign Commerce Weekly, but they have a bearing on the proposals now pending before the Senate that would open our gates still further to cutthroat competition by nations which impose more and more restrictions on American products.

Thus, in the March 22, 1954, issue we read the following headlines: "Additional Peruvian Taxes Proposed for Many Imports," and "Mexico Raises Duties on Number of Items."

"Investment in Venezuela" gets its usual advertising, but in this issue "Investment in India" is given doubled space.

INDIA "ANGERED" AT UNITED STATES

Mr. President, it occurs to the junior Senator from Nevada that more advertising in behalf of India by the Department of Commerce may be necessary if it is to continue to encourage American investors to export dollars to that country.

On his part the junior Senator from Nevada would be unwilling to invest even the 70 cents asked by the Department of Commerce for its India booklet after reading the article which appeared in May 2, 1954, edition of the Washington Post headed "India Angrier Than Ever at United States," and stating: "Secretive Soviet Criticized Less."

I ask unanimous consent that this article be printed in the RECORD at this point, as a part of my remarks.

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

SECRETIVE SOVIET CRITICIZED LESS—INDIA ANGRIER THAN EVER AT UNITED STATES

(By Ian Fawcett)

NEW DELHI.—India now is more anti-America than at any time within memory.

India is angered by the recent American decision to grant arms aid to Pakistan, despite Indian objections. It is also angered by Washington's persistent refusal to recognize Communist China.

The feeling here is described as anti-America rather than anti-American, because individually Indians are as friendly toward Americans as ever. Indians like Americans, they admire American technical efficiency, and generally they are impressed by—although somewhat envious of—the American manner of living.

But they are opposed to almost every important aspect of present American foreign policy, and there is a wide feeling here that America, rather than Russia, might set off a third world war.

American representatives here are aware of these Indian attitudes and are endeavoring to explain the American attitude on world problems, to convince India that America is right and the Communists wrong. According to most neutral assessments here, they have so far been largely unsuccessful.

The fundamental approach of the American propaganda effort here is that the more Indians know about America and the Americans, the more they are likely to understand the American viewpoint.

The United States Information Service turns out thousands of words daily, mostly about American financial aid for India. About 20 percent of USIS bulletins are published in the Indian press, compared with about 1 percent of the comparable Russian output.

The problem here is that so few Indian villagers can read. They can, and do, grasp a fact such as American arms aid to Pakistan. They are less likely to appreciate the meaning of long-range American financial aid.

The fact that on April 1 four more agreements were signed, providing for an additional $11 million in American aid for development projects in India, simply does not become common knowledge among the Indian people.

Newspapers print the facts, noting that the projects include modernization and expansion of India's marine and inland fisheries, the acquisition of 25,000 tons of iron and steel for agriculture, and the training of Indian farmers. But the news makes little impact on the great mass of the Indian population, and those who do grasp it do not seem to be very impressed.

As one American official explained, "The more we inform, the more we seem to be shot at."

Apart from the more personal issue of Pakistan arms aid, which has brought anti-America feeling to its present peak, the average Indian is normally more hostile toward American than to Russian foreign policy, according to one highly placed Indian, because he knows more about it.

"We know what America is thinking and doing, and since we don't like a lot of it, we are critical," he said. "In the case of Russia, we know less and, therefore, there is less criticism."

Many people here think that is why the casual visitor might get the impression that India is better disposed toward Russia than toward America.

India is certainly more angry with the United States than with Russia. In addition to the question of Pakistan arms and Communist China, India believes the United States wrong in continuing H-bomb tests. (Soviet H-bomb tests have not received nearly as much publicity here.)

And despite extensive counterpropaganda, India still believes America practices racial discrimination. On these particular points, Russia is believed right and America wrong.

In Delhi I heard an American ask an Indian, "Why don't I ever see any word criticizing Russia in the Indian press?"

The Indian replied: "Russian statesmen don't leave themselves as wide open as yours do. Also, one is always more willing to criticize those one knows well than those who are relatively strangers—particularly when the stranger is as close geographically as Russia or China and might actively resent criticism."

Accordingly, Russia does not have to pay much attention to answering criticism and can devote its propaganda to extending the influence of communism. And it has a ready-made machine in the Communist Party of India.

"We cannot expect to achieve the same results with a depleted United States Information Service, employing a few dozen people, as the Communist Party can through its reportedly 60,000 card members," a USIS man said. America can and does distribute books and films that are well circulated, but he added: "We have no agents who tell villagers what to read and see."

Mr. MALONE. Later we shall find an example of India's friendliness toward several companies which have made investments in India, but further examination should be given to the March 22, 1954, issue of Foreign Commerce Weekly, published by the Department of Commerce.

This issue also carries a very informative report on United States imports and exports in 1953. Of imports it states:

Among the expanding components of imports last year, the greater part of the rise in absolute terms was the increase in industrial materials closely linked to the high level of defense expenditures and civilian durable goods production in the United States.

Prominent in this advance were aluminum, copper, iron ore, ferro alloying materials, steel, and petroleum.

There was also a moderate increase in imports of foodstuffs. A larger volume of coffee at rising prices accounted for much of this, but other foodstuffs, including some fruits and nuts, alcoholic beverages, meat products, and sugar shared in the advance.

In addition a great variety of other imports was brought into the United States in response to the record level of income prevailing here, or in some cases as a result of more active sales promotion by importers or foreign producers. The diversity of these scattered gains, many of them in finished goods, is suggested by the following partial listing: Newsprint, fertilizer materials, sheet and plate glass, manufactures of wool, cotton and flax, electrical apparatus, watches, photographic goods, musical instruments, jewelry, and toys.

Mr. President, many of these commodities are clearly competitive with American products. Many are produced by low-wage peon, coolie, or sweatshop foreign labor. Imports of many of them have contributed directly to the decline in production and employment in many United States industries. Many of them constitute a very real threat to our national economy and security.

IMPORTS CUT UNITED STATES JOB ROLLS

Every ton of aluminum, copper, iron ore, ferroalloys, and steel, and every barrel of petroleum imported into the United States means lessened employment for Americans, smaller returns to American investors, and lessened domestice production.

Sheet and plate glass, wool, cotton, and flax manufactures, electrical apparatus, watches, photographic goods, musical instruments, jewelry, and toys imported into the United States at prices undercutting costs of American manufacture means less work and fewer jobs for Americans, and less revenues to the United States Treasury.

FOA HELPS FINANCE NEW LONDON HOTEL TO CATER TO UNITED STATES TRAVELERS

Let us now move into April. The first issue of that month banners, "President Adopts Randall Commission's Main Points in Foreign Economic Policy Message."

We then note that "British toy exports to United States set record," which must intrigue the American toy industry; that the Foreign Operations Administration "guarantees funds for hotel in London," and that the hotel "will cater primarily to United States travelers." This should add to the comfort and convenience of

our diplomats on their missions to London to receive new economic or foreign policy advice.

We find that "German motor vehicle output rises," "sterling area surplus raised by United States aid," and "prosperous year seen for Australia."

This is the issue which carries stories under headlines "Venezuela Sets 6-Month Cotton Quota" and "Venezuela Restores Import Duties on Glass Ampules" previously referred to, and we learn that Ecuador had increased duties on many items, including some automobiles.

"FOA Aids New Mineral Search in Philippines" is a headline to "United States Coal Exports Drop in February," and the junior Senator from Nevada assumes no further comment is needed on that subject.

The first article in the April 12 issue of Foreign Commerce Weekly is headed "United Kingdom Industrial Production at New Peak."

Three pages on we find that "Venezuela Plans New Industrial Plants," which proves that Department of Commerce advertising pays. The item continues:

> Commodities to be produced in the proposed plants include chlorine, caustic soda, yeast, ethyl alcohol, butyl alcohol, alcohol butylacid, citric acid, lactic acid, carbonic acid, glycerins, plastics, and acetone.

Other articles are headed "India Plans To Make Small Automobiles," and "India To Have New Electronics Factory," which again may demonstrate the value of advertising, although the automobile article also reports that General Motors and the Ford Motor Co. of Canada, Ltd. are preparing to close their Bombay assembly plants.

COSTA RICA UPS TARIFFS

Costa Rica increased tariffs effective April 1, we learn in the April 19 issue of Foreign Trade Weekly. Items on which duties were increased include "automobiles, electric refrigerators, washing machines, radios, cigarettes, whiskey, and so forth, including a wide variety of canned foodstuffs."

The report continues:

> The domestic textile industry is given additional protection in the form of considerably increased import duties.

We learn also in this issue that "Mexico sharply increases duties on buttons," "Higher Peruvian tire, nail duties sought," and "Ethiopian coffee export duty up to US$240 a ton." The investment in Venezuela ad has been moved back to page 23.

Mr. President we are coming almost to the close of our review of the interesting publication, Foreign Commerce Weekly, which, of course, is financed by American taxpayers. It is a very valuable publication, giving us, as it does, a factual report on developments in foreign aid and trade.

For example, in the April 26, 1954 issue we read that the Foreign Operations Administration is to contribute $11 million toward the construction of a new river project in India. I am sure there are many river development projects in the United States that could use $11 million of taxpayers' money, but apparently India is a special case. In the past 3 years we have poured $183 million in foreign aid into India and been kicked in the shins for our gifts while India flirts with Communists.

Scanning the April 26 issue further I note that—

> Honduras adds 8 import tariff items,
> French raise customs taxes,
> New British car made for North American trade,
> Bolivia levies new tax on import permit applications.

We now come to the May 3 issue of Foreign Commerce Weekly, published by the Department of Commerce at taxpayers' expense.

The front page billboards five articles and its usual departments.

The articles, reading from top to bottom are:

> Costa Rican duties up under new customs tariff.
> Venezuelan domestic trade generally favorable.
> Colombia places new tax on coffee exports.
> Finland purchases more cars from Soviet bloc.
> New harbor facilities planned at Goteborg.

The Venezuelan article, on page 3, reports that petroleum production "increased during the quarter to meet a better world demand for crude oil and other petroleum products. Crude-oil production was about 9 percent over the comparable period of 1953."

We also learn that construction of Venezuela's third tire-manufacturing plant was started in March, and that the $4.5 million plant is owned by an American firm. Advertising, particularly when it is in the Foreign Commerce Weekly, pays.

Another headline reads, "Colombia Levies Coffee Export Tax," and a smaller headline, "Congo Duties Up on Coffee and Cacao, Off on Rubber," again referring to export duties. American consumers, of course, pay these higher rates, which foreign exporters necessarily must add to their markups.

We read also "Japan trade group officials to study cotton industry," "United States and Japan sign tax conventions," and "Shoe Retailers Association members to visit United States." The shoe dealers are due from Europe.

In small type on the third from the last page we also note this heading on a two-paragraph item:

> Tariff Commission Postpones Hearing on Wood Screws.

On the next to the last page we come to "Investment in Colombia."

Mr. President, the junior Senator from Nevada is interested in investment in America, in the United States, not in investment in India, Venezuela, or Colombia. He is aware, however, that investment in the United States is very risky to the American investor.

FOREIGN INDUSTRY FLOURISHES ON FOREIGN AID WHILE UNITED STATES INDUSTRY SAGS

At any time the State Department can damage or ruin investments in America by encouraging, through trade concessions, loans, grants, and subsidies to foreign countries, and foreign dumping of foreign products in cutthroat competition against the products of American industry.

American investment in American industries and American industries themselves are discouraged while administrative departments coddle socialized and nationalized foreign industry and spurn every proposal of American free enterprise to safeguard domestic resources and production against unfair, cutthroat competition. The result is that foreign industries are flourishing, foreign production zooming to new records, while industries and areas in the United States are confronted with increasing distress.

On several occasions recently the junior Senator from Nevada has discussed on the Senate floor the plight of the coal and textile industries and has contended that the only relief that these distressed industries and other distressed industries can obtain is for the Congress to permit the Trade Agreements Act of 1934, the act which has brought on their distress, and which expired on June 12, 1954, to remain expired.

FOREIGN SHIPBUILDING INDUSTRY AIDED WHILE SHIP CONSTRUCTION IN AMERICA SAGS

The May 10, 1954, issue of Foreign Commerce Weekly informs us:

> The international bank for reconstruction and development has made its first loan, of $25 million, to Norway, to help carry forward economic development. The expansion of Norway's merchant fleet is one of the most important parts of this development, and the loan will make available part of the foreign exchange needed for the purchase of merchant ships being built in foreign shipyards.

Mr. President, in this connection it might be remarked that the American Government and American interests have done very well by foreign shipyards.

The New York Journal of Commerce, in its issue of June 9, reports, in a dispatch from London, England:

> With the laying of the keel recently at Birkenhead for the world's largest bauxite ore carrier, to be built for the Aluminum Co. of America, financed new ship construction placed with foreign yards during the postwar period reached just short of $1 billion. Actually the total is estimated at $975 million, representing 279 new tankers, ore carriers, and cargo ships of 5,707,820 deadweight tons.

Further on the same article also reports:

> While there has been a noticeable slackening during the past 18 months in the volume of contracts for new tonnage placed with foreign yards by United States and affiliated interests, due to the declining volume of international trade, end of the Korean war, and contraction of United States aid programs, foreign yards still have a backlog of over 2 million deadweight tons of such shipping which will require up to 2 years to complete.

This contrasts with reports received here—

Meaning London—

which indicate that American shipyards will shortly finish all their contracts for ocean ships with the result that several face early shutdowns.

To return to the Foreign Commerce Weekly, and its excellent world report-

age, we read in this same May 10 issue that there is a bumper crop of coffee in Haiti, that New Zealand intends to license imports of United States and Canadian cars, that "Burma and Communist China agree to facilitate trade," and that "Indonesian restrictions on the import of some textiles are to be tightened."

The May 17, 1954, issue tells us that Costa Rica has a new tariff expected to increase its revenues 17 percent, that the United States has contributed $11 million toward a new power project in India, and that Bermuda, home of the Bermuda onion, bans imports of onions from both the United States and Canada.

This May 17 issue, by the way, is to me one of the most interesting in recent weeks.

FOREIGN PRODUCTS FAIRS SCHEDULED FOR 35 AMERICAN CITIES

Under the head "Foreign Products To Be Featured in the United States," it reports as follows:

> Foreign manufacturers of consumer goods will exhibit their products in special shows for the first time before millions of Americans when the State fair season opens in Chicago in August, the National Bureau of Fairs has announced. The bureau will conduct foreign products shows in leading State fairs, in cooperation with the international trade shows in New York. Initially the foreign exhibitors will be offered space in a limited number of fairs, but ultimately they will have the opportunity to display and sell in any of the more than 35 big fairs in the United States.

Mr. President, this will give the Nation's unemployed an opportunity, if they can gain admission to these fairs, to visit exhibits from foreign countries and view the foreign products brought into this country which have put them out of work.

Jobless textile workers may examine exhibits of foreign textiles.

Laid-off machine tool mechanics, glass and pottery craftsmen, electrical and chemical workers, and the unemployed of many other industries will be able to view items produced by competing foreign coolie or sweatshop labor earning 9 to 40 cents per hour.

It is not improbable also that there will be exhibits of foreign automobiles, some of them perhaps produced by Ford, Nash, or Studebaker, in their factories overseas. Our thousands of jobless automobile workers could visit these.

The aim of foreign exhibitors, of course, is to take over as much of the American market as possible, thus depriving more American workers of employment.

Their aim has been and is being forwarded by our proforeign trade policy, conceived under new-deal socialism, which first inaugurated free trade and near-free trade to give foreign manufacturers and foreign products an advantage over American goods in our own markets, and which later provided these same foreign industries billions in subsidies paid out of the pockets of American taxpayers.

Millions of these foreign-aid subsidy dollars came out of the pockets of American workers and were used to subsidize the foreign competition which now has bumped them from their jobs.

The fruits of this misguided policy working against their interest will be put on display, as we stated before, at foreign-products shows in leading State fairs this fall, and, where, to quote Foreign Commerce Weekly, these foreign products will be featured.

JAPAN FEATURES PRODUCTS—OPENS HOTEL TO UNITED STATES TRAVELERS

The same issue of Foreign Commerce Weekly also advises us that a Japan trade center has officially opened in New York. This will afford further visual education for our unemployed.

Japanese goods being displayed include textiles, ceramics, glassware, foodstuffs, chemicals, optical instruments, machinery, tools, hardware, jewelry, novelties, toys, artificial flowers, musical instruments, sporting goods, lacquer wares, bamboo wares, wooden wares, stationery and paper products, rugs, and sundries.

Imports of these Japanese products may enable many American workers in American industries to take extended, and perhaps permanent, vacations, and for those who might like a vacation in Japan, the May 17 issue of Foreign Commerce Weekly announces "Fujiya Hotel to open for tourists in July."

The announcement reads in part:

> The Fujiya Hotel at Miyanoshita, Hakone, Japan, which has been closed to the general public since World War II, again will offer its traditional facilities and services to tourists early in July.

There are four more paragraphs, but rates are not given.

Adjoining this important news, published by the Department of Commerce at taxpayers' expense, is a much longer article headed, "Secretary Weeks Directs Department To Assist in Stimulating Travel." What better way to comply with that direction, may I ask, than to announce that the Fujiya Hotel is to open for tourists in July?

TRADE WITH SOVIET BLOC ENCOURAGED BY FOA

The May 24 issue advises us "Colombia to control entry of iron, steel," that "Australia raises several duties," that "Peru raises duties on synthetic yarns," that "controls have been eased on exports to Hong Kong." On another page we find the conclusion of the Foreign Operations Administration that:

> Nations of the free world can benefit from trade with the Soviet bloc if they work together as a team and refuse to be divided or deceived by Soviet trading aims.

Those aims are "to strengthen the bloc and to weaken the free-world powers."

In other words the counsel is, as the junior Senator from Nevada reads it, to go ahead and build up the war potential of the Soviet bloc, but in the meantime know that in so doing we are strengthening the Red bloc and weakening our free-world powers. What counsel, coming as it does from a Government agency, and presumably the head of that agency, could be more absurd?

The May 24 issue also carries the periodical Investment in Venezuela advertising.

The May 31, 1954, issue of Foreign Commerce Weekly reports that the Export-Import Bank has agreed to loan the Government of Afghanistan $18,500,000 to assist it in developing what it calls a great irrigation and power project. This is but one of many loans or grants that have been made to foreign countries for such development.

In this connection, Mr. President, the International Bank for Reconstruction and Development, in a release issued Friday, June 19, announced that it is loaning $19,100,000 to Ceylon for construction of a new hydroelectric scheme in that distant British Commonwealth.

The major portion of the construction will be done, the release states, by foreign contractors under the supervision of British consulting engineers and Ceylon's electrical undertakings department.

ONE HUNDRED AND FOUR MILLION DOLLARS APPROVED FOR FOREIGN POWER PROJECTS

Including the $11 million project in India previously mentioned, this brings the amounts approved for power and irrigation projects in Europe, Africa, the Middle East, and Far East to approximately $104 million, all granted by agencies outside of Congress.

If an American locality wishes Federal assistance in the development of irrigation, reclamation, power, flood control and navigation, either separately, or as a multipurpose project, years must be spent in engineering surveys, the projects are subject to the most careful study and consideration by the Congress, and both congressional authorizations and appropriations must be approved.

In other words, Congress properly and appropriately examines carefully into the feasibility and desirability of the project before the taxpayer's money is invested in it.

This is the American way and many splendid projects contributing to our national wealth, strength, and prosperity have developed from it.

Congress has no voice whatever in the advancement of funds, either through gifts or loans, to foreign countries, no determination of feasibility or whether any benefits at all will derive to ourselves or even to the inhabitants of the foreign nations. It should be obvious also, to anyone with fair knowledge of geography, that many of these distant projects, built in part or in whole with American money, lie in the shadow of Red Russia, and in the path of possible future Red aggression.

The May 31 issue also reports that Danish exports to the United States are at a new high, totaling 276 million crowns—$40 million—in 1953, of which one-third was from Danish hams shipped to this country.

Peru raised import duties on 57 paper products, and both Honduras and Guatemala increased coffee export taxes.

Soviet Russia and the Netherlands under their trade agreement have established new quotas on products they will ship to each other.

I ask unanimous consent that the article, "U. S. S. R.-Netherlands Pact Sets New Quotas" from the Foreign Commerce Weekly, issue of May 31, 1954, be placed in the RECORD at this point in my remarks.

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

U. S. S. R.-NETHERLANDS PACT SETS NEW QUOTAS

The principal items to be exported by the Netherlands to the U. S. S. R. under quotas newly established in the trade agreement between the two countries now extended to cover the calendar year 1954 are the following:

Three cargo vessels of 6,500 tons each, for delivery in 1955–56; 14 refrigerator vessels, delivery in 1955–56; 4 suction hopper dredges, delivery in 1955–56; 5 bucket dredges, delivery in 1954–55; 4 coal-bunkering vessels, delivery in 1955–56; 2 floating sheer legs, delivery in 1955.

Stable fiber, 2,000 metric tons; woolen piece goods, 600,000 meters; rayon piece goods, 800,000 meters.

Butter, 15,000 metric tons; animal fats, 5,000 metric tons; cocoa butter, 1,000 metric tons; meat, 10,000 metric tons; vegetable oils, 1,500 metric tons; cheese, 3,000 metric tons; salted herring, 15,000 metric tons.

Leather, 10 million guilders; sisal and manila rope, 500 metric tons; medicinals, 800,000 guilders; spices, 100 metric tons.

Ship repairs, 5 million guilders. (1 guilder equals about US$0.263.)

Among the items Russia agrees to supply the Netherlands are:

Wheat, 60,000-120,000 metric tons; coarse grains, 50,000 metric tons; sawn timber, 210,000 cubic meters; pitprops, 40,000 cubic meters; plywood, 7,000 cubic meters; cellulose, 5,000 metric tons; anthracite, 50,000 metric tons; phosphates, 40,000 metric tons; coal-tar pitch, 25,000 metric tons; gas oil, 40,000 metric tons.

Manganese ore, 40,000 metric tons; chrome ore, 20,000 metric tons; ferromanganese, quantity to be determined; asbestos, 3,000 metric tons; motorcars, including spare parts, 350 pieces.

Raw cotton, 8,000 metric tons; furs, 10 million guilders.

Benzol, 4,000 metric tons; paraffin, 600 metric tons; manganese dioxide, 3,000 metric tons; naphthalene, 1,000 metric tons; turpentine oil, 700,000 guilders; gum rosin, 1,000 metric tons; dyestuffs, 200,000 guilders; essential oils, 500,000 guilders; animal hair, 150 metric tons.

Canned crabmeat and canned fish, 14,000 cases; sausage casings of animal origin, 400,000 bundles; tobacco, 200 metric tons; caviar, 2 metric tons; and vodka, 50,000 guilders.

The trade agreement was originally concluded on July 2, 1948, and the extension was signed on April 28, 1954, to be retroactive to the first of the year.

FIFTY-SEVEN NATIONS IMPOSE CONTROLS ON IMPORTS FROM UNITED STATES

Mr. MALONE. Mr. President, the June 7, 1954, issue of Foreign Commerce Weekly carries a 2¼-page summary of foreign control regulations applying to imports from the United States. Of 85 countries listed, 57 require import licenses on all or most items imported from the United States, and 40 require an exchange permit from the Government before payment for the import can be made.

The foreign-trade program of the United States, Mr. President, has cost the taxpayers of the Nation billions of dollars to subsidize foreign industry and foreign commerce, has cost American mine and industrial workers jobs in the tens of hundreds of thousands, has lowered America's economic defenses, and helped foreign nations raise and increase barriers against the products of our shops and factories.

Proponents of the pro-foreign-trade policy contend that this policy has been necessary to strengthen the nations of the free world against communism. Whatever strength we may presume to have given them appears to fail and falter when any challenge is presented to them such as Korea.

Whatever these billions in gifts and grants and these sacrifices in jobs and industries may have gained for us abroad, they have not diminished our own defense needs or costs one iota. We must today keep as many men under arms, and under arms in foreign lands, as we did when the so-called Marshall plan was adopted, when NATO was created, when our foreign aid was under the UNRRA label, the ECA label, the MSA label, and now the FOA label, all varying alphabetical combinations labeling the same foreign giveaway program.

FOREIGN-AID BILLIONS WOULD HAVE BUILT IMPREGNABLE AIRPOWER

The $50 billion that Congress has voted in foreign aid since the war could have built airpower that would have made this Nation as invulnerable as any nation in this atomic age can ever hope to be.

It would have built, had it been spent at home instead of frittered away on phantom foreign forces, such mighty defenses that our soldiers overseas would have been brought home without fear or hesitation to contribute to our national economy, our productive capacity, and to the advancement of their own careers.

The Trade Agreements Act of 1934 has now expired. It should not be extended or renewed.

Expiration serves notice on foreign nations which have increased tariffs, imposed drastic quota restrictions, manipulated their exchange against us and raised sky-high barriers against American products, as I have detailed in these remarks, that foreign trade can be a two-way street instead of the blind alley it is today, open on our end but closed on theirs.

It serves notice on them that in return for equal access to our markets, American products must have equal access to their markets, access that we do not have now.

It returns our commerce to the basis of fair and equal competition, both to be given and received.

And when foreign nations learn that to enjoy our markets we must have some measure of access to theirs, then we will have honest trade and fair exchange of products between the nations.

Fair and equitable tariff adjustments will then be made by the Tariff Commission, taking into consideration fairness and equity on their part as well as being fair and equitable ourselves.

This will assure greater access of American products to the markets of the nations that enjoy full access to ours, and end our policy of wooing our good neighbors with our treasure only to have their gates of commerce slammed against us.

Mr. President, we are today living in a house built half on the quicksands of free trade for industry, and half on the firm foundation of farm supports and parity.

PROTECTIVE ROOF SHIELDS FARM PRODUCTS WHILE INDUSTRY EXPOSED

Over the farm side there is a protective roof against economic cloudbursts of foreign agricultural commodities, while the industry side is open to every erosive or corrosive foreign element.

Should the structural weaknesses on the industry side, weaknesses built in by the Trade Agreements Act of 1934, bring failure and disintegration to that side, our whole house will collapse, and no props of farm protection will be able to withstand it.

What landlord or manager of this great mansion—and Congress is the landlord—would knowingly permit the expenditures of billions of dollars each year to strengthen and repair the strong side of his house while leaving the weak side open to every foreign-trade prowler or free-trade vandal?

Inconceivable as it may seem that is precisely what the Congress, as landlord for the past 22 years, has done, and what some Members of the present Congress propose to do now.

CONSTITUTION ASSURED AMERICA'S VAST RICHES

Our hallowed Constitution, Mr. President, invested Congress with proprietorship over the richest property in the world, the United States of America.

It was likewise, until the Trade Agreements Act was passed in 1934, the greatest investment property in the world. Its earnings are still the highest in the world. The debt on this property, in 1934 when the Trade Agreements Act was passed, was insignificant, a mere $27,743,947,042.62. Today it is $273,076,838,379.18.

Taxes which we pay as rent were low in 1934, today they are as high as we, the landlords, dare to put them, and the maximum that people can bear and still buy fuel, food, and clothing.

There were some structural defects, and serious defects in this magnificent mansion that is America back in 1934.

The agricultural side then had no more protection than the industrial side has now. The industrial side then had a few storm windows, a few locks to keep out excessive foreign dumping and a few tariff shingles on the roof to safeguard it from being flooded by low-wage, low-tax coolie, peon and sweatshop foreign labor.

But the farm side was a shambles and the whole structure tottered. Remodeling was necessary and it was done.

Protective props were provided on the agricultural side of the house that is America. Extended credit was extended in the billions, farmers were declared entitled to fair prices.

AGRICULTURE STRENGTHENED, INDUSTRY WEAKENED

Certain agriculturists, the woolgrowers for example, were left out in the cold, but in the main one side of the house was strengthened, while the other side, the industrial side was vastly weakened. Windows and roof were removed, screens tossed on the trash heap, foundations blasted away, and the keys to industry's side of our economic structure tossed to

every foreign vagrant who wished to move in or take over.

It is that way today and will be that way as long as the Trade Agreements Act of 1934 is allowed to stand.

To extend the act means continued gross discrimination against our manufacturing and resource industries, workingmen, investors, and taxpayers, and continued favoritism to their foreign competitors.

To extend the act means eventual collapse of our economic structure because unprotected industry cannot forever bear the costs of supporting price-protected agriculture.

A protected industry can and gladly will bear the costs of a constructive farm program, and spared the risks of liquidation by foreign competition, not only will bear them but lower them by becoming a better market for domestic farm commodities.

This Nation, Mr. President, deserves a balanced economy, and unless our economy is balanced we may, in a very few years, have no economy at all able to support farm prices, farm credit, or farm parity.

ALL PRODUCERS WORTHY OF THEIR REWARD

The junior Senator from Nevada has long held to the conviction that producers, whether their product be industrial or agricultural, are worthy of a reward for their enterprise and toil in competition with like producers paying the same wages and taxes, but they cannot compete with sweatshop labor unless subsidies are paid.

To get away from the subsidy, the amendment offered by me today would provide a flexible import fee or duty to be invoked, which would make up the difference between the wage standard of living and taxes and other costs involved in doing business here and abroad.

The junior Senator from Nevada supports the principle of fair and reasonable protection for the products of both farm and factory against unfair foreign competition.

The workshops of America must be free from cutthroat, cutrate foreign invasion which can be established on the principle of flexible duties or tariffs established on the basis of fair and reasonable competition.

It is in that belief that the junior Senator from Nevada opposes any extension of the Trade Agreements Act, which for 22 years has been an open invitation to foreign competitors to move in on our industries, payrolls, and markets without payment of tax-rent or wage-rent that every American has to pay.

To paraphrase a famous advertising slogan "we can't be half safe" and hope to have any economic safety at all. No one wants a high tariff or low tariff, but let it represent the difference in the wages and taxes here and abroad.

A vote not to extend the Trade Agreements Act does not repeal or cancel any existing trade agreement act.

These agreements continue until the President shall serve 6 months' notice of cancellation on the nation with which such agreement has been made.

Tariff adjustment made following cancellation of agreements or on products not covered by agreements would be determined by the Tariff Commission, an agent of Congress, on the basis of fair and reasonable competition with imports from the principal competing country.

CONSTITUTIONAL SAFEGUARDS MUST BE RESTORED

Thus article I, section 8, of the Constitution which provides that the Congress of the United States shall levy duties, imposts, and excises—meaning tariffs—and that the Congress shall regulate foreign commerce would be restored.

Agriculture would have the same benefits and safeguards it has now.

Industry would have restored to it the safeguards that were taken away from it by the Trade Agreements Act of 1934.

Equality for the two major segments of our national economy would be restored and America again would be economically united.

Mr. President, price protection for the farmer and the complete stripping of cost protection from other industries, however legal, are incompatible.

Looking back, it is not surprising to me that New Dealers, some of whom we know now to have been members of Communist cells, should have sought, during the early thirties, to tear down our industrial security while strengthening our domestic agriculture.

America's farm products offer neither a boon nor threat to the Soviet bloc. Food is not considered by military minds as a war potential, although the junior Senator from Nevada personally differs from that position and considers food a priceless military resource.

STRONG AMERICAN INDUSTRY GREATEST DETERRENT TO SOVIET THREAT

America's industrial might constitutes the greatest deterrent in the world today to the eternal Soviet dream of world conquest.

The junior Senator from Nevada has presented evidence that the Soviet agent, Harry Dexter White, as Assistant Secretary of the Treasury, recommended the procurement of certain metals and minerals from abroad, and particularly from Soviet Russia, counsel that could have been designed to weaken our industrial strength as it indubitably did weaken our industrial potential.

It is not inconceivable to the junior Senator from Nevada that the program to stifle industry by foreign imports while protecting agriculture against foreign imports, received support from those in New Deal agricultural agencies—and Treasury and State Departments who have since been convicted, or have confessed, or have been branded in official testimony as active Communists.

CONSTRUCTIVE FARM PROGRAM DEVELOPED AS INDUSTRY HIT BY FOREIGN TRADE

Mr. President, in this connection I shall review briefly the development of our farm program which I have consistently supported and which I support now.

I do this in no criticism of the farm program, but to point up the great contrast between it and the trade agreements program, adopted at about the same time, which had as its objective the removal of protection from manufacturing and resource industries, in other words an objective exactly the opposite of that of the farm program. One sought to build up, and I support it. One sought to tear down, and I oppose it, and am opposing its extension on the floor today.

The trade agreements program is a tear-down program.

PROOF THAT PARITY IS THE "PROTECTIVE-TARIFF PRICE" FOR FARM PRODUCTS

The basis of agricultural adjustment legislation, first enacted in 1933, is to adjust in a decreed ratio, the purchasing power of farm products to that of nonfarm products, according to the buying habits of the farm population for such articles.

In 1932 market prices gave to farm products a purchasing power, with respect to the nonfarm articles, 42 percent below that of 1909–14, the ratio period selected by the agriculturalists.

PARITY VERSUS DISPARITY

The agriculturalists contended that the basic factor in this "disparity" was the system whereby prices of farm commodities—wheat and cotton—were established in a free world market at Liverpool, while prices of manufactures bought by farmers were established in a protected domestic market.

A Montana wheat king stated the case for the agriculturalists, fully and succinctly, in the New York Herald Tribune March 12, 1933, when he said:

> It is absolutely necessary that the present session of Congress pass some type of sound legislation whereby the producer of farm products can get tariff protection on the portion of his commodity which he sells in the home market, the same as manufacturers of all other commodities enjoy. Many plans have been proposed—last and most popular now the domestic allotment plan. The plan provides a means of making the tariff effective on the portion of the crop sold in the United States by reducing production, and rewarding those who agree to restrict by giving them an extra amount provided by a tax equal to the tariff on a certain portion of their crop.

Two months later, in May 1933, the AAA was passed, not only did it make the tariff effective on the domestic consumption but also on the crop for export. It removed wheat and cotton from the influences of the free price of a world market and decreed for wheat and cotton, as of May 1933, prices 150 percent above the current world market prices. To implement this legislation for "equalizing" the farm entrepreneur's prices with those of the industrialist's "tariff-protected" prices, production was reduced, a tax levied to the amount of the difference between the market price and "parity" price, and the money paid to the cooperating farm operator.

AMERICAN SYSTEM APPLIED TO AGRICULTURE

Thus Henry Clay's "American system," the basic Whig-Republican protectionist policy, was applied 100 percent, by legislation, to agriculture.

Clay's "American system" was that the urban, laboring classes of the United States shall be paid high wages, under the protection of tariffs, and that the American farmer shall have a monopoly

in this domestic market of highly paid, prosperous consumers.

AAA went one great step beyond Clay—it gave up foreign markets, priced the American farmer, deliberately and by his urging, out of world markets in order that not only should he have the American market to himself but should have it at prices which, by his selection and decree of Congress, gave his products the same tariff benefits of manufactures.

TRADE ACT DESIGNED TO CRIPPLE INDUSTRY

But, having thus created "protective-tariff" prices for the farm operators, the New Deal, through its liberals and internationalists, embarked upon a program to destroy the tariff protection being accorded to manufactures. The vehicle for doing this was the Trade Agreements Act.

From the time of the enactment of parity protection for agriculture and the abandonment of world markets and world prices for the full American market at parity protection prices, until America's entry into the war—that is, between 1933 and 1947—the prices of the American farmer's commodities rose 97 percent as against an increase of only 3 percent in the prices of the goods and services of other American producers. And, by the end of the war, the year 1945, the prices of farm commodities, under the parity laws with their protective tariff base, had increased 260 percent since 1933, whereas the prices of the goods and services of the urban producers had increased but 55 percent since 1933.

And, Mr. President, those figures refute any man who says that, since 1933 and as of today, it has been rising prices of manufactures and services that has resulted in the continuous increase in the costs of the necessities of living, the basic farm commodities, for the 140 million urban consumers of the United States.

Let no Member from agricultural States, and I am a Member from an agricultural State, forget that the laws by which this parity-protective price was instituted required, as of 1933, an increase of 200 percent in the current market price of wheat and cotton—without any corresponding increase whatever in the prices of goods and services produced and offered by the people and workers of the cities.

Today the same or similar forces are trying to sell the American farmer the proposition that he can retain the full American market at protective tariff prices for his products while the products of the laboring and working classes are stripped of tariff protection and their domestic market—in which the farmer is an ever-lessening factor—is thrown open to the products of the slave-wage and low-wage producers of Europe, Asia, and Africa.

Since 1932, prices for farm products have increased 385 percent.

The American consumer pays these prices, both for himself and for the give-away abroad, during and after the war.

The American consumer is the American workingman, outside of agriculture. And to pay these prices he has only his wages.

So, since 1932, the wages in manufactures have increased from $17 a week to $65 a week or 382 percent, almost exactly the same as the increase in the prices of basic farm commodities, the necessities of the workingman's existence.

Today, on the will-o-the-wisp, completely disproved in 1919–25, that he can keep his war markets, the American planter and wheatgrower is being propagandized into destroying the purchasing power of the American consumer in exchange for the ghost of potential foreign markets which are rapidly disappearing.

ECONOMIC STABILITY MUST BE PROVIDED BOTH FARMER AND WAGE EARNER

Thus the American farmer is being propagandized into returning to his position of 1932, to give up parity, and depend on world prices and on consumers getting world wages.

If and when, by legislation or by fiat, the product of the glassblower or textile worker is not to have a tariff-protected price to maintain his standard of consumption of farm commodities—then parity is completely illogical, however much it may be needed and the cotton farmer or wheat farmer ultimately will lose his tariff-protected price. No more than the farmer of 1932, much less in fact, may the workingman of 1954 be compelled to sell his services in a world market while buying the necessities of existence in a parity-protective market of the American farmer.

Mr. President, economic stability has been provided agriculture and economic stability has been taken away from mining and manufacturing, both by the Congress.

The PRESIDING OFFICER (Mr. UPTON in the chair). The Chair regrets to remind the Senator from Nevada that his time has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 15 minutes to the distinguished Senator from Nevada.

Mr. MALONE. I thank the Senator from Texas.

TRADE ACT EXTENSION WILL FURTHER INJURE INDUSTRY

Mr. President, economic stability was denied industry by the Trade Agreements Act of 1934. In the exercise of this act the State Department has pitifully weakened industry's defenses, and proposed extension of this act is designed to shatter these defenses further.

I shall review briefly the programs to protect the economic security of agriculture which exist today.

The Agricultural Act of 1949 requires price support for the basic and designated nonbasic commodities. It permits support for any agricultural commodity. In addition, the law authorizes acreage allotments and marketing quotas for the basic commodities under certain conditions. The circumstances under which import restrictions can be imposed in connection with price-support programs are specified by law.

I ask unanimous consent to have placed in the RECORD at this point in my remarks a list of commodities on which Commodity Credit Corporation price-support programs are in effect.

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

AGRICULTURAL COMMODITIES FOR WHICH CCC PRICE-SUPPORT PROGRAMS UNDER THE AGRICULTURAL ACT OF 1949, AS AMENDED, WERE IN EFFECT IN 1953

Basic commodities: Wheat, corn, cotton (upland, extra long staple), peanuts, rice, tobacco (flue-cured, fire-cured, burley, Maryland, dark air-cured, sun-cured, Puerto Rican).

Designated nonbasic commodities: Butterfat, manufacturing milk, wool, mohair, honey, tung nuts.

Other commodities: Barley, oats, rye, grain sorghums, flaxseed, soybeans, dry edible beans, cottonseed, crude pine gum, winter cover crop seed.

Mr. MALONE. Mr. President, I now ask unanimous consent to have placed in the RECORD at this point in my remarks a list indicating the commodities on which marketing quotas are in effect for 1954.

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

Agricultural commodities for which acreage allotments and marketing quotas are in effect under the Agricultural Adjustment Act of 1938

	1953 crop	1954 crop
Cotton		Marketing quotas and acreage allotments.
Corn		Acreage allotments.
Wheat		Marketing quotas and acreage allotments.
Rice		
Peanuts	Marketing quotas and acreage allotments.	Do.
Tobacco:		
Burley	do	Do.
Flue-cured	do	Do.
Fire-cured	do	Do.
Dark air-cured	do	Do.
Virginia sun-cured	do	Do.
Cigar filler and binder (type 42–55).	do	Do.
Maryland type 33	do	Rejected by growers.
Pennsylvania seedleaf type 41.	Rejected by growers	Do.

Mr. MALONE. Mr. President, I also ask unanimous consent to have placed in the RECORD a list of farm commodities for which section 22 import restrictions are in effect.

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

AGRICULTURAL COMMODITIES AND PRODUCTS THEREOF FOR WHICH IMPORT CONTROLS ARE IN EFFECT UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENTS ACT, AS AMENDED

Cotton (long staple, short staple, harsh) and cotton waste, wheat and wheat products, shelled almonds, oath, flaxseed (including linseed oil), peanuts (including peanut oil).

Dairy products: Butter, dried whole milk, dried buttermilk, dried cream, dried skim milk, malted milk, Cheddar cheese, Edam and Gouda cheese, blue mold cheese, Italian-type cheese.

Mr. MALONE. Mr. President, in addition to the Commodity Credit Corporation price-support programs, there are certain other programs which are designed to provide some measure of price assistance to producers of agricultural products. Two major types of such programs are marketing agreement and order programs and section 32 programs.

I ask unanimous consent that a list of the market agreement and order programs also be placed in the RECORD at this point in my remarks.

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

AGRICULTURAL COMMODITIES FOR WHICH MARKETING AND AGREEMENT ORDER PROGRAMS UNDER THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937, AS AMENDED, ARE IN EFFECT

Fluid milk orders in 49 areas; type 62 tobacco; grapefruit (California-Arizona); lemons (California-Arizona); grapefruit, oranges, tangerines (Florida); oranges, navel (California-Arizona); Tokay grapes (California); peaches (Colorado); peaches (Georgia); peaches (Utah); Bartlett pears, plums, and Elberta peaches (California); Burerre hardy pears (California); winter pears (Oregon, Washington, California); dried prunes (California); raisins (California).

Fresh peas and cauliflower (Colorado), potatoes (Idaho and Oregon), potatoes (Colorado), potatoes (Oregon and California), potatoes (North Carolina and Virginia), potatoes (eastern South Dakota), potatoes (Massachusetts, Rhode Island, Connecticut, New Hampshire, Vermont), potatoes (Washington), filberts (Oregon and Washington), pecans (California), pecans (Georgia, Alabama, South Carolina, Florida, Mississippi), walnuts (California, Oregon, Washington).

Section 32 provides that 30 percent of customs revenues shall be made available to the Department of Agriculture to be used to encourage exports of agricultural commodities and to encourage domestic consumption. Purchase and donation programs under section 32 are in effect for the following commodities: Fresh winter pears, pecans, canned cranberry sauce, beef, butter, Cheddar cheese, nonfat dry milk solids, cottonseed oil.

Export-payment programs under section 32 are in effect for citrus fruits, raisins, and fresh pears.

The Sugar Act provides a mechanism for increasing returns to domestic producers of sugar beets and mainland and territorial producers of sugarcane. The act provides for limitation of imports, payments to producers, and when necessary quotas and allotments on domestic production of sugarcane and sugar beets.

Mr. MALONE. Mr. President, there are also further programs for the protection of our agricultural economy while leaving the economy of our resources and manufacturing industries naked and exposed to ruthless, cutthroat, and unfair foreign competition.

FOA HAS ACTIVE FARM-PRODUCT PROGRAM

The economic-aid program, for example, administered by the Foreign Operations Administration, includes, among other things, grants of funds to foreign countries to be used for the purchase of United States agricultural products. That agency also administers a number of foreign-relief programs which involve United States agricultural products.

The Foreign Operations Administration also administers legislation which provides for the sale of United States agricultural products under certain circumstances for foreign currencies.

Under the terms of the International Wheat Agreement, this Government paid a subsidy amounting to the difference between wheat prices in the United States and wheat prices under the agreement.

The Commodity Credit Corporation also has a program which involves making wheat available for export outside the wheat agreement on the same terms as for wheat exported under the agreement.

The Commodity Credit Corporation has sold for export certain quantities of commodities acquired under price-support programs. Most of these sales have been made at prices somewhat lower than domestic market levels. These sales for export were made primarily to dispose of the commodities without interference with domestic markets.

Mr. President, the information and material I have cited above was supplied me, at my request, by the Department of Agriculture which is doing a splendid job in administering the protective program authorized by Congress for our great and thriving agriculture industry.

Do the advocates of free trade for all other industries want to apply their theories to agriculture? Do they want to cut the support, credit and conservation programs that protect agriculture 15 percent as they want to cut such few tariffs as remain to provide token safeguards for industry?

Of course not. They want agriculture to enjoy the full American market, and they want industry to give up huge segments of the American market to foreign competition.

They want economic protection for the farm but are willing that economic disaster face the manufacturing and resource industries of America.

This brings us to the national interest about which free traders talk so much.

NATIONAL INTEREST REQUIRES SAFEGUARDS TO INDUSTRY AND WORKINGMEN

If it is in the national interest to preserve the agricultural economy—and the junior Senator from Nevada contends it is—it also is in the national interest to protect the economy of our resources and manufacturing industries.

Mr. President, the workers in our factories who have no protection for their products in our markets, are helping to pay, through their taxes, for the economic protection of their friends, the farmers.

The wage earners of industry can do that and continue to keep on doing that so long as they are employed.

Today several million of them are unemployed. Unemployed industrial workers can neither contribute to the price supports that protect the products of our farms nor acquire the products the Government now has in surplus storage.

Mr. President, I am advised that this includes enough wheat to provide every wage earning family in America 1,400 loaves, enough cotton to make 117 cotton shirts or 91 cotton house dresses, enough pork to give each family a 6 months' supply, and enough butter to last every family 3 months.

The unprotected industrial workers of America have helped contribute, through their taxes, to the $6½ billion invested in these commodities, but their contributions must decline as free trade imports bump them from their jobs.

If for no other reason, Mr. President, than to maintain and support our farm program, tariffs should be restored for industrial products on the basis of fair and reasonable competition with the principal competing foreign nation, giving American producers equal access to our own markets.

Mr. President, in closing, I wish to refer again to my proposed amendment which was submitted on February 23, 1954, which would create authority for 4 Cabinet officers and 1 member of the Tariff Commission to arrange and to apply duties and tariffs, on a basis of fair and reasonable competition, to the list of agricultural commodities designated by this authority.

The American market is the most prized and richest in the world. Let the products of foreign nations into it on a fair and equal basis, but let us not deny our own markets to our own resources products and producers as we have been doing under the Trade Agreements Act of 1934.

During the delivery of Mr. MALONE'S speech,

Mrs. BOWRING. Mr. President, will the Senator yield?

Mr. MALONE. I shall be very happy to yield to the distinguished Senator from Nebraska, with the understanding that the remainder of the time allotted to me will be utilized later, at the completion of her address, and will not be diminished in any way; and also that I may retain my right to the floor.

Mr. BUSH. Mr. President, I ask unanimous consent that the Senator from Nevada, without losing his right to the floor, may yield 15 minutes, or approximately that length of time, to the Senator from Nebraska.

Mr. MALONE. Mr. President, I ask unanimous consent that the remarks of

the distinguished Senator from Nebraska may appear at the conclusion of my address.

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Does the distinguished Senator from Nebraska desire an allotment of 15 minutes?

Mr. BUSH. It is my understanding that that is in accordance with an informal agreement.

Mrs. BOWRING. Approximately 15 minutes.

Mr. HOLLAND. Mr. President, I understand that the distinguished Senator from Nebraska is about to make her maiden speech. I should be very happy to suggest the absence of a quorum, because I know there are other Senators who would wish to be on the floor while the Senator from Nebraska is addressing the Senate.

Mr. BUSH. Mr. President, I remind the Senator from Florida that the Senate is operating under a unanimous-consent agreement, in which the time is controlled. I wonder whether the absence of a quorum should be suggested.

Mr. HOLLAND. Mr. President, I ask unanimous consent that, in connection with the quorum call, the time be charged to neither side.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. HOLLAND. I now suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, I am authorized to yield to the Senator from Nebraska [Mrs. BOWRING] 15 minutes from the time of the Senator from Colorado [Mr. MILLIKIN] on the pending question.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

THE PRICE-SUPPORT PROGRAM

Mrs. BOWRING. Mr. President, I should like to express my thanks to the Senator from Nevada [Mr. MALONE], who has so courteously yielded to me at this time with the understanding that the remarks I am about to make will appear in the RECORD at the conclusion of his address. I should also like to express at this time my thanks to other Members of the Senate and to the entire membership of this body for being so courteous to me during the time I have served in the Senate.

Since April 26, when I took the oath as a Member of this distinguished body, I have, notwithstanding my womanly instincts, attempted to observe and abide by the unwritten rule that so very junior a Senator should be bound to an appropriate period of silence. This is, indeed, a rule not without merit. For the past 2 months I have been impressed with the fact that there is often more to be gained by listening than by rising to take the floor.

At this time, however, I feel impelled to break my own period of silence and attempt, if you please, Mr. President, to deliver what may be called my maiden speech as a United States Senator. I ask the indulgence of my colleagues on this occasion, for I feel that the hour is crucial, and that the circumstances demand that I make my position known.

This morning the Senate Committee on Agriculture and Forestry voted 8 to 7 in favor of a 1-year extension of rigid 90-percent price supports for all basic farm commodities except tobacco, which is otherwise provided for. Therefore, at this time I wish to put myself on record as one of those who believe that our courageous Secretary of Agriculture, the Honorable Ezra Benson, and our distinguished President, Dwight D. Eisenhower, have correctly analyzed the agricultural problem of the United States, and are right in the agricultural program which they have recommended to this Congress.

Upon the shoulders of this Congress, and of each Member individually, rests a tremendous responsibility to provide for the Nation and for our farming population a legislative program that will permit and encourage the business of farming on a continuing sound and profitable basis.

Both before and since assuming my duties in the Senate, I have publicly stated that those among us who are willing to stand up and be counted on any given issue are best serving the public interest, to say nothing of serving their own consciences.

Therefore, I voluntarily say at this time that I, for one, am supporting the new farm program proposed by President Eisenhower. I say this after the best study I have been able to give to the subject, and in the conviction that it will bring more prosperity to American farmers and will best serve the future of the Nation and its agriculture.

A flexible price-support program will cushion farmers against wide breaks in the market on basic farm commodities. At the same time, it will permit supply and demand to function sufficiently to influence shifts in agricultural production. In due time such shifts certainly should help control surpluses, as well as add stability to prices.

Actually, the much maligned law of supply and demand does affect the market on agricultural products, notwithstanding all that Government has done or can try to do. When rigid supports are imposed without accompanying methods of getting rid of surpluses, the Government stockpile grows higher and higher. The proof of this exists in the bulging Government warehouses today across the length and breadth of the land. And as the surpluses grow, we, whose livelihood depends upon agriculture, sink deeper into an evertightening net of Government controls. We can will it otherwise, but we cannot escape from these shackles of our own fashioning.

The President's farm program calls for a gradual change from rigid price supports. I repeat, the change would be gradual. Such a program will encourage the development of a balanced agricultural economy; it will encourage better farm management; and the interests of the individual farm producer will be better served, at a great saving in the taxpayers' money.

Flexible price supports will affect all farmers alike, and I believe they offer a bright hope of recapturing some of our lost markets at home and abroad.

Under present laws, farm production is needlessly cut back and restricted, in order to maintain abnormal prices. Operation of this program tends to destroy or weaken the consumer demand and to affect detrimentally national prosperity on which farm prosperity depends.

Huge surpluses of food continue to pile up in warehouses. It is estimated that our carryover of corn next October will be 950 million bushels—more than double what it was 2 years earlier. This increase, had it been consumed as feed, would have resulted in only from 2 to 3 percent more meat and eggs.

With more flexibility in our support prices for corn, most of this current surplus would have disappeared. Increased marketing receipts from livestock would have largely offset the payments farmers now get by way of nonrecourse loans. The Government would not have approximately $1.2 billion tied up in corn price supports.

In the case of wheat, we have stimulated even greater production for Government storage. On July 1, we shall have on hand an estimated 875 million bushels of wheat—a sufficient quantity to provide every family in the Nation with 1,400 loaves of bread.

The Government now has nearly $2¼ billion committed to wheat price-support operations, in an effort to maintain the return to farmers at 90 percent of parity.

Much of the wheat grown east of the Mississippi, which formerly was fed to livestock, now finds its way into Government storage, because the Government is outbidding the other users. As a result of these accumulations, wheatgrowers have voted to accept production controls this year. They face another cutback in 1955.

I was surprised to learn that most of the farm commodities which today are in serious difficulties are the ones we have attempted to support at 90 percent of parity. They include wheat, cotton, corn, and dairy products. Of the $6½ billion which the Commodity Credit Corporation has committed to price-support operations, more than $5 billion is tied up in these four items.

Producers of other crops, which enjoy no price supports at all, or get help only on a limited basis, are beginning to express some concern over the effects of a farm program which places most of the emphasis upon a few selected commodities. They see particular danger that the acres diverted from such crops as wheat, corn, and cotton may be planted to the nonsupported commodities in which they have been specializing.

Despite the emphasis which our farm programs place upon the six basic commodities, they produce only 23 percent of the farmers' cash marketing receipts. Fifty-six percent of the Nation's farm

income is derived from commodities which have no direct price supports at all. The other 21 percent comes from products already supported on a flexible basis.

Farmers who buy price-supported feeds and sell hogs, cattle, poultry, and eggs on a free market are often inclined to take a dim view of the rigid support program. Many groups do not want price-support programs, and they feel that if other groups favor such aids, there should at least be a realistic amount of flexibility in the operations.

Typical of this trend in agricultural thinking, is the attitude of an organization to which I belong, the Nebraska Stock Growers Association.

At a convention just concluded, the Nebraska Stock Growers Association passed a strongly worded resolution on the subject of price supports, reiterating its traditional opposition to governmental control of or subsidy for the cattle industry, and urging that in the interest of a sound agricultural economy, Congress act immediately to provide for flexible price supports on commodities presently supported. These sentiments are typical of the feelings of an ever-growing number of organizations representing various segments of agriculture.

Mr. CASE. Mr. President, will the Senator from Nebraska yield?

The PRESIDING OFFICER (Mr. DWORSHAK in the chair). Does the Senator from Nebraska yield to the Senator from South Dakota?

Mrs. BOWRING. I yield.

Mr. CASE. In the first place, Mr. President, let me pay my compliments and my tribute to the Senator from Nebraska for the statement she is making. She is making it with a background of a lifetime of experience in the farming and ranching industries of Nebraska. The conditions she has discovered there are very similar to those which exist in a large area of South Dakota and in the region to the north.

My reason for rising at this point is to say that the stock growers of South Dakota have just completed their convention, meeting at Hot Springs. I am sure the Senator from Nebraska has been at Hot Springs many times, and knows many of the people who were at that convention. They, as did the Nebraska stock growers, adopted a resolution reaffirming the traditional position of the stock growers with respect to price supports so far as live animals are concerned.

Mrs. BOWRING. I thank the Senator from South Dakota for his remarks.

Mr. President, granting that political opinion and action should reflect the majority thinking of the people, I fear that sometimes the political officeholder reflects what he hopes will be popular with the people instead of reflecting what is best for the people even after a majority of the people have come to realize the fallacy of the program the elected officeholder espouses.

In the long run, rigid price supports take from the farmer more than he receives. They encourage him to deplete his soil. They saddle the markets with surpluses which give him no opportunity to realize full parity. They destroy the normal relationship of feed and livestock prices. They encourage the development of competitive synthetics and substitutes. They place farmers in such a position that they lose much of their freedom to make management decisions.

It is impossible to have high price supports without having surplus disposal and production control problems. Disposal programs are extremely difficult. Subsidized disposal is at best a temporary solution. If we had an export market for these surplus items—even at a sharply reduced price—or if we could feed them back into domestic trade channels, even at some loss, without badly disrupting normal marketings, then the problem would be simple.

The real solution to our farm problems lies in improved marketing. We need a continuing, concerted search so as to develop greater efficiency in distribution methods, better means of meeting demands for new products, improvements in handling and packaging agricultural products, new processing techniques and procedures, and lower costs at all stages of marketing.

We have in this country a rapidly growing market—a population that has recently been increasing by more than 2½ million every year.

Our market is only partly tapped. It is a responsive market. Our experience with beef last year proved that to be so. Aggressive marketing and cooperation between agriculture, industry, and government raised consumption of beef to an alltime high of over 76 pounds per person.

We have failed to do an adequate job of promoting and selling dairy products, although all credit is due those engaged in the dairy industry who have so aggressively moved within the past year to remedy this defect. Milk is the most nearly perfect food, yet much remains to be done in keeping this fact before the American people and making milk more readily available to potential buyers.

We know that if the American people were drinking as much milk per capita as they were only a few years ago, there would be no dairy surpluses. We also know that during those high consumption years in the 1940's, millions of our citizens, young and old, were not getting even the minimum amount of milk required for their own welfare.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. BUSH. Mr. President, I yield an additional 5 minutes to the junior Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for an additional 5 minutes.

Mrs. BOWRING. While the job of promoting and selling is of course the responsibility of the dairy industry itself, research and education can play the major role in providing new and better products. We have not educated people sufficiently in the uses and advantages of these products, although high quality food proteins should find a ready market in a diet-conscious America which is steadily swinging away from such traditional foods as grain products and potatoes.

There are encouraging signs of united efforts by the entire dairy industry to stimulate consumption through improved marketing and merchandising programs. The food retail outlets are doing their part in promoting sales of butter, cheese and milk.

At present the Department of Agriculture's field reports show that home sales of butter are running about 10 percent higher than they were in March.

If we could obtain a 10 percent increase in consumption of all dairy products this year, the industry could look to the future with real confidence. This can be done through the combined efforts of all who have a vital stake in dairying.

The contribution which dairy scientists can make may be the most important factor of all. Some day, in the near future, science will perfect a frozen whole milk concentrate, or perhaps a whole milk powder. When this development comes it will bring with it a new era for the dairy industry. What a similar process has done for citrus producers might do even more for dairymen. I am thoroughly convinced that through united and sustained effort the dairy industry can turn its present problems into opportunities.

In conclusion, Mr. President, the farm program proposed by President Eisenhower is for the best interests of the farmers and all Americans.

It is not offered as a quick or easy cure-all. But it will give us better balanced production, improved land use, greater individual freedom, and a more prosperous and stable agricultural economy.

Mr. AIKEN. Mr. President, I wish to express my appreciation for the fine address just delivered by the junior Senator from Nebraska. Not only has she shown a complete grasp of the subject on which she has spoken, but she has addressed the Senate in language which everyone should be able to understand.

I am very sorry that the Senate will not have the benefit of the counsel and wisdom of the junior Senator from Nebraska in the session which lies ahead of us next year.

Mrs. BOWRING. The Senator from Nebraska greatly appreciates the kind remarks of the Senator from Vermont.

Mr. HOLLAND. Mr. President, I wish to express my warm compliments to the distinguished junior Senator from Nebraska for her able and thoroughly convincing speech, and also to thank her particularly for her reference to the job which the Florida citrus industry is trying to do, and which I think it has done to a very large degree. We have trebled our production since the time when we were supposed to be going broke from overproduction, by means of the processes for canning and concentrates which we have discovered, and by means of strict grading and packaging supported by intensive advertising and dealer service, purchased with our own funds, produced from our own pockets. On behalf of the Florida citrus industry I express appreciation for the kindly reference made to that industry by the distinguished Senator from Nebraska.

Mrs. BOWRING. The Senator from Nebraska appreciates very much the remarks of the Senator from Florida. She especially appreciates the work which the citrus industry has done in pointing out a path which may lead to the successful handling of our milk surplus.

Mr. BUSH. Mr. President, I wish to associate myself completely with the compliments paid the Senator from Nebraska by the Senator from Vermont and the Senator from Florida, and to say I think this has been a remarkably fine and incisive address by a Senator who knows whereof she speaks, one whose life has been bound up in agriculture. Her address is a fine analysis of perhaps the most pressing domestic problem we have. I venture to express the hope that her address will be read by all Members of the Senate and the House, and by taxpayers and voters all over the Nation, because I think she has made a real contribution to our thinking upon this difficult question. I heartily congratulate her upon her address.

Mrs. BOWRING. The Senator from Nebraska appreciates the very kind remarks of the Senator from Connecticut and other Senators, and the high standards which the gentlemen of the Senate have set for the ladies of the Senate.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. BUSH. Mr. President, I yield an additional 5 minutes for any comments Senators may desire to make.

Mr. GORE. Mr. President, I wish to congratulate the able Senator from Nebraska upon her thoughtful, provocative address. I wish the RECORD to show that she is favored by the attendance of more of her fellow Senators than most of her colleagues of the opposite sex are ever able to attract.

Mrs. BOWRING. The Senator from Nebraska is very grateful for the remarks of the Senator from Tennessee. She is not unaware of the unusual number of Senators present in the Chamber.

Mr. PAYNE. Mr. President, I, too, wish to join in commending the distinguished junior Senator from Nebraska on the very competent, able, and enlightening address she has just delivered, and to associate myself with her in full support of the principles she has enunciated in endorsing the very worthwhile and commonsense program advocated by the Secretary of Agriculture and recommended to the Congress and to the American people by the President of the United States. I thank the Senator from Nebraska, and I am certain that many people throughout the country will be very grateful for what she has said and for the support she is giving to a very constructive program.

Mrs. BOWRING. I thank the Senator from Maine.

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

Mrs. BOWRING. I yield to the Senator from Nevada.

Mr. MALONE. Mr. President, I should like to join my colleagues in complimenting the distinguished junior Senator from Nebraska, and to add one regret, namely, that the junior Senator from Nebraska will not run for reelection.

Mrs. BOWRING. I thank the distinguished Senator from Nevada. I am hopeful that I may be of help outside the United States Senate.

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

Mrs. BOWRING. I am glad to yield.

Mr. LANGER. Mr. President, the senior Senator from North Dakota wishes to compliment the distinguished junior Senator from Nebraska for the clear and concise manner in which she has presented her side of this subject, with which the senior Senator from North Dakota disagrees in its entirety. Nevertheless, I respect the views of the Senator from Nebraska, and I am in great hope that before adjournment she will have completely changed her mind on the subject of price supports.

Mrs. BOWRING. The junior Senator from Nebraska thanks the senior Senator from North Dakota, and remarks that it is a privilege to disagree. In connection with the hope expressed by the distinguished senior Senator from North Dakota, the junior Senator from Nebraska may perhaps be as inflexible as is the senior Senator from North Dakota.

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

Mrs. BOWRING. I yield.

Mr. HENDRICKSON. The junior Senator from New Jersey wishes to associate himself wholeheartedly with the well-deserved tributes which have been paid to the charming and able junior Senator from Nebraska on the floor of the Senate today. Unfortunately, I missed the first part of the Senator's speech, but I heard the last part of it, and I know it was a message which the Senate can well afford to study, and study carefully. I commend the Senator from Nebraska.

Mrs. BOWRING. The Senator from Nebraska appreciates the remarks of the Senator from New Jersey. I now yield the floor to the junior Senator from Nevada [Mr. MALONE], who very graciously granted me this time, for which I wish to express to him my deep appreciation.

The PRESIDING OFFICER. All time has expired.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the following bill and joint resolution of the Senate:

S. 3476. An act to provide for the advancement of Comdr. Donald B. MacMillan, United States Naval Reserve (retired), to the grade of rear admiral on the Naval Reserve retired list; and

S. J. Res. 167. Joint resolution to amend the National Housing Act, as amended, and for other purposes.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 2231. An act to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of the Lower Brule and the Crow Creek Reservations in South Dakota for Indian lands and rights acquired by the United States for the Fort Randall Dam and Reservoir, Missouri River development, to authorize a transfer of funds from the Secretary of Defense to the Secretary of the Interior and to authorize an appropriation for the removal from the taking area of the Fort Randall Dam and Reservoir, Missouri River development, and the reestablishment of the Indians of the Yankton Indian Reservation in South Dakota; and

H. R. 3038. An act for the relief of Mrs. Olympia Cue.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 6 and 9 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 2, 5, 13, 18, 19, 22, 28, and 35 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 9474) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended.

Mr. HENDRICKSON. Mr. President, I suggest the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

THE PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Are we not operating under a unanimous-consent agreement as to the division of time?

The PRESIDING OFFICER. That is correct.

Mr. HENDRICKSON. Mr. President, I withdraw my suggestion of the absence of a quorum.

Mr. GORE. Mr. President, I yield 8 minutes to the junior Senator from New York [Mr. LEHMAN].

The PRESIDING OFFICER. The Senator from New York may proceed.

Mr. LEHMAN. Mr. President, I speak in support of the amendments in the nature of a substitute offered by the distinguished junior Senator from Tennessee [Mr. GORE] and cosponsored by other Senators. I was very much pleased to join in sponsoring the amendments which, if adopted, would serve notice that we intend to carry on and extend our historic policy of peace through trade, or breaking down the barriers to world trade, the policy pioneered a great many years ago by that great statesman from Tennessee—a great Member of the House, a great Senator, and a great Secretary of State—Cordell Hull.

It is a happy coincidence that the leadership in this important move today has been taken by the junior Senator from Tennessee. He is following in great footsteps. I am sure he is aware of the tradition. Cordell Hull was a member of the Ways and Means Committee of

the House and of the Finance Committee in the Senate. Tirelessly for many years he advocated the reciprocal trade agreement program. Finally, as Secretary of State under Franklin D. Roosevelt, Cordell Hull had the opportunity to initiate and carry out that program. It was one of the greatest contributions to peace ever made. And today ALBERT GORE is carrying on in that tradition.

Mr. President, I do not favor a 1-year extension of the Reciprocal Trade Agreements Act. This is no solution to the mighty challenge of our times. Such an extension would provide evidence to our allies in the free world that we are insincere in our advocacy of "trade not aid," and that we are willing to pay only lip service to it—the tribute of a slogan, but without substance or conviction.

Last year the Republican administration and Congress delayed taking definitive action on an international trade program. It was argued that time was needed for the new administration to study and familiarize itself with the problems involved in international trade policy. So Congress and the American people marked time by enacting a simple 1-year extension of the Reciprocal Trade Agreements Act. This means doing nothing. The fact is that no new trade agreements were negotiated. The United States Government turned its back on the reciprocal trade program while pretending to affirm it.

During the past year Russian and Red Chinese trade overtures to the nations of the free world have met with alarming success. We can hardly read a newspaper without finding a report of a new trade delegation proceeding to Moscow or Peking, or of a new trade agreement having been reached between an Iron Curtain country and a nation of the free world.

Already Red China has concluded trade agreements with 13 of our allies, and Russia with 15. Both Red nations are moving relentlessly to broaden the scope and to step up the tempo of trade with our allies who for years have been our chief customers and suppliers. The Communist nations are driving hard to take over our foreign markets and to leave us with huge unsalable surpluses. But to sell our products we must buy the products of others. Trade cannot be a 1-way street or a 2-way street. It must be on a multilateral basis.

But instead of actively promoting world trade, instead of moving ahead with measures to expand trade, we have done nothing. Now it is proposed that we continue to do nothing. Mr. President, I disagree violently with this do-nothing trade philosophy. We are a producing Nation. We must find markets for our surplus agricultural and industrial products. There is no argument on this point. We must establish and maintain outlets for our surpluses. We must either give them away or we must provide the wherewithal for other nations to buy in our markets. We must be customers as well as sellers. If we do not follow either of these courses, our economy will stagnate. Unemployment will continue to rise, and an unmanageable overflow of surpluses will glut the economic life of our Nation.

President Eisenhower submitted the Randall report on March 30, 1954. The report asked for a cautious liberalization of our international trade policies. The Randall Commission recommended a 3-year extension of the reciprocal trade program with authority to reduce tariffs on selected commodities not more than 5 percent a year. The President called this program a minimum which he considered essential, and warned that if we fail in our trade policy we may fail in all.

What has been the resulting action? Days and weeks passed, and no legislation was submitted to Congress. Finally—and I might add with impressive speed following the brilliant attack on this whole problem by the junior Senator from Tennessee—the administration made its move. Out from the House Ways and Means Committee—ahead of social security revision—ahead of the tax bill—came again a proposal for a 1-year extension of the Reciprocal Trade Agreements Act.

In great haste that bill passed the House, was cleared by the Senate Finance Committee, and is now before the Senate.

Why this haste for a simple 1-year extension—a bill that does nothing but mark time, that neglects the President's recommendations and pays rather obvious lip service to the ideal of free trade?

We are, Mr. President, putting our allies on notice that for another year our customers abroad must wonder what our long-range trade policy is to be. It means that trade offers from the Soviet Union and Red China will seem more and more attractive in the face of the absence of an affirmative trade policy on the part of the United States.

Mr. President, we have heard alarmist charges to the effect that we must investigate the trade our allies are conducting with Iron Curtain countries. We are quick to condemn our allies for trading with Red China and other Communist countries. I respectfully suggest to those Members of the Senate who have so loudly clamored on this issue that here is a chance to vote for a United States trade policy which will contribute positively to a decrease in trade with the Iron Curtain countries. Let us give our allies a chance to trade with us. We cannot adopt a dog-in-the-manger attitude and say, "You can't trade with us, except to buy surpluses, but we don't want you to trade with Russia either."

Those who support this position—the junior Senator from Wisconsin [Mr. MCCARTHY] among others—now face a real test of their sincerity. I hope they will join with us in adopting the amendments in the nature of a substitute. Here is a realistic and practical opportunity to do something about our deteriorating international trade position, and, at the same time, to strike a major blow at Communist penetration through trade.

I very much hope that the amendments in the nature of a substitute, offered by the junior Senator from Tennessee [Mr. GORE] and his cosponsors, will prevail.

Mr. GORE. Mr. President, will the Senator from New York yield back his unused time?

Mr. LEHMAN. I yield to the Senator from Tennessee the remainder of my time.

Mr. GORE. I yield 6 minutes to my colleague the distinguished senior Senator from Tennessee [Mr. KEFAUVER].

The PRESIDING OFFICER (Mr. PAYNE in the chair). The senior Senator from Tennessee is recognized for 6 minutes.

Mr. KEFAUVER. Mr. President, one of the most tragic facts of the present hour is the lack of a real belief that peace can be obtained—that wars are not the only solution to the world's problems.

Speaking up for peace is not very fashionable these days. Too many of us leave talk of peace to Communists who do not actually believe in it. War will, indeed, become inevitable if we leave the destinies of this Nation and the world either to Communists who do not believe in peace on the one hand, or those of our leaders who have come to despair of peace on the other.

We have the power in this body, Mr. President, to strike a great blow for peace now. The Senate of the United States has the opportunity of assuring both our friends and our foes that the people of the United States desire a peaceful world above all things and will make sacrifices to obtain it and maintain it, just as we would make sacrifices if war were thrust upon us.

One of the quickest and surest, most trusted, and reliable ways to make for a peaceful world is to encourage world trade. It is the way of true friendship and understanding.

My distinguished colleague, the junior Senator from Tennessee [Mr. GORE], has been an able leader of the forces which are seeking to make the United States foremost among the countries of the world in promoting and stimulating the international exchange of goods. In so doing he is following a great tradition of our State, whose eminent son, Cordell Hull, was the father of the Reciprocal Trade Act of this country. He is following the long tradition of the Democratic Party which, from its inception, has recognized enhanced world trade as a means of peace and friendship among nations and a means of strength and growth to ourselves. It is with pride that I join him in this struggle for a peaceful world based on the reality of greater world trade and the friendship and well-being it engenders.

Many of the leaders of this struggle we make for quickened world trade are the most hardheaded and farsighted members of the business community. And a great many of them are devoted members of the Republican Party. As leaders of our great business enterprises, they have come to see more clearly than many the absolute necessity to the peace of the world and the well-being of our Nation of a larger and less encumbered world trade.

As Republicans, I expect that they have noted with sorrow the retreat of the present administration from the principles of which it fought the last

national election, as well as from its slogans. We are, and it is inevitable that we do so, withdrawing from many of the programs of economic aid which were found vital after World War II. The Republican Party ran in the last election under the slogan "trade, not aid." President Eisenhower, early in his administration, appointed the so-called Randall Commission to study this tremendous problem, and to present to him a long term solution. That the Commission did. Its report is one with which not every Democrat would agree. But knowing the realities of Republican politics and the hard core of Republican tradition, it managed to be better than many of us had expected.

Legislation was drawn up on the basis of the report of the Randall Commission. That legislation was placed on the "must list" for consideration by this Congress. It is not merely sad; it is tragic that in this hour of world tension the administration gave up its plan to push such long-range legislation and has notified its leaders in the Congress that it would accept instead an extension of merely 1 year of the Reciprocal Trade Act. Thus the great crusade has been transformed into the great retreat.

Those of us who still have faith that by peaceful means men of good will in all nations can work out a solution to world problems without a final resort to war, those who place the welfare of the Nation above politics, have no alternative except to seek to save this administration from its own weaknesses.

Instead of a paltry and pallid extension of the Reciprocal Trade Act by a single year, we propose the extension of a liberalized act for 3 years.

Last year I offered an amendment extending the act for 3 years instead of 1, and incorporating other liberalizing amendments. My amendment was defeated. At that time the position of the administration was that they wanted only a 1-year extension, pending completion of the Randall study and its report.

The study has been completed, and the report filed, and it recommends a 3-year extension, for largely the same reasons that I gave last year. But again we are faced with only a 1-year extension. Therefore, I was glad to join my colleague and the other Senators in sponsoring the amendment again this year, and I hope the Senate will adopt it.

A 1-year extension will merely mean to the rest of the world that we have not yet gone backward in our position on world trade. An extension of a liberalized act for 3 years would be taken universally as a going forward, as the most concrete evidence there could be that the United States still intends to be a leader in the long march toward the kind of a world in which differences between nations can be settled regularly and normally by peaceful processes.

To our friends the world around, Mr. President, such action by us would bring a lifting up of hearts. It would help to end many of the strains which reckless actions or equally reckless inaction on our part have placed on some of our oldest and deepest friendships with other peoples. It would allow our own businessmen and those of other friendly countries to plan their programs far enough in advance to give them a new security. It would go far to end the charges of isolationism which have been cast against us.

To our enemies it would bring a vision of the kind of fruitful trade and improved living conditions for their peoples which would open up to them the moment they laid aside their aggressions and gave evidence of a genuine desire for peace.

We have a great propaganda agency maintained at a cost of many millions of dollars. We hope that it will make for understanding and friendship for us. Yet in the brief time that it would take the Congress to pass a genuinely liberal and long-term Reciprocal Trade Act, we could, Mr. President, accomplish more for the good will of the United States than any propaganda agency could do alone in years of effort.

The failure of the present administration to push its own legislation, the failure of this Congress to pass a liberalized, long-term Reciprocal Trade Act, will be a signal to the world, a signal to our friends, a sign to our enemies, that we have lost faith in peace, that we and they must endure yet another year of deepening crisis.

We have here, Mr. President, an opportunity to serve the cause of peace at a time in which such opportunities become daily less frequent. We must seize the opportunity. We must notify the world that America has not thrown down its mantle of leadership. The issue here is one of limpid clarity. We can be generous on this issue and we will be wise in doing so, we can once again proclaim the faith of our Nation in peace and a better life for ourselves and the other peoples of the world, or we can demonstrate our weakness and our timidity, our loss of faith, our lack of confidence in our tremendous destiny, the fact that our generation is a little less worthy to be called citizens of the land of the free and the home of the brave.

The PRESIDING OFFICER. The 6 minutes of the Senator from Tennessee have expired.

Mr. GORE. Mr. President, I yield 6 minutes to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I rise to support the President's program for an extension of the Reciprocal Trade Agreements Act for 3 years. I do so even though the President's own leadership in the Congress seems to have abandoned that program. In doing so, I am proud to join the junior Senator from Tennessee [Mr. GORE] and our many associates on this side of the aisle who are demonstrating once again the qualities of leadership and proper governmental responsibility—the dedication to principles and to national welfare without regard for party affiliation.

We support the President when he is right in our judgment, and we oppose him when we believe he is wrong. We support the President's recommendation for a 3-year reciprocal-trade extension at this time because we know it is right for our Nation and for our people.

Mr. President, last year at about this time I rose to speak on our foreign economic policy, and several other Senators did the same. I recall that we pleaded for a more stable foreign-trade policy from this administration, and that we asked for a foreign economic policy which would be a coherent and effective part of our total foreign policy in this long-term, hot-and-cold war with communism.

Those of us who spoke last year took note of the fact that the antitrade forces in this country were making a more determined effort than usual to undermine our foreign-trade position and the economies of the free world. We took note of the fact that the Soviet bloc was making a more determined effort than at any time in the past to undermine our foreign-trade position and the economies of the free world.

American foreign policy, military security, and foreign trade should all be considered as important areas of an integrated overall comprehensive program of security and international relations. A successful foreign policy necessitates effective action on three fronts:

First. Diplomacy.

Second. Mutual defense.

Third. Foreign economic policy and international trade.

These are interrelated and interdependent.

Discouraging as the political and military situation may be, the most glaring and disturbing aspect of our foreign policy is our failure to develop a sound and progressive international economic program. We have put off the day of reckoning by our liberal loans and grants to our allies. With the determination of the administration and the Congress to reduce economic aid, the imperative necessity of expanded trade between ourselves and the free nations becomes ever more important. The slogan of "Trade, not aid" requires not only that we reduce our aid, but that we expand our trade.

The normal trade patterns of prewar Europe and Asia were severed and disrupted by World War II and the postwar aggression of the Soviet Union and her satellites. The arteries and veins of commerce between the nations of Europe and Asia were blocked. If Western Europe is to survive and the other free nations to grow in strength and stability, new trade channels must be opened and kept open.

The United States of America is the most powerful economic force on the face of the earth. We have given political leadership, and at great cost have helped to rearm our friends and allies. Yet, we have shown little or no statesmanship in the area of world trade and foreign economic policy. Our program of building strength against the forces of Communist imperialism may well fail and collapse unless all three areas of our international policy remain strong and effective; the political, the military, and the economic.

This sound international policy is like a 3-legged stool. Its stability and its strength cannot be measured by any two—it requires all three. As the leading economic power in the world, surely we should be able to establish beyond question of doubt our claim to economic statesmanship and leadership.

In 1953, the President and his administration asked for but a 1-year extension of the Reciprocal Trade Act. The President in his message asked for this year's extension, stating that during that year a commission would be appointed to study the overall trade policies of the United States, and that the commission would bring forth recommendations, which in turn the President would submit to the Congress for action.

We voted reluctantly for a mere 1-year extension of the Reciprocal Trade Agreements Act, and took careful note of the pledge of the Secretary of State that no new agreements would be negotiated under it. But we lived at that time in hope that this year the administration would redeem its pledge to bring before the Congress a consistent, forward-looking foreign economic policy—a policy worthy of the problems now facing the free world.

The Commission was appointed. The study was made, and the recommendations were sent to the Congress by the President. The report of the Randall Commission represents the 1-year study. But we are now faced again with another request for a 1-year extension of the whole Reciprocal Trade Act. The President's foreign economic policy message has been relegated to the archives. The work of the Randall Commission has become the basis of a message to the Congress, but not a policy on which to act. The report of the Randall Commission was in itself a serious compromise of some basic principles. Even that report, however, has been put aside.

REPORT OF THE PRESIDENT'S COMMISSION

We expected great things from the Randall Commission, Mr. President. While I think it well that we accept its report as a basis for immediate legislation, I would not have it thought that this report sets forth the last word in foreign economic policy to be the basis for an enduring and successful policy.

This report has been sold to the American people as something new. Actually, there is hardly anything new in it, and the few new departures failed to gain the acceptance of the majority of the Commission. I do want to commend Mr. Randall and his Commission for their dedication to their task. The report is, of course, a significant contribution to the study and understanding of foreign-trade policies. I now want to discuss what I think are some of the shortcomings of the Randall Commission report. I do so, not in a spirit of partisan criticism, but simply to reopen the subject of foreign economic policy. I am afraid too many people have considered the subject closed, thinking that this Commission said the last word on the subject.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the remainder of my remarks be printed at this point in the RECORD.

There being no objection, the remainder of Mr. HUMPHREY's remarks were ordered to be printed in the RECORD, as follows:

First. I do not believe the Randall Commission report really gives us a comprehensive survey of our foreign economic policy as an arm of our total foreign policy. There is no attempt in the report to assess our major objectives in the cold war, and then to look at our foreign economic policy in the light of these objectives. Instead, economic policy is viewed as something unique and separate from the rest of our foreign policy. This is highly unrealistic.

Second. The Commission devoted a great deal of consideration to the so-called dollar gap, and to the question of replacing aid with trade in order to close the gap. Many economists feel that, in fact, the Randall Commission considerably overestimated the seriousness of the dollar gap.

The chief problem, however, is that the dollar gap is merely a symptom of far more basic, underlying problems. These problems include the domestic health of free world economies abroad, and the drastic changes in the pattern of world trade which have taken place since the beginning of World War II. These changes have cut our European allies off from many markets in which they used to sell. They have also brought upon the scene new competitors in world markets, with the beginnings of the industrialization of some of the previously underdeveloped areas.

It seems to me that efforts to deal with these transformed patterns of trade, to recreate multilateral trade patterns that will allow European economies to increase their trade with nondollar areas of the world, and to get rid of rigidities in the European economies are problems which the Commission should have looked at.

Third. The Commission took no real, hard look at the problems of the underdeveloped areas. It said there ought to be increased private investment in those areas, and it supported previous constructive suggestions for Government incentive to private investment.

But it said very little about how you are going to attract private investment to new nations on the very border of the Communist world. Those are the nations we want to help, and most estimates are that these areas need about a half-billion dollars of new investment a year.

The Commission said nothing about the often-proposed plan of an international development institution of some type which would help make capital available to the underdeveloped areas.

The commission said nothing thoroughgoing about the problem of stabilizing raw materials prices, which is a vital problem to those new nations. It rejected international commodity agreements out of hand. The only positive contribution it had to make was the statement that we ought to maintain stability in our own economy so as to stabilize raw materials prices abroad. It didn't say how we would accomplish this, nor did it examine the question of whether rather sharp cyclical fluctuations in raw materials prices aren't inevitable, even in a stable economy, in the absence of commodity agreements of some type.

Fourth. The Commission had practically nothing to say and no recommendation to make regarding our own domestic economy and its relationship to foreign trade. It did make a few gratuitous remarks about farm price supports, saying that they had interfered with freedom of trade. It didn't attempt to prove its case, which, as a matter of fact, has yet to be proven.

The Commission had nothing to say about the problem of recessions or downturns in our economy and the way in which they affect our foreign trade and thus the economies of other nations. I want to say a few words about that at this point, for I think it is important.

Our Nation today produces more than 40 percent of the world's goods and services. We generate about two-thirds of the world's supply of savings. In 1952 we exported 20 percent of the world's exports, and imported 15 percent of the world's imports. We are pretty important to the rest of the world, even though our own exports are only about 5 percent of our national income and our imports only 4 percent of our national income.

I would like to suggest to the administration that our foreign and our domestic economic problems go hand in hand. We ought to be concerned about the economies of the other nations of the free world. After all, we have put a big investment into them, and it has been a successful investment because it has helped to save those nations from their internal Communist movements. Now that we are cutting down on foreign aid, however, we ought to watch our own domestic economy, for a downturn here—no matter how small—will have a proportionately greater effect on the economies of our anti-Communist friends and allies.

This will be so because foreign trade is more important to them than it is to us. It will be so because our recessions tend to be more severe than foreign recessions, and thus have a proportionately larger effect on our imports and foreign trade policy. It will be so because the items we import from many of the nations abroad are luxury items which we quickly curtail in times of recession. It will be so because our raw material imports vitally affect the economies of the underdeveloped areas—many of them close to Communist borders—which are still one-product economies.

The economic downturn of 1949 in this country resulted in a 10 percent drop in imports under 1948. The same general result followed the downturns of 1921, 1930, and 1938.

Recession also has historically tended to dry up our investments abroad. This fact could become increasingly important when it is the policy of the current administration to cut off public investment and to rely heavily on private investment in underdeveloped areas. Thus, in 1948, total American private investments abroad were $864 million; in 1949 they were $609 million.

Continued unemployment in this country could also have serious effects on the status of east-west trade. Free world trade with the Soviet bloc declined significantly from 1952 to 1953. But here is what FOA administrator, Harold Stassen, had to say about that before the Senate Foreign Relations Committee:

"Now the important thing to have in mind is that this adjustment has taken place successfully for the free countries, because the total economic picture in the free world in 1953 showed great strength, an expansion of trade, higher production in both industry and agriculture, and a very marked improvement in the standard of living of the free world and the stabilization of their currencies during 1953." (Hearings, April 9, 1954, p. 6.)

Fifth. The Commission, while recognizing the importance of an expansion of our foreign trade, did not really explore the problem of adjusting the United States economy to the impact of increased foreign trade. The Commission, I am sure, was right in feeling that from the total interest of our economy, an expanded trade program is a vital thing. The Commission also recognized that there would be certain areas which would be adversely affected by increased trade—certain communities which would feel the pinch of lowered employment and incomes due to foreign competition. The Commission did not, however, say anything about how this problem would be dealt with.

Commissioner McDonald: David McDonald of the CIO Steelworkers—alone put some thought on the subject, and came up with

a recommendation which deserves the careful consideration of the Congress. But he did not get any votes for his proposal from the Commission.

I submit for printing in the RECORD Mr. McDonald's separate views on pages 55 through 58 of the Randall report:

"STATEMENT OF MR. MCDONALD ON ADJUSTMENT IN CASES OF INJURY CAUSED BY INCREASED IMPORTS

"Neither the present law nor this report makes provisions for workers, companies, and communities that might face injury if the President decides it to be in the national interest to lower tariffs beyond the points specified by the Tariff Commission under the peril point and escape clause provisions.

"It is not likely that such injury would be widespread, but the initial effects upon those concerned might be serious. Some jobs might be lost, some companies might lose markets, and some communities might suffer increased unemployment. As I stated in my comments on the 'Tariffs and Trade Policy' section of this report, it is essential that adequate provision be made in the law for facilitating adjustments to increased imports.

"I am satisfied that the necessary adjustments can be made. But I cannot agree with the majority view that the Government has no responsibility to assist those injured in making them. Unemployment of any magnitude is of concern to the Government. Unemployment caused by Government action, as in the lowering of tariffs, should be of particular concern to the Government.

"The scope of this adjustment problem is indicated by estimates of potential worker displacement made for this Commission. Given a hypothetical reduction of 50 percent in our present tariffs, and the increased imports which would result from such reduction, not over 100,000 workers might be threatened, directly or indirectly, with loss of their jobs. Product diversification and other adjustments on the part of the companies concerned can be depended upon to reduce this figure. But while the total number involved should prove relatively small, the impact on the workers who are affected might be severe.

"During periods of rapid industrial expansion, the problem of adjustment to increased imports should be relatively easy. On the other hand, during periods of easing industrial activity, it may not be possible for the growth industries to absorb all of the workers from those industries which are in competition with imports. Owing to the comparatively weak competitive position of the industries which will suffer from imports, they are likely to suffer most in time of general business retrenchment. It is during such periods that it is more important for the Government to provide assistance to industries which find it necessary to make adjustments to any loss of markets resulting from increased imports.

"Study of the extensive experience of all segments of our economy in adjusting to dislocation from causes other than import competition leads to the conclusion that adjustments of a magnitude far greater than this have been, and can be, made. Indeed, on the basis of past experience, the areas of our economy concerned should be stronger after this adjustment than before.

"It is proposed that a policy be adopted by the Congress to assist and promote necessary adjustments by companies, workers, and communities whenever injury results from increases in imports traceable to tariff changes.

"ELIGIBILITY FOR ADJUSTMENT ASSISTANCE

"When the President finds it in the national interest to lower a tariff below the peril point, or to maintain a tariff concession despite a finding of injury or threat of injury by the Tariff Commission in an escape-clause action, the affected companies, their employees, and the communities in which they are located should become eligible for assistance under an adjustment-assistance program. The existence of such a program would provide the President with an alternative to tariff restoration, and it would provide those injured with assistance in making needed adjustments.

"PROPOSED ADJUSTMENT-ASSISTANCE PROGRAM

"The most satisfactory adjustment for workers, companies, and communities affected would be for the managements in the industries concerned to diversify their output into products less vulnerable to import competition. The next most satisfactory solution would be for the communities to broaden their economic base and provide alternative jobs for their workers. What companies and communities need in order to diversify is technical assistance to help determine lines of production which they might economically develop, and financial assistance to help carry the cost of such development. This might be provided in the following ways:

"(a) Companies and communities affected should become eligible for a technical-assistance program.

"This would permit payment from Federal funds of part of the cost of service of consulting professional engineers, economic developers, market researchers, or other technicians whose services might prove helpful. This responsibility might be assigned to the Department of Commerce.

"(b) Companies and communities found eligible should have access to financing assistance necessary to their adjustment programs.

"Expansion or diversification of existing business, or the development of new business, may require additional financing. A large number of communities and several States have established privately financed industrial development corporations, which could be helpful in meeting this need.

"Experience indicates that a marginal amount of financing may also be required that is not available from these sources. In such cases, the Small Business Administration, acting within its present authority and existing appropriations, should make its facilities available. If it should be found necessary, the Small Business Administration Act might be amended to permit larger loans if they are required to further this adjustment program. Any such public financing should be supplementary to, and preferably in participation with, private financial institutions.

"(c) Companies found eligible should have the privilege of accelerated tax amortization on new plant and equipment for the purpose of introducing new products or expanding production in lines other than those affected by tariff changes.

"Such amortization should also be offered to any other firms expanding production or establishing new facilities in communities (or their labor market areas) which are found to be eligible for this program. The Internal Revenue Code would have to be amended for this purpose.

"(d) Companies and communities found eligible should receive special consideration in the letting of Government contracts.

"COMMUNITY ADJUSTMENT ASSISTANCE FROM EXPORT INDUSTRIES

"Large sectors of expanding American industry have a substantial interest in promoting export trade and, consequently, in lowering barriers to increased imports. Most of these manufacturers are in fast-growing industries and have long-term plans for expanding their plant and equipment. If a number of such firms would undertake to place a relatively small proportion of their branch plant expansion in areas with present or prospective labor surpluses resulting from import competition, selecting from their expansion plans such operations as could economically be located in these areas and still meet their own production and marketing requirements, the problem of unemployment from import competition would be largely solved.

"There would still remain problems of transferability of skills of workers, adaptability of older workers to new industries, loss of accumulated benefits resulting from long seniority, etc.; but experience in many communities indicates that these could be largely solved, given an adequate supply of alternative employment in growth industries. Export industries will presumably grow and prosper with the increased exports that lowered tariffs and higher imports would permit. There is a certain equity in their sharing this growth with the communities and workers whose adjustments would make it possible. Carrying out a program of this kind under private auspices might be done through an industrial development corporation, fashioned after the community and State industrial development corporations but operating on a national scale. The more that private industry can utilize the skills of these displaced workers through this or other means, the smaller the task left to the Government.

"ADJUSTMENT ASSISTANCE FOR WORKERS

"Employees of companies found eligible for this program should also be eligible for adjustment assistance, in case they are not able to locate alternative employment promptly. This might take the form of a special unemployment compensation program administered through our present Federal-State machinery but financed by Federal funds.

"Provision should be made in case situations arise where neither companies nor communities succeed in diversifying to new lines of production and the workers face a major vocational adjustment problem. Present unemployment insurance benefits are inadequate to meet this need. Since this displacement would be the result of our national trade policy, Federal responsibility is clear. States where the impact happens to fall heaviest should not be penalized in a program designed to benefit the national interest.

"These unemployment benefits should extend for a longer period than is presently provided, but be limited in duration. Maximum benefits should exceed those now available. Benefits should cease once suitable work is found. If a worker takes a new job at substantially lower pay than his old job, he should be entitled to a supplemental benefit for a limited period to make up part of the difference.

"In addition to special unemployment insurance, a fully adequate adjustment program for workers would involve (a) an intensive counseling and placement program to help workers locate alternative jobs as nearly as possible equal to their previous employment; (b) special training allowances, similar to the current veterans' programs, to finance employers' costs in connection with inplant training programs or to cover approved courses of training in approved institutions; (c) special moving allowances, where a finding is made that a job is available elsewhere and payment of moving expenses up to a fixed amount in an individual case can aid in relocation; (d) for any older workers who prove unemployable, provision should be made for eligibility before 65 for retirement benefits under the old-age and survivors insurance program, without prejudice to their rights at regular retirement age.

"RESEARCH ON THE IMPACT OF LOWER TARIFFS AND INCREASED IMPORTS

"To my knowledge, more research was undertaken on the extent of the impact of import increases on American workers, com-

panies, and communities as a result of this Commission's inquiry than has been done at any other time. This is surprising in view of the tremendous interest in the subject and the wide divergence of views on what this impact would amount to.

"Time available to us did not permit the collection and review of all the information on the impact of potential imports which we should have liked to have had for the Commission's consideration. More work needs to be done in this area to assist the Congress in the formulation of future tariff and trade policy, and to assist the executive branch in administering it.

"It is, therefore, recommended that:

"(a) Industry-by-industry estimates of potential displacement resulting from tariff reductions be made by a special interdepartmental committee established for this purpose.

"(b) The probable effect of such displacement on the individual industries and companies involved be analyzed by the Department of Commerce.

"(c) The probable effect of such displacement on workers involved, by industries and by labor market areas, be analyzed by the Department of Labor.

"(d) Adequate funds for these studies be made available by the Congress."

6. I believe the Commission failed to face up to one of the chief problems in the area of East-West trade. The Commission recommended that the United States "acquiesce in more trade in peaceful goods between Western Europe and the Soviet bloc." But the Commission did not deal with the problem of whether, once these trade channels are built up, the Soviet bloc will have a whip hand over the nations of Western Europe if it threatens to cut off profitable trade.

Of course, if we are not going to establish a stable, long-term trade policy we might as well face the fact that our friends will have to turn to more trade with the Soviet bloc. What we should be doing is to provide them with an alternative, by enacting some lower tariffs and removing the restrictions to legitimate commerce by modernizing our customs regulations.

7. The Randall Commission recommended merely a 3-year extension of the Reciprocal Trade Agreements Act. This represented a compromise from the original view of the Commission that a 10-year extension should be recommended. I also want to point out that the Bell Commission, set up under the last administration, recommended an extension without time limit.

The Randall Commission said nothing about whether there was any reason to believe that a 3-year extension would be enough to encourage foreign exporters to trade with the United States. Selling in the American market often requires a large investment in advertising, in redesigning and retooling. There is some doubt that foreign exporters will be willing to make that investment if the Trade Agreements Act will have to come up for reconsideration in 3 years.

8. This would be especially true if another recommendation of the Commission were accepted—that advocating the renegotiation and restriction of the General Agreement on Trade and Tariffs. This agreement, dating from 1947, includes 23 nations and embodies all our trade agreements made since the war.

The Commission proposes to take away all administrative power from the GATT and leave it with only negotiating powers.

I think it is very doubtful whether the GATT should be disturbed. It is now the heart of free world trade policy, and I am reluctant to see the heart cut out of free world trade. If the United States were to withdraw from GATT most of our tariff rates would revert to the 1930 levels—Smoot-Hawley. There would be an average tariff increase of 65 percent on the items included in the GATT. This seems to me hard to reconcile with a forward-looking trade policy.

Let me also say, however, that I do agree with the recommendation of the President's Commission that the General Agreement on Tariffs and Trade should be submitted to the Congress for its approval. I do not agree with the Commission that the administrative provisions should be cut out of the agreement, but it is clearly important, in a nation which believes in the rule of law, that the legislature pass on a measure which has such a real effect upon the American economy and upon our foreign policy. I would hope and trust that Congress would approve the General Agreement on Tariffs and Trade as it now stands.

I deeply believe that the foregoing criticisms of the report of the President's Commission are necessary in the interest of future legislation in the field of foreign economic policy. I am deeply concerned lest it be thought that the Commission has said the last word on the subject.

I want also to say, however, that there are many admirable things in the Commission's report. The Commission has recognized that aid is no substitute for trade. It has strongly and correctly, in my view, recommended that our customs provisions be simplified and reformed. It has correctly stressed the importance of obtaining convertibility of the world's currencies in the near future.

THE PRESENT POSITION OF THE ADMINISTRATION

The report of the President's Commission with all of its compromises, outlines the nucleus of an improved trade program, and I am anxious to support that. I had hoped to have a chance to vote for it, and I still intend to vote for it.

The real disappointment in this absolutely vital area of foreign economic policy has been the fact that the administration has not even stood by its own recommendations, but has decided to put off the solution of this extremely urgent problem for another year.

The reason given is that the Congress needs time to study the proposals. Perhaps the Republican Party needs to study them, but there are plenty of us here in the Senate today who have studied these proposals, who have been concerned about this problem for a long time, and who are today prepared to vote for the President's trade program.

Let me quote from the New York Times of June 11, 1954:

"President Eisenhower stated with emphasis today his determination to press for congressional approval of his liberal foreign trade program as outlined in a special message last March.

"He denied vehemently at his news conference that his acceptance of a 1-year continuation of his existing tariff-making powers meant he was backing away from his original recommendations.

"Nothing could be further from the truth, he declared. He explained, in substance, that Congress needed more time to study the controversial aspects of the broader program. Members could not be expected to vote 'yes' or 'no' and do it now, he said."

Now, let me quote a bit from a later passage of this same article:

"Representatives REED and SIMPSON only recently had been pressing the administration for a commitment against any new trade agreement as the price of favorable action on the 1-year extension. There was no clear explanation of their sudden change.

"One factor, however, was the desire on both sides to avoid a party-splitting fight in an election year. Mr. SIMPSON, as chairman of the Republican congressional campaign committee, is largely responsible for the party's effort to retain control of the House in the November elections.

"It was also reported that Mr. REED and Mr. SIMPSON had been assured that the Japanese agreement would not be concluded until sometime next year. Possibly the renewed act will again expire before the pact can be put into effect."

The entire article is as follows:

"PRESIDENT STANDS ON HIS TRADE PLAN—DENIES ACCEPTANCE OF YEAR'S EXTENSION ON TARIFF POWERS MEANS DROPPING PROPOSAL

"(By John D. Morris)

"WASHINGTON, June 10.—President Eisenhower stated with emphasis today his determination to press for congressional approval of his liberal foreign trade program as outlined in a special message last March.

"He denied vehemently at his news conference that his acceptance of a 1-year continuation of his existing tariffmaking powers meant he was backing away from his original recommendations.

"Nothing could be further from the truth, he declared. He explained, in substance, that Congress needed more time to study controversial aspects of the broader program. Members could not be expected to vote 'yes' or 'no' and do it now, he said. He had previously urged action early in the next session.

"The President's remarks coincided with swift action by two committees of the House of Representatives on a bill to authorize a 1-year extension of the Reciprocal Trade Agreements Act, which expires Saturday. This completed parliamentary preliminaries for House passage of the bill tomorrow without change.

"The act gives the President power to lower tariffs in exchange for trade concessions by other countries and raise them to protect domestic industries from serious injury. He is limited to a 50-percent range of rates in effect January 1, 1945.

"HIS ORIGINAL PROGRAM

"In his message last March, President Eisenhower proposed a 3-year extension with authority to lower tariffs selectively by an additional 5 percent each year. This and other recommendations dealing with such problems as convertibility of currencies and customs simplification were based on the report last September of a special 17-member commission headed by Clarence B. Randall, Chicago industrialist.

"The President advised Congress later of his willingness to accept a 1-year continuation of his present tariffmaking powers as an interim measure.

"A bill for the stop-gap extension, introduced Thursday by Representative DANIEL A. REED, Republican, of upstate New York, was unanimously reported this morning by the Ways and Means Committee. This afternoon, the Rules Committee cleared it for House consideration tomorrow under procedure that will bar any changes on the floor. Debate will be limited to 3 hours.

"Mr. REED, Ways and Means chairman and ordinarily a leading spokesman for high tariff forces, surprised spectators at the Rules Committee hearing by urging favorable action on the ground that it was advisable to negotiate a trade agreement with Japan. The Japanese must have a better market for their goods, he said, adding: 'We want to keep them on our side. They've got to live.'

"FIRST ITEM NEXT YEAR

"Representative RICHARD M. SIMPSON, Republican, of Pennsylvania, and principal leader of the House protectionist bloc, testified that he would quite willingly go along pending congressional examination of the entire tariff and trade subject.

"Mr. REED said the Ways and Means Committee would take the subject up as its first order of business next year.

"'It is our intention,' he said, 'to hold the most exhaustive hearings on this whole subject of trade that we have ever held at any time.'

"Representatives REED and SIMPSON only recently had been pressing the administration for a commitment against any new

trade agreements as the price of favorable action on the 1-year extension. There was no clear explanation of their sudden change.

"One factor, however, was the desire on both sides to avoid a party-splitting fight in an election year. Mr. SIMPSON, as chairman of the Republican congressional campaign committee, is largely responsible for the party's effort to retain control of the House in the November elections.

"It was also reported that Mr. REED and Mr. SIMPSON had been assured the Japanese agreement would not be concluded until some time next year. Possibly the renewed act will again expire before the pact can be put into effect.

"Expiration of the law Saturday will not affect existing agreements, so a brief hiatus is not considered important as long as the world knows the reciprocal trade program is not being abandoned. Early Senate action is planned."

So the reason we were not to have a chance to vote on a real foreign trade program was to keep the Republican Party from splitting apart. Of course, the free world might split in the meantime, but the Republican Party will live on. Live on, I might add, with the trade policies of 1930 in the world of 1954.

We even learn that Republican Members of the House have been assured that a trade agreement with Japan will not be negotiated within the coming year. Let me say a word about that.

Japan, as everyone knows, is a nation that has lived for the past 100 years by trading. She is a small nation, she is a highly industrialized nation, she lacks sufficient raw materials and foodstuffs—she must trade in order to survive. Yet, in today's world, she meets tariff restrictions everywhere she turns. She has an annual dollar deficit that is only brought into equilibrium by United States expenditures for our military forces in Japan.

All experts are agreed that one of our gravest dangers in the Far East is the Japanese trade situation. If Japan cannot trade with the free world, then she will turn to the slave world. And she will have no choice. Needless to say, the Communist Chinese are just sitting there waiting for the apple of the Japanese economy to drop off the undernourished limb of free world trade and into the lap of the Iron Curtain bloc.

Yet we learn that certain Republican Members of the House have been assured there will be no trade agreement negotiated with Japan in the coming year.

Last year's pledge has been repeated. In the face of that information, Mr. President, let me quote a bit from the testimony of Secretary of State Dulles before our Foreign Relations Committee on June 4:

"Mr. CAPEHART. Well, I can ask this question because of my reputation of being always looking after the interests of the United States, so I will ask this question.

"For example, how is Japan going to maintain an economy if she cannot trade throughout the entire Far East? Aren't we going to have to face that issue in some way?

"Mr. DULLES. Well, I hope we will not have to face it, but, of course, if there should be barriers to Japanese trade with Southeast Asia, that would add seriously to what is already——

"Mr. CAPEHART. Yes.

"Mr. DULLES (continuing)—an unhappy economic situation for Japan.

"Mr. CAPEHART. If Japan is going to remain strong and healthy she will have to trade.

"Mr. DULLES. That is correct.

"Mr. CAPEHART. She will either have to have it with the United States, among her own people if there is sufficient of it, or they will have to do it with Latin America or some other section of the world.

"Mr. DULLES. Correct.

"Mr. CAPEHART. Now, the question is, Can we draw lines around certain sections of the world and say we are not going to trade in them? If we do, is there sufficient trade then in the balance of the world to maintain the private-enterprise system or the system of individual ownership of property or will we be dragged down into complete, 100-percent Government ownership, which is communism? Frankly, I think we have been barking up the wrong tree in many, many respects, many of us, and many people in the United States, and I shall include myself among them.

"Mr. SPARKMAN. Mr. Secretary, I was very much interested in the discussion between you and Senator CAPEHART, and I am in agreement with you, and I am very much concerned about this economic situation of Japan and that whole area.

"Now you said that there were certain parts in the President's program. What part of the program relates to that particular problem? There is no legislation proposed to us that would ease up on this economic situation in Japan, for instance, is there?

"Mr. DULLES. Yes. If the Reciprocal Trade Agreements Act is extended for a year so that we can then negotiate with Japan in GATT, that would open the way to a very considerable easing of the Japanese trade problem.

"You see, by and large, there have been negotiations with other countries which have considerably reduced, on a multilateral world basis, the duties on the commodities which are distinctive to those particular countries. There have been no such negotiations with Japan, so that the goods from Japan or the goods which are distinctively Japanese in their character still have to pay, in most of the world, very high duties, in many cases discriminatory and prohibitive duties.

"Now, we were able, with great difficulty, in the face of British opposition, to get Japan membership in GATT this year, or last fall, whenever it was. But now the ability to proceed and turn that to account depends, for example, on the extension, without crippling conditions, of the Reciprocal Trade Agreement Act, and there is a plan for going ahead with that type of negotiation with Japan, but it is—the consummation of that program depends upon getting a renewal, which the present act, I think, expires on the 12th of June."

Yet, in spite of the testimony of the Secretary of State concerning the urgency of the Japanese trade problem, it is still the case that the administration is putting off a long-term solution to the free world's trade problem, and is even assuring members of its own party that it will put off consideration of the particular problem of Japan.

EAST-WEST TRADE

And Japan is not the only nation caught in the dilemma between East and West. The same thing is true of the nations of Europe, and it will begin to be true of the underdeveloped areas as they industrialize their economies.

Where Europe is concerned it is strictly a trade question. Where the underdeveloped areas are concerned, it is also a question of whether we are going to help them industrialize by providing them with capital. The Communist method of development looks like a shortcut to many of the peoples of those new nations. They are apt to choose it as a shortcut if we do not come to their assistance.

I do not intend today to speak to this question of capital and technical aid for the underdeveloped areas. I will have something to say about that when the foreign-aid authorization comes before us.

Last year—a year ago almost to the day—I warned what would be the result in terms of East-West trade if we did not lower our own trade barriers on a serious and long-term basis. Despite the fact that East-West trade dropped from 1952 to 1953, the likelihood of increased East-West trade is now grave. It carries with it the likelihood of a reorientation of the economies of some of the most productive nations in the world in the direction of the Soviet bloc. These are nations upon whom we have relied as arsenals of democracy. But we are going to have to allow them the trade on which their economies depend if they are to use those economies in the cause of democracy.

I have spoken here before of what serious trading with the Soviet Union and her satellites can mean to free nations. It may, in the long run, mean state trading and a threat to free economies. And it may mean a further buildup of the Soviet economies, for those nations are able to set their terms of trade without reference to their domestic economies, and they make bargains for what they badly need without giving up substantial resources in return.

This is what Harry Schwartz, a widely recognized expert on the Soviet economy, has to say about Soviet foreign economic policy since the war:

"Since World War II, political factors have become much more important. Late in 1950 it seemed unlikely that foreign-trade plans were based primarily upon determination of minimum import needs and the selection of commodities to be exported in payment. Rather, Soviet interests in developing and dominating the satellite nations in eastern Europe and Asia also undoubtedly played a major role in this planning." (Schwartz, Russia's Soviet Economy, p. 500.)

Since World War II the Soviet Union has rarely made use of the multilateral trading agreements which characterize trade in the free world. Instead, she has relied heavily on bilateral agreements which enable her to bring to bear her economic and political power more effectively. Also, bilateral agreements fit in better with the needs of a planned economy, and mean that the Soviet nations do not need to use currency transactions—instead they match goods against goods.

This is the trade pattern of a planned economy. There is some danger that those nations who are forced to turn to the Soviet bloc for trade will fall into this pattern as well. For if they are forced to turn to the Soviet bloc, the Soviet bloc will then be in a position to dictate the terms of trade. It is up to us to see that this does not happen.

And yet, it is happening—more and more nations are lining up trade agreements with Communist nations. The conference now going on at Geneva is trying to settle the problems of the Far East. But Geneva is also a meeting ground for trade delegations from the eastern and western halves of the world. And while these delegations are meeting, our administration is throwing overboard its plans for a liberal foreign economic policy.

I submit the following newspaper stories, describing some aspects of the current East-West trade situation, to be made a part of the RECORD at this point:

"[From the New York Times of March 17, 1954]

"THE GLITTERING PROSPECT OF EAST-WEST TRADE

"(By Anne O'Hare McCormick)

"One of the important side issues of the Big Four Conference in Berlin was the Soviet attempt to entice the Western Powers with glittering vistas of highly profitable trade with the East. While the politicians were meeting on the borderline between the two halves of Europe a group of British businessmen were in Moscow discussing the resumption of East-West commerce in nonstrategic goods on a scale much larger than has been contemplated since the war. On the margins of the Conference, and since, the prospects of increased trade with the Communist world have been dangled before the Western nations as the answer to their economic

problems and as a substitute for the dwindling aid from the United States.

"Insofar as the exports do not constitute materials for making war, Washington has not objected to this commerce. In 1 or 2 instances the American Government has acquiesced in exchanges that might be open to question on this score on the ground that the free countries are more harmed by failure to dispose of their products than Russia and its satellites are helped by the trickle of goods that comes in from the West under the new trade agreements. Furthermore, there are strong economic pressures for reviving, to the extent that it is safe and possible under present abnormal conditions, the currents of European trade that existed before the Continent was artificially divided by the Iron Curtain.

"The point of interest is that the initiative in this matter has come from the Soviet Union. One reason for this was quite crudely revealed at Berlin, where Mr. Molotov made no attempt to conceal Moscow's aims, in Germany and in the rest of Europe. In the background of the Conference was always the offer of the vast economic advantages that would accrue to Britain, France, and other European countries from trade with the Eastern bloc. This offer, like the all-European security pact, was an undisguised move to divide the Western Powers, and especially to separate Western Europe from the United States.

"THE GENEVA CONFERENCE

"A new effort along this line is sure to be made in Geneva. Russia has reason to count on the fact that the solid Allied front she was unable to crack in Berlin will be more brittle on questions of far eastern policy. It may be, also, that there are differences on the other side. Secretary of State Dulles said in his press conference yesterday that negotiations on the details were proceeding so slowly that the Geneva meeting might have to be postponed, and intimated that the delay might be due to divergences with Peiping on the latter's role in the conference.

"The motive behind the alluring picture of a great untapped market is not only the desire to divide the West, however. There is plenty of evidence that the Communist empire, immense and potentially rich as it is, needs trade with the West.

"For nearly 37 years Russia has worked single-mindedly, with no thought of the lot of the people, to build up heavy industry and make the U. S. S. R. self-sufficient. After the war she annexed the eight independent states along her western border and cut them off, too, from the outside world in order to milk them and impose on them a system that operates to reduce both their exports and their living standards. It must be borne in mind that the Soviet orbit was not isolated; it deliberately isolated itself. The Iron Curtain was a Soviet creation, designed not only to block communication but also to sever the arteries of trade.

"But the Soviet Union, no more than the rest of the world, can live by itself. It needs consumer goods, and needs them badly, to satisfy the demand of a long-suffering people for a few of the comforts of life. The satellite states used to be the granary of Europe. Now the resistant peasants don't grow enough to feed their own countries. Moscow recently had to send gold to Great Britain because it could not fulfill the order for wheat to which it was committed in exchange for British machinery.

"THE PRACTICAL ASPECT

"This brings up the question clouding the bright prospect outlined by Mr. Molotov at Berlin. There is no doubt that Russia wants trade, but can she deliver the goods? Businessmen in Europe talk sadly of the broken flow of business. They say the Continent can never really recover until the natural channels are restored.

"But some of Russia's customers are disappointed in the results of their bargains. In Vienna, once a center of East-West trade, a high official declared last fall that Austria had come out at the short end of the deal in transactions with the Soviet bloc. 'It's mostly a matter of barter,' he said, 'but our experience is that we don't get our quid pro quo.'

"It's a significant picture—the East apparently clamoring for western products, the West more ready to oblige than the consultative group on export controls, which administers the embargo from Paris, is ready to permit. It involves Soviet external policy, no doubt, but it is also an attempt, after all these years, to give the East some of the goods the West enjoys as a matter of course. The Russian appetite for possessions, growing as the new policy for providing more consumer goods is put into effect, is a revealing commentary on the revolution."

"[From the New York Times of February 14, 1954]

"REDS' TRADE DRIVE GAINS MOMENTUM—PROGRESS IN WOOING WEST IS MADE IN SPITE OF OBVIOUS POLITICAL OBJECTIVES—MOVE IS ON WIDE FRONT—MOLOTOV HINTS RUSSIA FEELS PSYCHOLOGICAL CONDITIONS ARE IN HER FAVOR

"(By Brendan M. Jones)

"Despite obvious political objectives, Moscow is making progress in her efforts to expand trade with the Western World. This trend, described as gaining momentum, was widely substantiated last week by trade informants in close contact with European business developments.

"The Big Four Conference in Berlin has furnished a favorable background for Soviet trade promotion, but the drive also is being pushed in other European centers, it was noted.

"Moves for negotiation and preliminary contacts on new business are being furthered all the way from Moscow to Stockholm, Vienna, Paris, and London, according to private information reaching here. And a good deal of the initiative is coming from the West.

"CONDITIONS ARE FAVORABLE

"That the Communists feel psychological conditions are in their favor was indicated in some of Foreign Minister Molotov's recent observations in Berlin. He is reported to have declared that the 600 million people of the Communist world want to do business. This, of course, harmonized with a prime purpose of the Berlin meeting, the easing of tensions between East and West.

"Mr. Molotov could not refrain from criticism of the United States, for he noted that China had increased her trade by 188 percent in spite of the American embargo on strategic goods.

"Charges that this country has been the aggressor in forcing other countries to restrict trade with the Soviet bloc has become a popular refrain in the Communist trade offensive.

"The end of fighting in Korea, accompanied by sharp criticism of Western countries' China trade, has favored the Communists. They have played also on the waning hope of Western European nations for dramatic moves by the United States to lower tariff and other import restrictions.

"Administration officials have recently shown a more liberal attitude toward peaceful trade between Western Europe and the Soviet bloc. At the same time they have reaffirmed continuance of near-embargo controls on American exports to Communist areas. American traders have displayed restiveness under these conditions and a desire to share in this peaceful trade.

"In this atmosphere, it has been no surprise that Western European traders are in great measure impressed with the conviction the Communists mean to do business. That is, practical, down-to-earth, reliable business. Accounts reaching traders here are significant in that respect.

"PAST PERFORMANCE FORGOTTEN

"Assertions of Kremlin policy to increase supplies of consumer goods within the Soviet sphere seem to have aroused little skepticism. Past performance by Russia in failing to live up to trade agreements also appears to have been forgotten. Strong forces of traditional trade links with Eastern Europe evidently have come alive after long suppression during the cold war era.

"As reported here, the Russian aim is to reestablish the prewar volume of trade with Western Europe. This would mean that exports to the Communist bloc would again be made up largely of industrial equipment with the addition of many other manufactured goods. In exchange there would be the traditional return of grains, feeds, foodstuffs, fuels and other materials.

"How 'traditional' trade would become as far as strategic goods are concerned would necessarily depend on business and political relationships.

"British sources here indicated last week that Moscow's proposal to order $1 billion in industrial goods from British factories was being weighed conservatively. The British could fill some of these orders out of current stocks, it was noted, but others would depend on satisfactory credit and contracts as well as other considerations.

"The indications were that the British will not blindly snap at the Soviet trade bait. This would be out of character for one thing. For another, it could be safely assumed that no obvious war-potential goods would be sent eastward.

"British trade negotiations in Moscow have been handled by top business people, who are not likely to be led into agreements that would neglect to provide substantial returns in Russian goods, it was noted.

"Attempts to determine just how much trade could be developed with Communist countries inevitably has led to confusion. Statistics, where they are available, are regularly reported through the United Nations. The Russians also are liberal with statistics—of the incomplete variety.

"Considering recent signs of productive and material distress behind the Iron Curtain, it would seem fantastic that Russia would be in a position to offer much trade. Major trading nations normally have a surplus of goods and materials for export, achieved naturally or induced by special productive efforts. Such capacity to export is essential for countries wishing to earn the foreign exchange needed to buy imports of goods in which they are deficient. Russia now relies on gold.

"PARADOX IS CITED

"Conceding high industrial and production capacity to Russia, there still remains a paradox in a country seeking to expand trade while stressing lack of a better supply of goods to its own people. At the same time, however, it has been concluded by experienced traders here that the Russian drive will mean nothing politically or economically if it cannot be backed up by lasting two-way trade.

"Russian reports on 1953 claimed that the total of Soviet trade amounted to 23 billion rubles. At the official exchange rate, generally regarded as fictitious, this would be the equivalent of $5,750,000,000. However, at a recently quoted free market rate for the ruble, at 4 cents instead of the official 25 cents, the reported value of trade would be less than $1 billion.

"Nonetheless, the Soviet bloc has shown ability to trade outside its own sphere. Despite controls, statistics generally show a marked rise in imports from the West during the height of the Korean war. Even if nonstrategic, this volume of goods evidently sustained Communist economic strength during a period of heavy demands."

"[From the New York Times of March 7, 1954]

"FRANCE WILL SEEK MORE EAST TRADE—FINANCE MINISTER TO CONFER WITH IRON CURTAIN AIDES AT U. N. PARLEY IN GENEVA

"PARIS, March 8.—The French Government is seeking to expand trade with Communist countries, Edgar Faure, Finance Minister, said today.

"M. Faure left tonight for Geneva, where he will head the French delegation attending the session of the United Nations Economic Commission for Europe starting tomorrow. He said his delegation would engage in side talks with representatives of Iron Curtain countries to clear the way for an increase in trade.

"M. Faure said one of the obstacles to an expansion of commerce between France and East Europe was the embargo placed by the free world on the shipment of certain strategic goods to Communist nations.

"He added that if the present improvement in the world situation became definite, the definition of what was strategic could be made less rigid and a number of items could be removed from the embargo list.

"He said another obstacle was the uncertainty as to the kinds of goods the East had to offer in exchange. He added that the prices the Communist nations asked often were higher than those French importers would have to pay elsewhere.

"DEBTS OF EAST ARE CITED

"He also mentioned a number of debts still outstanding in certain Communist countries as a result of the nationalization of enterprises in which the French had invested money.

"He said the recent trade agreement with the Soviet Union called for the exchange of 15 billion francs ($42 million) worth of goods annually each way. The French goal not only is to procure needed foreign exchange but also to establish reciprocal trade currents, he added.

"Earlier in the day M. Faure and Bernard Lafay, Secretary of State for Economic Affairs, exhorted French manufacturers and exporters to put some dynamism into their methods of doing business and thus prevent France from becoming senile and decrepit.

"M. Faure and M. Lafay spoke at the first of a series of technical discussions among Government experts, exporters, and Members of Parliament on methods of expanding foreign commerce.

"LACK OF DYNAMISM NOTED

"M. Faure declared the French economy now was characterized by insufficient dynamism, outmoded equipment and heavy financial burdens imposed by high taxes and social security. He said the high taxes were caused by France's military responsibilities in Europe and Indochina and by the still heavy outlays for reconstruction. As for social security, he said, other nations should match the French effort, instead of France reducing hers.

"He recalled the Government's 18-month plan by which the economy is to be modernized and the demand for goods increased. He said exports would both contribute to and benefit from this plan.

"The 10-percent increase in production that the plan calls for requires an increase of 20 percent in the imports of raw materials, he explained. To pay for this increase, France must increase her exports by 140 billion francs annually, he said.

"M. Lafay said that in addition to paying for the imports, exports must be stepped up to absorb agricultural surpluses and give the manufacturers an opportunity to widen their markets and thus reduce their prices.

"M. Lafay joined with M. Faure in urging the exporters to do more on their own.

"'Without wanting to minimize the help given by the Government, we must not hide the fact that it is on initiative, the competitive spirit, and the taste for risk by producers and exporters that we are basing our hopes,' M. Lafay said.

"He added that without private effort state aid would rapidly become a 'bonus for laziness.'

"M. Lafay warned that foreign competition was increasing. He noted that France and West Germany were exporting equal amounts in 1950 but since then the Germans had doubled their exports while the French had increased theirs by only 20 percent.

"He said the high French prices were not the whole explanation of German dominance and urged greater aggressiveness in getting and retaining foreign markets and greater efforts to satisfy foreign customers."

"[From the New York Times of June 11, 1954]

"GOODS FOR CHINA LISTED—BRITISH WILL PERMIT EXPORT OF WIDE RANGE OF MACHINERY

"LONDON, June 10.—A wide range of machinery is among goods that may be exported to Communist China from Britain. Strategically valuable metal machine tools were excluded from the list of products published tonight by the Board of Trade for which export licenses would be granted.

"The list was handed to representatives of the Chinese Government at Geneva recently by a British business mission during negotiations to increase British-Chinese trade. A Chinese purchasing team is expected soon in this country.

"Permitted goods include textile machinery, conveying and elevating machinery, textiles, chemicals, asbestos, rubber manufactures, plastic resins, refractories, drugs, building materials, and prefabricated buildings."

"[From the New York Times of February 17, 1954]

"BIG SOVIET ORDERS PERPLEX BRITAIN—FLOOD OF NEW TRADE PROMISED TO BUSINESSMEN STUDIED—PARLIAMENT ASKS DATA

(By Peter D. Whitney)

"LONDON, February 16.—British businessmen who have promoted more than £16 million ($44,800,000) in Soviet orders returned from Moscow today and precipitated a major national debate on East-West trade restrictions.

"In both Houses of Parliament questions were asked that showed incipient pressure to have the Allies' strategic controls against trade with the Soviet bloc modified.

"The business delegation of 33 men was not Government-sponsored, but had the approval of the Foreign Office and the Board of Trade. It came home with contracts for at least £16 million, plus future inquiries about £48 million ($134,400,000) in other goods. Vistas of trade amounting to £400 million ($1,120,000,000) in further Soviet orders glistened in the background.

"LARGE PART TO BE BARRED

"Yet the indications were clear that a large proportion of the hard orders and much larger proportions of the speculative ones would never be filled. They would be barred by the Board of Trade because they violated the controls maintained by North Atlantic Treaty Organization countries against exports of strategic goods to the Soviet Union and its satellites.

"These orders will shine in the order books of British industry, which is beginning to feel German competition and the deflationary effects of the American business downturn. F. James Fielding, of Platt & Fielding, a big manufacturer of machine tools, said he had booked £2,250,000 ($6,300,000) worth of orders, largely for wood-veneering presses.

"'After I have programed that over the next 3 years, I reckon that it will represent 35 percent of our production,' Mr. Fielding said. 'That is a nice figure to have on the order books ahead, especially since things have been slowing up lately in that respect.'

"The Government tried to bring the soaring hopes back to earth. Derek Heathcoat-Amory, Minister of State for the Board of Trade, declared in the House of Commons that his department had studied with much interest the items specified in the £400 million of possible Soviet orders that had been made public recently by the Soviet Foreign Trade Minister, Ivan G. Kabanov.

"'As a very rough estimate,' Mr. Heathcoat-Amory said, 'rather less than half of the business proposed will be found to be free from strategic controls.'

"He gave Harold Wilson, the former Labor president of the Board of Trade, an assurance that the strategic list was under frequent consideration. He promised to discuss with the businessmen what he called a most useful visit.

"Nonetheless, there was a distinct impression in official quarters that the businessmen's spontaneous party had become far more important in the public mind than had been expected and that it threatened to embarrass the Government in its economic policy.

"One manufacturer, Robert Asquith, of the William Asquith Ltd. Machine Tool Co., reported that he had booked £700,000 ($1,960,000) worth of orders for boring machines, but acknowledged that he expected a large proportion of them to be subject to the embargo list.

"SOVIET DEMAND EVIDENCED

"The businessmen reported their conviction that there was a genuine large-scale Soviet drive to raise production of consumer goods and that most if not all of the British machinery wanted was intended to fill that need. They said there was virtually no interest in direct consumer goods like textiles and household products, but there was a great demand for the machines that would produce these and other products.

"Influential members of the House of Lords complained that the strategic list had never been made public, much less laid before Parliament. Viscount Elibank gave notice that he would ask the Government about the circumstances in which an embargo has been placed on Russia, no notification of which has ever been given Parliament.

"The businessmen themselves disclaimed any intention of putting political pressure on the Government. J. B. Scott, chairman of the group, who is sales manager of an electrical concern, said 'that is politics and not in my line.'

"But he said 'our visit was a reconnaissance in force to find out whether the Russians mean business.' 'There is no doubt about it; they do,' he added."

"[From the Christian Science Monitor of April 17, 1954]

"BONN LEADS PARADE TO SOVIET BLOC TRADE

"(By Paul Wohl)

"Last year West Germany virtually held first place among the exporters to the Soviet bloc.

"In addiiton, West Germany's imports from and exports to Communist China in 1953 were exceeded only by those of Hong Kong. In direct trade with Chinese ports West Germany was leading.

"Revival of German East-West trade has been going on for some time. At the Berlin foreign ministers meeting it became known that authoritative representatives of German business, including the 'Bundesverband der Deutschen Industrie,' held a secret conference with Soviet Deputy Prime Minister Anastas Mikoyan's associates in Copenhagen in August 1952, 3 months after the general-peace contract with Bonn had been drawn up.

"The conference was called at West German initiative with the knowledge of the

West German Government, presumably Chancelor Konrad Adenauer himself. This initiative of respected leaders of German industry, who in the past frequently have been entrusted with semiofficial missions, took place at a time when Moscow publicly scoffed at the Adenauer clique and the Bonn puppets, while most of the West German press thundered against the Kremlin's tyranny. It also was the time when American public opinion hopefully looked forward to a speedy ratification of the European Defense Community.

"MOLOTOV BARES SECRET

"Up to the foreign ministers meeting in Berlin the Copenhagen conference remained a closely guarded secret. For reasons which still keep the Germans guessing, Soviet Foreign Minister Vyacheslav M. Molotov, in his reply to the plan of British Foreign Secretary Anthony Eden, let the cat out of the bag and referred to Copenhagen as an example how countries without diplomatic relations could tackle common problems. The Soviet Foreign Minister on this occasion also suggested that cultural relations between Moscow and Bonn might be renewed.

"Actually, talks between Moscow and Bonn, or rather Düsseldorf, the economic center of the Ruhr, have been going on for about 3 years. In connection with the interest aroused by the news of the Copenhagen conference, it became known that in 1951, during the protracted trade negotiations between Moscow and Peking, four German industrialists were present in the Soviet capital for several weeks.

"West Germany spokesmen point with a certain pride to the fact that Communist China's only foreign trade representation in the Western World, the China Export-Import Cooperation Agency, is located in Berlin, Leipzigerstrasse 112, in the Soviet sector.

"BARGAINING WITH CHINESE

"Western European traders and industrialists have to vist that office to meet qualified spokesmen of the Peking Government. It was here that Chinese Deputy Foreign Minister Hsue was closeted with western negotiators during the Berlin conference. Chinese trade prospects are said to have loomed big in off-the-record conversations among diplomatic representatives.

"It may not have been mere chance, German commentators pointedly remarked, that Soviet Deputy Foreign Minister Andrei A. Gromyko and M. S. Williams, director of the United Nations Department of the British Foreign Office, were seen manipulating chopsticks in a long-drawn-out dinner of shark fins and Chinese chicken at the Rankestrasse Ritz.

"The German line is inferring that such meetings were related to the scramble for the eastern and far eastern markets and ended invariably with the complaint that the Bonn republic, alone among the major West European countries, lacked direct diplomatic contact with the Soviet bloc.

"A first step has been taken to overcome this predicament. Last October, West Germany's leading business organizations set up an east committee, the Ostasuschuss der Deutschen Wirtschaft, which functions as an advisory agency of the Bonn government. From December to January this east committee negotiated in Vienna with Rumanian representatives. On February 8 a commercial clearing agreement was signed calling for $16 million worth of trade in each direction.

"SATELLITE CONTRACTS

"West German deliveries are to include $6 million worth of iron and steel products and $2,400,000 worth of machinery. The Rumanians, in turn, promised to supply $4 million worth of petroleum, which would raise the Soviet bloc's share in the German petroleum market to more than one-fifth of current imports.

"On March 2 the east committee announced the signing of new commercial agreements with Czechoslovakia and Bulgaria, the former calling for almost twice as much trade as in 1953.

"The east committee also is negotiating in a cordial atmosphere about resumption of German shipping on the Danube and direct clearing through German banks in dealings with other Soviet-bloc countries. It tries to lift the ban on German shipping to Chinese ports. Its representatives are accredited in all major Soviet-bloc capitals as Bonn's duly authorized trade delegates.

"According to Rundschau, of February 5, private West German firms have found out that under Soviet law they are entitled to set up their own market-research agencies in the U. S. S. R., and it is assumed, also, in satellite countries, 'In some cases German exporters are said to have made use of this facility.'"

THE FOREIGN AID PROBLEM

A year ago we heard a great deal of the slogan, "Trade not aid." We were told—and rightly so—that full economic recovery abroad meant a stable, dependable, long-term solution to the problem of the dollar gap. We were told that we would either have to trade with other nations or go on handing out aid to cover the dollar drain on the foreign exchange of other nations.

Lately we have not heard anything about "trade not aid." Instead, the problem has been put off for another year, and we will continue with the stop-gap policy of foreign aid instead.

In this connection I should like to cite the following article from the New York Times of June 13 by Michael L. Hoffman, a very distinguished reporter on foreign economic problems:

"[From the New York Times of June 13, 1954]

"UNITED STATES AID FLOWS TO EUROPE ON AN UNFORESEEN SCALE—FOUR BILLION DOLLARS MORE THAN WAS PLANNED WILL BE REACHED IN A WEEK OR SO

"(By Michael L. Hoffman)

"GENEVA, June 11.—Somewhere in Europe within the next week or so a central bank will add to its reserves the four billionth dollar of United States aid money that neither it nor any of its counterparts was supposed to get.

"The bank will only be playing the game according to the rules. The central bank of a country registers, in the movements of its gold and dollar reserves, the net impact on its country's economy of all its foreign transactions.

"The outstanding fact about the present monetary situation in Europe, which does the banking for most of the rest of the non-Communist world outside the United States and its immediate neighbors, is that, contrary to all predictions of European experts, to all statements of policy by United States officials prior to 1952, and thus, contrary to all reasonable expectations of any central bank, the United States Government has continued to pour vast funds into the world dollar stream long after the postwar period of reconstruction in Europe came to an end. Europe is only picking up its chips.

"According to recent figures of the Department of Commerce, 'Government expenditures, even omitting those for military end items delivered under aid programs, amounted to about $4,600,000,000 in 1953, more than in any year since 1949.' That year, according to United Nations calculations, other countries added to their gold and dollar reserves $2,300,000,000.

"HOW EVENTS UPSET FORECASTS

"To realize how completely the turn of events has differed from what was expected it is necessary to dig a few items out of the files:

"The Marshall plan for aiding European recovery was supposed to run until mid-1952. With its end, all exceptional United States economic aid was to cease.

"European planning took the United States at its word with respect to the foregoing item, although bitter complaints were made that it would mean collapse.

"In January 1951, even before the end of the Marshall plan (which was converted into the Mutual Security Program in the summer of that year) aid to Britain was suspended largely on the ground that to continue it would be to utilize appropriated funds to add to Britain's gold and dollar reserves. This principle was involate under the Democratic administration—dollars for aid, but not to build up the reserves.

"Had this principle been waived in 1951, it is possible that a great deal of money might have been saved the United States taxpayer and that European central banks would not have such comfortably rising reserves. In 1951 Europe would gladly have settled for a windup of the Marshall plan by means of a $2 billion to $3 billion lump grant to provide a cushion against future dollar shortages. Indeed, many European and American economists recommended such a move.

"NEW JUSTIFICATIONS AROSE

"Instead the United States stuck to the project and program method of giving funds on the basis of specific justification as to their use. With the Korean crisis and subsequent rearmament a whole new set of justifications became possible and they were used.

"The result is that Europe got far more as an addition to reserves in the subsequent 2 years than even the most optimistic European monetary official would have dared to hope for.

"Although the purpose of United States foreign aid program has not been to increase Europe's reserves, they have increased by nearly $4 billion. They have risen by more, during the last year, than the amount of aid labeled by the administration as economic, that is, not directly of a military nature.

"UNITED STATES FOREIGN SPENDING

"The United States Government, entirely apart from aid, is spending money abroad at a rate that equals, and may by now exceed the dollar gap that the rest of the world expected to have to face in the mid-1950's.

"The Department of Commerce estimates that nearly $1,500,000,000 net was spent abroad last year by the United States Government not as a favor to anyone but because it had to buy that much in the form of services. Most of this was probably the net amount of the pay of United States troops stationed abroad, but there are also other large items such as rents, communications, and the hire of local labor.

"Whatever may happen next, the nearly $4 billion that have been added to Europe's monetary reserves as a result of the last 2 years' ebb and flow of dollar payments are the biggest single factor making the Western European financial picture look so much better than it was expected only a few years ago to be in mid-1954."

So we have continued to try and overcome the dollar gap through our foreign-aid program. We have, apparently, been relying on economic-aid programs to take care of the dollar reserves of Europe.

Yet we ought to face the fact that—at the same time that our aid program has helped to build up dollar reserves abroad—our trade with foreign nations has fallen off drastically. Between 1952 and 1953:

Wheat exports dropped 40 percent.

Cotton exports dropped 40 percent.

Meat product exports dropped 17 percent.

Textile fibers and manufactures dropped 24 percent.

Coal and coal product exports dropped 32 percent.

Iron and steel exports dropped 20 percent.

Petroleum and petroleum products dropped 13 percent.

Ferroalloys and nonferrous metals exports dropped 20 percent.

Industrial chemicals exports dropped 8 percent.

The excess of United States exports over imports, nevertheless, is growing. Last year the dollar gap—so far as trade alone is concerned—reached $4,873,000. Some of this was made up by foreign aid—but still United States exports declined.

IMPORTANCE OF FOREIGN TRADE TO OUR ECONOMY

United States exports decline because foreign nations, in the absence of a stable United States trade policy, are maintaining tight restrictions on their dollar expenditures. Though the rest of the world currently has a dollar reserve of $22 billion, most nations are reluctant to spend those reserves, fearing a recession in this country, increased military needs in the future, or a new wave of protectionism in the United States. Certainly the refusal of the administration to come through with a genuine foreign-trade policy at this session of Congress is not going to make those nations any more eager to trade with us this year.

Ultimately, only enactment of a trade policy that will make a real effort to put world trade on an even keel will induce our trade partners to spend their dollar holdings. We will have to give these nations access to our own market if we are to sell abroad.

Do we need to sell abroad? Everyone knows, I am sure, that though exports total only 5 percent of our national income, some particular exports are absolutely vital to our economy. From 1949 to 1951 we exported 42 percent of our rice, 39 percent of our cotton, 33 percent of our wheat, 29 percent of our grain sorghums, 25 percent of our soybeans, 25 percent of our tobacco, 24 percent of our rolling-mill machinery, 22 percent of our tractors, 22 percent of our sewing machines and parts, 21 percent of our textile machinery, 17 percent of our printing machinery, 17 percent of our oilfield equipment, 11 percent of our agricultural machinery, 15 percent of our motortrucks.

We need to export, just as we need to import. And we do need imports—as the now-famous Paley Commission report pointed out, we are no longer a self-sufficient nation. Today we import 100 percent of our natural rubber, 100 percent of our tin, 100 percent of our industrial diamonds, 100 percent of our coffee, 90 percent of our nickel, 90 percent of our cobalt, 99 percent of our chromite, 95 percent of our asbestos, 90 percent of our manganese, 52 percent of our tungsten, 45 percent of our lead, and 35 percent of our copper and zinc. In the near future we will find ourselves even more dependent on certain essential imports.

We must have access to those vital products if we are to maintain our economy, our standard of living, and our national security. Yet we will only maintain access to those markets if we are able to maintain the patterns of free trade with the free world which will enable the free world to trade with us.

TRADE AND AGRICULTURE

I want to say a few words about the impact of this foreign trade question on American agriculture. American agriculture, as I shall show in a moment, is heavily dependent upon foreign markets. Our Agriculture Department maintains missions and attachés abroad. This is a healthy thing; it is a fine thing that our farm policy and our foreign policy are closely connected. I believe in fact they should be even more closely connected. I believe that our foreign agricultural attachés should maintain an even closer relationship with overall policy matters in our embassies abroad than they do.

American agriculture knows full well the stake which it has in foreign trade.

To illustrate this point, I ask that a letter which I recently received from the Legislative Director of the American Farm Bureau Federation be placed in the body of the RECORD at this point of my remarks.

In order to thoroughly document the well-known fact that the well-being of our agriculture depends upon exports, let me cite the following figures:

From 1949 to 1951 we exported an average of 39 percent of our cotton, 33.5 percent of our wheat, 53.4 percent of our dried whole milk, 42.6 percent of our rice, 33.3 percent of our inedible tallow, 29.6 percent of our dried field peas, 29.5 percent of our grain sorghum, 25.1 percent of our soybeans, 26.6 percent of our rye, 25.1 percent of our tobacco, 26.1 percent of our hops, and 22 percent of our lard. In the last 2 years some of our agricultural exports have dropped alarmingly. Exports in 1954 represented 52 million acres of production; exports in 1953 represented about 30 million acres of production.

Why is this? A large part of it represents a dollar shortage of foreign buyers. They are afraid to spend scarce dollars on American farm produce and are turning to other sources for food and fiber.

World trade channels have become blocked and congested since the war. Bilateral trading is now the prevalent pattern and this type of trading shuts the American producer out of many foreign markets.

Farmers in foreign countries often benefit from protectionist policies which shut out American farm exports. And I might add that foreign farmers often receive higher prices through price support progams of their own than do American farmers.

Many nations since the war have turned to state or government trading to control imports and exports. This type of trading has been used to protect foreign nations against the competition of American farm produce. Those nations which have not resorted to state trading have often resorted to import quotas, exchange controls, and other similar arrangements.

The lack of currency convertibility has aided and abetted bilateral trading and other rigidities in international markets.

This stoppage of world trade has seriously affected our farm exports during the last 2 years.

But it is not beyond our power to do something about it. The American economy is the world's most productive and most progressive economy and produces over 40 percent of the world's total output of goods and services. The weight of this economy at the international bargaining table is tremendous. It is, then, within our power to use our bargaining position to free the clogged channels of world trade, to open markets abroad to our farm exports.

There can be no question that one of our chief problems in this area is the uncertainty of traders abroad concerning future American trade policy. This uncertainty can only be fostered and furthered by a mere 1 year's extension of the Reciprocal Trade Agreements Act, representing a persistent do-nothing attitude toward the liberalization of world trade. A 3-year extension would go far to relieve this problem.

The willingness to consider open American markets to our allies will create markets for the American farmer.

I have repeatedly stressed this problem. Last year I offered an amendment to the Mutual Security Act, which was very much the creation of the Farm Bureau, to authorize the President to sell surplus farm commodities abroad for foreign currency and to utilize those foreign currencies in our mutual-security program. With modifications, that program has been adopted and I believe it can be a measure which will help open foreign markets to American farm products.

This year I introduced the Farm Trading Post Act of 1954. I submit that bill for the RECORD at this point:

"S. 3020

"A bill to authorize the President to use agricultural commodities to improve the foreign relations of the United States, to relieve famine, and for other purposes

"*Be it enacted, etc.*, That this act may be cited as the 'Farm Trading Post Act of 1954.'

"SEC. 2. It is hereby declared to be the policy of the Congress to use abundant agricultural commodities produced in the United States to strengthen free world economies by promoting additional trade and facilitating economic development of cooperating nations, to relieve famine in free world nations where it may from time to time occur, and to use food and fiber to promote attainment of an honorable peace.

"SEC. 3. As used in this act—

"(a) The term 'agency' means the Foreign Operations Administration or such other department or agency in the executive branch of the Government (except the Department of Agriculture and the Commodity Credit Corporation) as the President may prescribe; and

"(b) The term 'abundant agricultural commodity' means any agricultural commodity the domestic supply of which is determined by the Secretary of Agriculture at any time to be in excess of the quantities required for (1) probable domestic sales, (2) special domestic distribution programs, (3) probable export sales, (4) a domestic civilian defense and security stockpile, and (5) a domestic reserve for commercial working stocks.

"SEC. 4. To implement the policy set forth in section 2, the agency is authorized and directed to—

"(a) purchase on the open market abundant agricultural commodities or purchase from Commodity Credit Corporation stocks of such commodities heretofore or hereafter acquired by Commodity Credit Corporation, and to make available such agricultural commodities as may be required from time to time, for transfer free on board vessels in United States ports (1) to any nation friendly to the United States in order to meet famine or other urgent relief requirements of such nation and (2) to friendly but needy populations without regard to the friendliness of their government, providing that such commodities will be so distributed as to relieve actual distress among such populations. To effectuate the distribution within foreign countries of commodities transferred under this subsection, the President shall utilize to the greatest practicable extent the voluntary services of such private nonprofit agencies and organizations composed of United States Nationals as he shall determine to be capable of conducting such distribution in such manner as best to carry into effect the purposes of this subsection;

"(b) purchase from Commodity Credit Corporation abundant agricultural commodities heretofore or hereafter acquired by the Commodity Credit Corporation, and to make such purchased commodities available for sale, and to deliver such commodities as may be sold at such times, in such quantities, and at such places within the United States, including free on board vessel American ports, as the President may direct; and

"(c) from any funds available to it and subject to terms and conditions prescribed by the President, to convert into dollars the foreign currencies received by exporters in payment for the sale of abundant agricultural commodities which have been sold by exporters pursuant to this act.

"SEC. 5. The President is authorized and directed to enter into agreements with friendly countries for the sale and export of such abundant agricultural commodities under conditions negotiated by him with such

countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—

"(a) authorize sales and export of such commodities by private exporters;

"(b) use private trade channels to the maximum extent practicable;

"(c) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with world market prices of like commodities of similar quality;

"(d) give appropriate emphasis to underdeveloped and new market areas; and

"(e) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President.

"SEC. 6. The President shall use the foreign currency proceeds of sales authorized in section 4 for the purpose of the Mutual Security Act of 1951, as amended (Public Law 118, 83d Cong.), giving particular regard to the following purposes:

"(a) For providing military assistance to countries or mutual defense organizations eligible to receive assistance under the act;

"(b) For purchase of goods or services in friendly countries;

"(c) For loans, under applicable provisions of the act to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

"(d) For developing new markets on a mutually beneficial basis;

"(e) For grants-in-aid to increase production for domestic needs in friendly countries; and

"(f) For purchasing materials for United States stockpiles.

"SEC. 7. The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this act.

"SEC. 8. Commodity Credit Corporation shall be reimbursed for commodities transferred to the agency under this act at the rate specified by section 407 of the Agricultural Act of 1949, as amended (7 U. S. C. 1427). Any funds or assets available to the Commodity Credit Corporation may be used, in advance of receipt of appropriations or payments authorized by this act, to carry out the purposes of this act.

"SEC. 9. (a) There are hereby authorized to be appropriated annually to the agency, out of any money in the Treasury not otherwise appropriated, such sums, not to exceed the following amounts, as may be required—

"(1) for activities authorized by section 4 (a) of this act, not more than $100,000,000; and

"(2) for all other activities authorized by this act, not more than $500,000,000.

"(b) The agency is authorized to enter into agreements and commitments for the transfer of abundant agricultural commodities pursuant to this act for periods not to exceed 3 years after the date of execution of such agreements or commitments."

These are first efforts to aid American agriculture in its foreign-trade problems. We can do as much, or more, by enacting today a 3-year extension of the Reciprocal Trade Agreements Act and the recommendations of the President which that extension carries. This will reduce uncertainties abroad about our intentions and it will enable us to take further steps to clear world trade of the rigidities and abnormalities which now beset it.

I submit a letter addressed to me from John C. Lynn, legislative director of the American Farm Bureau Federation, as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., June 22, 1954.

The Honorable HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: We have been asked about the position of the American Farm Bureau Federation relative to the extension of the Reciprocal Trade Agreements Act. We favor a 3-year extension of this act, with some improvements. We believe the United States should use its leadership to bring about realistic trade agreements and trade arrangements among free nations to progressively reduce trade barriers and expand mutually advantageous private trade. To this end the President should be authorized to negotiate changes in United States tariffs and import restrictions, with special emphasis on excessive industrial tariffs and on items with duties in excess of 25 percent ad valorem, in return for concessions from other countries with respect to tariffs, import quotas, exchange controls, and other trade barriers. We should offer more stability in tariff rates and customs for reasonable periods in return for comparable reciprocal benefits.

The Tariff Commission, as well as the President, should be required to take into consideration the national welfare and the international trade interests of the United States in proceedings under this act. Additional legislation to further revise and simplify United States customs laws, regulations, and procedures, and the elimination of legislation and regulations which require "Buy American," are also badly needed.

The prosperity of all American agriculture is dependent upon the maintenance of a high level of United States agricultural exports. Largely due to the loss of exports, we are now faced with accumulating surpluses, declining prices, and the necessity of diverting from production about 25 million acres in 3 crops alone—wheat, cotton, and corn—in 1954.

The most satisfactory solution to the current farm problem is to expand domestic and foreign markets until they balance agricultural production. If we are to accomplish this result, it is imperative that we put into operation a domestic price-support policy which will be consistent with our foreign-trade objectives, which will yield the maximum net income for farmers instead of pricing us out of the market at home or abroad.

It is also imperative that we take constructive steps to dispose of existing burdensome surpluses in ways which will not unduly disrupt markets. One of the most effective steps to this end would be the early enactment of S. 2475 with some clarifying amendments.

The American Farm Bureau Federation believes that if we are to maintain and expand trade the United States should put into operation the programs outlined above. We urge prompt action by the Congress toward the accomplishment of these needed measures.

Sincerely yours,

JOHN C. LYNN,
Legislative Director.

CONCLUSION

In conclusion, I would like to suggest that we try to look at this trade problem in the perspective of the critical demands on our foreign policy.

We are concerned today about the European Defense Community, and so we ought to be. But we ought also to be concerned about the European economies, and we ought to be doing something to build a permanent economic underpinning for the defense of the free world in that area. That cannot be done by foreign aid, for our aid program is, and must be temporary. It can only be done by freeing the channels of trade, for it is trade on which the economies of Europe depend.

We are concerned today about the situation in southeast Asia, and we certainly ought to be. We are talking about alliances in Southeast Asia and the Far East. But what are we doing about the enduring economic basis of such alliances? What are we doing to build the fledging economies of the new nations in that area? We are asking them to fight. We must also enable them to become economically strong.

Taken together with Japan, the whole of Southeast Asia is one economic unit. The peoples of those nations want to industrialize their economies, so as to become economically, as well as politically, independent. We can help them to do this, and in doing so, lay the economic foundations of freedom in that area. But we will have to create a far-sighted trade and investment policy to do it.

I think we have put this policy off too long already. We have put it off too long for our own national security. I have grave doubts that either the studies or the program of the President's Commission on Foreign Economic Policy are the last word on the program we need. But I am willing, and glad, to take them as first steps toward a comprehensive foreign economic policy.

The American economy has long led the free world. Here is another chance for leadership, by using our influence and the bargaining power of our great economy to free the channels of world trade and loosen the rigidities of foreign enterprise. This is the sound road to the military and political strength of our Nation and the whole free world. Let us act now.

Mere extension of the Trade Agreement Act for a year is not leadership. It is not executive leadership within the framework of our Government. It is not leadership of the free world by the leading economic power of the world. Instead, it is compromise and retreat at a time that long-range policy and forward advance are urgently needed.

We have talked a lot in recent months about seizing the initiative in foreign policy. While we have been talking, the Russians have been seizing the initiative in the field of trade policy. If we do not soon solve the problem of investment in underdeveloped areas, the Soviets will have the initiative there also because of the appeal of communism as a shortcut to the industrialization which the peoples of underdeveloped areas crave. The United States has been losing leadership in this field, and our present failure to move ahead with a long-term foreign economic and trade policy is simply abdication of leadership.

Let us use the leadership that is ours, by virtue of the progressiveness and productiveness of our economy, for the cause of our own and the free world's security. Let us get started on a durable foreign economic policy.

Mr. GORE. Mr. President, I yield 6 minutes to the distinguished junior Senator from Alabama.

Mr. SPARKMAN. Mr. President, Justice Holmes once said:

We must sail sometimes with the wind, sometimes against it; but we must sail and not drift or lie at anchor.

Since the chilling days of 1934 we have firmly directed our foreign economic policy toward the twin goals of security for

the American nation and prosperity for the American people; we must not begin to drift aimlessly now.

During these past two decades our record of accomplishments is the measure of our success. The American people enjoy an abundance the equal of which the world has never before seen. A continuation of this abundance depends in large part on the maintenance of our vast export markets. We have fought a world war and emerged as the victorious leader of a coalition of free nations. Since the war we have strengthened our allies in the common fight against the menace of communism.

Both our prosperity and our position of leadership have been made possible by our enlightened foreign economic policy.

The economic chaos and the industrial stagnation threatening Europe in 1947 were averted by the European recovery program, and with it the hopes of the Soviet Union for quick and bloodless conquest in the West. It was not fortuitous that our allies joined us in collective action in Korea. It is no accident that Communist Party strength in Western Europe has decreased as European productivity increased. These are concrete results of an economic and military aid program which pumped $30 billion into the life stream of Western Europe during a critical period. These are positive accomplishments of our foreign economic policy.

In 1954, the time has come for a reevaluation of our foreign economic policy. Western Europe's industrial production is 45 percent above its prewar level; Japan's devastated industry has increased its output sixfold from the postwar low in 1946, until it now exceeds prewar production. The first phase of the NATO buildup of armed forces has come to an end; we have established vital production bases in Europe and the Pacific. We, as well as our allies, realize that the time for gifts is passing. Indeed, our allies do not want to be kept on the American dole. But, having helped them to reconstruct their industries, shall we close to them the largest free-world market?

With the inevitable end of American aid programs, we may expect a deepening of the dollar-gap problem unless other steps are taken. Nations must sell in order to buy. If they cannot trade with us, they will be forced to trade with the Soviet Union and its satellites.

We should take warning from the statement of Stalin in 1952, that the division of the world into two parallel and distinct world markets is, for the Soviet Union, "the most important economic consequence of World War II." The countries of western Europe, following our lead, have reduced their trade with eastern Europe to 25 percent of its prewar level, while expanding trade with the United States. It would be a political and economic catastrophe if we forced a reversal of this trend.

At this critical juncture, we must be careful not to dissolve the economic tie which has bound the free nations together since World War II. We must recognize that trade is essential to the economic life of our friends. We must have sufficient statesmanship to recognize that domestic import quotas and tariff barriers will result, at the best, in neutralism; and, at the worst, will drive other countries into the arms of Russia.

The security interests of the United States demand a foreign economic policy which gives our allies assurance of access to United States markets and stability in their trade relations with us. Otherwise, we and our friends will inevitably drift apart. Then we, not our allies, will be the principal losers.

The effect of our economic isolation would fall not alone on our allies and on our own security interest; it would equally damage the prosperity of our people. We are exporting at the rate of $15 billion a year the output of our farms and factories. In 1952, the last year for which figures are available, 4¼ million workers, 7 percent of our working force, depended on foreign trade for their livelihood.

These figures are even more startling when applied to specific products. In spite of the high level of trade, we have seen a decline in specific products. In 1952 we exported 29.8 percent of our cotton crop, worth $862 million. In 1953 our cotton exports declined 40 percent to $517 million. In 1952 we exported $3.6 million worth of peanuts; in 1953, $3.4 million. In 1952 we exported $621 million worth of iron and steel mill products; in 1953, $495 million. Cotton textile exports declined from $213 million in 1952 to $172 million in 1953. If such declines continue, the paychecks of our workers and farmers will suffer. An expanding trade is the only answer to our vigorous American production.

It is significant that as total agricultural exports in 1953 declined $600 million, net farm income in the United States dropped $700 million. In the face of figures like these, we should not close our eyes to the fact that a world dollar shortage will soon be translated into overproduction and unemployment in the United States. The continued health and expansion of our economy demand export markets. These, in turn, can be held only if foreign nations are able to buy our products. Without dollars, they are helpless. Unless we wish to subsidize our own exports by gifts, we must continue to adjust our trade barriers so that our friends can both sell and buy in the United States.

We must not now dissipate our foreign and domestic strength through a policy of inaction, of drifting. Once the evidence is in, decisions are not made easier by delay. Soon we must decide on the course of our foreign economic policy, or else lose by default what we have labored so patiently and so bloodily to gain: a strong and united America leading a coalition of free nations.

The preservation of our democratic values depends upon positive action to maintain our security and prosperity. Therefore, I urge Senators on both sides of the aisle to join me in supporting the amendment offered by the Senator from Tennessee [Mr. GORE] for himself and other Senators to House bill 9474.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that an editorial entitled "The Larger Truth," appearing in today's issue of the Washington Post and Times Herald, be printed at this point in the RECORD, following my statement.

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

THE LARGER TRUTH

President Eisenhower, in a series of homely examples, proved effectively in his talk before the National Editorial Association that 2 and 2 sometimes make 22. Mr. Eisenhower listed a number of isolated "truths" that often are called to his attention as bases for national policy. For instance, the United States cannot carry the remainder of the world on its back; it should stop giveaway programs; it ought not to trade with nations that trade with the Communists; it ought not to become involved in a war in southeast Asia; and it ought to protect American products against import competition. These observations brought a round of applause from the visiting editors.

Then Mr. Eisenhower shifted his approach sharply. Each of the points contains a grain of truth, he said, but put together they would add up to a policy of incredible national folly in specific situations. The example he gave is Japan. "If we cannot give her money, if we will not trade with her, if we do not defend southeast Asia where Japan has some markets, what is to happen to Japan? It's going to the Reds."

The prevention of new Communist economic conquests is not the only nor even the most important reason why world trade ought to be increased, but the President has placed one facet of the problem in compelling perspective. A similar necessity to see the forest through the trees applies in relations to half a dozen European countries as well. For it is an elemental lesson in world affairs that we must deal with conditions as they are, not as we might like to have them. It is ironic that Mr. Eisenhower's cogent remarks came just as the Democrats in Congress launched a drive for his trade program which the members of his own party have shorn down to almost nothing.

Mr. MILLIKIN. Mr. President, I yield to the Senator from Georgia [Mr. GEORGE] such time as he may desire, from the time available to me.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. GEORGE. Mr. President, I wish to make only a very brief statement on this matter.

From the beginning of the Trade Agreements Act, I have been a very strong advocate of the act.

Originally, 20 years ago, when the Trade Agreements Act was in its initial stages, the burden fell upon 2 or 3 of us on the Finance Committee. At that time I very ardently advocated the proposal. I did so primarily for the reason that I thought it might result in lowering some exorbitantly high tariffs. But I also felt that the time had come when we could discover a more scientific method of fixing tariffs than by general tariff legislation. Anyone who has lived through the consideration in this body of a general tariff act will know exactly what I mean. Having lived through a portion of the 1928 consideration of the general tariff revision, and also through that of 1929 and that of 1930, I had become convinced that there should be a better method of fixing our tariffs than the old method of general tariff revision.

I would shudder to think what would happen now if we were called upon to enter a general tariff revision of all rates and all schedules involved in our tariffs. Therefore, I thought this method would be one of the approaches, at least, that would lead us to a scientific method of fixing tariffs.

In this particular instance, Mr. President, I wish to make my own position clear and plain, because of my long activity in this field. When it was suggested that we take up the extension act—just a few days ago, as every Member of this body will recall—it occurred to me that there was not sufficient time, in view of the other duties and responsibilities resting upon the Finance Committee, to undertake a necessary review of our trade-agreements program, from the first down to the present date.

I believe it is necessary and highly desirable to have a general review of our trade agreements. I think we should have an opportunity for a very full and very comprehensive study of our whole international trade problems. In view of the changed conditions in the world—the changed economic conditions and the changed trade relationships and trade conditions—it seems to me that it is highly desirable that we consider this entire problem after we make a very exhaustive and a very, very comprehensive study of it. I therefore felt that if anything was to be accomplished at this session of the Congress the best we could do would be to extend the act for a year. The House has already approved a year's extension from June 12, the date of expiration of the old act. We could not hope to give full consideration to all the facts and to the changed conditions which exist in the world at this time without full study, after a full hearing. Therefore I felt that the 1-year extension was the very best that could be done intelligently at this time with reference to this problem. I stated to the committee when we met to consider the extension of the act, and to the able chairman of the committee, that I would go along with the 1-year extension.

I thoroughly believe in a trade-agreements program. I know that it should be made reciprocal, and I know that there are a great many other things which ought to be considered in connection with the extension. I believe it is wiser, on the whole, to have an extension for 1 year, during which we can do the necessary work, rather than to extend the act for 3 or 5 years—which might be desirable from many points of view—without the study and consideration which I hope we shall have the time to give to the subject in the next Congress.

Mr. President, that is all I desire to say on this subject at this time. It seems to me that in determining our legislative course we must have due regard to what is possible of accomplishment, and what is practicable. We must take the very best course that is possible consistent with all the facts and circumstances existing at the time.

I do not believe it would be possible to extend the act for 3 years. In the first place, I do not think it is desirable to do so without the careful hearings and study to which I have alluded. I believe that an extension for 1 year will give us an opportunity to go into the subject with the degree of care which is so highly necessary to a thorough understanding of such a large problem. It is a large problem. It is one which vitally affects all of our economy.

For the reasons I have indicated, I shall vote for only a 1-year extension at this time. I do not surrender any of my previous convictions about the desirability of the program, extended over a sufficient number of years to make it workable and to demonstrate what can be accomplished through it.

I thank the Senator from Colorado [Mr. MILLIKIN] very much.

Mr. MILLIKIN. Mr. President, I yield 5 minutes to the Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Mr. President, I have a good deal of sympathy with the substance of the amendment offered by the Senator from Tennessee [Mr. GORE], because it carries out certain recommendations of the Randall Commission, on which I had the privilege of serving. Those recommendations were carefully considered and, if adopted by the Congress, would, in my judgment, have a beneficial effect in stimulating trade among nations in the free world. With the retention of the peril point and escape clause provisions, properly administered, imports into the United States can be so channeled as to result in benefit to our economy without injury to domestic industry and its workers.

However, I am compelled to vote against the amendment, because it can serve no useful purpose at the present time. Under our Constitution, tariff legislation must originate in the House of Representatives. The Ways and Means Committee of that body takes the stand that it must give this question very careful and deliberate consideration. It was unable to do so this year because of the heavy burden of work undertaken in drafting the tax revision bill, extension of the social-security system, and other matters.

While the Randall Commission's study provides basic groundwork for this legislation, I believe that the questions involved are so important as to warrant further consideration by the House Ways and Means Committee and by the Senate Committee on Finance. We have been assured that the House committee will start hearings promptly, and I trust that legislation will be recommended early in the next session of the Congress.

Our friends on the other side of the aisle have claimed that they are supporting the President of the United States in offering this amendment. That claim is without foundation. The only result of adoption of the amendment would be to throw the trade agreements program into confusion. The actual choice before us is a 1-year extension of the Trade Agreements Act, or nothing.

I say that because of the knowledge which I have, and which many of my friends on both sides have, as to the attitude of the House Ways and Means Committee, which simply will not accept the amendment offered by the Senator from Tennessee without holding a hearing on the entire subject. So I can see no basis for a compromise in conference even if the pending amendment were agreed to.

The President has recommended that a 1-year extension be enacted, and has stated his reasons in a letter to Mr. Charles H. Percy, as follows:

> Accomplishing enactment of the heart of the program—extension of and amendment of the Trade Agreements Extension Act of 1951, as amended—would, I believe, best be served by careful and deliberate action taken on the basis of extensive and unhurried hearings. In this way the wide public support for the program that I know exists and to which you attest, will have adequate time and opportunity to express itself. Moreover, those who are opposed would have full opportunity to be heard. It is my hope and expectation that the Committee on Ways and Means, following the pattern of its historic work last year on the tax bill, will initiate consideration of the trade agreements aspect of the program in ample time so that full and adequate hearings may be completed between now and the convening of the Congress next January. Under this procedure the prospect for consideration by the Congress early next year is excellent.
>
> Since the present act expires on June 12, 1954, a simple 1-year extension will, of course, be required for the interim period.

Mr. President, Senators who really wish to support the President on this issue should vote against the amendment now under consideration.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. MILLIKIN. Mr. President, I yield 10 minutes to the Senator from Pennsylvania [Mr. MARTIN].

Mr. MARTIN. Mr. President, I shall vote for the bill to extend the Reciprocal Trade Agreements Act for 1 year.

I have reached this decision in the hope that the industries vitally affected by injurious tariff rates may be given an opportunity to present their just grievances for consideration by Congress.

I am hopeful that proper and adequate steps can be taken that will restore employment to the many thousands of American citizens who have been deprived of a livelihood by competition from low wage scale foreign countries.

American policy relating to trade with other nations presents many complex problems. It has been the subject of controversy since the earliest days of our Republic.

But in all our history the strongest economic expansion and the soundest prosperity were achieved under a policy which gave protection to American industry, kept the American workingman gainfully employed, and assured the farmer an adequate price for the products of agriculture.

I have complete confidence that Congress, after full hearings, will be able to develop sound tariff policies that will protect the interests of all Americans and at the same time will help to advance the economic strength of the free nations of the world.

We must do all in our power to promote and encourage the full and fair interchange of goods among nations. But we must provide every safeguard to insure that this trade is really fair and without danger to our own economy.

Let me point out, Mr. President, that I have always advocated reciprocal

trade agreements between the United States and our friends overseas. I agree with the President that such agreements are essential to the stability of our own country and to the unity of the free world. I agree that when equitably conceived and administered such reciprocal arrangements can be the instruments for increased commercial intercourse between nations as well as the means of bringing them closer together in friendship and understanding.

Let me say, Mr. President, that I have always looked upon reciprocity from the standpoint of its true meaning. Real reciprocity, as I understand the term, is a two-way operation, providing mutual benefits to both parties concerned.

The great Commonwealth of Pennsylvania, which I have the honor in part to represent, has a tremendous stake in tariff and trade decisions. The right to be heard when such matters are under consideration is of vital importance to our industry, labor, and agriculture.

But, Mr. President, the Commission on Foreign Economic Policy, better known as the Randall Commission, gave no hearing to the industries that are being put out of business by the flood of cheap labor imports.

No opportunity was given the spokesmen for labor to tell how jobs are being destroyed by the operation of so-called reciprocal trade agreements that are not reciprocal.

These Americans have a right to tell their side of the story.

They have every right to present facts and figures to show that they need more adequate tariff protection to keep industries prosperous and our workers in their jobs. To maintain the American standard of living, the workers, together with the farmers, must continue to be the great buyers and consumers of our industrial production.

That basis for a sound domestic economy was recognized by the Randall Commission in its report but ignored in its recommendations. One of the most pertinent paragraphs in the report stated:

> It must be borne in mind that in considering the matter of international trade and its enlargement the Commission was required to consider such enlargement as would be consistent with a sound domestic economy. This qualification is as important as the positive part of the directive given us. Even abroad it is recognized that, national security having been assured, the most important single element essential to the expansion of world trade and strengthening of the free world is the maintenance of a sound and strong economy in the United States.

That is a grand statement. Nothing could be more accurate.

Our first and foremost objective must always be the maintenance of a sound and strong economy in the United States.

And yet the Randall Commission, seemingly without regard for a sound and strong economy, ignored the danger to our country from trade policies that have already inflicted serious damage to a long list of diversified industries.

In my own State of Pennsylvania unemployment is most severe in those areas affected by import competition. They are the areas that produce chemicals, electrical equipment, coal, glassware, chinaware, pottery, cement, lace, carpets, rubber footwear, wallpaper, hats, cutlery, watches, textiles, wool, dairy products, meats, and scientific instruments.

Mr. President, I am confident that when the situation is brought out into the open and the facts are placed before Congress effective and affirmative action will be taken to correct conditions that mean the loss of jobs for American workers and the bankruptcy of many industries.

In view of existing circumstances and the need for complete and thorough hearings, I am willing to accept the extension of 1 year proposed in the pending bill and will vote for its enactment.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield time to the Senator from Louisiana?

Mr. DANIEL. Mr. President, I send an amendment to the desk and ask that it be stated. It is an amendment to the amendment offered by the Senator from Tennessee [Mr. GORE].

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment.

The LEGISLATIVE CLERK. On page 2, line 3 of the Gore amendment, it is proposed to strike out the words "three years" and to substitute in lieu thereof the words "one year."

PROTECTION OF DOMESTIC ECONOMY

Mr. DANIEL. Mr. President, I yield myself such time as I shall require.

I am sympathetic with the high ideals and purposes expressed by the proponents of the 3-year extension of the Reciprocal Trade Act.

True reciprocity in trade, under a program which meets the general economic and security needs of the Nation, is a concept which I wholeheartedly endorse.

However, I am hesitant to support a lengthy extension of the present Trade Agreements Act under the assumption that absolute reciprocity now exists, or that the present program entirely coincides with the Nation's security requirements.

It is my conviction that Congress itself must face up to many basic questions which are left unanswered by our present trade policy, and that Congress may be called upon very shortly for action necessary to protect domestic production and industry essential to our prosperity and national security.

I would not want my vote for the extension of the Trade Agreements Act to be interpreted as an indication that the junior Senator from Texas is satisfied that this act will solve all our problems of foreign trade, or that Congress is divesting itself of its authority and turning it over to the executive agencies exclusively for another 3 years.

In other words, even if this Trade Agreements Act is passed, I am certain that Congress will be called upon at this session or at the next session to consider further legislation concerning import quotas and tariffs which may be necessary to protect certain phases of the domestic economy.

When that time comes, I should like to know from the proponents of the 3-year extension that they will not feel that the hands of Congress are tied by this proposed extension. I wish to be sure that my vote for the extension will not be so interpreted.

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

Mr. DANIEL. I yield.

Mr. GORE. As a sponsor of the amendment providing for a 3-year extension and further liberalization of the present act, I can assure the distinguished junior Senator from Texas that I have no such desire; nor do I know of anyone who does have a desire in any way to tie the hands of Congress. Congress will be in session, and if an inequity arises, I am sure Congress will be willing to give it sympathetic consideration.

Mr. DANIEL. Specifically, as the junior Senator from Tennessee knows, in the State of Texas there is strong support for his amendment from cotton producers and producers of other agricultural products.

On the other hand, there are chemical manufacturers, those engaged in the glass industry, independent oil producers—as distinguished from some of the major producers who own middle eastern oil—fishermen, wool producers, and cattle raisers, who have opposed the 3-year extension principally on the ground that it might delay consideration by Congress of their particular problems in the field of foreign trade.

I take it from what the Senator from Tennessee has stated that there will be no argument, at least on his part and on the part of the cosponsors of his amendment, that Congress is divesting itself of the control of this problem by the adoption of his amendment, or that Congress should not consider economic conditions in certain fields of production and industry.

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

Mr. DANIEL. I yield.

Mr. GORE. I believe that I can speak for all who are coauthors of the pending amendment. At least, I know that I can speak for myself. I will stand ready, as I believe every Member of this body will stand ready, to treat equitably and fairly any condition that may arise threatening the integrity and the life of a major segment, or a minor segment, of our society.

I should like to point out that only last week the Senate passed two bills providing tariff relief. The distinguished Senator from Connecticut [Mr. BUSH], who spoke a few moments ago, introduced a bill, which has now been passed, providing for a change in the classification of shoes. He brought examples to the floor of the Senate which showed that a subterfuge is being practiced in order to take advantage of the classification. Therefore, that bill was passed. I do not believe a dissenting vote was cast against it.

Two such bills were passed by the Senate this week. Those examples are sufficient proof of the fact that the Senate

stands ready to give sympathetic consideration to any hardships that may arise.

Mr. DANIEL. I appreciate the examples cited by the Senator from Tennessee and his attitude in reply to my remarks.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. DANIEL. I yield to my colleague from Texas.

Mr. JOHNSON of Texas. I should like to ask the junior Senator from Tennessee if it is not a fact that under the 1-year extension bill reported by the Finance Committee, and advocated by the chairman of that committee, import taxes on crude oil can be reduced as much as 50 percent.

Mr. GORE. That is true. I know of no intention on the part of anyone in the Government to make such a reduction. As a matter of fact, I know of no intention to make any reduction whatsoever in the import tax on crude oil. To answer the Senator's question categorically, however, the bill providing for a 1-year extension does contain authority to make a 50-percent reduction in the import tax on crude oil.

Mr. JOHNSON of Texas. If we extend the legislation 1 year, we extend for 1 year the authority to reduce the crude oil import tax by as much as 50 percent, do we not?

Mr. GORE. That is correct.

Mr. JOHNSON of Texas. Under the Senator's amendment, how much would it be?

Mr. GORE. Only 5 percent a year for a maximum of 3 years, which ultimately might mean a maximum of 15 percent.

I should like to add that I know of no intention on the part of any agency of Government to make any reduction, under either bill.

Mr. DANIEL. I hope there is no such intention, because that industry, as the Senator knows, is one of those which present a problem in my State. It is an equally important problem to the entire Nation. In Texas today, as the Senator knows, our production is based on a conservation program in which 140,000 wells average 18.2 barrels a day in production. They are cut down to certain amounts of production a day. In addition to that, our conservation authority has found it necessary to cut the producing days to 16 days a month because of the excessive imports of oil from foreign countries, especially from the Middle East. The senior Senator from Texas and the Senator from Tennessee have touched on an important problem so far as the State of Texas is concerned. It is important to the independent producers who have domestic production alone. It is not such a problem for the major companies who also own some of the Far East oil.

EXCESSIVE OIL IMPORTS

During the past year, while waiting for the Government to form its policies, a number of leaders in our State have attempted to get importing oil companies to exercise industrial statesmanship through a voluntary reduction of oil imports. Outstanding in this regard has been Gen. Ernest O. Thompson, chairman of the Texas Railroad Commission. This effort has resulted in at least a slowdown of the ever-increasing volume of imports and has contributed to a tacit recognition on the part of the importers, through that slowdown, that excessive imports constitute a definite threat to the domestic oil producing industry.

Nonetheless, the oversupply of oil has become so aggravated over a period of months that the conservation commission in my State has had to resort to repeated cuts in allowed Texas production, in order to stay in line with Texas conservation statutes which require that production be related to demand. The commission had no choice. Either cut allowables, and make room for foreign oil, or not cut allowables, and ruin an historically successful system of conservation.

Only Friday of last week, the Texas Commission was forced by such circumstances to cut the number of days of allowed July production to 16 days, in order to accomplish an import-induced, 190,000 barrel-per-day allowable cut. It is obvious, therefore, that this problem has not been solved by industrial statesmanship nor by administrative action.

This situation is not confined to Texas. It is true all around the country, wherever oil is produced. This problem does not pose a threat to the economy of Texas alone. It is a threat to the economic health and security of the entire Nation.

Accessible oil is vital to defense. This has been expressed many times and in many ways by numerous military leaders. I will not endeavor to quote them here. I would, however, like to quote from an address on the Senate floor on April 14, 1953, by Senator FRANK CARLSON, when he said:

> Petroleum, indispensable as it is to the modern military machine, must be available when we need it. The tank, the jeep, the jet plane, the battleship would rust in uselessness if petroleum were not available.
>
> We know from the experience of two world wars that foreign oil delivered by tankers is unreliable. The ocean-tanker routes are open prey to the enemy snorkel, but the 500,000 individual oil wells scattered throughout 27 States of this Nation are not. The military and Government officials concerned have agreed that the first priority of supply is the domestic industry within our own borders. Reasonable men will not argue this point.

Most unfortunate, from a security point of view, is the fact that we have become disturbingly and increasingly dependent on oil at Russia's doorstep. I am speaking, of course, about oil from Saudi Arabia and the other Middle Eastern countries. Aside from the fact that we may be building up a supply of oil for use by Russia, we threaten to thus impair our own industry's defense capabilities. We must, at all costs, be assured of an adequate supply of accessible oil, either within our own borders, or within some practical line of wartime defense.

President Eisenhower, on many occasions, has expressed his concern as to the necessity of a strong program of strategic materials development. He clearly regards oil as such a material. In a televised address to the Nation on April 5 of this year, the President said:

> The Russians produced last year something less, probably, than a half a billion barrels of oil. We produced two and a quarter by ourselves. We produced something over twice as much steel as they produced. Now these are strong elements in our economy, when you are going to use so much of your production to wage a war, particularly a war of exhaustion.
>
> Now all these things are deterrents upon the men in the Kremlin. They are factors that make war, let us say, less likely.

Earlier, in his state of the Union message, of January 4, 1954, the President said that recommendations would be made, from time to time, in various fields. One of these would lead toward the adoption of "A sound program for safeguarding the domestic production of critical and strategic metals and minerals."

Even before the above speech, on May 28, 1953, the President approved a statement by Secretary of Interior Douglas McKay to the National Petroleum Council, the latter part of which reads as follows:

> I am hopeful that those companies importing crude oil or products will show industrial statesmanship in this important matter and that each company, acting individually and wholly on its own individual judgment, will exercise that restraint in respect of imports necessary to the health and security of the Nation.
>
> I have discussed this matter with President Eisenhower and the National Security Council. I can say to you that President Eisenhower concurs in these views.

As I have noted above, industrial statesmanship has not brought forth the necessary reductions, and the industry now has a capacity to produce more than 1,500,000 barrels of oil per day over what is now being produced.

Mr. President, it is apparent that unless we have a greater degree of industrial statesmanship on oil imports at an early date, the Congress will have to set in action a quota or tariff program which will protect our national economy and security. I hope that any such legislation will be based on reciprocity so that Western Hemisphere nations which buy our exports will be given every consideration and that imports from foreign countries will have some relation to their purchase of exports from our country.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield further?

Mr. DANIEL. I yield.

Mr. JOHNSON of Texas. I wish to concur wholeheartedly in what the junior Senator from Texas has said. Unless the industry is able to provide the statesmanship necessary voluntarily to curb imports and stop flooding the Nation with imports, it will be necessary for the Congress to take a hand and place some restrictions on importation. Is that not the view of the Senator?

Mr. DANIEL. That is exactly my view. We cannot continue to cut down our production to 16 days a month to make way for foreign imports and still have a prosperous and developing industry for the protection of our country in the future.

Mr. President, I appreciate the response given earlier by the distinguished Senator from Tennessee, but there is one other question which I should like to propound to him as the sponsor of a 3-year extension of the act. If the Senator from Tennessee should become convinced that excessive oil imports are endangering our domestic production and security, would he give sympathetic consideration to legislation which might be necessary to remedy the situation?

Mr. GORE. My answer to that question is an emphatic "Yes." I should like to place an addendum to my answer by saying that a proposal coming from the two distinguished Senators from Texas would add persuasion to anything submitted.

Mr. DANIEL. I thank the Senator from Tennessee.

Mr. KENNEDY. Mr. President, will the Senator from Texas yield in order that I may ask a question of the Senator from Tennessee?

Mr. DANIEL. I yield.

Mr. KENNEDY. Is it not true that the Gore amendment would prevent the tariff from being lowered as far as it could be lowered under the present law on all commodities, where a reduction of 15 percent in the present tariff would be higher than 50 percent under the 1945 act, or where the present tariff is not as high as 50 percent ad valorem, or where the 50 percent ad valorem figure for such commodities would still be greater than such tariff would be if it were reduced one-half of its 1945 level?

Mr. GORE. The answer to that question is "yes," with the exception of those commodities which are not now being imported into the United States or which are imported in only negligible quantities. I believe the amendment which I have offered provides far more protection against the importation of certain commodities, such as crude oil, to which reference has just been made, than would the 1-year extension bill which is now before the Senate.

Mr. KENNEDY. And, therefore, as to those industries which have not been reduced 50 percent of the 1945 figure, there would be more protection offered to them than there would be under the present law.

Mr. GORE. Yes. The 1-year extension bill reported by the affable and able Senator from Colorado would permit a 50 percent reduction in imports from Japan. The amendment which I have offered would provide that such reductions must be spread over a period of 3 years.

Mr. KENNEDY. Under the Senator's amendment, I believe it would permit a 15 percent reduction over a period of 3 years.

Mr. MILLIKIN. Mr. President, will the Senator from Texas yield?

Mr. GORE. Before the Senator yields permit me to make clear that the 5 percent——

Mr. KENNEDY. I understand.

Mr. President, I ask unanimous consent to place at this point in the RECORD a statement.

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

STATEMENT BY SENATOR KENNEDY

Reciprocal trade agreements legislation is important to the Nation generally; it is doubly important to the State of Massachusetts. I, therefore, feel it is my duty to study most carefully and analytically any legislation pertaining to the subject. My vote, and I would hope those of my colleagues in the Senate, will not be cast lightly or with inadequate study of the proposal pending before us.

Accordingly, I have thoroughly analyzed the amendment to H. R. 9474 offered by the junior Senator from Tennessee, which is nearly identical to H. R. 8860 introduced by Representative KEAN and commonly referred to as the President's trade bill.

It is my opinion that the Gore amendment would result in no great harm to our Massachusetts industries, and in fact it is less burdensome in many respects than is the existing reciprocal trade agreement legislation, the Tariff Act of 1930, as amended.

The first point we must recognize is that neither the existing legislation nor the Gore amendment reduces any tariffs; both are authorizing acts, conferring upon the President the right to negotiate reciprocal-trade agreements with foreign countries with certain specified limitations on the tariff decreases, and increases, the President may negotiate. It is interesting to compare these limitations.

Under existing legislation the President is authorized to reduce by 50 percent, or cut in half, the tariff rates in effect on January 1, 1945. Thus the President has the right and authority today—assuming the 1-year extension of the existing legislation is adopted—to reduce tariffs on all items which have not been cut by 50 percent since 1945 to one-half the 1945 rate. My study reveals that this authority possessed, but as yet unused, by the President is substantial. For example, there has been no decrease in tariff rates since January 1, 1945, on many articles, including the following: Watches and watch movements of less than 17 jewels, clocks and clock movements over 4 jewels, electric meters, jewelry other than gold or platinum, ornamental edgings, burn out laces, of all materials; embroidered cotton hosiery, hat braid, cotton corduroy cloth, rosefish, cod, haddock, hake, and tuna, antipasto and smoked pollack, not in oil. In addition, there are many items in which only a slight reduction has been made in the tariff since 1945: Cotton cloth, between 4.8 and 9.1 percent reduction depending on classification; worsteds and woolens, between 30.3 and 31 percent reduction; wool blankets, 8.6 percent reduction; wool gloves, 4.7 percent reduction.

Under the Gore amendment, the authority to reduce by one-half 1945 tariffs would be rescinded except with respect to articles imported in negligible quantities, and imports from Japan. Instead the President would be empowered, over a 3-year period, to reduce by 15 percent the tariff rate existing on January 1, 1954. In addition, he could, over a 3-year period, reduce to 50 percent ad valorem any tariff rate presently exceeding that amount.

There are, of course, items which have been reduced the full 50 percent since 1945 which, under the Gore amendment, would be subject to a further reduction of 15 percent of the existing tariff. However, the peril-point provisions of the Reciprocal Trade Agreements Extension Act of 1951 provides at least some measure of assurance that the domestic industry will be given an opportunity to present its case before any reduction will be negotiated by the President. Moreover, the "escape clause" although it has admittedly resulted in little relief for domestic industry, may be applied with more desirable results in the future for really injured industry. Furthermore, I have high hopes that the bill which I recently introduced (S. 3650) to provide assistance to those individuals, business enterprises and communities adversely affected by the national trade policy in their efforts to adjust to changed conditions will be a useful alternative to those presently available to the President under the peril point and escape clause provisions.

With respect to the 3-year extension authorized by the Gore amendment, as opposed to the 1-year extension under the Senate Finance Committee bill, it seems to me better from the viewpoint of Massachusetts that the changes proposed by the Senator from Tennessee, which as I have pointed out limit the President's authority to reduce tariffs in many cases, be adopted for a 3-year period. If the amendment is defeated, we have no idea of what the Senate Finance Committee will offer next year. Mr. President, as far as I am concerned, I prefer to accept the President's proposal offered by the Senator from Tennessee.

Although different articles will be in a better or worse position upon adoption of the Gore amendment with respect to the President's authority to reduce tariffs, it is my opinion that, as a whole, New England and Massachusetts industries will be in a better position under the Gore amendment than they are under existing legislation.

Mr. MILLIKIN. Mr. President, will the Senator from Texas yield?

Mr. DANIEL. I yield.

Mr. MILLIKIN. There is nothing in the amendment of the Senator from Tennessee which prohibits the making of a regular reciprocal trade agreement with Japan which would permit reducing tariffs up to 50 percent of the 1945 level. So there is no assurance that the reduction will not go the full 50 percent.

Mr. GORE. Mr. President, will the Senator from Texas yield?

Mr. DANIEL. I yield.

Mr. GORE. I beg, with great reluctance, to disagree with the able junior Senator from Colorado. In fact, all reductions provided either by the bill or by my amendment are permissive. There is nothing mandatory about either of them. The amendment which I have offered would provide safeguards to limit decreases to 5 percent a year for each of 3 years.

The answer I gave to the Senator from Massachusetts, I think, really cannot be questioned; or it can be questioned, but I do not believe successfully so.

Mr. MILLIKIN. Mr. President, will the Senator yield for a moment?

Mr. DANIEL. I yield to the Senator from Colorado.

Mr. MILLIKIN. I repeat: First, no reciprocal trade agreement need necessarily be made. If a reciprocal trade agreement is made, it can be made at another 50 percent reduction from this level. The amendment would also authorize the President to make a reduction on his own authority of duties above 50 percent.

The question is, Does the amendment give more protection than is given by existing law? I do not see any additional protection.

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

Mr. DANIEL. I yield.

Mr. KENNEDY. Let us consider a commodity like rosefish, on which the tariff was, in 1945, 50 percent. The tariff in 1954 was 50 percent. The minimum under the existing law could be 25 percent. Under the Gore amendment it could be, as I understand, 42.5 percent. Am I not correct?

Mr. MILLIKIN. If a reciprocal trade agreement is made, there is nothing to prevent a reduction of 50 percent. Neither is there anything to prohibit the President, without any action by Congress, from making a reduction of 15 percent.

Mr. KENNEDY. I understand that can be done only when the product is being imported in negligible quantities.

Mr. DANIEL. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Texas has 15 minutes remaining.

Mr. GORE. Mr. President, will the Senator from Texas yield 5 minutes to me?

Mr. DANIEL. I yield 5 minutes to the distinguished junior Senator from Tennessee.

Mr. GORE. Mr. President, this question was one which I attempted to discuss in debate yesterday. My amendment provides safeguards which the bill supported by the able and distinguished Senator from Colorado does not contain. Does the Senator from Colorado have before him a copy of my amendment?

Mr. MILLIKIN. I do.

Mr. GORE. If the Senator from Colorado and other Senators will turn to page 4 of my amendment, beginning at line 8 they will see the following:

(I) Decreasing to a rate 15 percent below the rate existing on January 1, 1954.

Then they will see the three standards guiding the reduction.

If the Senator from Colorado will turn to page 6, line 4, subsection (b), he will see the following:

No more than one-third of the maximum decrease permissible under alternative (I) of paragraph (2) (iv) of this subsection shall become initially effective at one time, nor until any previous part of such decrease shall have been in effect for not less than 1 year. No part of a decrease to which alternative (I) is applicable shall become initially effective after June 12, 1957.

So the Senator will see that the maximum permissible reduction is 5 percent a year, up to and including June 12, 1957, which adds up to a maximum of 15 percent.

Mr. MILLIKIN. If that procedure were adopted, it would be a slow process of cutting one's throat. But reciprocal trade agreements can also be made and at the same time reduce the existing rate.

Mr. GORE. Not under the amendment I have offered. These are the standards, and this is the maximum, under the situation I stated a few moments ago, on the commodities which are not now being imported, or are being imported only in negligible quantities.

I submitted the question to the able Senator yesterday in debate. I feel confident that I am making an accurate statement as to the provisions of the amendment.

I also placed in the RECORD on the day before yesterday a detailed analysis of the amendment, which contained the statements I have just made to the able Senator.

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

Mr. GORE. I yield, if I have the time.

Mr. MILLIKIN. I suggest that the difference of understanding of the Senator's amendment emphasizes the necessity for more study.

Mr. GORE. It is not a difference of understanding. I fear the Senator has not given study to the amendment which I have offered. I have given study to it, and I have given study also to the bill which the Senator is sponsoring. No such protection is provided under his bill.

I say categorically, without any fear of successful contradiction, that every import duty on Japanese goods, under the authority of his bill, can be reduced 50 percent. If the Senator can show, under his bill, that that is not true, I should be glad to have him do so.

Mr. MILLIKIN. At that time we had no import duties with Japan, except under the general laws. Is that not correct? We do not have an agreement with Japan at the present time.

Mr. GORE. No; but the Senator's bill would authorize the President to enter into such reciprocal trade agreements, and each duty, under such an agreement with Japan, could be reduced by 50 percent; and under the amendment I have offered, also by 50 percent, except that such reductions must be spread over a period of 3 years.

Mr. MILLIKIN. It could be; but the President need not make an agreement.

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

Mr. GORE. I yield.

Mr. KENNEDY. Is it not a fact that as to watches, watch parts, rosefish, cotton cloth, cotton corduroys, cotton gloves, handkerchiefs, and woolen mufflers, jute cordage, twine, worsteds and woolens, abrasives, hats, and fish products, generally the reduction in the tariff could be greater under the existing law than it could be if the Senator's amendment were agreed to, because of this provision?

Mr. GORE. I understand that to be true.

The PRESIDING OFFICER. Does the Chair understand that the junior Senator from Texas withdrew the amendment he offered?

Mr. DANIEL. No. I now withdraw the amendment, Mr. President.

Mr. LONG. Mr. President, I call up my amendment——

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. JOHNSON of Texas. Does not the Senator from Louisiana desire time to speak in opposition to the amendment?

Mr. LONG. The amendment has been withdrawn; therefore, I cannot speak to that amendment.

Mr. JOHNSON of Texas. I had an agreement with the Senator in control of the time in opposition, and I was about to yield time to the Senator from Louisiana.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Louisiana.

The LEGISLATIVE CLERK. On page 1, line 6, it is proposed to strike out "one" and substitute "two."

The PRESIDING OFFICER. How much time does the Senator from Louisiana yield himself?

Mr. LONG. I yield myself such time as may be necessary to make the statement I have prepared.

Mr. President, it is unfortunate that there will not be an opportunity during this session for the Congress to consider really effective legislation designed to promote foreign trade in a comprehensive way.

As reported by the Randall Commission and all other responsible groups which have examined this subject in recent years, tariffs constitute only a part of the problem. There are other aspects which are of equal importance.

Today, instead of a genuine attempt to deal with the problem of increasing foreign trade in a manner which would indicate to our allies abroad that we are seriously interested in bringing about realistic and constructive progress in international economic cooperation, we are only able to act upon one negative phase of a broad progressive program which the President told us he would put before the Congress this year.

Last year was spent organizing one of the many study groups for which this administration will rightly be famous in history. This year is apparently being spent in burying the report. Next year perhaps the Congress may be under Democratic leadership. In that event, the President will not need to be afraid to support his own foreign-trade proposals.

It is important that we all understand clearly the very limited choice which we have concerning our foreign trade. We can either adopt measures which will increase our imports or we can be prepared to face further declines in our exports unless we continue to subsidize them. Other countries cannot buy from us unless they can acquire the dollars with which to pay.

I find the choice very easy. I do not favor the continuation of giveaway programs. I believe that great benefit would be derived by our own country from increased foreign trade and that our allies would be benefited as well. It is of great importance for us to demonstrate to the world that we are not again slipping back into economic isolationism.

I represent a State which has a very big stake in foreign trade. The port of New Orleans and the many other waterways of Louisiana give employment to many thousands and form the arteries through which the lifeblood of many of the State's industries flow. The products of Louisiana go to all corners of the world, and the people of the State understand the importance of national

measures which will foster an ever-increasing expansion of our foreign trade. In recent years almost one-half of our total national production of rice, one of Louisiana's principal farm crops, has been exported.

As an illustration of the opinions which prevail among those who are most closely associated with foreign trade in my section of the country, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks excerpts from the very excellent resolutions on foreign economic policy recently adopted at a conference in New Orleans. These resolutions were adopted by the Ninth Mississippi Valley World Trade Conference, which was held from April 28 to May 1, 1954.

There being no objection, the excerpts from the resolutions were ordered to be printed in the RECORD.

(See exhibit A.)

Mr. LONG. Therefore, Mr. President, I intend to vote for the amendment to extend the Reciprocal Trade Agreements Act for 3 years. I would be prepared to vote today on much more far-reaching measures if they were before the Senate, and I shall be prepared in future to support other proposals in line with the recommendations of the Randall Commission or its predecessor, the Bell committee.

We have had many studies, but, unfortunately, little constructive effort to translate these recommendations into an effective program for the benefit of our own economy and for the encouragement of genuine economic cooperation with our allies. Much of the success of our foreign policy depends upon such economic cooperation.

If one listened only to the anguished screams of a few domestic producers who desire to have the protection of high tariffs to insure their markets, regardless of their truly competitive situation, the impression could easily be gained that to lower the tariff on a single item creates immediately widespread unemployment and brings disaster to many American communities. Fortunately, it is now clearly demonstrated by such studies as the Randall Commission Report that this is entirely erroneous. It is necessary to place this matter in perspective.

The number of people whose jobs depend upon foreign trade represents about 7 percent of total employment in 1952. There were more than 4 million jobs which depend on either the production of goods for export or the handling and first processing of imports. Three out of four of these jobs, however, were dependent on exports and not on imports.

Completely accurate figures cannot possibly be determined as regards the number of jobs which are presently protected by our tariff barriers. The Randall Commission staff made the estimate that the number was somewhere between 100,000 and 200,000, and this estimate included indirect as well as direct employment. The higher limit has been used in the debate so far. The fact that the number might be only 100,000 should not be ignored.

Thus we see that, even if all tariffs were eliminated, the result would scarcely be disastrous. Even taking the maximum figure of 200,000, it is easy to see that the proposed amendment of the bill which we are now discussing would result in a maximum loss of only 30,000 jobs, or 15 percent of the 200,000.

This estimate does not make any allowance whatever for increases in employment in export industries due to greater export opportunities abroad as a result of increased United States purchases. Nor does it make any allowance for the increases in employment in the handling, processing, and distribution industries as a result of increased imports. Although I do not consider myself an expert on this subject, it stands to reason that the increased exports and imports would create more jobs than would be lost in the domestic industries affected. This shows the necessity of looking at the problem in national terms.

Translated into monetary terms, the results of tariff reductions are very small indeed. One of our own economic experts in the Legislative Reference Service has given special attention to this problem for several years. He has recently estimated that a permanent reduction of all our existing tariffs to 50 percent of present levels would, even after a few years' time, result in a total increase of imports of only about $1 billion. This would be less than one-third of 1 percent of our total annual production of goods and services. This is scarcely an alarming prospect.

Just as there has developed widespread misunderstanding of the true economic effect of increased imports, there is also a widespread belief that, just because wage rates are lower abroad than they are in the United States, foreign producers automatically have a competitive advantage over our own producers. Examination of the argument shows that the belief is exaggerated.

What really matters in the total cost of producing a particular article is the total labor cost. American industry has been able to pay increasingly higher wages to our workers because of increased productivity, which results from greater efficiency and more capital equipment. In some cases the labor costs have been reduced. The same principle applies anywhere in the world. If much more labor is used to produce an item in a foreign country, the product may cost more, even though the labor is cheap.

Just as our industry has expanded and diversified its products almost without limit under competitive conditions at home, there is no reason why it needs to fear foreign competition.

IMPORTANCE TO OUR FARMERS AND TO PEOPLE ABROAD

During the last 2 years we have seen a decline in our farm exports of 50 percent. In 1951 we exported 42 percent of our cotton. Last year we exported only 20 percent. In 1952 we exported 48 percent of our wheat. Last year we exported only 24½ percent. We heard yesterday about these and other losses in our export markets for farm products in the excellent speech by the Senator from Tennessee.

We now see the Secretary of Agriculture engaged in enforcing drastic acreage cuts and drafting restrictions designed to prevent the planting of other basic crops in the land thus made idle. Already this has been done for wheat and peanuts. Next it may be rice and other products.

All this would not have happened if a bold imaginative foreign trade policy had been adopted last year. It highlights the Administration's failure.

It is very clear that, insofar as the farmer is concerned, we have three choices. We can expand our trade, give away the surpluses, or produce less. Expansion of our trade is the only sensible answer. It would advance the prosperity of American farmers and would nourish hungry people throughout the world. Just imagine, Mr. President, more than two-thirds of the people on this earth go hungry to bed every night. There is scarcely one who does not desire an opportunity honestly to earn a full breadbasket for himself and his dependents.

We could do so much to meet this situation and help ourselves by doing it. Our foreign-trade policy could be our greatest single weapon in the fight against poverty, hunger, and tyranny throughout the world. Yet it is the most neglected part of the Government's program. This potent weapon is sheathed and rusting away in the scabbard. Why must we neglect so many out of an over-solicitous concern for the fears of the few?

Mr. President, I should now like to address myself to another aspect of the problem.

Increasing the standard of living of the masses throughout the free world is a vital part of our total attack on communism. Trade is one of the most effective weapons by means of which to accomplish this objective.

Unfortunately some countries have capitalistic systems which are very far behind the progress which has been made by our own American enterprise system. Sometimes, therefore, the benefits of increased trade are not extended to the workers who produce the goods.

Our foreign-trade policy offers an opportunity to encourage capitalism to serve its true mission, not only here but everywhere in the free world. We would do well to advocate as part of our trade policy the idea of reducing tariffs in such a way that they will be effective to raise the standard of the people in friendly countries. The opportunities might be limited, but they should not be overlooked.

There is, in fact, a strong case for making available to the masses in other countries, especially in the undeveloped areas, the benefits of American products. American industry has specialized in the mass production of consumer goods which serve to make life more comfortable for all our people. These products

should not be denied to the people of other countries by our refusal to permit them to sell us their products. The helpful household appliances of America could be one of the best salesmen for our way of life.

Mr. President, I hope that my Democratic colleagues will not retreat or compromise on this issue now that the Republicans are coming to see the light. There is all the more reason why we should go on record in favor of reducing tariffs and expanding trade now that reactionary groups are advocating it after more than 50 years of opposition to a progressive foreign-trade program.

I can understand the uncomfortable position of the administration, although it is to be regretted. A year ago, when the administration, at the very pinnacle of its power, undertook to extend the excess-profits tax, the President ran into a battle with Representative DAN REED, the powerful chairman of the House Ways and Means Committee. Although General Eisenhower was finally victorious, the fight left him with no inclination for a renewal of hostilities.

On Tuesday night last, I had the pleasure of attending a dinner given by American newspaper editors. The President was the principal speaker. He discussed foreign trade and mutual aid. Stated briefly his views were: Either we must undertake to assist in achieving a substantial increase in Japan's foreign trade or we must substitute a foreign-aid program of even greater magnitude, or adopt some combination of these two.

Failure to do so, the President said, would undoubtedly mean that Japan would be lost to the free world and driven into the Communist sphere of influence with disastrous results to the United States and our allies.

Everyone knows the views of leading Republicans outside of the Congress. With their flair for slogans, they have adopted the words "trade, not aid." These words were first used by the British Chancellor of the Exchequer, but they have now advertised them from one end of this country to the other. The chambers of commerce and the manufacturers associations have bombarded the Congress with mail, indicating their conversion to the concept of trade not aid.

Mr. President, if the chambers of commerce of New York and Detroit have developed the good judgment to demand trade with their friends and allies, if they have become sufficiently aware of this problem that they refuse to heed the advice of minority selfish interests, should not those among us who represent those areas in the Congress vote accordingly? We see on every side the examples of more enlightened knowledge on this subject. We should profit by these examples.

Even though some individual local chapters of labor unions continue to exert all the pressure which they command against increasing foreign trade, their views are not accepted by the national and international organizations with which they are affiliated.

In the same manner, many chambers of commerce have among their members some who still oppose increasing foreign trade and demand continued protection of their particular competitive position. Nevertheless, the voice of these chambers is now heard strongly in support of the larger view.

There is upon the Congress as well the duty to frame policies which are based upon truly national considerations rather than upon the interest of minority elements who are themselves disavowed by the leaders of their own groups. If the Congress cannot lead, let us at least not be too far behind the people of America in adopting those farsighted provisions that public opinion already demands. A 3-year extension of reciprocal trade is certainly no dynamic trade program. At least it is a modest move in the right direction. Those who favor foreign trade should be ashamed to do less.

EXHIBIT A

EXCERPTS FROM RESOLUTIONS UNANIMOUSLY ADOPTED DURING NINTH MISSISSIPPI VALLEY WORLD TRADE CONFERENCE HAVING TO DO WITH OUR FUTURE FOREIGN ECONOMIC POLICY AND OUR INTERNATIONAL TRADING PROBLEMS

Whereas the theme and the hope of the 9th Mississippi Valley World Trade Conference in convention at the city of New Orleans, April 28 to May 1, 1954, is "Designing Our International Trade Pattern" to meet the requirements of our current international needs and aims, as is more particularly set out in the speech of the Honorable Dwight D. Eisenhower, President of the United States, to the Congress on March 30, 1954, and in the majority report of the Commission on Foreign Economic Policy, dated Washington, D. C., January 23, 1954, all of which has been paraphrased by the President as follows: "Conceived as a whole, this program consists of four parts: Aid, which we wish to curtail; investment, which we wish to encourage; convertibility, which we wish to facilitate; and trade, which we wish to expand"; and

Whereas it is to the best interest of the United States and all friendly nations to abandon the concept of a tariff purely for revenue, and to impose only those tariffs which are deemed essential in the national interests and excluding from the list of dutiable imported commodities all of those which are not produced at all in the United States, or which are commercially produced here only in small or insignificant quantities, particularly those essential to the national defense, economy, and industry; and

Whereas currency convertibility is absolutely essential to free and healthy international trade so that the United States should cooperate in every way in the improving of the gold and dollar reserves of those countries which have prepared themselves for convertibility by sound internal and external policies, such as those steps already undertaken by the British and other members of the commonwealth of nations, which action by the United States can be taken under presently existing authority and procedures; and

Whereas the Trade Agreements Extension bill (H. R. 8860) has now been introduced in the Congress and is now in the House Ways and Means Committee, and a customs simplification bill will shortly be presented to the Congress, and H. R. 6584 is now before the Senate Finance Committee with the archaic features basing value for duty purposes as follows:

"(b) Export value: The export value of imported merchandise shall be the market value of the price, at the time of exportation to the United States of merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the merchandise in condition, packed ready for shipment to the United States."

Now, therefore, be it—

Resolved by the delegates to the 9th Mississippi Valley World Trade Conference in convention at the city of New Orleans April 28 to May 1, 1954—

(1) That the findings and recommendations of the Honorable Dwight D. Eisenhower, President of the United States, and the majority report of the "Commission on Foreign Economic Policy" dated January 23, 1954, be and they are adopted and approved, as being necessary to "Designing Our International Trade Pattern."

(2) That the Tariff Act of 1930, as amended, should be further amended both in letter and spirit so that its purposes in the heading shall read as follows: "To regulate, encourage, and increase commerce with foreign countries, to reasonably protect domestic producers when deemed essential, and for other purposes."

(3) That the entire concept of tariff purely for revenue be entirely abandoned so that only those tariffs and procedures shall be retained which are deemed essential in the national interest, and excluding from the list of dutiable imported commodities all of those which are not produced at all in the United States, or which are commercially produced here only in small or insignificant quantities, particularly those essential to the national defense, economy, and industry.

(4) That existing statutes, pending legislation, and regulations, pertaining to customs and duty charges; collections and liquidations; foreign aid; quotas; customs simplification; customs administration; "peril point" and "escape" procedures, and "buy American," be completely reexamined and appraised, in keeping with the desires and recommendations of the President and the Randall committee and the new purpose, letter, and spirit of the Tariff Act as herein recommended, to the end that immediate administrative changes can be ordered within the framework of the existing Tariff Act and immediate appropriate legislation can be introduced in the Congress to accomplish the desired and necessary changes which cannot be the subject of the administrative action by the Treasury and customs officials.

(5) That immediate action be taken under existing authority and procedures, by appropriate Departments of the Government to accomplish "currency convertibility" in cooperation with those countries which are prepared for convertibility by sound internal and external policies, and every effort be made to work with unprepared countries so that they may also enjoy the benefits of convertibility.

(6) That H. R. 6548 as presently written, be further amended to read as follows:

"Export value: The export value of imported merchandise shall be the market value or the price paid, whichever is higher, as of the date of the agreement of sale, f. o. b. point of manufacture, less any foreign taxes paid, for which the merchandise undergoing appraisement, was sold, or offered for sale, in like quantities, and in the ordinary course of trade, in the country of manufacture, for exportation to the United States, plus, when not included in such

price, the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the merchandise in condition, packed ready for shipment to the United States."

(7) That immediate administrative and legislative action be initiated to accomplish:

(a) simplification of commodity definitions, classifications, and rate structures, eliminating fine distinctions; (b) improve the methods of valuation of imports, and expediting final liquidations, with special emphasis on stimulating imports rather than providing the United States with additional revenue; (c) establishment of more efficient procedures for customs administration generally, including placing of authority for customs classification and the assessment of duties in the hands of the various collectors of customs and the appraisers assigned to them.

(8) That the President and/or the Congress immediately direct the Tariff Commission and the Treasury Department to begin preparation of reports and lists covering those commodities and items which are not covered specifically by the present act, so that arbitrary classification, under the similitude rule and the so-called basket paragraph can be avoided entirely, and/or provision can be made for assessing duty at the lowest rate, rather than the highest in those cases where classifications involving different rates of duty seem equally appropriate; also, district or area collectors of customs and/or appraisers should be authorized to assess and agree on duty rates in advance of shipments, when importers formally apply for such assessments on the basis of samples or detailed specifications covering importable merchandise involved, and they should be authorized to execute immediate final liquidations on the basis of their own findings covering merchandise imported without prior assessment or agreements, without the necessity for protracted negotiations, inspections, and decisions from the Treasury Department, Bureau of Customs, and/or Customs Information Exchange which, today, sometimes extend over 4- and 5-year periods, to the great detriment and financial loss of the importer; also, immediate administrative directives should be issued permitting the abandonment of the many rules and regulations, not specifically required by the existing act or other acts of Congress, to the end that the "red tape" now existing will be abandoned in favor of the new purposes herein suggested, namely, increased imports and not increased revenues to the United States from duty charges.

(9) That the buy-American legislation should be so amended, in line with the President's suggestions, as to permit of equal treatment to those friendly nations which themselves treat our bidders and businessmen on an equal basis with their own nationals, and such amendments should be strictly enforced against those governmental agencies of the United States which, in particular, have used the buy-American philosophy as an excuse to favor their friendly United States producers in many lines, as against foreign and United States businessmen and importers offering similar merchandise, but of foreign manufacture, at lower prices, with the result that the United States Government has been paying premiums on its purchases and/or subsidizing the various United States suppliers of the materials in question.

(10) That, finally, the Tariff Commission, the Department of the Treasury, and the Bureau of Customs should be immediately directed by the President to study the delays presently existing in classifying merchandise, collecting appropriate duties, and executing final liquidations so that limited periods of time may be ordered within which classifications and final liquidations must be accomplished in all cases; the President should be additionally requested to immediately place before the Congress specific suggestions for the creation of prescriptive periods and/or statutes of limitations to limit the periods within which all governmental agencies administering all portions of the Tariff Act shall complete all action, including: (1) requests for classifications and duty charges in advance of shipments to the United States, (2) classification and assessment of duty upon arrival of dutiable merchandise in United States ports; (3) classification of merchandise as being on the free list; (4) requests for additional details, specifications, chemical analysis, physical properties, affidavits covering actual sale prices and costs abroad, other supporting written or oral information, manufacturers' certificates of quality, and foreign classification, supplemental consular invoices and proof, and the Treasury Department and other appropriate agencies of the Government should be ordered to limit all of said periods wherever such restrictions are permissible within the framework of the existing Tariff Act and/or contemplated amendments, or other legislation on the subject.

(11) That in times of national emergency the President of the United States shall have the right to temporarily abolish duties on critical materials not available in sufficient quantities to fulfill domestic requirement.

During the course of Mr. LONG's speech,

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

Mr. LONG. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I was listening to the Senator's comments about how the foreign-trade program has been neglected, and how important such a program is as a fundamental part of our foreign policy, and I surely concur with the views expressed by the Senator from Louisiana. I think the Senator would be interested in knowing that, according to the press reports, particularly from the New York Times, there has been some very peculiar kind of politics played with this trade program in the other Chamber of the Congress. In the address which I had prepared for delivery today, and which a little while ago I asked to have printed in the RECORD, I made note of the fact that the real consideration which seems to be uppermost is the fear that we will split the opposition party, that is, the Republican Party, if we go too far with the trade program. For example, the New York Times, in one of its featured articles, pointed out that certain Republican leaders in the House thought if this 1-year extension trade program went through there would be no agreement with Japan. Yet the Senator may be interested in the testimony which was given before the Senate Foreign Relations Committee on June 4 last. The Senator from Indiana [Mr. CAPEHART], a member of the committee, was quizzing the Secretary of State. The Senator from Indiana made it quite clear in the testimony that he changed his views on trade policies. If the Senator will permit me, I should like to read from the colloquy between the Senator from Indiana and Secretary of State Dulles.

Mr. LONG. Mr. President, how much more time do I have?

The PRESIDING OFFICER. The Senator from Louisiana has 19 minutes remaining.

Mr. HUMPHREY. I should like merely to read the testimony, because I am sure it applies directly to what the Senator from Louisiana has stated. I read now from the official transcript of the hearings before the Senate Foreign Relations Committee:

Senator CAPEHART. Well, I can ask this question because of my reputation of being always looking after the interests of the United States, so I will ask this question.

For example, how is Japan going to maintain an economy if she cannot trade throughout the entire Far East? Aren't we going to have to face that issue in some way?

Secretary DULLES. Well, I hope we will not have to face it, but of course, if there should be barriers to Japanese trade with southeast Asia, that would add seriously to what is already——

Senator CAPEHART. Yes.

Secretary DULLES (continuing). An unhappy economic situation for Japan.

Senator CAPEHART. If Japan is going to remain strong and healthy she will have to trade?

Secretary DULLES. That is correct.

Senator CAPEHART. She will either have to have it with the United States, among her own people if there is sufficient of it, or they will have to do it with Latin-America or some other section of the world?

Secretary DULLES. Correct.

Then the argument continued.

Finally Mr. Dulles said:

If the Reciprocal Trade Agreements Act is extended for a year, so that we can then negotiate with Japan in GATT—

That is the General Agreement on Trade and Tariffs—

that would open the way to a very considerable easing of the Japanese trade problem.

You see, by and large, there have been negotiations with other countries which have considerably reduced, on a multilateral world basis, the duties on the commodities which are distinctive to those particular countries.

Finally the Secretary of State pointed out the importance of having an immediate agreement with Japan. He pointed out that the British have been trying to stall us, but that we must do something about it, and must do it now.

Yet in the House of Representatives, in order to obtain a 1-year extension, there is apparently a sub rosa understanding that there will be no agreement with Japan. I say that does not represent a very healthy situation, particularly in view of what the President had to say on Tuesday evening at the meeting of the National Association of American Newspaper Editors, when the President pointed out that Japan must live, that we need her as an ally, and that we must trade with her.

Yet, Mr. President, in order to appease the protectionists—those who do not believe in a free flow of commerce between the nations—again little compromises and agreements have been arrived at, and they literally will put this program in shackles.

As the Senator from Tennessee has pointed out again and again, during the

past year not one new trade agreement was entered into by the United States, whereas other nations of the world were entering into one trade agreement after another.

Mr. LONG. Mr. President, I certainly commend the Senator from Minnesota for his statement, and also for the speeches he has made during the past year in advocating an expanded foreign-trade program, which the President has recommended, but which has not been supported by the members of his party in the Congress.

Mr. President, I ask unanimous consent that the remarks of the Senator from Minnesota be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, will the Senator from Louisiana yield to me the remainder of his time?

Mr. LONG. I yield to the Senator from Oklahoma the remainder of the time available to me.

Mr. MONRONEY. Mr. President, let me inquire how much time remains.

The PRESIDING OFFICER. Twelve minutes.

Mr. MONRONEY. Mr. President, I rise to speak in behalf of the Gore amendment to the Reciprocal Trade Act extension. In speaking for the Gore amendment, of which I am proud to be a cosponsor—I am really speaking in behalf of the Eisenhower trade program.

This is the program, which, as one of the great promises of the last campaign, was sent to us in the Congress with warm words describing the grave need for its prompt passage at an early date in the form in which it was recommended.

The Eisenhower trade program is not a "quickie," nor a novel idea. It is, perhaps, the best-studied program to be before the Congress in recent years. It is a subject familiar to every Member of the Senate and to the membership of the House.

Despite the often-repeated promises for a liberalized trade program during the fall campaign for the Presidency by the now President, 1 precious year was lost in further studies of this vital program. It is true that the Congress passed an extension of 1 year of the old reciprocal trade treaties program, but from a practical standpoint there was little hope that this temporary extender, with its lack of bargaining power, would add to our program of encouraging a freer movement of goods throughout the free world.

The reciprocal-trade program has been an honored program, and one which has been truly tested by time. It is not a new program.

In fact, it has been on the statute books since 1934. It is the handiwork of a truly great American, Hon. Cordell Hull, the then Secretary of State and a former distinguished Member of both Houses of the legislative branch.

Under its provisions we have seen the recovery of business, both in industry and on the farms. We have seen the strengthening of the American industrial plant and the sinews of war that our great land has been able to produce. Surely if all the claims of the opponents of the realistic Eisenhower program were true, the death knell would have long since been sounded over our industrial areas and our economic life would have been destroyed. The contrary has been true, and there is ample and abundant evidence to prove this assertion.

All Presidents since 1934, both Democratic and Republican, have advocated this wise program as being in the interest of American economy and stabilization of the world's trade relations. Organizations, representatives of farm groups, labor groups, business, and manufacturing groups have been the bulwark of support behind its extension and are today behind a realistic and meaningful enactment of the original Eisenhower trade program which we, supporting the Gore amendment, advocate here today.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks quotations from President Eisenhower—then Candidate Eisenhower—during the campaign.

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

President Eisenhower, in his campaign as reported from Philadelphia, September 4, 1952, said: "All this must be supported by profitable trade relations."

On October 15, speaking as reported in Knoxville, Tenn., President Eisenhower said: "Sound trade relations with the world are far more than an essential part of our economic system: They are a means of developing peaceful programs."

On October 21, 1952, speaking before the New York Herald Tribune Forum, Candidate Eisenhower said:

"I think that, in concert with our closest allies, a long-term consistent program should be produced, directing all of our economic power toward reviving free-world economies and trade as a whole, instead of restricting our concern to emergency relief and isolated, piecemeal actions * * *. While maintaining tariff policies that operate in the interest of our agriculture and industry, we should seek out opportunities to increase exports of commodities, goods, and services which will improve our own economy and help make our allies self-supporting."

Again in Philadelphia, on September 4, 1952, Candidate Eisenhower said: "No one knows better than our enemies that our foreign trade is not just the frosting on our economic cake, but one of its essential ingredients."

At the Al Smith dinner, in New York City, on October 16, 1952, he again said: "Have we the vision to triumph over the temptations of economic nationalism and to welcome full, equitable trade with our allies."

This was not just campaign talk. One of the cornerstones in the Eisenhower victory was the assurance repeatedly given that he would aggressively support a liberalized-trade program.

That there was no difference in the opinions of Candidate Eisenhower and President Eisenhower has been repeatedly shown by his pronouncements as President of the United States.

In his state of the Union message, January 7, 1954: President Eisenhower told the Congress:

"The fact that we can now reduce our foreign economic assistance in many areas is gratifying evidence that its objectives are being achieved. By continuing to surpass her prewar levels of economic activity, Western Europe gains self-reliance. Thus, our relationship enters a new phase which can bring results beneficial to our taxpayers and our allies alike, if still another step is taken.

"This step is the creation of a healthier and freer system of trade and payments within the free world—a system in which our allies can earn their own way and our own economy can continue to flourish. The free world can no longer afford the kinds of arbitrary restraints on trade that have continued ever since the war. On this problem I shall submit to the Congress detailed recommendations after our Joint Commission on Foreign Economic Policy has made its report."

Mr. MONRONEY. President Eisenhower kept his word on this trade policy. On March 30, 1954, in a message to the Congress, the President sent his recommendations concerning the foreign-economic policy of the United States.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks excerpts from the President's message of March 30, 1954.

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

Due to the urgency and significance of our problems in this area, I previously recommended, and the Congress approved, the establishment of the Commission on Foreign Economic Policy. Its membership, consisting of 17 elected officials and private citizens, was drawn from all parts of the country and represented diverse points of view. The Commission's report, prepared in the American tradition of full debate and vigorous dissent, has been carefully reviewed by the various executive departments of the Government and forms the basis for the program I submit in this message.

Before the Commission began its deliberations, I said to its members, "I commend to you an attitude both realistic and bold. Above all, I urge you to follow one guiding principle: What is best in the national interest."

The national interest in the field of foreign economic policy is clear. It is to obtain, in a manner that is consistent with our national security and profitable and equitable for all, the highest possible level of trade and the most efficient use of capital and resources. That this would also strengthen our military allies adds urgency. Their strength is of critical importance to the security of our country.

* * * * *

Many foreign restrictions have been imposed as a consequence of the so-called dollar gap. This phrase has become the symbol of the failure of the free world to find a lasting solution to the imbalance of international payments. We should no longer fill it by major grants to enable other nations to secure what they need but cannot buy. Our aim must not be to fill the dollar gap, but rather to help close it. Our best interest dictates that the dollar gap be closed by raising the level of trade and investment.

The United States stands ready and able to produce and sell more than the rest of the world can buy from us. The inability of many foreign countries to buy our goods in the volume we would like to sell does not arise from any lack of desire for these goods. Such is far from the case. Instead it arises out of an inability of these nations to pay—in dollars—for the volume we have to sell.

Dollar grants are no lasting solution to this impasse.

The solution is a higher level of two-way trade. Thus we can sell and receive payment for our exports and have an increasing volume of investment abroad to assist economic development overseas and yield returns to us. Greater freedom from restrictions and controls and the increased efficiencies which arise from expanding markets and the freer play of economic forces are essential to the attainment of this higher trade level.

Failure so to move will directly threaten our domestic economy, for it will doom our efforts to find ways by which others, through their own efforts, can buy our goods. The only practicable alternative is to reduce exports. Our farms would have to sell less, since the products of 40 million acres, amounting to 10 to 12 percent of our agriculture, would have to find their market outside our own country. Moreover, if their export markets were curtailed, American factories now selling their products throughout the world would have to reduce employment. It is a very important fact that over 4 million American workers depend on international trade for their employment.

Beyond our economic interest, the solidarity of the free world and the capacity of the free world to deal with those who would destroy it are threatened by continued unbalanced trade relationships—the inability of nations to sell as much as they desire to buy. By moving boldly to correct the present imbalance, we shall support and increase the level of our exports of both manufactured and agricultural products. We shall, at the same time, increase the economic strength of our allies. Thus shall we enhance our own military security by strengthening our friends abroad. Thus shall we assure those sources of imports that supplement our domestic production and are vital to our defense. Thus shall we raise our standard of living and aid in the development of a better world for all of us and our children.

TARIFFS

* * * * *

These recommendations for renewal and amendment of the Trade Agreements Act are based on the plain truth that if we wish to sell abroad we must buy abroad.

* * * * *

CONCLUSION

What I have outlined to you is a minimum program which should be judged as a whole. Its various parts are interrelated; each requires the other.

Conceived as a whole, this program consists of four major parts:

Aid—which we wish to curtail;

Investment—which we wish to encourage;

Convertibility—which we wish to facilitate; and

Trade—which we wish to expand.

I consider it essential that we achieve each of these objectives, which we must clearly understand are closely interlocked: As we curtail our aid, we must help to close the dollar gap by expanding our foreign investment and trade. This expansion will be facilitated by a return to convertibility of foreign currencies. The return by our friends abroad to convertibility will be encouraged if our trade policy leads them to expect expansion of our foreign trade and investment.

Unless we are prepared to adopt the policies I have recommended to expand export and import trade and increase the flow of our capital into foreign investment, our friends abroad may be discouraged in their effort to reestablish a free market for their currencies. If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

For our own economic growth we must have continuously expanding world markets; for our security we require that our allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *March 30, 1954.*

Mr. MONRONEY. Mr. President, I reemphasize two phases from this message of "urgency" sent to us on March 30 of this year by the Republican President of the United States:

What I have outlined to you is the minimum program which should be judged as a whole.

I quote another excerpt, which has been repeated often in this debate, but scarcely from the Republican side of the Chamber:

If we fail in our trade policy, we may fail in all.

Yet after 1 year's careful study by a Commission on Foreign Economic Policy, recommended by the President and approved by the Congress, we find that we are now to spend another year of procrastination on this so-called urgent program of the President.

Are we to tell the country and the world that we must spend another year studying a program which had been proving its value since 1934, a program which has been previously extended and liberalized many times by the Congress, and postpone executing the promised program of the Eisenhower campaign for 3 full years?

Many people complain that "the President proposes and the old guard disposes." Life magazine, the strongest supporter of the President in his recent campaign this week, has an article carefully documenting the failure of his own party to support his program. Many of the Nation's leading newspapers, also strong supporters of Candidate Eisenhower, have written in similar vein of the absence of support of the President's program by the members of his own party.

By the action of the Republican leadership and Republican Members of the Senate today, instead of giving the President support in voting for the Eisenhower program, they will be giving him a crust instead of a loaf of bread. They will be telling the Nation that their party, after spending a year studying this vital and pressing problem—a problem they told the country they had the answer for during the last campaign—that we now must spend another year studying the studies.

The problems of our battle for survival in a world which is daily seeing Communist gains cannot wait on a "slow-motion Congress." We must not fiddle while the flames of Communist aggression lap closer to our vital boundaries in the three dangerous fields of combat between our ideals of freedom and liberty and the Communist ideas of slavery and degredation of the human mind.

I fear we are making only half-hearted efforts along these three vital lines:

First. Reduction of our Army's strength at a time of crisis by $5.3 billions, following the recommendation of the Military Appropriations Subcommittee, thus crippling us in the defense field.

Second. An ineffective and curtailed program of information and education to win the hearts and minds of men to freedom.

Third. A world trade program in "name only" of such short duration and insignificant remaining bargaining of power as to stamp it with the label of "too little and too late."

It is this third subject that we are discussing in the Senate today. I doubt if there has been an issue before us with respect to which so much could be done with so little to help roll back the Iron Curtain and to give so much hope for the embattled and threatened democracies in the field of trade.

I am certain we face the dangers of economic aggression, the same as we face dangers of communism on the military front and on the psychological front. I think perhaps it may be more real and more imminent than the other two offensives. Surely we have seen indisputable signs of this economic offensive, as Russia now starts to realine the world trade routes. They know, as has been said by the Senator from Tennessee [Mr. GORE], that friendships follow the trade routes, and that in the absence of a realistic and liberal trade policy orienting these nations to us, the hope of trade behind the Iron Curtain will be held out to them as a last resort.

We know that in their desperation to acquire raw materials, foods, and other supplies, they will be forced to sell their goods to others if they cannot sell them to us. We need not fool ourselves with wishful thinking that their trade agents will be only the stupid and the dumb. Their agents of trade will be calling on businessmen in the free capitals of the world, and with them will go the deadly, dangerous infiltration of Communist influence.

Whatever success they will have we do not know. I do know that idle plants and idle workers will go to extreme limits to find markets so that they can operate their businesses. I do know that once the Red trade is a part of the business system of a free country, the threat of economic influence will be upon it. By threats to shut off established markets for goods, the Iron Curtain countries will have placed a dangerous tie upon such nations.

Yet it is with this country that most of these nations wish to trade. It is the American dollar that has the greatest value in world trade. It is our great market that they wish to enter, and in a competitive way earn the dollars which they will later spend with us—or with some other country—in triangular trade.

Because of the great desirability of the dollar by all the free nations, our market is the premium market of the world, for it means that they then can expand their sales to us in multilateral purchases

from other nations and thus help to free trade from the straight-jacket it has been in since World War II.

I quote from chapter I of the staff reports of the Randall Commission:

Although the United States has only 5 percent of the world's population, we produce well over 40 percent of the world's total output of goods and services. In terms of certain major products, namely steel, automobiles, and crude petroleum, we produce well over 50 percent of the world's supply of these particular products.

The United States also generates perhaps as much as two-thirds or more of the world's flow of savings. * * *

Another indication of the tremendous weight that we exert in the world economy is provided by the fact that we are now both the world's largest exporter and importer. In 1952 our exports amounted to over 20 percent of the total world exports and our imports to about 15 percent of total world imports. (With regard to world imports of raw materials alone, our share in the total is much larger.) We are the largest single supplier to, and the largest single market for, a very large number of individual foreign countries. Some countries, in fact, including Canada, the Philippines and many Latin American nations, sell us more than 50 percent of their total exports and buy more than 50 percent of their total imports from us.

Unless we take positive steps to maintain and increase the flow of trade between the United States and its friends, we will be bemused bystanders at the erosion of free world strength.

It is appropriate to refocus on the fundamental reasons for liberalizing our foreign economic policy. We seek to expand our foreign markets in order to build the economic strength of the United States; we seek to discharge our responsibilities as the economic mainspring of the grand alliance. It is a happy fact that what is good in this instance for our allies is good for the United States.

We need look no further than the nearest farm for our evidence. American farm prosperity is dependent upon exports: In 1952, 42.6 percent of United States wheat, 29.8 percent of United States cotton, 30 percent of United States grain sorghums, 24.3 percent of United States lard were exported. Where percentages are small, dollar figures are large. Less than 4 percent of America's corn crop was sold abroad in 1952 and 1953. Yet in each of these years, exports of corn exceeded $200 million.

From 1945 to 1952, our agricultural exports have been equal to about one-eighth of our total cash farm income, and we enjoyed unprecedented farm prosperity. In contrast, during the depression years of the 1930's our farm exports declined to the lowest point in the last half century, both in volume and value.

Vast quantities of farm products have been sold to Western Europe to help our war-weakened allies. In 1951, for example, 1 out of every 5 bales of cotton grown in the United States was sold in Western Europe. In 1951, our farmers produced 140 million tons of grain, about 20 million of which were exported. Ten million tons went to Western Europe. These are staggering figures at a time when American warehouses are bulging with surplus products.

Western Europe has been able to buy these products because the United States embarked on an unprecedented economic and military aid program during the postwar years. In supplying dollars, we forestalled economic and social chaos. But the era of dollar grants is ending, and we, as well as Europe, are faced with grave problems of adjustment.

If Europe is to continue to buy from us, it must have dollars, and increased sales to the United States are Europe's primary source for earning them. If Europe cannot earn dollars, it must turn to other markets for its needs. A turn to the east could only result in a loosening of the bonds which unite the free nations.

Our ability to sell abroad depends on our renewed willingness to buy. If we do not lower our trade barriers, we must expect serious contractions of the vast foreign markets for the vigorous production of our farms and factories. We must anticipate a downturn in the economic and political strength of the free world.

Not only is the situation critical for agriculture, if we lose our export markets, or if we intentionally diminish them by refusing to lower trade barriers, but also in the industrial field. While it is true that the average of our industrial production ranges in the neighborhood of 10 percent in exports, it is this top 10 percent that is the difference between a profit and a loss in most industries.

Cut back to the 90 percent of our domestic market and we will see vast unemployment, vacant factories, and an unprofitable or bankrupt industrial complex. In many specific lines the percentage of exports runs much higher, such as tractors, 22.6 percent; rolling mill machinery and parts, 34.9 percent; sewing machines and parts, 22.3 percent; textile machinery, 21.6 percent; printing machinery and equipment, 17.5 percent; oilfield machinery, tools, and parts, 17.3 percent; office applicances 16.3 percent; motor trucks and coaches, 15.6 percent; agricultural machinery, excepting tractors, 11.7 percent.

We have struggled since 1934 to bring about the freeing of world trade from its narrow limits of restrictions. A world war, inflation, and other dislocations have made the success of this plan difficult. But we are seeing, slowly, surely, the winning of the victory on the trade front if we can move ahead. After more than 32 billions in foreign aid, since World War II, we can see the results in a nearly balanced foreign trade picture. But this must come to an end and the world must rely on trade, not aid.

No nation wants to be the recipient of alms or gifts. They have the right, as free nations, to a chance to earn their dollars to trade with us, instead of handouts—no matter how necessary this emergency aid was at the time it was given.

If we expect the investment of these 32 billions to bear long-range gains to our economy and peace, as well as to our allies, we must open another door as we close and lock the door of foreign aid. Otherwise, we will have helped them to recover and then denied them the chance to earn their way.

Mr. President, it seems to me that we are on the threshold of a door to opportunity that will mean prosperity, employment, strength, and vitality to the free world. We, as the leaders of the free world can either open the door as this Gore amendment does today—or we can lock it and throw the key away.

No move, in my opinion, will do so much to strengthen the free world as to pass the original Eisenhower trade program as provided for in the Gore amendments. And in strengthening our allies, we also strengthen ourselves.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. LONG. Mr. President, I withdraw my amendment to the bill.

The PRESIDING OFFICER. The Senator from Louisiana withdraws his amendment.

Mr. GORE. Mr. President, I rise to conclude my argument.

The PRESIDING OFFICER. The Senator from Tennessee has 6 minutes remaining. How much time does he allot to himself?

Mr. GORE. I allot myself the full 6 minutes.

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

Mr. GORE. I yield to the distinguished Senator from South Carolina.

Mr. MAYBANK. Mr. President, I wish to be perfectly frank. I have not had an opportunity to study the amendment offered by the distinguished Senator from Tennessee. I should like to ask him certain questions about it. I should like to know what his amendment would do under certain conditions, but not because I come from a State which produces cotton and spins cotton and exports cotton, because I believe a United States Senator must be bigger than to give consideration only to what is good for his State when the interests of the Nation as a whole are involved.

I should like to know something about the Senator's amendment because I have been so busy on the Appropriations and Banking and Currency Committees that I have not had the opportunity to study it. First, under the Senator's amendment would the power of the President of the United States be increased and would he be able to enter into more liberal trade agreements with other countries, who are in competition with this country with respect to cotton and its products?

Mr. GORE. My amendment would convey authority to the President of the United States to make more liberal agreements in some respects and less liberal agreements in other respects, when compared with the bill sponsored by the junior Senator from Colorado [Mr. MILLIKIN].

To answer the Senator's question specifically—and I shall have to hurry along, because I have only 6 minutes remaining, with respect to imports from Japan,

the bill sponsored by the Senator from Colorado would authorize the President to enter into trade agreements to reduce the import tax on any commodity from Japan by 50 percent next year. The maximum under my substitute amendment on the importation of goods from Japan in any case would be limited to 16⅔ percent during the first year.

Mr. MAYBANK. In other words, under the Senator's substitute amendment the President would not have the power to reduce the tariff on textiles imported into this country from Japan to as great an extent as he would under the bill which would extend the reciprocal trade agreements for 1 year?

Mr. GORE. He would have no greater authority. My substitute amendment provides more safeguards. Under the bill sponsored by the Senator from Colorado [Mr. MILLIKIN] the tariffs on imports from Japan could be reduced next year by 50 percent. I wish to be fair and say that I have seen no indication that the administration has any such thing in mind, but the authority is contained in that bill.

Mr. MAYBANK. Having spent my life in cotton and textile businesses, I know that the Japanese market is in Southeast Asia and in Java and in Indochina, where we are having so much trouble today. But the Japanese are also the largest purchasers of American cotton since the downfall, so to speak, of the United Kingdom.

Mr. GORE. Over a 3-year period the amendment I have introduced would provide the same authority to reduce rates on imports from Japan as would be provided by the bill sponsored by the Senator from Colorado [Mr. MILLIKIN], but in other respects my amendment is far more restrictive.

Mr. MAYBANK. In what way?

Mr. GORE. It provides 5 percent for each of the 3 successive years.

Mr. MAYBANK. That would be 15 percent.

Mr. GORE. Yes. The bill sponsored by the Senator from Colorado contains no such safeguards.

I should like to point out one additional factor. The administration, after long study, wanted authority to work out multilateral agreements. A desirable trade agreement with Japan would involve a 3-, 4-, or 5-way deal. I do not believe that another 1-year or an 11-month extension gives sufficient time to work out more than a bilateral agreement. What we would like to do is to sell raw products to Japan, let Japan process them and sell them to Indonesia and Siam, and we in turn get from those countries rubber, tin, and manganese, and other strategic supplies.

Mr. MAYBANK. I have an open mind at this point with respect to the amendment. If under the Senator's substitute amendment the textile industry would be better protected than under the committee bill—I know the amendment provides for an extension of 3 years, but on the other hand I know that not very much can be done in 1 year either—I should be inclined to vote for his amendment.

Mr. GORE. Mr. President, the colloquy illustrates one thing. The substitute amendment, drafted after long study, and recommended by the Randall Commission, and then studied by the various agencies of the executive branch of the Government, and submitted to every department of the Government, comes before the Senate with more careful study and more careful planning than does the committee bill. This colloquy illustrates that fact.

I shall cite another example, which was referred to earlier today. Under the committee bill import duties of crude oil can be reduced next year by 50 percent. Under my substitute such duties can be reduced only 5 percent next year, 5 percent the second year, and 5 percent the third year, or a maximum of 15 percent.

I submit, Mr. President, that the substitute, having the endorsement of the Randall Commission, having the endorsement of the administration, having the endorsement of every department of the Government, has been thought out carefully. It is presented after much study—certainly more study than the committee bill has been given. I ask the Senate to pass the substitute as a moderate bill. I do not wish to say that it is a protectionist bill. I favor more liberalized foreign trade. I think the substitute bill takes more cautious steps than may be necessary, but I submit that the evidence now shows that they are cautious steps in the right direction.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. JOHNSTON of South Carolina. Has the Sentor from Tennessee stricken out the provision with respect to the 50 percent reduction or increase of the 1945 rate?

Mr. GORE. Mr. President, I ask unanimous consent that I may speak for one-half a minute in order to answer the question of the distinguished Senator from South Carolina?

Mr. JOHNSON of Texas. Mr. President, I yield 1 additional minute to the Senator from Tennessee.

Mr. GORE. Will the Senator from Texas allow me 2 minutes?

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Tennessee.

Mr. GORE. Mr. President, will the Senator from South Carolina repeat his question?

Mr. JOHNSTON of South Carolina. In the bill reported by the committee, there is a provision under which a 50 percent reduction or increase may be made in the 1945 rate. Does the Senator's substitute eliminate that feature?

Mr. GORE. Let me state it this way. Under the committee bill, the imports can be reduced 50 percent below the 1945 rate, or increased over the 1945 rate. My amendment provides for reductions over a 3-year period.

With respect to commodities other than from Japan, the maximum is 5 percent per year, or a total of 15 percent. With respect to imports from Japan, it is 16⅔ percent per year for 3 years.

The committee bill would allow it all to be done at once.

Mr. MAYBANK. At 50 percent?

Mr. GORE. At 50 percent.

Mr. JOHNSTON of South Carolina. What would be done in 3 years under the Senator's substitute could be done in 1 year under the committee bill?

Mr. GORE. I believe that is a fair statement.

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

Mr. GORE. I believe my 2 minutes have been used up. The Senator has his own time available.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. MILLIKIN. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Colorado has 6 minutes remaining.

Mr. MILLIKIN. I should like to say to the Senator from South Carolina and to other Senators who are wondering what would happen to textiles, that I have a report, prepared by the Tariff Commission, of items that carry more than a 50-percent tariff. The list includes many items of cotton cloth and textiles.

Under the Gore amendment, the President could reduce those tariffs to 50 percent without any ifs, ands, buts, or maybes. He could do it in any trade agreement. I think that answers the questions which have been asked about that point.

There is a whole list of the items, which anyone may examine, which includes textiles to a very large degree.

Mr. GORE. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. GORE. Will the Senator state whether it is true or not true that under his bill, if enacted into law, the President would be authorized to enter into a reciprocal trade agreement with Japan to make a 50-percent reduction in import rates?

Mr. MILLIKIN. I would say that the President, under the bill, within a year, or maybe longer, if we should grant more time, would be authorized to make an agreement with Japan. Does the Senator deny that right?

Mr. GORE. The Senator has not replied fully to my question. I know the able Senator wants to operate with the fullest of understanding. Will the Senator not reply fully to my inquiry?

Mr. MILLIKIN. I shall do the best I can. I thought I had answered the Senator's question. If there is any doubt between us, I suggest, without wishing to be offensive to the Senator, that the question between us, if there is one, reinforces the point that this very, very important subject needs more study.

Mr. GORE. I submit to the Senator that nothing he says or does could ever be offensive to the junior Senator from Tennessee. The Senator from Colorado is one of the most affable and courteous Members of this body.

Mr. MILLIKIN. I thank the Senator.

Mr. GORE. Mr. President, will the Senator from Colorado yield further?

Mr. MILLIKIN. I yield.

Mr. GORE. I shall propound the same question to the Senator. If the bill he advocates is enacted into law, will or will not authority be granted to the President to enter into reciprocal trade agreements with Japan to make a 50 percent reduction in import duties?

Mr. MILLIKIN. I would say that under the present state of the law, or under the bill as amended, the President could enter into a reciprocal trade agreement with Japan.

Mr. GORE. Will the Senator not complete his statement? Enter into reciprocal trade agreements with Japan, yes. The original act provided authority for the President to reduce tariffs by 50 percent. No reciprocal trade agreement has been entered into between the United States and Japan, has it?

Mr. MILLIKIN. That is correct.

Mr. GORE. Therefore, the entire authority of the original act, if extended by the Senator's bill, would remain. Is not that correct?

Mr. MILLIKIN. Yes. Let me read what the distinguished Senator's amendment provides:

Provided, That the foregoing qualifications relative to import quantities shall not apply to decreases, proclaimed to carry out a trade agreement to which the Government of Japan is a party, which the President determines are necessary in order to provide expanding export markets for products of Japan, including such markets in third countries.

Mr. GORE. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. GORE. On page 6——

Mr. MILLIKIN. I was reading from page 4.

Mr. GORE. This applies to it.

I believe we have a clear understanding that the bill would extend the authority of the original act. Is that correct?

Mr. MILLIKIN. That is correct.

Mr. GORE. It would extend it until June 12, 1955. Is that correct?

Mr. MILLIKIN. Yes; so far as the authority to make agreements is concerned.

Mr. GORE. Then, all the authority contained in the original act would be extended until June 12, 1955.

Mr. MILLIKIN. The original act as amended.

Mr. GORE. And that contains the full authority of the original act?

Mr. MILLIKIN. Yes; of the 1945 rate.

Mr. GORE. And the original act contained authority to reduce all import duties by 50 percent?

Mr. MILLIKIN. Yes.

Mr. GORE. We understand that. Now I come to my amendment. On page 6, line 11, subsection (C), it is provided as follows:

(C) No more than one-third of any decrease in duty to which alternative (II) or (III) of paragraph (2) (iv) of this subsection is applicable shall become initially effective at one time, nor until any previous part of such decrease shall have been in effect for not less than 1 year.

I believe the Senator from Colorado and I will now be in full agreement as to the scope of authority granted by the two measures.

Mr. MILLIKIN. We are in full agreement that under the Senator's amendment it is provided:

That the foregoing qualifications relative to import quantities shall not apply to decreases, proclaimed to carry out a trade agreement to which the Government of Japan is a party, which the President determines are necessary in order to provide expanding export markets for products of Japan——

Mr. GORE. Mr. President, will the Senator from Colorado yield further?

Mr. MILLIKIN. Yes.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MILLIKIN. Mr. President, whose time has expired? [Laughter.]

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MILLIKIN. Then I shall take my time out of the time allotted to discussion on the bill.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GORE. All time on amendments having expired, is the matter open to debate, or——

The PRESIDING OFFICER. The amendment itself is not open to any further debate. The Senator from Colorado has 95 minutes remaining.

Mr. GORE. Then the Senator from Colorado is now using his time in support of the bill?

The PRESIDING OFFICER. That is correct.

Mr. MILLIKIN. Mr. President, yesterday there was a question raised with reference to the amendment proposed by the Senate Finance Committee and recommended by all the members of that committee, except two. Those recommending it, including the distinguished Senator from Georgia [Mr. GEORGE], as he stated himself this afternoon, were aware of the fact that the bill would grant 1 year's extension. It was stated yesterday that that was not the desire of the President. So I shall repeat what I said yesterday, that under date of May 20, 1954, the White House released a letter written by the President in response to a letter he had received from a Charles H. Percy, in which the following was said:

As you know, several recommendations in my message on foreign economic policy can be carried out without further legislative authority. Among these are clarification of the application of the Buy American legislation, assistance through the International Monetary Fund and the Federal Reserve System to nations which undertake convertibility of their currencies, renegotiation of the organizational provisions of the General Agreement on Tariffs and Trade for submission to the Congress, encouragement to overseas investment—

And so forth. Coming, now, to the second paragraph following that, I read further:

Since the present act expires on June 12, 1954, a simple 1-year extension will, of course, be required for the interim period.

Mr. President, in the debate yesterday it was said that that somehow was changed by a speech which the President had made on June 22, 1954. I got that speech from the White House. I have read every word of it, and I say that it in no way affects the suggestion that granting a 1-year extension is the proper thing to do. If there is any question about it, I should be glad to read the speech. Otherwise, there is no use in taking time.

May I ask whether the distinguished Senator from Tennessee, [Mr. GORE] questions what I have said?

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

Mr. MILLIKIN. I yield.

Mr. GORE. I respectfully question what the distinguished Senator from Colorado has said, not to the extent that he understands he is making a statement not accurate with the facts. I submit that the practical situation and precedent calls for a widely expanded and liberalized trade program with Japan. I say that in a 1-year period, now reduced, before the bill could possibly be enacted, to about 11 months, multilateral agreements could hardly be negotiated.

Mr. MILLIKIN. Mr. President, will the Senator let me clinch on that point?

Mr. GORE. Certainly.

Mr. MILLIKIN. Is there anything in the President's speech, under the Senator's interpretation of it, which changes the President's position on the 1-year extension?

Mr. GORE. I believe the President's speech has as the burden of its import an extension of the reciprocal-trade agreements program in an effective manner. Would the Senator from Colorado agree with that statement?

Mr. MILLIKIN. I do not think the President would advocate an ineffectual extension. He has advocated a 1-year extension.

Mr. GORE. Then, under the Senator's bill, no authority is given to reduce tariffs, except in the case of Japan, over the present law.

Mr. MILLIKIN. Under the bill proposed by the Senate Committee on Finance, the President has a year in which to make reciprocal-trade agreements with Japan or with other countries, and, therefore, he could follow a procedure of lowering tariffs, if he wished to do so. I think that is obvious. I do not believe that statement can be challenged.

Several claims have been made by the opponents of the bill. It has been argued by those who wish a 3-year extension, as I have said, that we are not following the President's request when we ask for a 1-year extension. I believe that what I have read to the Senators effectually disposes of that argument.

There has been another argument: I think the substance of it is that the

1-year extension is a sort of stray child, wandering around without support.

I repeat: The House vote was 283 to 52. The vote in the House Committee on Ways and Means was 23 to 0. The vote in the Senate Committee on Finance was unanimous, except for two. The distinguished Senator from Georgia [Mr. GEORGE], the leader of the opposition in the Committee on Finance, has told the Senate this afternoon that he favors a 1-year extension.

The Gore amendment is intended to put into immediate effect some very important recommendations of the Randall Commission. I wish to make the point, which I hope will answer the argument which has been made again and again by the distinguished Senator from Tennessee [Mr. GORE], to the effect, "Oh, the committee wants to make further study. They have been studying all this time; now they want to study more."

I think we should study more, and I will state why, in a moment.

I call the attention of the Senator from Tennessee to the stack of material now on my desk. It stands about a foot and a half or 2 feet high, and represents the staff material and the hearing material developed by the Randall Commission. I may say there were no long hearings. The stack represents mostly the staff material and the rest hearing material. All of this material was furnished to members of the Randall Commission. It is the material on which the Randall Commission acted.

I say that we cannot enact sound legislation unless such material as this can be given congressional reveiw. The House Committee on Ways and Means intends to give that kind of review. So does the Senate Committee on Finance. There is no alternative, unless it is intended to legislate, as I described it yesterday, by divine afflatus, by things picked out of the air.

I do not know of any more difficult work than the analysis of tariff matters when they come before Congress. The Senator from Tennessee understands how tariff matters affect the people of his State and the problems which are presented. Think of the Senate, with this material having come from the Randall Commission, sitting here this afternoon and saying, "We know everything we need to know. We have not read it through. We do not know anything about it. But someone says it is all right, and that it will tell us to follow the Gore amendment. So let us go, boys. Let us legislate in that way on things that have a vital effect on the payrolls of the country. Let us sit here during an afternoon of rhetoric and debate, and say that we know everything we need to know, and we do not need to study any more. We can disregard all this material, because we are wise enough to come up with the answers out of our own heads."

Mr. President, I respectfully suggest that that is not the way we should do business in the Senate. The Senate Committee on Finance is going to study this matter, and I know that the House Committee on Ways and Means likewise will study it. It was intended that these committees should study it.

No one ever had the nerve to say that the Randall Commission's conclusions would be binding on the House or the Senate.

The Randall Commission had meeting after meeting. The Senator from Georgia [Mr. GEORGE] knows of the vast scope of material which was before the Randall Commission. So does the Senator from Virginia [Mr. BYRD] and the Senator from Connecticut [Mr. BUSH]. So does the Senator from Iowa [Mr. HICKENLOOPER], and so do I. They know of the matters which came before the Randall Commission.

Out of the various and assorted conclusions by the Randall Commission came findings. But the Randall Commission is not the Congress of the United States. Its conclusions must receive the consideration of Congress under normal congressional processes.

It may be said, "You have had since January, when the Randall Commission report was made. You have had all that time to study these matters. You have had all these months."

But the House Committee on Ways and Means, as the Senators will soon learn, has been engaged in formulating a revision of the tax law, which has required months and months and hundreds of witnesses and almost continuous sessions, of that committee. They have drafted social-security legislation on which the Senate Committee on Finance is now hearing testimony.

No one ever could say that the House Committee on Ways and Means has not done a hard job of work this year. No one with any sense of fairness would say, "You should have done more. You should have written a 1,000-page revision bill. You should have written a new approach to social security. You should have performed a half dozen other miscellaneous jobs. But also you should have made a complete study of the whole tariff and trade agreement programs."

I say Senators who would say that are asking something impossible of performance, and it should not be asked.

I may say on behalf of the Senate Committee on Finance that we have not been loafing this year. We spent weeks and weeks hearing testimony on the tax bill. We have held several weeks of staff and executive sessions. We are only now getting into a consideration of social security. There has been no opportunity to study the work of the Randall Commission as a basis for legislation. But that opportunity will come under a year's extension.

That is the issue here. Are we ready to enact a law based on recommendations which we have not made, and on material which we have not had an opportunity to study?

I am not talking about the opportunity that we might have had if we were a nice, leisurely committee in the Senate or the House, sitting around since January and doing nothing.

Someone might say, "We cannot wait on you fellows any longer."

I say that no other two committees could have worked more faithfully than the House Committee on Ways and Means and the Senate Finance Committee on Finance have worked. There simply has not been the time to consider the Randall Commission report.

So I say that that in itself should dispose of the argument: "Why do the boys need more time to study? They have had the Randall Commission report for several months, yet they still want to study it more."

Yes, we want to study it more and more. The interests of the country require that we study it more and more. The interests of the country require that we know something about what is in this material which is on my desk, and that will take more time.

The job will commence early next year. It will take time in the Senate Committee on Finance, as I am sure it will in the Ways and Means Committee of the House of Representatives. So I do not believe a valid argument can be made that this is merely another proposal that a study be made of the question, and that therefore we should go ahead and enact legislation because someone has read something and has said, "It sounds like an awfully good idea; let's rush it through, boys. Let's get it out of the way."

No. The customary way to legislate is on recommendations of committees, and to vote yes or no, up or down. Let us know what the recommendations of the Randall Commission are. Let us know what testimony supports the recommendations, and what testimony is against the recommendations.

Mr. President, I should like to reiterate, by saying: No. 1, the 1-year extension proposed has been approved by the President; No. 2, it has been approved by the Senate Finance Committee; No. 3, it has been approved by the House Ways and Means Committee; No. 4, it has been approved by the House of Representatives.

Why 1 year? Why not 3 years? Since 1948, when we went into the so-called GATT, which was an executive agreement, and was never submitted to the Congress, Congress has said it wanted to examine that agreement. Some people want to approve it; some want to disapprove it; some want to change it.

However, GATT deals with the fixing of customs and the value of our own and foreign money, and since GATT deals with this and other important subjects, Congress has simply said, "We will not approve or disapprove it until we have had it submitted to us for approval."

I do not mean to draw any mean implications so far as others are concerned, but I am merely stating it as a fact that for the first time the President of the United States has said he will submit a revised GATT, if he can achieve it, to the Congress of the United States. How is that reflected in the question as to the length of the extension?

Starting in 1948, the Senate took cognizance of the new existence of GATT, and wrote the following into its report recommending an extension.

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

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. If it is agreeable to the other side, and I understood they desired to have the yeas and nays ordered, I ask that the yeas and nays be ordered on the amendment offered by the Senator from Oklahoma [Mr. GORE] for himself and other Senators.

The yeas and nays were ordered.

Mr. MILLIKIN. Back in 1948 the Senate Finance Committee had this to say about GATT:

> In reporting out this bill your committee reserves questions such as those posed by allegations that the authority conferred under section 350 of the Tariff Act has been exceeded either by incorporation of general regulatory provisions in the multilateral trade agreement recently concluded at Geneva, or otherwise. Many of these regulatory provisions duplicate provisions in the Habana Charter for an International Trade Organization—

At this point I might interpolate to say that representatives of the State Department before the present administration came into power told the Senate Finance Committee that they would no longer press for an international trade agreement. However, the GATT contains the heart provisions of the International Trade Organization Charter. So, as I say, the members of the Senate Finance Committee, without regard to party, said, "We have got to take a look at this." Now to continue the excerpt from the Senate Finance Committee's report of 1948—

> for an international trade organization and therefore a consideration will be given these matters when the Habana Charter is presented to the Congress. If the United States accepts membership in the International Trade Organization broad statutory changes would be needed to carry out effectively engagements that would follow from this country's acceptance of membership in that organization. This approaching decision respecting membership in the International Trade Organization is a strong reason for not extending the Trade Agreements Act of 1934 beyond June 30, 1949.

That is the main reason for the 1-year extension, because members were waiting to get GATT before them so that we could say either, "Yes; we will take it," or "No; we won't take it." That is the present reason.

I may say that in 1948 at the time the report from which I have just read was written, there was a Republican Congress. The distinguished Senator from Georgia [Mr. GEORGE] in 1949 submitted on the floor a report of the Senate Finance Committee, which stated, in part:

> In reporting this bill your committee would emphasize that its enactment is not intended to commit the Congress on questions raised by incorporation of general regulatory provisions in the multilateral trade agreement recently concluded at Geneva or on any other aspect of our foreign-trade program. No doubt full consideration will be given these matters when the Habana charter for an international trade organization is presented to the Congress.

I remind my colleagues again that the International Trade Organization was abandoned.

A Mr. Thorp, then of the State Department, at some international meeting which I think had to do with our Moroccan treaty and the kind of treatment our servicemen were getting over there, made an affidavit that Congress had approved GATT. From that time on, with no objection in the committee, we put in the law a statement that GATT was neither approved nor disapproved. We did so at that time; we did it in the first session of the 83d Congress; and we did the same thing yesterday.

Not enough has been said about GATT, and we have always said that whenever there was a full-scale debate on the subject, we would be prepared to bring out the facts. However, I should like very briefly to tell some of the aspects about which we should be thinking, and which are directly connected with the period for which the reciprocal trade acts should be extended. If GATT is resolved one way, it would lead us to extensions for a certain period of time; if GATT is resolved another way, there might be other types of extensions. An extension of 1 year will give us enough time to study the results, because the State Department is working on the subject and has assured us there will be action.

Of 32 members of GATT, this country has 1 vote. I suggest that our country has an interest which is adverse to the interest of all other countries which have signed GATT. They are all interested in getting the lowest possible tariff so far as we are concerned, and the highest possible tariffs so far as they are concerned. They are protecting their interests, as we should be protecting ours. By a majority, or a two-thirds vote, this executive agreement, which the Congress has never passed upon, can do a vast number of things. It can add to the international obligations of the United States in trade matters, without submitting anything to Congress.

It can impair or destroy the rights and benefits to which the United States is entitled as a matter of international law.

Now let me state some of the specific powers of the contracting parties, under the general agreement on trade and tariffs some of the powers of the contracting parties, some of the things that may be done by half or two-thirds of the total number of votes—32 in all, of which we would have only 1 vote.

Mr. President, may there be order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MILLIKIN. Mr. President, I am not a temperamental fellow who expects the Chamber to fall into silence when he speaks; but I should like to be able to hear myself speak, even if no one else is able to hear me. [Laughter.]

Under article XXIII of GATT, by a majority vote, the contracting parties are authorized to suspend any concessions or obligations of a complaining party.

Under article XXV, paragraph 5 (a) of the general agreement, the contracting parties are permitted to waive any obligation imposed upon a party to the agreement, in any circumstances deemed exceptional by the contracting parties. The only limitation on this power is that such a decision must be approved by a two-thirds majority of the votes cast, and that such a majority shall comprise more than half of the contracting parties.

Mr. President, under the agreement, who may waive such an obligation? The contracting parties may do so. They may do so by a two-thirds majority, and we would have only one vote.

Under article II, paragraph 6 (a), the contracting parties may also engage in devaluations of currencies. That may be done by the contracting parties, by majority vote of the 32 nations; and in that connection the United States would have only one vote; and each of the 32 nations has interests which may be adverse to those of the United States.

By a majority vote, the same contracting parties, in agreement with the International Monetary Fund, must formulate rules governing the conversion of currencies—a very, very important matter. If it is possible for a country to control the convertibility rates for currencies, no matter what may be done by way of tariff enactment, that country can bring about most any tariff result it wishes.

In article XI is found a general prohibition against the use of quotas and similar quantitative restrictions on imports or exports, with certain exceptions. If the contracting parties should decide that a certain quantitative restriction—perhaps a quota arrangement made by some one of the contracting parties, possibly by the United States—is not in accordance with the way a majority of the contracting parties like, they will decide the question. We might suffer seriously.

Again, Mr. President, by a majority vote the contracting parties could determine which nations would be materially affected by proposed protective measures. That determination could be made by majority vote. The contracting parties could thus resolve all the issues against us, or they could resolve them for us. Those decisions could be made by a majority vote, in connection with which the United States would have only one vote.

Mr. President, I have before me an entire list of various items of the sort to which I have just referred. However, I shall not read to the Senate the whole list, for I have no desire to belabor the point.

Again and again, we have made 1- or 2-year extensions. There is nothing unusual about doing that. We have made 1-year extensions because we were waiting for GATT to come before the Congress, so we could decide what parts of that agreement are acceptable to us and what parts are not acceptable to us, so we could know how to lay a sound foundation for our trade program. That has been the main purpose.

Now we are assured that we shall have a chance to look at GATT. Of course, what the President may negotiate with foreign countries may or may not be

acceptable to us. Certainly the Congress, which has the constitutional duty and right of looking after all questions of our trade and commerce and of looking after the value of our own, and foreign money insofar as it affects the United States, has a right to look at GATT, and then to say, "Yes, we like this" or "we do not like that, and we are in favor of changing it this way or that way or the other way."

At least we shall have that chance, whereas we have not previously had it. Again and again, 1-year extensions have been made, so that we could clear up the matter. That has been the reason for the 1-year extensions. It is a good reason for the present proposed 1-year extension.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Tennessee [Mr. GORE], for himself and other Senators.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GREEN (when his name was called). On this vote I have a pair with the junior Senator from Ohio [Mr. BURKE]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

Mr. FREAR (when his name was called). On this vote I have a pair with the junior Senator from Missouri [Mr. SYMINGTON]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from New York [Mr. IVES] is absent by leave of the Senate.

The Senator from Maryland [Mr. BUTLER] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BRICKER], the senior Senator from Indiana [Mr. CAPEHART], the junior Senator from Indiana [Mr. JENNER], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

If present and voting, the Senator from New York [Mr. IVES], the Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the senior Senator from Indiana [Mr. CAPEHART], the junior Senator from Indiana [Mr. JENNER], the Senator from Wisconsin [Mr. WILEY], and the Senator from North Dakota [Mr. YOUNG] would each vote "nay."

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Oklahoma [Mr. KERR], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Missouri [Mr. SYMINGTON] is necessarily absent.

I announce further that on this vote the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from North Carolina [Mr. ERVIN]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from North Carolina would vote "nay."

I announce also that on this vote the Senator from Georgia [Mr. RUSSELL] is paired with the Senator from Oregon [Mr. MORSE], who is necessarily absent. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Oregon would vote "yea."

The result was announced—yeas 32, nays 45, as follows:

YEAS—32

Anderson	Hennings	Long
Byrd	Hill	Magnuson
Chavez	Holland	Mansfield
Clements	Humphrey	Maybank
Daniel	Jackson	Monroney
Douglas	Johnson, Tex.	Murray
Ellender	Johnston, S. C.	Robertson
Fulbright	Kefauver	Smathers
Gillette	Kennedy	Sparkman
Gore	Lehman	Stennis
Hayden	Lennon	

NAYS—45

Aiken	Ferguson	Mundt
Barrett	Flanders	Neely
Beall	George	Pastore
Bennett	Goldwater	Payne
Bowring	Hendrickson	Potter
Bridges	Hickenlooper	Purtell
Bush	Johnson, Colo.	Saltonstall
Butler, Nebr.	Kilgore	Schoeppel
Carlson	Knowland	Smith, Maine
Case	Kuchel	Smith, N. J.
Cooper	Langer	Thye
Cordon	Malone	Upton
Dirksen	Martin	Watkins
Duff	McCarran	Welker
Dworshak	Millikin	Williams

NOT VOTING—18

Bricker	Frear	McClellan
Burke	Green	Morse
Butler, Md.	Ives	Russell
Capehart	Jenner	Symington
Eastland	Kerr	Wiley
Ervin	McCarthy	Young

So the amendment offered by Mr. GORE for himself and other Senators was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MUNDT. Mr. President, on behalf of the Senator from Wyoming [Mr. BARRETT], the junior Senator from Nevada [Mr. MALONE], the senior Senator from Nevada [Mr. MCCARRAN], the Senator from Idaho [Mr. DWORSHAK], the Senator from North Dakota [Mr. YOUNG], the Senator from Nebraska [Mr. BUTLER], the Senator from Mississippi [Mr. STENNIS], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Colorado [Mr. JOHNSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Utah [Mr. WATKINS], the Senator from Arizona [Mr. GOLDWATER], the Senator from Montana [Mr. MURRAY], and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. Does the Senator desire that the amendment be printed without being read?

Mr. MUNDT. I ask that it be printed in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. MUNDT for himself and other Senators is as follows:

On page 1 add the following section 2:

"SEC. 2. Section 8 of the Trade Agreements Extension Act of 1951 (Public Law 50, 82d Cong. 1st sess.) is hereby amended by adding a new subsection (c) at the end thereof, reading as follows:

"'(c) Subsections (a) and (b) of section 22 of the Agriculture Adjustment Act, as amended (U. S. C., title 7, sec. 624), are hereby amended to read as follows:

"'"SEC. 22. (a) Whenever any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with the national objective of achieving full parity prices for agricultural commodities, or products thereof, in the domestic market place, or any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, the Secretary of Agriculture shall, and any interested party may, petition the United States Tariff Commission to make an immediate investigation. Upon receipt of any such petition an immediate investigation shall be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigations shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the Tariff Commission shall specify. The Tariff Commission shall make and publish its report to the President at the earliest possible date, but in no event more than 6 months after the day on which a petition for investigation was filed.

"'"(b) If, on the basis of such investigation, the Tariff Commission finds and reports to the President the existence of such facts, he shall, within 30 days by proclamation impose such fees not in excess of 50 percent ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as the Tariff Commission has found and declared in its report to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with the national objective of achieving full parity prices for agricultural commodities, or products thereof, in the domestic market place, or any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percent of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the Tariff Commission: *And provided further*, That in designating any article or articles, the Tariff Commission may describe them by physical qualities, value, or use, or upon such other basis as it shall determine."'"

Mr. KNOWLAND. Mr. President, a number of Senators have inquired as to the program for the remainder of the day. We expect to continue this evening with the consideration of the pending

bill, and to vote on such amendments as are pending or may be offered, so I hope Senators will hold themselves in readiness and remain in close proximity to the Senate Chamber, so that we may complete action on the bill tonight.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. MUNDT] for himself and other Senators.

Mr. MUNDT. Mr. President——

The PRESIDING OFFICER. The Senator from South Dakota is recognized. How much time does the Senator yield to himself?

Mr. MUNDT. I yield myself 10 minutes.

Mr. President, this is an issue which has been before the Senate a great many times, and with which my colleagues are thoroughly conversant.

The amendment we propose merely represents language which strengthens section 22 of the Agricultural Adjustment Act, which has been incorporated in farm legislation and reciprocal-trade legislation for a great many years. We propose to make operative by this amendment the intent I am sure Congress had at the time section 22 was originally written, and the intent Congress had a year ago when some minor strengthening language was added to that section.

We can point to some very good authority for the amendment we have offered. The Secretary of Agriculture, Mr. Benson, a year ago appeared before a number of congressional committees and discussed the relative merits of section 22 and of section 104 of the Defense Production Act. In discussing section 22, Secretary Benson wisely and properly and correctly pointed out that the intent of the section was considerably stronger and considerably more vital than its operation had indicated, due to the fact that the language of the section as originally written proved to be too cumbersome.

I should like to quote from what Secretary Benson stated on May 6, 1953, before the House Ways and Means Committee. He said:

> In recognition of the fact that a stimulation of imports can impose an intolerable burden on a price support program, the Congress enacted section 22 of the Agricultural Adjustment Act. This section provides for the imposition of import quotas or import fees whenever imports of any agricultural commodity or product thereof render or tend to render ineffective or materially interfere with any price support of marketing order program. This is permanent legislation.

He indicated that under that permanent legislation only 5 investigations had been instituted during a period of 17 years, despite the fact that repeatedly producers of one product or another had urged that there be investigations concerning commodities in which they were interested. During the past year an increase has been made in the number of these investigations, and I believe now the number is approximately 10.

On May 6, 1953, Secretary Benson went on to say:

> Section 22 requires that imports of such commodities shall be limited to such quantities as the Secretary of Agriculture finds will not (1) impair or reduce domestic production below current levels or such higher levels as deemed desirable; (2) interfere with orderly domestic storing and marketing; or (3) result in an unnecessary burden or expenditure under a price support program.

Secretary Benson proceeded to discuss section 104 of the Defense Production Act, which he was then proposing should be allowed to expire, because at that time he felt, as I am sure he feels now, that section 22 could be properly strengthened to carry out the purposes Congress had in mind when it wrote section 104 of the Defense Production Act.

However, we are aware of the fact that section 104 expired with the Defense Production Act. Therefore, the protection which the producers had up to a year ago is no longer operating to protect them against the threat of foreign imports from low-cost production areas.

Secretary Benson recognized the need for strengthening section 22, because on the same day he testified as follows:

> Section 22 can be made an effective instrument by improved administrative procedures and by supplementing it with authority, in an emergency to impose the quotas or import fees within the limits specified by the section * * *. So strengthened, section 22 would assure the protection of the Department's price-support and other programs against interference or nullification by the distortions in international trade which such programs are likely to create.
>
> With the strengthening of section 22 there will be no need for extension of section 104. The strengthening of section 22 can be accomplished by expedited administrative action and by separate legislative action.

It is that separate legislative action in which those of us who have offered the pending amendment are joined in an effort to have added now at the right time and in the right place.

Section 104 is no longer a part of the law. This is the only opportunity we have to meet this particular problem, at the proper place, and in the proper way.

The pending amendment would bring about two primary results. In the first place, Mr. President, the amendment would strengthen section 22 by providing an opportunity for interested parties to petition the Tariff Commission directly to make an investigation whenever any article or articles are being imported or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with the national objective of achieving full parity prices for agricultural commodities, or products thereof, in the domestic marketplace.

The Tariff Commission must then publish its report to the President at the earliest possible date.

The second change proposed by the amendment in the nature of strengthening section 22 is contained in the provision that within 30 days after the Tariff Commission has reported to the President—now it is 90 days from the time the Tariff Commission undertakes its work—the President shall by proclamation impose such fees or import quotas as have been recommended by the Tariff Commission within the limits of section 22.

In the main, Mr. President, that is all the amendment seeks to accomplish. It does, however, make effective a price-support program for agriculture.

I believe there is little, if any, argument among us that if we are to have a price-support program for agriculture—and we all recognize we must have it, even though we fall into two or three separate camps as to the nature or type of the price-support program which should be maintained—and whether we finally settle on stabilized price supports at 90 percent, or unstable price supports ranging from 75 to 90 percent, or from 60 percent to 100 percent, or any other kind of price-support program, if the price-support program is to work successfully it must be a price-support program for American agriculture, for American farmers, and for American farm products.

I have yet to see anyone stand on the floor of the Senate and be so thoroughly optimistic, or so self-confident in the prowess of Uncle Sam, as to say that we can maintain a price-support program which pegs the price of every agricultural commodity produced in any area of the world.

Without a provision in section 22 to afford reasonable protection against the flood of imports which might otherwise come in, we will find ourselves in the position of having to provide price supports for all the commodities raised in foreign lands which are imported into the United States.

I submit that if any price-support program is to operate successfully, without at the same time jeopardizing the solvency of America, and without increasing the surpluses, about which we are now worried, it is essential that we provide the means and the machinery whereby, under certain circumstances, we can exclude the onrush of foreign agricultural products.

I point out that there are other reasons besides the interest we have in a sound farm program and the interest we have in protecting the Treasury of the United States, which should impel thoughtful Senators to vote for the amendment we have offered. One reason is that unless we provide some machinery and some means whereby, by adequate tariff protection and quotas under certain circumstances, we keep out the flood of foreign agricultural products, we will find ourselves in the unhappy and incongruous position of providing in the American market a magnet so strong and so attractive that it will pull from foreign lands, which need food and fibers worse than we do, the products of the soil, to be dumped upon our surpluses, in order to get that attractive price.

Actually we tend to impoverish other countries of the world when we establish too attractive a market which they can enter without any limitations whatsoever. So we wind up doing this, Mr. President: We attract other countries, which need food and fiber more than we do, we purchase products which we do

not need and cannot use and which we stockpile, and then, finding ourselves with these surpluses on our hands, we follow a program of giving away to some foreign countries the foods and fibers we have taken from other foreign countries which need them just as badly as do the countries to which we ultimately give them.

So it seems that we need this kind of protective legislation in order to enable us to operate successfully and on a solvent basis.

Mr. LANGER. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. LANGER. I notice that according to the RECORD we imported, from July 1, 1952, to December 30, 1952, 1,304,000 bushels of rye; that from July 1, 1953, to December 30, 1953, we imported 11,512,000 bushels; that in 1952, for the 6 months, we imported 30,524,000 bushels of oats, and from July 1 to December 30, 1953, we imported 40,414,000 bushels of oats.

Will the distinguished Senator explain how his amendment would remedy that situation?

With reference to rye, we imported from Canada more than half the total crop we raise in this country.

Mr. MUNDT. The Senator from North Dakota is correct; and he realizes, too, that in his State and in my State, under the crop allotment program, it is entirely possible to plant rye on much of the acreage which is no longer available for wheat. The amendment would make it possible to maintain a price program for rye and to exclude sufficient foreign rye so that our producers could produce rye as they did in former years.

Mr. LANGER. The amendment is offered to cut down the period of time within which the President could render a decision——

Mr. MUNDT. We ultimately got a decision as to rye, but it came late, after much of the damage had already been done. The amendment would have enabled the producers of rye, whenever there should be an imminent danger, to carry their appeal direct to the Tariff Commission, which, after 60 days, could make a finding, and the President would have to act within 30 days.

Mr. LANGER. There was a hearing before the Antimonopoly Subcommittee, and we tried for many, many months to stop the importation of certain products from Canada, but we got exactly nowhere under the old law. I am curious to know how much time will be saved by the adoption of the Senator's amendment.

Mr. MUNDT. It would cut down the time for an almost interminable delay to a maximum delay of 90 days.

Mr. LANGER. The Senator can be certain that I shall be glad to support the amendment. More than that, I should like to be a cosponsor.

Mr. MUNDT. The Senator from North Dakota appeared before the House Ways and Means Committee and before the Senate and House Agriculture Committees a year ago with reference to the problem.

Mr. CASE. Mr. President, will my colleague from South Dakota yield?

Mr. MUNDT. I yield.

Mr. CASE. I should like to commend my colleague for taking effective leadership in offering this amendment which I think appeals to anyone who has been studying the agricultural situation in this country.

I note that the first part of section 22 (a) refers specifically to any program or operation undertaken, and then says "or any loan, purchase, or other program or operation undertaken by the Department of Agriculture."

My colleague will remember that a year or so ago some New Zealand beef entered this country, and shortly after the introduction of that beef the Secretary of Agriculture undertook a program of buying cows and canning them and placing them under the program. Does the distinguished Senator feel that the language, as it appears in lines 11 and 12, on page 2, would be sufficiently inclusive to meet such a situation as that?

Mr. MUNDT. It would certainly be my interpretation and understanding that it would. I am glad my colleague pointed out the specific illustration of the New Zealand beef importation. Such importations affect the whole price-support program. Coming as he does, from one of the greatest cattle-producing areas in one of the greatest cattle-producing States of the Union, the Senator from South Dakota well recalls that the program never got underway. It began to slow up farm prices, so far as beef was concerned. It would have been much easier if we had had this kind of legislation which would have excluded that type of importation.

Mr. CASE. The amendment, it seems to me, Mr. President, would insure speedier action on the part of the Tariff Commission. While I suspect that with the flood of problems before the Tariff Commission, investigations by it may take time, the amendment is certainly a movement in the right direction, and I hope it will be accepted by the Senate.

Mr. MUNDT. It does not particularly change the mechanics, except that from now on we will be able to lock the door before the horse is stolen, instead of afterward.

Mr. MAGNUSON. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MAGNUSON. There has been some confusion about the amendment. It has been stated that it deals only with agricultural products which are price supported or under a Government program, and that Congress has twice acted on a similar amendment which was offered by the Senator from Washington.

It is not in conflict with the general program. It deals with a specific type of agricultural products, and it deals with the foreign situation——

The PRESIDING OFFICER. The Chair will advise the Senator from South Dakota that he has used all but 3 minutes of his time.

Mr. MAGNUSON. Mr. President, in time past when some of these things have happened, in connection with the wool situation, for instance, the old cumbersome procedure used to take a year or 18 months, and then it was too late.

Mr. MUNDT. That is correct.

Mr. MAGNUSON. The thing to do is to streamline the procedure, so, as the Senator has pointed out, we can lock the door before the horse is stolen. It does not necessarily mean that there will not be possibly cases which are very serious to segments of the agricultural industry at the time they occur. This sort of amendment was anticipated in the first Geneva Conference. It was expected that governments which were spending money in trying to support agricultural programs should have an opportunity to protect the programs so they would not be put in jeopardy by some other country dumping commodities at a certain time because of an excess of a particular type of agricultural product.

Mr. MUNDT. The Senator is absolutely correct.

Mr. MAGNUSON. I think the effect of the amendment itself will be salutary in other nations. They will have a better balance.

Mr. MUNDT. I think it will be fully as helpful to foreign countries as it will be to us, because it will enable them to keep the foods and fabrics which they raise.

Mr. MAGNUSON. It is not directed to any particular country. It is merely what we agreed upon in Geneva, that each nation would have a right to take action of this kind.

Mr. MUNDT. It is essential, unless we propose to put a price floor under all the farm products of the world. We cannot operate the brain process fast enough to achieve that.

Mr. MAGNUSON. One of the reasons for the amendment is that section 22 has never been quite clear, and the amendment would clear the whole situation.

Mr. MUNDT. I think the amendment would carry out the intent which Congress has always had.

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

Mr. MUNDT. I yield.

Mr. BARRETT. Is not the purpose of the amendment to make it abundantly clear precisely what was intended when section 22 was adopted?

Mr. MUNDT. I think there is no question in the world that it represents what Congress had in mind from the very inception.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MUNDT. I suggest that I yield the floor to some other Senator. The Senate is operating under a time limitation. Perhaps the Senator from Wyoming desires to obtain time in his own right.

Mr. HOLLAND. Mr. President, I should very much like to address some questions to the distinguished Senator from South Dakota, who is the principal sponsor of the amendment.

The PRESIDING OFFICER. The Senator from South Dakota has 10 min-

utes remaining, in case he desires to yield some additional time.

Mr. MUNDT. I shall try to obtain some time from my opponents. If there is time remaining when I have completed, I will use it for the purpose of answering questions.

I yield 3 minutes to the Senator from Wyoming.

Mr. BARRETT. Mr. President, it seems to me that the amendment should be agreed to, if for no other reason than to insure that the original intent of Congress in adopting section 22 is carried out.

If section 22 was not intended to be mandatory after the Tariff Commission had made its study and its findings, then there would be no good reason why a provision of that character should be on the books.

In my opinion, Mr. President, if we are to protect the price-support system for agricultural commodities in this country, it is absolutely imperative that we protect them against foreign imports and from the dumping of foreign agricultural commodities on the market, thus destroying our price-support system.

As I see it, the amendment merely puts sufficient teeth into section 22 so that when the process has been carried through, and findings have been made that imports are destroying, or may destroy, a price-support program in the United States, then an import fee shall be imposed.

I hope the amendment will be agreed to.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. MUNDT. I ask for the yeas and nays.

Mr. KNOWLAND. I join in the request for the yeas and nays.

The yeas and nays were ordered.

Mr. AIKEN. Mr. President, will the Senator yield 5 minutes to me?

Mr. MILLIKIN. I yield 5 minutes to the Senator from Vermont.

Mr. AIKEN. As I read the amendment, I judge there would be 3 or 4 significant results from its enactment.

First, it would strike a body blow to dairy industry of the United States, and particularly to the great fluid milk areas of the Northeast. It would, in effect, nullify the wool bill, which was passed by the Senate about 2 months ago, and which, I believe, would be of the greatest benefit to the wool growers and the wool processors of any of the legislation which hase been enacted so far.

Adoption of the proposed amendment would drive the consumers of the country to the use of synthetic fiber and away from wool, just as has been happening in the past, and as will happen with increasing intensity in the future if wool is priced too high.

It would result in retaliation on the part of Canada and most of our other good customers, to whom we export fruit, cotton, tobacco, and many other kinds of farm products. It would drive our customers to other areas of the world to obtain the things which they need—to countries in which they would not be excluded from dealing to such a great extent as this amendment would exclude them from dealing in the United States.

It would really cripple the extension of trade in American farm commodities throughout the world. It might protect a few commodities in a restricted area. It might prove of temporary benefit to the producers of rye, barley, and wheat in 3 or 4 Northwestern States. It would hurt American agriculture, particularly that part of our agriculture which produces the nonbasics, which comprise 77 percent of the total agricultural production.

Aside from what I have said, the amendment probably is harmless.

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

Mr. MILLIKIN. How much time does the Senator from California desire?

Mr. KNOWLAND. I think 5 minutes will be sufficient.

Mr. MILLIKIN. I yield 5 minutes to the Senator from California.

Mr. KNOWLAND. Mr. President, I rise to oppose the amendment offered by the Senator from South Dakota and other Senators because it is much more far reaching in its consequences than appears at first glance.

Here are some of the changes it would make in section 22 of the Agricultural Adjustment Act, which was enacted by Congress only after most careful consideration:

First. It would take away from the President any right of independent judgment and any power to consider the overall national interest. If the price of a commodity were below parity and there were any appreciable imports, the Secretary of Agriculture would have to request an investigation, the Tariff Commission would have no choice but to recommend action, and the President would have no power to reject the recommendation of the Commission, even if the action should be disastrous to all our other national interests or be far more costly to American agriculture than is the condition the amendment is intended to correct.

Second. It would go far beyond the present objective of section 22. By requiring action whenever imports prevent a domestic agricultural product from selling at full parity, it would vastly extend the scope of the section both in concept and in the commodities covered. It would give notice to the world that no imports of any agricultural product would be permitted unless the domestic product was selling at 100 percent of parity. The President would face an impossible task in trying to retain and improve foreign markets for American agricultural exports.

Third. It would enthrone full parity price as a national objective and would apply this principle to every agricultural commodity, whether or not either Congress or the administration has decided on a program to support its price. In the long run, such a policy could serve only to mislead the American farmer into uneconomic production and into the accumulation of unsalable surpluses.

Fourth. It would deprive not only the President but also the Tariff Commission of any right to determine whether an investigation is justified by the known facts. Any interested party could ask for an investigation, and the Tariff Commission would have to act immediately and give precedence to such an investigation.

I urge that the amendment be rejected, and that the Senate, for the reasons previously stated by the distinguished Senator from Colorado, who is chairman of the Committee on Finance, adopt the 1-year extension without the amendment.

Mr. HOLLAND. Mr. President, will the Senator yield 5 minutes to me?

Mr. MILLIKIN. I yield 5 minutes to the senior Senator from Florida.

Mr. HOLLAND. I rise to oppose the adoption of the amendment. I think the statement just made by the distinguished majority leader covers in a brief way each of the points which I had expected to make, but I wish to accentuate two of them now.

First, in order that there may be a comparison in the RECORD between the provisions of the present law and the sweeping proposal which we are now considering, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, subsections (a) and (b) of section 22, which is carried as section 624 of title VII of the United States Code.

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

624. LIMITATION ON IMPORTS; AUTHORITY OF THE PRESIDENT

(a) Whenever the President has reason to believe that any one or more articles are being or are practically certain to be imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation under sections 601–608a, 608b, 608c, 608d, 612, 613, 614–619, 620, 623, 624, of this title or sections 590a–590c, 590f-590h, 590i, 590j, 590q, of title 16, or section 612c of this title, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees on, or such limitations on the total quantities of, any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken, or will not reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which any program is in operation, under sections 601–608, 608a, 608b, 608c,

608d–612, 613, 614–619, 620, 623, 624 of this title or sections 590a–590e, 590f–590h, 590i–590q of title 16, or section 612c of this title: *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 50 percent of the average annual quantity of such article which was imported from such country during the period from January 1, 1929, to December 31, 1933, both dates inclusive.

Mr. HOLLAND. Mr. President, it will appear from merely a casual reading of the two quoted subsections of the present law that the law does not relate to all agricultural products, but clearly is designed to protect those certain products and those programs which are set up to handle the same products which are subject to price-support programs or marketing-agreement programs, or other deliberately organized programs of the Department of Agriculture.

I repeat, the present law does not seek to embrace all agricultural commodities, but is devoted only to the effort to try to protect actual programs entered into by our Government either under price-support structures or under marketing-agreement structures. In other words, the proposed amendment would vastly enlarge the scope and number of the agricultural commodities which are sought to be embraced by the law, and would cover all agricultural commodities.

I call to the attention of the Senate the fact that the amendment would positively destroy the incentive to intelligent farmers to avail themselves of the benefits of marketing agreements and of other facilities set up under our present law, by giving them the full benefit of the proposed amendment, regardless of whether they had done anything for themselves to improve the status of their products. Furthermore, instead of simply trying to preserve a price-support structure which might be set at 90, 75, or 85 percent, this would make the protected goal 100 percent of parity, and it states, for the information of all who care to read, that the real objective of all our agricultural laws is 100 percent of parity in the market place for every commodity, although every person who knows anything about our agricultural laws knows that most of our commodities are not even covered by price supports or marketing agreements. The amendment is positively misleading, and seems to intend to write into law something which would destroy the initiative of farmers to protect themselves, and would have us shooting at a star of 100 percent of parity. At the same time, we would be serving notice to the world that we intend to give all of our agricultural products 100 percent of parity whether or not the farmers are doing anything to protect themselves and their products and, further, that we propose to shut out all competing products up to the extent of imposing a 50-percent import tax or cutting off imports of certain products that we might wish to cut off by the imposition of quotas. I do not believe that the amendment is even slightly in accord with the way in which we approach agricultural problems under our law, or with sound policy in the field of foreign trade, and I certainly hope that the amendment will be heavily defeated.

The PRESIDING OFFICER (Mr. UPTON in the chair). Is further time requested?

Mr. CASE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE. Is an amendment to the amendment in order?

The PRESIDING OFFICER. An amendment to the amendment is in order if no further time is requested for debate on the pending amendment.

Mr. CASE. May I offer an amendment at this time?

The PRESIDING OFFICER. If the remaining time is yielded, an amendment to the amendment is in order.

Is the time waived? The Chair hears no objection, and the Senator from South Dakota may offer his amendment to the amendment.

Mr. CASE. Mr. President, my amendment is on page 2, in lines 18 and 19, I propose to strike out the words "and any interested party may", together with the commas before and after that clause.

I should like to address an inquiry to my colleague, the author of the amendment, and say to him it occurs to me that to make it possible for any interested party to require the Tariff Commission to make an investigation might burden the Tariff Commission with an undue number of investigations, and make it impossible for it to proceed promptly.

Mr. MUNDT. Mr. President——

The PRESIDING OFFICER. How much time does the Senator from South Dakota yield?

Mr. CASE. I yield myself 6 minutes.

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

The PRESIDING OFFICER. Before proceding further, the clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. In the amendment of Mr. MUNDT, on page 2, in lines 18 and 19, it is proposed to strike out the words "and any interested party may."

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

Mr. CASE. I yield to the Senator from South Dakota.

Mr. MUNDT. Members of the committee gave some thought to the particular point raised by my colleague. We recognize that the United States Tariff Commission is the arbitrator in the case. It determines whether or not a person does have an adequate interest in order to qualify as an interested party, so that the Commission can prevent any capricious request from being made by someone who simply steps in without a legitimate interest. The only reason why the particular language sought to be stricken out was incorporated in the amendment was in order that a great trade organization, as, for example, the Wheat Growers Association, or a farmers' organization, or a group of interested producers, could have a sort of controlling power over the Secretary of Agriculture in the event that a particular Secretary might be slow to act or might delay action.

The whole purpose of the amendment is to speed up the day of decision. It gives such organizations a sort of police power, because if the Secretary of Agriculture does not act, representatives of such organizations may go directly to the United States Tariff Commission. If the organizations could establish the legitimacy of their interest, and show that their interest was a sizable one, and pressing enough for immediate action, the United States Tariff Commission would then act.

Mr. CASE. As I was saying during my discussion with the author of the amendment, I realize that the purpose of the amendment is to expedite action; but the provision contains the bothersome inclusion of the right of any interested party to petition the Tariff Commission to make an immediate investigation. The amendment then provides that upon the receipt of any such petition, an immediate investigation shall be made. It also provides that the investigation shall be made after due notice to interested parties and opportunity for hearing. The amendment also provides that the Tariff Commission shall make and publish its report to the President at the earliest possible date, but in no event more than 60 days after the day on which a petition for investigation was filed. That provision could so burden the Tariff Commission that it would be impossible for it to make reports within 60 days.

Mr. MUNDT. Except that if an interested party makes the request to the United States Tariff Commission, and it is a legitimate request, the Commission has the option of deciding which petitions it is going to consider, by taking into account whether the interest is sizable enough, of enough substance, and of enough direct interest to warrant consideration by the Commission. I would say that in the main the Secretary of Agriculture would sense the situation and act in conformity with the law; but there have been many delays during the course of the years. Only five cases were heard in the preceding administration. With Mr. Benson as Secretary of Agriculture, there were as many cases heard last year as were heard in the entire preceding 17 years. It seems to me to be a wise safeguard to give our agricultural producers the same right to petition the Tariff Commission as the Constitution provides for other citizens to petition Congress.

Mr. CASE. Mr. President, I do not want to take the entire time which has been permitted under the unanimous-consent agreement, but I suggest that if there is given to any interested party the right to require the Tariff Commission immediately to make an investigation, it will place an undue burden upon the Tariff Commission.

Mr. MUNDT. A party could not require the Commission to act; he could petition it. The Tariff Commission

would have the right to turn down the petition. On line 18 on page 2 of the proposed amendment it is provided that a person may petition the Tariff Commission to make an immediate investigation. That does not necessarily mean that the Commission has to act in compliance with the desires of the petitioner. The United States Tariff Commission has control of the tariffs, and it can decide to which petitions for investigations it will give priority, which ones have the greatest importance. I think the amendment would leave the authority in the hands of those who will have to make the final decision on the question.

Mr. CASE. Even if we omit the language which my amendment seeks to strike, it would require the Secretary of Agriculture to make the petition. It provides that upon a certain condition arising, the Secretary of Agriculture shall "petition the United States Tariff Commission to make an immediate investigation."

I think the following sentence then would place upon the Tariff Commission a rather heavy burden:

Upon receipt of any such petition an immediate investigation shall be made by the United States Tariff Commission—

And although it—

shall give precedence to investigations under this section to determine such facts—

Apparently the amendment does not give authority for the petitions to be thrown out or disregarded.

Therefore, I hope my amendment to my colleague's amendment will be agreed to.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota [Mr. CASE] to the amendment submitted by the Senator from South Dakota [Mr. MUNDT] for himself and other Senators.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment submitted by the Senator from South Dakota [Mr. MUNDT] on behalf of himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from New York [Mr. IVES] is absent by leave of the Senate. The Senator from Maryland [Mr. BUTLER] and the Senator from Wisconsin [Mr. WILEY] are absent on official business. The Senator from Ohio [Mr. BRICKER], the senior Senator from Indiana [Mr. CAPEHART], the junior Senator from Indiana [Mr. JENNER], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

On this vote the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from North Carolina [Mr. ERVIN]. If present and voting, the Senator from North Dakota [Mr. YOUNG] would vote "yea," and the Senator from North Carolina [Mr. ERVIN] would vote "nay."

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senators from North Carolina [Mr. ERVIN and Mr. LENNON], the Senator from Iowa [Mr. GILLETTE], the Senator from Oklahoma [Mr. KERR], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Missouri [Mr. SYMINGTON] is necessarily absent.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

I announce further that on this vote the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from North Carolina would vote "nay," and the Senator from North Dakota would vote "yea."

I announce also that if present and voting the Senator from Mississippi [Mr. EASTLAND], the Senator from Iowa [Mr. GILLETTE], and the Senator from North Carolina [Mr. LENNON] would each vote "yea."

The result was announced—yeas 23, nays 52, as follows:

YEAS—23

Anderson	Humphrey	McCarran
Barrett	Jackson	Mundt
Bennett	Johnson, Colo.	Murray
Butler, Nebr.	Johnson, Tex.	Schoeppel
Case	Langer	Stennis
Daniel	Magnuson	Watkins
Dworshak	Malone	Welker
Goldwater	Mansfield	

NAYS—52

Aiken	George	Millikin
Beall	Gore	Monroney
Bowring	Green	Neely
Bridges	Hendrickson	Pastore
Bush	Hennings	Payne
Byrd	Hickenlooper	Potter
Carlson	Hill	Purtell
Clements	Holland	Robertson
Cooper	Johnston, S. C.	Saltonstall
Cordon	Kefauver	Smathers
Dirksen	Kennedy	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Duff	Knowland	Sparkman
Ellender	Kuchel	Thye
Ferguson	Lehman	Upton
Flanders	Long	Williams
Frear	Martin	
Fulbright	Maybank	

NOT VOTING—20

Bricker	Gillette	McClellan
Burke	Hayden	Morse
Butler, Md.	Ives	Russell
Capehart	Jenner	Symington
Chavez	Kerr	Wiley
Eastland	Lennon	Young
Ervin	McCarthy	

So the amendment offered by Mr. MUNDT, on behalf of himself and other Senators, was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MALONE. Mr. President, I now offer the amendment to which I referred earlier in the day.

The PRESIDING OFFICER. Does the Senator wish to have the amendment read?

Mr. MALONE. The amendment was printed in the RECORD earlier in the day.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point without reading.

Mr. MALONE's amendment is as follows:

At the end of the bill add the following new section:

"That as used in this act the term 'strategic and critical metals, minerals, and materials' means any metal or mineral ore or concentrate not fabricated into finished form, and any other material, which is determined to be strategic or critical under section 2 (a) of the Strategic and Critical Materials Stockpiling Act.

"SEC. 2. It is declared to be the policy of the Congress to develop and promote the production of strategic and critical metals, minerals, and materials within the United States so that such metals, minerals, and materials will be available to the Nation in time of war and to relieve the United States from dependency upon foreign areas for such strategic and critical metals, minerals, and materials, the transportation of which in time of war would be difficult or impossible. It is necessary and essential that a proper economic climate be created or exist to encourage the development and production of our strategic and critical metals, minerals, and materials. Such economic climate would enable the United States to maintain a going concern critical minerals and materials industry within the United States in time of peace which can supply the Nation with such strategic and critical metals, minerals, and materials in time of war. To create such favorable economic climate and to accomplish the other objectives of this act it will be necessary to reestablish a principle in the regulation of import duties on strategic and critical metals, minerals, and materials to provide for fair and reasonable competition between foreign producers and domestic producers.

"SEC. 3. (a) There is hereby created a Strategic and Critical Minerals and Materials Authority, to be composed of the Secretary of the Interior, the Secretary of Defense, the Secretary of Commerce, the Secretary of the Treasury, and the Chairman of the United States Tariff Commission (hereinafter referred to as the Authority), which shall have the powers conferred by this act with respect to any strategic and critical metal, mineral, and material whenever the Authority certifies that such strategic and critical metal, mineral, or material requires relief as authorized herein.

"(b) The Authority may, subject to the civil-service laws, appoint such employees as it deems necessary to carry out its functions under this act and shall fix their compensation in accordance with Classification Act of 1949, as amended.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

"SEC. 4. All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of the Tariff Act of 1930, as amended, insofar as they relate to strategic and critical metals, minerals, and materials, are hereby transferred to, and shall be exercisable by the Authority, including but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

"SEC. 5. (a) The Authority is authorized and directed from time to time, and subject to the limitations herein provided, to prescribe and establish import duties upon strategic and critical metals, minerals, or other materials, which will provide for fair

and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Authority finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

"(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Authority shall take into consideration, insofar as it finds it practicable—

"(1) the lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

"(2) any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

"(3) the policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

"(4) increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

"(5) the actual and potential future ratio of volume and value of imports to volume and value of production, respectively;

"(6) the probable extent and duration of changes in production costs and practices; and

"(7) the degree to which normal cost relationships may be affected by grants, subsidies (effected through multiple rates of export exchange, or otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

"(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Authority either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however,* That no change in any import duty shall be ordered by the Authority until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

"(d) The Authority, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of the Tariff Act of 1930 or upon the United States value as defined in section 402 (e) of said act.

"(e) In order to carry out the purposes of this act, the Authority is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

"(f) Any increase or decrease in import duties ordered by the Authority shall become effective 90 days after such order is announced: *Provided,* That any such order is first submitted to Congress by the Authority and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

"(g) No order shall be announced by the Authority under this section which increases existing import duties on foreign articles if the Authority finds as a fact that the domestic industry operates, or the domestic article is produced, in a wasteful, inefficient, or extravagant manner.

"(h) The Authority, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however,* That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of the Tariff Act of 1930.

"(i) For the purpose of this section—

"(1) The term 'domestic article' means an article wholly or in part the growth or product of the United States; and the term 'foreign article' means an article wholly or in part the growth or product of a foreign country.

"(2) The term 'United States' includes the several States and Territories and the District of Columbia.

"(3) The term 'foreign country' means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions).

"(4) The term 'landed duty paid price' means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a consumer, dealer, retailer, or manufacturer, if imported by an agent.

"(j) The Authority is authorized to make all needful rules and regulations for carrying out its functions under the provisions of this section.

"(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry."

The PRESIDING OFFICER. How much time does the Senator yield to himself?

Mr. MALONE. I yield myself 10 minutes.

Mr. President, this amendment would apply to the minerals and materials listed as critical, which means that a part or all of such minerals and materials would be produced in and imported into this country from areas where in time of war it would be impossible to reach them, or to import them. I offer the list to be printed in the RECORD at this point as a part of my remarks.

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

LIST OF STRATEGIC AND CRITICAL MATERIALS ACQUIRED BY PURCHASE

GROUP I

Minerals

Abrasive crude aluminum oxide; aluminum; antimony; asbestos, amosite; asbestos, chrysotile; asbestos, crocidolite; bauxite, metal grade; bauxite, refractory grade; beryl; bismuth; cadmium; celestite; chromite, chemical grade; chromite, metallurgical grade; chromite, refractory grade; cobalt; columbite; copper; corundum; diamonds, industrial; fluorspar, acid grade; fluorspar, metallurgical grade; graphite, amorphous lump; graphite, crucible grade; graphite, lubricant and packing grade; kyanite; lead; magnesium; manganese ore, battery grade; manganese ore, chemical grade; manganese ore, metallurgical grade; mercury; mica, muscovite block, good stained and better; mica, muscovite block, stained (radio tube quality); mica, muscovite film; mica, muscovite splittings; mica, phlogopite splittings; molybdenum; nickel; petroleum; platinum group metals, iridium; platinum group metals, platinum; quartz crystals; rare earths; selenium; tin; titanium; rutile ilmenite; tungsten; vanadium; zinc; uranium; thorium.

Nonminerals

Bristles, hog; castor oil; coconut oil; cordage fibers, abaca; cordage fibers, sisal; cottton, extra-long staple; feathers and down, waterfowl; hyoscine; iodine; jewel bearings, instrument jewel except vee jewels; jewel bearings, sapphire and ruby vee jewels; jewel bearings, watch and timing device jewels; opium; palm oil; pyrethrum; quinidine; quinine; rubber, crude natural; sapphire and ruby; shellac; silk; talc, steatite, block; sperm oil; vegetable tannin extract, chestnut; vegetable tannin extract, quebracho; vegetable tannin extract, wattle.

GROUP II

Minerals

Bauxite, abrasive; cryolite, natural; graphite, crystalline fines; ilmenite; mica muscovite block, stained and lower; mica, phlogopite block; platinum group metals, osmium; platinum group metals, palladium; platinum group metals, rhodium; platinum group metals, ruthenium; rutile; selenium; zirconium ore, baddeleyite; zirconium ore, zircon.

Nonminerals

Agar; cotton; diamond dies; emetine; optical glass; talc, steatite, ground; wool.

Mr. LANGER. Mr. President, I think the Senator should read the list.

Mr. MALONE. The amendment reads in part, as follows:

That as used in this act the term "strategic and critical metals, minerals, and materials" means any metal or mineral ore or concentrate not fabricated into finished form, and any other material, which is determined to be strategic or critical under section 2 (a) of the Strategic and Critical Materials Stockpiling Act.

SEC. 2. It is declared to be the policy of the Congress to develop and promote the production of strategic and critical metals, minerals, and materials within the United States so that such metals, minerals, and materials will be available to the Nation in time of war and to relieve the United States from dependency upon foreign areas for such strategic and critical metals, minerals, and materials, the transportation of which in time of war would be difficult or impossible.

To administer the act:

SEC. 3. (a) There is hereby created a Strategic and Critical Minerals and Materials Authority, to be composed of the Secretary of the Interior, the Secretary of Defense, the Secretary of Commerce, the Secretary of the Treasury, and the Chairman of the United States Tariff Commission (hereinafter referred to as the Authority), which shall have the powers conferred by this act with respect to any strategic and critical metal, mineral, and material whenever the Author-

ity certifies that such strategic and critical metal, mineral, or material requires relief as authorized herein.

As to the powers to be exercised by the Authority:

SEC. 4. All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of the Tariff Act of 1930, as amended, insofar as they relate to strategic and critical metals, minerals, and materials, are hereby transferred to, and shall be exercisable by the Authority, including but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

SEC. 5. (a) The Authority is authorized and directed from time to time, and subject to the limitations herein provided, to prescribe and establish import duties upon strategic and critical metals, minerals, or other materials, which will provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Authority finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Authority shall take into consideration, insofar as it finds it practicable—

(1) the lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

(2) any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

Mr. President, as I have already stated, the amendment has heretofore been printed in the RECORD. I shall simply say that the Authority could take into consideration any manipulation of currency, price, or control, or any subsidizing of exports from foreign nations to this country, in fixing the proper import fee on the basis of fair and reasonable competition. The Authority could also transfer any article from the dutiable list to the free list or from the free list to the dutiable list.

Reading further from the amendment:

(d) The Authority, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of the Tariff Act of 1930 or upon the United States value as defined in section 402 (e) of said act.

The Authority, on its own motion, or by request, could consider any commodity, and provide for quotas, with the following proviso:

Provided, however, That no such quantitative limit shall be imposed contrary to the provisions of any foreign-trade agreement in effect pursuant to section 350 of the Tariff Act of 1930.

What this amendment is designed to do is to make available and develop within the United States, the critical materials without which this Nation can not fight a war, and which are now obtained from nations across major oceans.

The PRESIDING OFFICER (Mr. CARLSON in the chair). Is further time desired on the amendment? If not, the question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE]. As many as favor the amendment will say "Aye"; opposed, "No." The "Noes" have it, and the amendment is not agreed to.

Mr. MALONE. A division, Mr. President.

The PRESIDING OFFICER. The Chair has already announced the result of the vote. The amendment is rejected.

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated June 24, 1954, which I have received from John C. Lynn, legislative director of the American Farm Bureau Federation.

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

JUNE 24, 1954.

Hon. ALBERT GORE,
United States Senate,
Washington, D. C.

DEAR SENATOR GORE: We are much concerned over a proposed amendment to section 22 which has been proposed by Senator MUNDT and several other Senators. This amendment makes some very drastic changes in section 22 which we believe are unnecessary and unwise.

It adds a new standard for the application of section 22, the effect of which would be to require additional restrictions on imports, either by quotas or imposing fees to the extent necessary to maintain full parity prices for farm products in the United States. Even under existing temporary price support legislation, it is not mandatory to support prices above 90 percent of parity. To invoke import restrictions when prices are below full parity for the purpose of boosting domestic prices to full parity levels would drastically change the concept and application of section 22. It would convert section 22 into a protectionist device which conceivably could do much harm to our foreign trade by inviting a flood of retaliatory actions.

The proposed amendment also takes away the discretionary authority of the President to determine whether to impose import quotas or fees under section 22 and make it mandatory upon the President to put into effect whatever findings are made by the Tariff Commission. In effect, the President of the United States is made an agent of the Commission to proclaim its findings. We believe it is unwise and unnecessary to remove the President's discretionary authority.

The fact is, section 22 as now improved and amended and with the improved procedures that have been adopted during the past year, is working satisfactorily. The existing powers and authority in the act are adequate to deal with needed actions with respect to imports which jeopardize the effectuation of farm price-support programs. Therefore, we believe it would be unnecessary and unwise to approve the changes proposed in the amendment. If adopted, they could do much harm to our foreign export outlets for agricultural products and other commodities as well. We hope the amendment will be rejected.

Sincerely yours,

JOHN C. LYNN,
Legislative Director.

Mr. JOHNSON of Colorado. Mr. President, I call up the so-called Symington amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 2. No action shall be taken pursuant to such section 350 to decrease the duty on any article the continued domestic production of which, in volume sufficient to meet projected national defense requirements, as determined by the President, would be threatened by such decrease in duty.

The PRESIDING OFFICER. How much time does the Senator from Colorado yield himself on the amendment?

Mr. JOHNSON of Colorado. Not very long. Approximately 3 minutes.

The junior Senator from Missouri [Mr. SYMINGTON] could not be present today because he is away on official business. He asked me if I would look after this amendment for him. I am glad to do so, because I am very much in favor of the amendment. I believe it is founded on correct principles.

I wish to read from a statement made by the Senator from Missouri with regard to this amendment. He wanted me to tell the Senate that he is a strong supporter of reciprocal trade agreements. He believes in the reciprocal trade agreement approach to tariff adjustments, and favors the extension of the President's authority in that respect. However, he feels that no tariff action should be taken unless clear mutual advantage will result from such action, and with our own welfare foremost in the minds of the American negotiators. He feels that foreign trade must be on a two-way-street basis.

He emphasizes the harsh realities of the world in which we live, which is the world in which we trade and do business. He states that at this time we should not take any actions regarding international trade without premising each such action on the question: How does this affect our national defense?

That is the heart and soul of the amendment.

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

Mr. JOHNSON of Colorado. I yield.

Mr. GEORGE. I do not think there will be any objection to the amendment. I believe the President already has the broad power the amendment provides, but it is not amiss to pinpoint it, so that when the President faces a situation such as is depicted in the amendment, he shall have that discretion. I believe it is in the law already, but I think the amendment is timely.

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

Mr. JOHNSON of Colorado. I yield.

Mr. MILLIKIN. I should like to say that so far as I am concerned, I am willing to take the amendment to conference.

Mr. JOHNSON of Colorado. I thank the Senator. It is a very good amendment. It should be adopted.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON] for the Senator from Missouri [Mr. SYMINGTON].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on the final passage of the bill.

Mr. KNOWLAND. Mr. President, on the final passage I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from New York [Mr. IVES] is absent by leave of the Senate.

The Senator from Maryland [Mr. BUTLER] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Ohio [Mr. BRICKER], the senior Senator from Indiana [Mr. CAPEHART], the junior Senator from Indiana [Mr. JENNER], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

If present and voting, the Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senator from Wisconsin [Mr. WILEY], the senior Senator from Indiana [Mr. CAPEHART], and the junior Senator from Indiana [Mr. JENNER] would each vote "yea."

On this vote the Senator from New York [Mr. IVES] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from New York [Mr. IVES] would vote "yea" and the Senator from North Dakota [Mr. YOUNG] would vote "nay."

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senators from North Carolina [Mr. ERVIN and Mr. LENNON], the Senator from Iowa [Mr. GILLETTE], the Senator from Alabama [Mr. HILL], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Missouri [Mr. SYMINGTON] is necessarily absent.

I announce further that if present and voting, each of the Senators whose absence I have announced would vote "yea."

I announce also that the Senator from Oregon [Mr. MORSE] is necessarily absent and if present would vote "yea."

The result was announced—yeas 71, nays 3, as follows:

YEAS—71

Aiken	George	Maybank
Anderson	Goldwater	Millikin
Barrett	Gore	Monroney
Beall	Green	Mundt
Bennett	Hayden	Murray
Bowring	Hendrickson	Neely
Bridges	Hennings	Pastore
Bush	Hickenlooper	Payne
Byrd	Holland	Potter
Carlson	Humphrey	Purtell
Case	Jackson	Robertson
Clements	Johnson, Colo.	Saltonstall
Cooper	Johnson, Tex.	Schoeppel
Cordon	Johnston, S. C.	Smathers
Daniel	Kennedy	Smith, Maine
Dirksen	Kilgore	Smith, N. J.
Douglas	Knowland	Sparkman
Duff	Kuchel	Stennis
Dworshak	Langer	Thye
Ellender	Lehman	Upton
Ferguson	Long	Watkins
Flanders	Magnuson	Welker
Frear	Mansfield	Williams
Fulbright	Martin	

NAYS—3

Butler, Nebr.	Malone	McCarran

NOT VOTING—21

Bricker	Gillette	McCarthy
Burke	Hill	McClellan
Butler, Md.	Ives	Morse
Capehart	Jenner	Russell
Chavez	Kefauver	Symington
Eastland	Kerr	Wiley
Ervin	Lennon	Young

So the bill (H. R. 9474) was passed.

Mr. MILLIKIN. Mr. President, I move that the Senate reconsider the vote by which the bill has just been passed.

Mr. KNOWLAND. Mr. President, I move that the motion of the Senator from Colorado be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Colorado.

The motion to lay on the table was agreed to.

APPROPRIATIONS FOR DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, 1955

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1637 (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies for the fiscal year ending June 30, 1955, and for other purposes.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies for the fiscal year ending June 30, 1955, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 9447) making appropriations for the Departments of Labor and Health, Education, and Welfare, and related independent agencies for the fiscal year ending June 30, 1955, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. KNOWLAND. Mr. President, I will say for the information of the Senate that it is not intended to debate or vote on the bill tonight, but simply to make it the unfinished business before the Senate tomorrow.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. What are the Senator's plans for tomorrow?

LEGISLATIVE PROGRAM

Mr. KNOWLAND. I will say to the distinguished minority leader that, in addition to the appropriation bill, I hope to take up tomorrow the conference report on the Armed Services appropriation bill, on which the House acted today, and also, depending on what progress we make tomorrow, to take up a number of other bills which have been previously mentioned, namely, Calendar 1541, House bill 303, to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes, and Calendar No. 1604, Senate bill 3385, to provide for more effective extension work among Indian tribes and members thereof, and for other purposes.

I will say to the distinguished Senator from Texas that that will probably complete our work for tomorrow. I shall then make some additional announcements. It is possible that we may want to consider in executive session the international Copyright Convention, which may then go over to the following day for action, so that we can clear the decks to take up the tax bill, starting on Monday.

I should like to ask the calendar committees of both the majority and the minority if they can be prepared—it will be a fairly short calendar, in any event, because it will be called from where we left off at the last calendar call—to take up the legislative calendar on Saturday.

Mr. GORE. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. GORE. The minority calendar committee will be ready.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. In the event there should be time to do so, would it be the intention of the Senator from California to call up Senate Concurrent Resolution 91 with reference to preventing external interference in the affairs of the nations of the Western Hemisphere?

Mr. KNOWLAND. I discussed the matter with the chairman of the Foreign Relations Committee, and if the concurrent resolution should be reported to the Senate, I believe it is one which

we could work in at some time during the day.

Mr. JOHNSON of Texas. I think there will be a unanimous vote for it. I only wanted the Senator to give notice so that all Senators would be advised.

Mr. CORDON. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. CORDON. Is it the Senator's plan to hold a session on Saturday?

Mr. KNOWLAND. Yes. I would not expect it to be a late session.

Mr. CORDON. Will the Senate meet at 11 or at 12 o'clock?

Mr. KNOWLAND. I should like to reserve judgment on that. I hope we can adjourn on Saturday as early as is possible, so that we can meet at 11 o'clock on Monday.

Mr. PASTORE. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. PASTORE. The last time the majority leader made his announcement he indicated that he might call up Calendar No. 1634, House bill 5173, providing that the excess of collections from the Federal Unemployment Tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States to provide that the remainder of such excess shall be returned to the States, and for other purposes. I notice he did not mention it this afternoon.

Mr. KNOWLAND. The minority leader had spoken to me about that bill and stated that he would appreciate it if we did not take it up until next week. So I gave him assurances that we would not take it up before Wednesday of next week.

Mr. PASTORE. I thank the Senator.

Mr. KNOWLAND subsequently said: Mr. President, I should like to have this part of my remarks placed with the remarks I made earlier relative to the legislative program. I call the attention of the acting minority leader to this at this time in order that there may be added to the list I previously gave Calendar No. 1639, which is S. 2759, a bill to amend the Vocational Rehabilitation Act.

CHARGES AGAINST NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

Mr. DOUGLAS. Mr. President, the record with respect to charges made against the National Rural Electric Cooperative Association by the senior Senator from Vermont [Mr. AIKEN], should be cleared up. For this reason, I ask unanimous consent to insert in the body of the RECORD, a letter from Mr. Clyde Ellis, executive manager of NRECA, addressed jointly to the Senator from Vermont and myself.

Mr. Ellis' letter includes a statement documenting the fact that charges made against him and his organization are mistaken.

As the sponsor of the amendment passed by the Senate to increase REA loan funds by $35 million, I should like to add some brief remarks about the amendment. I offered it of my own volition because I was convinced of its need. I decided independently on $35 million as the amount of the increase since this would bring the total up to the same amounts authorized last year. This was less than the amount the NRECA desired.

I studied the Appropriation Committee hearings for data helpful in my presentation of the amendment, and, in this connection, made use of data presented to these committees by representatives of the NRECA. But I had no personal contact with any of them in the preparation of the data prior to the time the amendment was presented.

All of this, however, is beside the point. Even if I had been in constant touch with the NRECA, they certainly have a legitimate right to further the interests of their membership. To assert that because they supported my amendment, they were being partisan, is utterly ridiculous. They were supporting a position in line with one they had maintained for some 6 months.

If the Republican Party dislikes to have the NRECA supporting moves by Democrats, their remedy is very simple. They need merely to support the NRECA's policies themselves.

I am also glad to note in passing our amendment increasing REA funds by $35 million which passed the Senate was approved by the conference committee. Moreover, the conference report was unanimously approved by the conferees and was passed by the House and the Senate. Apparently the real merit of this REA increase was recognized, and I am glad that the unwarranted political diversions and assumptions were ignored in the final action.

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

NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION,
Washington, D. C., June 18, 1954.

Hon. GEORGE D. AIKEN,
Hon. PAUL H. DOUGLAS,
United States Senators,
Washington, D. C.

DEAR SENATORS AIKEN AND DOUGLAS: This is a joint letter to each of you.

The purpose of it is to appeal to each of you as statesmen and as gentlemen to take appropriate action to correct what I believe to be a wrong.

Day before yesterday I talked with each of you personally, first with Senator AIKEN and then with Senator DOUGLAS. From these conversations I was encouraged to hope that if the two of you would discuss with each other the matter of my grievance it could be cleared up.

On June 2 and June 11 there were discussions in the Senate on the Department of Agriculture appropriation bill, in which Senator AIKEN made charges that the legislative committee, a committee elected by the systems themselves, and members of the staff of the National Rural Electric Cooperative Association, the service organization of the rural electric systems of the country, had knowingly overstated the systems' loan fund needs to the Congress and supported, and caused the rural electric systems to support, more loan funds than would be required, and that they had done so for the purpose of embarrassing the administration and REA Administrator and to help reelect three Democratic Senators who will be candidates to succeed themselves, namely Senators DOUGLAS, HUMPHREY, and GILLETTE. The charges were directed principally at National Rural Electric Cooperative Association's executive manager.

Senator AIKEN apparently was honestly mistaken in his interpretation of the testimony presented to the Congress by National Rural Electric Cooperative Association's legislative committee and staff. I hope that I and others have since convinced him that he was in error on both charges. I will swear that to the best of my knowledge and belief the charges were completely unfounded and unjustified.

But I gathered from Senator AIKEN that he feels you, Senator DOUGLAS, should first state that the National Rural Electric Cooperative Association and I, as its executive manager, were not responsible for certain statements you made in the debate which Senator AIKEN deemed to be political and intended, he said, for political purposes and which provoked him to make the charges. I hope you can make such a statement in order to make the record clear on this point.

And I hope you, Senator AIKEN, will withdraw the charges and correct the record which has been made.

I know that you both realize that the power company monopoly investor groups and their supporters are seizing upon this incident to attempt to divide the rural electric systems and destroy their organization. The rural electrification program is certain to suffer from it. I believe you will both agree that it is important to the farmers of the country that the matter be cleared up quickly.

I am attaching hereto a detailed reply to Senator AIKEN's charges. Either or both of you may use it as you see fit.

I believe that reasonable men, possessed of the facts, can resolve their differences, particularly when a great cause is at stake.

I, too, am anxious to do my part in this matter. If there is more that I can do, please command me.

With personal regards to each of you, I am,

Sincerely,

CLYDE T. ELLIS,
Executive Manager.

REPLY TO ALLEGATIONS OF SENATOR AIKEN AS FOUND IN THE CONGRESSIONAL RECORD FOR JUNE 11, 1954, PAGES 8033 TO 8037, BY CLYDE T. ELLIS, EXECUTIVE MANAGER, NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION, JUNE 18, 1954

On June 11, 1954, Senator GEORGE AIKEN, of Vermont, made certain charges on the Senate floor against the rural electric systems and their national organization, the National Rural Electric Cooperative Association, which must be answered. Generally, the charges were that the farmers' electric systems and certain of their leaders had (1) misrepresented their loan fund needs to the Congress, and (2) that they had done so for political purposes.

Inasmuch as Senator AIKEN's statements have received wide circulation, particularly in news articles and editorials, and inasmuch as these charges seem almost certain to damage the rural electrification program, I feel it my duty not only to categorically deny them, but to document the denial.

(I am sure that Senator AIKEN was simply misled in making these charges for I have a high personal regard for him. I am sure that he would not knowingly distort the facts. I trust that he will be convinced that he was in error and that he will make appropriate correction.)

1. REPLY TO THE CHARGE OF MISREPRESENTATION OF LOAN FUND NEEDS BY NRECA

The first charge made by Senator AIKEN is that NRECA, and also witnesses for

NRECA, used "figures which tended to give the Appropriations Committees an inaccurate picture of the need for REA loan funds." "This inaccuracy," he charged, "was the result of comparing 18 months of loan needs with a 12-month loan program."

In short, the Senator from Vermont alleged throughout his statement that NRECA and various witnesses compiled loan needs, i. e., planned applications, for an 18-month period, but erroneously and purposely compared 18 months of loan needs with a 12-month loan program.

This charge is incorrect. It is true that NRECA requested funds for only a 12-month period, for that is all it can request under the law. But in computing its request for new loan funds, NRECA did take into account the loan funds which were available at REA for the last 6 months of this current fiscal year, and NRECA made no erroneous comparison of 18 months of loan needs with a 12-month loan program.

The Senator's charge is refuted by reference to testimony of the 10-man NRECA legislative committee, elected by the rural electric systems themselves from the 10 NRECA regions of the country, and the testimony of the NRECA staff before the Senate Appropriations Committee on April 28, 1954. Pertinent parts of this testimony appear on pages 1073, 1074, and 1075 of the Senate Appropriations Committee hearings. It is shown here in the printed testimony of the co-ops that the total loan funds required for the 18-month period (that is, from January 1 to June 30 of this fiscal year, and the 12 months of the next fiscal year) are $321 million.

Breaking this down, it is also shown on these pages that the electric loan funds already provided by the Congress and available through REA for the 6-month period January 1, 1954, to June 30, 1954, were $122 million (including anticipated $5 million rescissions from old loans). This was deducted from the $321 million, leaving a need for new funds in the final amount of $199 million to carry their program through the next fiscal year.

It is also shown on these pages that in addition to the $199 million, NRECA requested an additional $50 million loan authorization in order that such funds might be available as needed to overcome the now inequitable formula in the REA Act and in order to meet probable or unforeseen contingencies. The probable contingencies would be the need for relatively large amounts of loan funds in certain States for generation and transmission purposes. Therefore, as is shown on these pages, the $199 million plus the $50 million adds up to a need of $249 million in new loan authorizations by Congress.

This testimony before the Senate committee was substantially the same as had been given by the NRECA legislative committee and staff before the House Appropriations Committee on March 2, 1954.[1] The relatively small reduction in the figure requested of the Senate by comparison with the figure requested of the House was the result of adjustment to account for REA's rescissions of old loans in the amount of $5 million.

The NRECA legislative committee and staff also told the Senate committee, as recorded on these pages, that this $249 million request should be reduced by any amount which REA might draw down from the Treasury during this fiscal year from a contingency fund provided by the Congress last year. REA has subsequently, on June 2, 1954, drawn down approximately $38 million of the $45 million contingency fund provided by Congress last year. This would leave the adjusted NRECA request for new funds at $211 million.

Therefore, before both the House and the Senate, NRECA did take into account the loan funds available at REA for the last 6 months of the current fiscal year. Consequently, there was no erroneous comparison of the 18 months of loan needs with a 12-month loan program.

In order to determine the amount of funds to request for the next fiscal year, it is always necessary that the rural electric systems calculate their loan requirements over a period from the time of the calculation through the balance of the current fiscal year and through all of the following fiscal year. That is why NRECA always makes its annual survey as of January 1, each year, covering the 6 months remaining in the current fiscal year and the full 12 months of the following fiscal year. Thus NRECA can be in position to present the systems' needs to the congressional committees when they meet in the late winter and early spring.

NRECA's calculations are consistently reliable

NRECA's presentation to Congress, based upon its annual January 1 survey, is very thorough. The questionnaire which is filled out by the system managers and returned to NRECA contains many questions designed to obtain the most accurate possible information for the benefit of the Congress.

This survey, conducted over a period of several years, has been consistently relied upon by the Congress. It has been consistently conservative.

For instance, last year (for the fiscal year ending June 30, 1954) NRECA requested more electric-loan funds than were requested by the Administration. The Congress approved more than were requested by the Administration. REA has now raised the size of its loan program higher than its original request for new funds. If NRECA hadn't requested more funds, and if the Congress hadn't approved more funds, it now appears the rural electrics would not have been able to get as many loans approved this fiscal year as the REA Administrator has found it desirable to approve.

Some years Congress has actually approved more electric-loan funds for REA than NRECA requested. For example, in the fiscal year 1950, the Congress appropriated $500 million whereas NRECA requested only $450 million.

Actually, NRECA's forecast of planned-loan applications which would be made to REA over this 18-month period have been consistently less than the applications which were actually received by REA in this period. In other words, the systems later apply for more funds in this period than they indicated in their survey. The following table 1, starting back in 1949, shows NRECA's annual forecast of applications which the systems would make and the actual applications made to REA for the period through the following 18 months.

The NRECA legislative committee and staff presented this table 1 to the Senate committee on April 28, 1954, and it appears at page 1077 of the committee hearings. It was also published in NRECA's Rural Electrification Magazine for May 1954.

This table 1 tabulation shows clearly that the rural-electric systems have been conservative in estimating the amount of applications they would make in this 18-month period. It also shows clearly that NRECA's legislative committee and staff have been conservative in calculating the systems' aggregate needs for the Congress.

TABLE 1.—*Applications for electrification loans, as indicated by National Rural Electric Cooperative Association annual survey and actually received by REA, by 18-month periods beginning Jan. 1, 1949, through June 30, 1955.*[1]

Period Jan. 1, 1949, through June 30, 1950:	
Planned applications [2]	$368,227,400
Actual applications to REA	563,539,395
Period Jan. 1, 1950, through June 30, 1951:	
Planned applications [2]	284,840,738
Actual applications to REA	379,227,201
Period Jan. 1, 1951, through June 30, 1952:	
Planned applications [2]	193,938,639
Actual applications to REA	232,158,885
Period Jan. 1, 1952, through June 30, 1953:	
Planned applications [2]	153,401,468
Actual applications to REA	314,108,286
Period Jan. 1, 1953, through June 30, 1954:	
Planned applications [2]	194,534,247
Actual applications to REA	[3] 209,499,854
Period Jan. 1, 1954, through June 30, 1955 [2]	221,000,000
Actual applications to REA	([1])

[1] REA figures for Jan. 1, 1954, through June 30, 1955, are obviously not available at this time.

[2] According to National Rural Electric Cooperative Association annual survey.

[3] Through Apr. 2, 1954, only.

NOTE.—A close analysis of the survey and actual applications reveals that system managers report pretty accurately on the first 6 months of the 18-month period but, as a group, they invariably underestimate their needs for the following fiscal year. There was a typographical error in the data originally submitted to the committee and this error appears in the foregoing table for the period Jan. 1, 1954, through June 30, 1955. The $221 million figure is the estimated applications indicated by the annual NRECA survey.

But the Senator has also alleged that another NRECA table which appears on page 151 of the House Appropriations Committee hearings was used to determine the amount of NRECA's request for additional electric loan fund authorizations by Congress. He stated that this table was later submitted to the Senate committee "with the same figures carefully, but erroneously, worked out for all 48 States and Alaska."

The answer to this charge is that this second table was not the basis for NRECA's request for loan funds and was not so used. This table had no relationship to the amount of the NRECA loan fund request. Nor is it erroneous. This table showed only the effect of the restrictive provisions of the State allocations formula in the REA Act assuming congressional approval of the various budgetary requests (REA or NRECA) or of the amount approved by the House. The only purpose of this table was to show how the outmoded restrictive provisions of this formula in the REA Act would limit, State by State, the amount of funds which could be borrowed in those States under a given amount of loan authorizations.

We would emphasize again that the NRECA loan fund request was based on the loan needs of the rural electric systems for the 18-month period, January 1, 1954, through June 30, 1955, as determined by the annual NRECA survey. All factors to which the Senator referred, including the backlog of applications pending at REA and also the amount of funds available at REA for the last 6 months of fiscal 1954, were considered and accounted for in the NRECA request of Congress for funds.

[1] P. 146, pt. 4, House Appropriations Committee Hearings, 1954.

Thus it follows that Senator AIKEN's criticism of NRECA's method of calculations is unfounded. As in prior years, NRECA's analyses of the stated loan fund needs of the rural electric systems were conservative and sound.

2. REPLY TO THE CHARGE THAT NRECA SUPPORTED ADDITIONAL FUNDS FOR POLITICAL PURPOSES

Senator AIKEN then charged that since, in his opinion, the extra funds were not needed, the motive for the NRECA request, and particularly that of its executive manager, was political and designed to help reelect certain Democratic candidates to the Senate.

Nothing could be further from the truth. NRECA, through its legislative committee and its executive manager, appeared many times before committees of the Congress during both Democratic and Republican administrations seeking increase in loan fund authorizations above the administration's budget request. No such charge was ever made before.

NRECA's legislative committee, not its executive manager, determines from the annual survey the amount of new loan funds to request of the Congress. The executive manager has no choice but to support the amount requested or any part of it that it seems possible to get.

NRECA's legislative committee is composed of able rural electric leaders, well versed in the program's needs. And while the committee is no doubt composed of both Democrats and Republicans, I have never heard one of them mention the program in that connection.

Senator AIKEN makes much of a telegram that was sent by the executive manager on June 1 to the rural electric statewide managers and generation and transmission coops urging their support of an amendment to increase the rural electric loan funds by $35 million over the House-approved figure of $135 million. He inserted the telegram in the CONGRESSIONAL RECORD. It reads as follows:

"REA funds taken up today in Senate debate. Senators DOUGLAS, HUMPHREY, GILLETTE offered amendment to increase electric loan fund authorization by $35 million additional. This increase essential to generation and transmission program. All proponents of an increase in REA funds have finally agreed to support this amendment. Rollcall vote on amendment will be held at noon Wednesday, June 2. Imperative you wire your Senators immediately to support this amendment to increase REA electric loan funds by $35 million and that you contact managers and others in your State to also wire your Senators.

"CLYDE T. ELLIS,
"Executive Manager, National Rural Electric Cooperative Association."

But Senator AIKEN stated that this telegram was sent at 1 p. m. on that date, which would have been over 2 hours before the Douglas-Humphrey-Gillette amendment was introduced. This was not the case. On the contrary, this telegram was not sent until 8:21 p. m. Eastern Standard Time (9:21 p. m., Washington time) that night, some 6 hours after the Douglas-Humphrey-Gillette amendment was introduced that afternoon. This is verified by Western Union's records and by a telegram in our hands from Western Union to that effect.

Note that the telegram quoted above is in the past tense.

Note also that the telegram requested support of an amendment for $35 million which would bring the total amount of new REA electric-loan funds for next fiscal year up to only $170 million, still $41 million short of NRECA's request. It was decided to support this $35 million amendment only when it appeared that no amendment providing for a larger amount would be offered.

Further corroborating this fact is the telegram which the executive manager sent Senator AIKEN and all other Senators at 1 p. m. that day asking him and them to support NRECA's full request; not the smaller amount of $35 million. And at 1:30 p. m., that same day of June 1, the executive manager wired the statewide managers and others urging them to contact their Senators in support of NRECA's full request to the Congress, not the $35 million amendment.

I repeat that it was only after the end of that day's congressional debates and only after it appeared that no other amendment would be offered that the executive manager sent out the telegram to the rural electric statewide organizations and others asking their support of an amendment which had been introduced by Senators DOUGLAS, HUMPHREY, and GILLETTE. What else could the executive manager have done? Could he have failed to support that amendment because it was offered by three Democratic Senators who will be candidates for reelection? Would Senator AIKEN argue that it was wrong for three Republican Senators who are up for reelection to vote for the amendment as they did? A majority of the United States Senators evidently thought the amendment was good. They voted for it and it passed.

Senator AIKEN also alleged that NRECA had not told the rural electric systems "the whole story"; that it had not kept them advised as to the loan-fund needs.

On the contrary, NRECA has kept the directors and managers of the rural electric systems, approximately 11,000 of them, well and fully advised at all stages as to their total loan-fund needs as same appeared from analyses of the annual survey questionnaires and from the legislative committee determinations. This has been done through several memorandums to the rural electric system directors and managers and through articles published in their own Rural Electrification magazine. Rural Electrification magazine is sent regularly also to all Members of Congress, including Senator AIKEN. Several of these articles appeared in the magazine as follows: February 1954 issue, page 15; March 1954 issue, page 3; May 1954 issue, pages 3, 11, and 26; June 1954 issue, page 32.

Furthermore, the 25 State papers of the rural electric systems, with a total consumer-member circulation of nearly 2 million farm families, have done an excellent job of keeping their individual members advised, and so also have the rest of the systems through their own newsletters and other communications with their consumer-members.

NRECA is strictly nonpartisan. Its Board of Directors and staff are Republicans, Democrats and Independents. So are the 11,000 directors and managers of its member systems. So also are the 4 million farm families receiving rural electric system service. But as far as I know, none of them ever thinks of the program in terms of partisan politics. They do think of it in terms of who is "fer and who is agin em." And anyone who will visit some of the nearly 1,000 annual membership meetings that will be held throughout the land this summer and attended by some two million people will have no doubt about it.

As one final thought, I would ask the question: Which would be more helpful politically to the administration in power—for Congress to approve adequate electric loan funds for the farmers or inadequate funds?

CLYDE T. ELLIS.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY LEASE-PURCHASE CONTRACTS—CONFERENCE REPORT

Mr. MARTIN. Mr. President, I submit a report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post office purposes; and for other purposes, together with a statement of the managers on the part of the Senate. I ask unanimous consent that the report and accompanying statement of the managers on the part of the Senate be printed in full in the RECORD, so that Members of the Senate may be acquainted with what the report contains.

The PRESIDING OFFICER. The report will be received, and will lie on the table; and, without objection, the report and statement will be printed in the RECORD.

The report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 7, 8, 9, 10, 11, 13, 14, 16, 18, 20, 21, 22, 23, 24, 25, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Every purchase contract entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed $5,000,000 is hereby established for such purpose."

And the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "such agreement has been approved

by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within 3 years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Administrator shall transmit to each such committee a prospectus of the proposed project, including (but not limited to)—

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Administrator of the General Services Administration that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(g) No proposed lease-purchase agreement shall be executed under this section unless such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Postmaster General shall transmit to each such Committee a prospectus of the proposed project, including (but not limited to)—

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Postmaster General that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President."

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) Every lease-purchase agreement entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Postmaster General shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease-purchase agreements entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed $3,000,000 is hereby established for such purpose."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "which do not bind the government for periods exceeding thirty years for each such lease agreement."; and the Senate agree to the same.

EDWARD MARTIN,
FRANCIS CASE,
THOMAS H. KUCHEL,
DENNIS CHAVEZ,
SPESSARD L. HOLLAND,
Managers on the Part of the Senate.

GEORGE A. DONDERO,
HOMER D. ANGELL,
J. HARRY MCGREGOR,
GEORGE H. FALLON,
JAMES W. TRIMBLE,
Managers on the Part of the House.

STATEMENT OF THE MANAGERS ON THE PART OF THE SENATE TO ACCOMPANY REPORT OF SENATE CONFEREES ON H. R. 6342

The purpose of this bill (H. R. 6342) is to provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of the activities of the Federal Government. It provides a supplemental method of securing building space which would be used only in accordance with specified conditions and criteria.

When this bill was passed by the House of Representatives it contained provisions which constituted a broad delegation of legislative authority to the Executive Department with respect to obtaining buildings for activities of the Federal Government.

After considering those provisions, the Committee on Public Works recommended certain restraints upon this broad delegation of authority. The Senate accepted these restraints and added further amendments of a restrictive nature. As passed by the Senate, the bill fulfilled its original objective of providing a supplemental method of obtaining Federal building space but only under certain specified criteria and with adequate safeguards to preserve the legislative responsibilities with respect to authorizations for Federal buildings.

Under the agreement recommended by the conferees, the substance of all of the Senate amendments is retained in the Act. Many of the Senate amendments are agreed to in their entirety. Other Senate amendments are modified for purposes of clarification.

Two similar amendments, one each in title I and title II, presented the most concern to the conferees. These are the amendments dealing with prior approval of the Committees on Public Works before any lease-purchase project can proceed. Certain questions concerning the constitutionality of these amendments were raised by the Executive Departments. Although the Senate conferees are not convinced of the validity of those questions, they have agreed to alternative language which it is understood will remove the constitutional objections of the Executive Departments and which still retains the same degree of legislative responsibility as in the Senate amendments. This is accomplished by prohibiting the appropriation of funds for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works. The original Senate language prohibited the execution of any lease-purchase agreement unless the Administrator or Postmaster General has come into agreement with the Committees on Public Works. Under the new conference language, Committee approval must be obtained before the necessary funds can be appropriated. If an appropriation should be proposed without Committee approval, such appropriation would be subject to a point of order. Although the conferees feel that such a proposal would not be made, it is their intent and understanding that a point of order can be made and sustained against appropriations for projects lacking Committee approval.

With respect to the use of funds for the purposes of this Act during the fiscal year 1955, it is the understanding of the conferees that the General Services Administrator and the Postmaster General may use rental funds already appropriated for the fiscal year 1955 within the limits of the amounts specified in this Act for lease-purchase agreements, and that before doing so they will obtain Committee approval in the same manner as they must do before securing appropriations for that purpose for subsequent fiscal years.

The conferees also have agreed to place a three-year limitation upon the time during which lease-purchase projects may be approved.

The following is an explanation of the action of the conferees on each Senate amendment:

The House recedes and agrees to the following Senate amendments: 3, 4, 6, 7, 9, 10, 11, 13, 14, 16, 18, 20, 21, 22, 23, 24, and 25.

The Senate recedes from its amendments numbered 2 and 12. The substance of these amendments is incorporated in the new language for amendments numbered 5 and 15. This constitutes a change in drafting only.

Amendment No. 1: The Senate language is retained with a modification to make it clear that the requirement for equal annual payments applies to amortization of principal with interest thereon and does not in-

clude variable items such as tax payments. At the insistence of the House, the Senate also agrees to increase the limitation on expenditures during the fiscal year 1955 from $4,000,000 to $5,000,000. The House had no such limitation.

Amendment No. 17: This is the same as amendment No. 1 except that it applies to the Post Office Department. The Senate language is retained with the clarifying change explained above. The limitation on the 1955 expenditures is increased from $1,000,000 to $3,000,000 at the insistence of the House. The House had no such limitation.

Amendment No. 5: This amendment, together with its counterpart, Amendment No. 15, in title II dealing with the Post Office Department, originally required that no lease-purchase agreement could be executed unless the appropriate executive department comes into agreement with the Committees on Public Works with respect to each proposed project. For the purpose of obtaining such agreement, it required the submission of certain itemized data describing and justifying the project. The conferees agree to new language which accomplishes the same purpose as the original Senate amendment and which is understood to satisfy the previous constitutional objections of the Executive Department. The pertinent part of the new language reads as follows: "No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within 3 years after the date of enactment of this act." The new language retains the requirement for submission of itemized data for consideration by the committees. The substance of Amendment No. 2 requiring approval of the Bureau of the Budget is incorporated in the new language.

It is understood that the approval procedures provided for in this language will also be observed for any projects proposed in the fiscal year 1955 and that funds appropriated for that year may be used for projects approved in that manner within the limits of the amounts specified in this act.

Amendment No. 15: This is modified in exactly the same way as Amendment No. 5 as explained above.

Amendment No. 19: The substance of this amendment is retained with clarifying language which has the effect of permitting options beyond the 30-year period only if they are not binding upon the Government.

EDWARD MARTIN,
FRANCIS CASE,
THOMAS H. KUCHEL,
DENNIS CHAVEZ,
SPESSARD L. HOLLAND,
Managers on the Part of the Senate.

THE BUREAU OF INTERNAL REVENUE—DELINQUENT TAX ACCOUNTS IN THE THIRD COLLECTION DISTRICT OF NEW YORK

Mr. WILLIAMS. Mr. President, we all remember the scandalous situation which existed in the Treasury Department in 1951. At this time I wish to review briefly the conditions which existed in the third collection district in New York.

At the time of the exposure of the scandals in that area, and at my request, the Commissioner of Internal Revenue furnished certain information which established the fact that as of January 1, 1951, there were 630 delinquent tax accounts in excess of $25,000 in the third collection district in New York alone, totaling about $130 million.

Last year, under date of February 19, 1953, I directed a letter to Hon. T. Coleman Andrews, Commissioner of Internal Revenue, asking for a review of the success which they had had in the collection of some of these items.

I received a reply from Mr. Andrews in which he outlined in detail a report on 180 of the 630 cases. The report shows that out of the 180 cases involving a little more than $44½ million, there has been collected $1,600,000, or about 4 percent. Many cases have been compromised for inability to pay, others bankrupt, and others still delinquent.

All of this list represents cases which, as of January 1, 1951, had been reported as outstanding. Many had not even been billed for their delinquency at the time the investigation was started.

The loose management and careless conditions in that office are indescribable.

At this point I ask unanimous consent to have printed in the RECORD the text of my letter to Mr. Andrews, dated February 19, 1953, and his reply thereto, dated April 14, 1954, together with the report outlining the 180 cases.

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

FEBRUARY 19, 1953.

Mr. T. COLEMAN ANDREWS,
Commissioner of Internal Revenue,
Department of the Treasury,
Washington, D. C.

DEAR MR. ANDREWS: Following the removal of Collector Johnson from the third collection district in New York, the Treasury Department, upon my request, furnished an inventory comprising approximately 630 delinquent tax accounts in excess of $25,000 each and totaling around $130 million.

How many of these accounts were settled without payment (or abated), and how much money was involved in the markoff in this particular office during the past 2 years?

Yours sincerely,

JOHN J. WILLIAMS.

UNITED STATES TREASURY DEPARTMENT,
Washington, April 14, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: On March 25, 1954, Assistant Commissioner Winkle informed you that we were taking steps to bring up to date the information which you had requested in connection with a list of accounts in excess of $25,000 outstanding on the books of our upper Manhattan district office as of January 1, 1951. This letter followed a visit which Mr. Winkle made to your office to explain to you the reasons for the unfortunate delay that has been involved in answering your original request for information concerning these accounts.

As I understand your letter you wish to be furnished with the names of the taxpayers against whom these accounts were outstanding as of January 1, 1951, together with information in each case which will show whether the account is still outstanding or whether it has been abated and, if abated, the reasons for the abatement.

The attached list sets forth all information which we believe can be furnished you within the limitations contained in section 55 of the Internal Revenue Code. It contains the names of 180 taxpayers and includes not only those whose accounts were written off because of acceptance of offers in compromise, but others which, because of some action on the part of the Government or the taxpayers, are also of public record. In each such case we have attempted to furnish as complete a record as possible, and, to this end, the list shows the amounts in the accounts at the time they became of public record and the status changes occurring thereafter.

We regret that we are unable to give you detailed information with respect to the remaining 445 taxpayers, or to the accounts of the above-mentioned taxpayers which are not of public record, because we are of the opinion that to do so would be in violation of section 55 of the Internal Revenue Code.

I trust that this information is responsive to your request.

Very truly yours,

O. GORDON DELK,
Acting Commissioner.

Taxpayer	Balance due of public record	Balance due, Dec. 31, 1953	Remarks
Acme Summit Mills. Inc., 245 5th Ave., New York City	$417,433.00	0	Offer of $240,000, based on inability to pay, accepted in compromise of tax balance of $417,433. Upon payment of offer, tax balance was abated.
Percy Adamson, 1230 6th Ave., New York City	178,494.38	0	Offer of $68,000, based on inability to pay, accepted in compromise of $178,494.38 and certain other accounts not included in the original list of accounts here involved. Upon payment of offer, tax balance was abated.
Harry Bernholtz, 1840 77th St., Brooklyn, N. Y	40,851.94	$40,851.94	Offer of $15,000, based on inability to pay and doubt as to liability, accepted in compromise of balance of $40,851.94 which has not as yet been abated.
William H. and Blanche Blath, 150-11 7th Ave., Whitestone, N. Y	25,892.62	0	Offer of $3,500 accepted in compromise of balance of $25,892.62. Upon payment of offer, tax balance was abated.
William F. Carey, 405 Lexington Ave., New York City	128,925.69	128,925.69	Offer of $50,000 based on inability to pay, accepted in compromise of tax balance of $128,925.69, which has not as yet been abated.
Jerome Chaims, 302 West 12th St., New York City	79,087.04	0	Offer of $5,000 accepted in compromise of the balance of $79,087.04. Upon payment of offer, tax balance was abated.
Fan and Bill's, Inc., 19 West 44th St., New York City	123,250.08	0	Offer of $31,742.20, based on inability to pay and its doubt as to liability, accepted in compromise of balance of $123,250.08. Upon payment of offer, tax balance was abated.
Glassoloid, Inc., 511 East 72d St., New York City	67,490.36	0	Offer of $20,325.52, based on inability to pay and doubt as to liability, accepted in compromise of balance of $67,490.36. Upon payment of offer, tax balance was abated.

Taxpayer	Balance due of public record	Balance due, Dec. 31, 1953	Remarks
Edith G. Goldwasser, 465 West End Ave., New York City	$193,322.01	0	Offer of $125,000, based on inability to pay, accepted in compromise of balance of $193,322.01. Upon payment of offer, tax balance was abated.
Janaug, Inc., 430 Lexington Ave., New York City	131,478.27	0	Offer of $37,000, based on inability to pay, accepted in compromise of balance of $131,478.27. Upon payment of offer, tax balance was abated.
Harry Jonas, 2 East 88th St., New York City	25,587.28	0	Offer of $13,689.20 accepted in compromise of balance of $25,587.28. Upon payment of offer, tax balance was abated.
Estate of Joseph Jonas, 130 East 75th St., New York City	25,521.68	0	Offer of $13,654.10 accepted in compromise of balance of $25,521.68. Upon payment of offer, tax balance was abated.
J. Edward and Hilda Jones, 100 Morris Lane, Scarsdale, N. Y.	142,723.38	$142,723.38	Offer of $50,000 accepted in compromise of balance of $142,723.38, which has not as yet been abated.
Julius Kaplan, 138 West 21st St., New York City	32,199.36	32,199.36	Offer of $7,000, based on inability to pay, and doubt as to liability, accepted in compromise of $32,199.36, which has not yet been abated.
Mark D. and Beatrice Leff, Miami Beach, Fla	49,894.90	0	Offer of $26,000 accepted in compromise of balance of $49,894.90. Upon payment of offer, tax balance was abated.
Marin Malpi (formerly Elsie Lippman), 530 5th Ave., New York City	53,864.35	0	Offer of $10,239.56, based on inability to pay, accepted in compromise of $53,864.35. Upon payment of offer, tax balance was abated.
James A. Moffet, 4 East 72d St., New York City	159,686.96	159,686.96	Offer of $20,000, based on inability to pay, accepted in compromise of balance of $159,686.96, which has not as yet been abated.
George D. Murphy, 104 Cleveland Ave., Rockville Centre, Long Island, N. Y.	134,386.73	0	Offer of $7,500, based on inability to pay, accepted in compromise of balance of $134,386.73. Upon payment of offer, tax balance was abated.
David Spector, 2157 Wallace Ave., Bronx, N. Y.	30,209.87	30,209.87	Offer of $1,000, based on inability to pay, accepted in compromise of balance of $30,209.87, which has not as yet been abated.
Nathan I. Tall, 2825 Claflin Ave., Bronx, N. Y.	37,898.81	0	Offer of $3,500, based on inability to pay, accepted in compromise of balance of $37,898.81. Upon payment of offer, tax balance was abated.
Alfred Wynschenk, Jr., 139 East 35th St., New York City	29,982.69	0	Offer of $1,500, based on inability to pay, accepted in compromise of balance of $29,982.69. Upon payment of offer, tax balance was abated.
Air Cargo Transport Corp., Ninth Precinct Bldg., Newark Airport, Newark, N. J	49,783.13	23,456.81	Taxpayer was adjudicated bankrupt. Proofs of claim filed. Payment of $3,432.48 received. $2,241.54 written off upon acceptance and payment of compromise offer of $225. $19,437.88 transferred to Newark district for collection.
Bremer Tool Corp., 211 Spring St., Staten Island, N. Y.	42,035.62	42,035.62	Taxpayer adjudicated bankrupt on May 16, 1946. Proofs of claim filed. Payment of $1,519.36 received.
Broadway and 50th Enterprises, Inc., care of Harry V. Chafan, trustee, 53 Park Pl., New York City.	223,605.91	223,605.91	Taxpayer adjudicated bankrupt as a result of petition filed on May 19, 1947. Proof of claim filed. Payment of $4,398.41 received June 26, 1950.
P. B. Clark, Inc., 122 West 30th St., New York City	44,925.41	36,732.36	Taxpayer adjudicated bankrupt as a result of petition filed June 12, 1950. Proof of claim filed. Payment of $6,416.29 received. $1,776.73 transferred to 1st Pennsylvania district for collection.
Commonwealth Aircraft, Inc., 521 5th Ave., New York City	430,902.55	430,902.55	Taxpayer adjudicated bankrupt on Mar. 17, 1949. Proof of claim filed. Payment of $8,981.77 received.
Corset & Brassiere Trade Center, Inc., 255 5th Ave., New York City	508,826.20	490,187.12	Taxpayer was adjudicated bankrupt as a result of petition filed on Feb. 8, 1949. Amended proof of claim filed. Payment of $19,173.17 received on Nov. 15, 1951.
F. B. Operating Corp., doing business as Folies Bergere, 26 West 47th St., New York City.	28,880.53	28,880.53	Taxpayer adjudicated bankrupt. Proofs of claim filed.
Fontaine Products Corp., 306 East 61st St., New York City	102,984.10	102,984.10	Taxpayer adjudicated bankrupt as a result of petition filed on Feb. 14, 1947. Amended proofs of claim filed.
The 400 Restaurant, 521 5th Ave., New York City	396,167.55	396,167.55	Proofs of claim filed. Taxpayer adjudicated bankrupt on Oct. 7, 1947.
William Giglio, also known as Emanuel J. Giglio, care of Louis J. Roth, 166 West 32d St., New York City.	289,689.33	0	Taxpayer adjudicated bankrupt on Apr. 26, 1950. Proof of claim filed. No payment received. $289,689.33 transferred to Newark district for collection.
Norbert S. Glasschieb, care of Louis H. Saper, trustee in bankruptcy, 19 Rector St., New York City.	32,885.04	32,885.04	Proof of claim filed Aug. 30, 1950. Trustee made final accounting on June 9, 1952, which was approved. No payment received. Taxpayer died on June 21, 1952.
King Novelty Co., Inc., 30 West 36th St., New York City	26,055.44	25,353.46	Taxpayer executed assignment for benefit of creditors. Proof of claim and amended proof filed. Payment of $701.98 received.
Kreidman Bros., Inc., care of Alexander T. McLeod, trustee in bankruptcy, American Fur Merchants Association, Inc., 393 7th Ave., New York City.	194,309.33	194,309.33	Taxpayer was adjudicated bankrupt on Dec. 29, 1948. Proofs of claim filed. No payment received.
Anthony C. LaRocca, Inc., Leonard Weintraub, assignee for benefit of creditors, 551 5th Ave., New York City.	388,061.83	386,549.62	Taxpayer executed assignment for benefit of creditors on Oct. 12, 1950. Proof of claim filed. Payments of $1,474.02 and $38.19 received.
Nicholas & Co., importers, 420 Lexington Ave., New York City	55,175.07	55,175.07	Taxpayer made assignment for benefit of creditors on July 13, 1949. Proof of claim filed. Payment of $3,422.80 received.
Ovington's Gift Shop, 437 5th Ave., New York City	170,634.25	156,886.24	Taxpayer discharged in bankruptcy pursuant to ch. X, Bankruptcy Act. Proof of claim filed. Payment of $13,748.01 received.
Press Wireless, Inc., 1475 Broadway, New York City	69,145.34	21,145.13	Taxpayer filed petition for arrangement under ch. XI, Bankruptcy Act. Amended proofs of claim filed. Payment of $51,229.35 received.
Pressurelube, Inc., 609 West 134th St., New York City	6,269,486.59	6,269,486.59	Taxpayer adjudicated bankrupt as a result of petition filed on Jan. 31, 1947. Proofs of claim filed. No distribution.
Radio Navigational Instrument Corp., 305 East 63d St., New York City.	118,236.79	118,236.79	Taxpayer filed petition for arrangement under ch. XI, Bankruptcy Act. Proofs of claim filed with referee in bankruptcy.
Rubel Jewelry Manufacturing Co., 666 5th Ave., New York City	173,566.87	152,849.18	Taxpayer executed assignment for benefit of creditors. Proofs of claim filed. Payment of $20,717.69 received.
Estate of Eugene Berthiaume, Waldorf Astoria Hotel, Park Ave. and 50th St., New York City.	275,251.84	275,251.84	Taxpayer died on Aug. 31, 1946. Proof of claim filed on Mar. 16, 1950. No payment received.
Maurice E. Bretzfield, deceased, care of Dorothy S. Bretzfield, 35 East 76th St., New York City.	70,840.08	61,398.19	Taxpayer died on Nov. 24, 1944. Amended proof of claim filed. Payment of $10,808.70 received.
Ezra S. Brockway, deceased, 14 Birchwood Lane, Great Neck, N. Y.	213,890.09	206,488.60	Taxpayer died on Nov. 3, 1948. Amended proof of claim filed. Payment of $7,401.49 received.
Max Jelin, New York City	263,311.45	261,325.78	Taxpayer died Jan. 22, 1948. Proof of claim filed. Payment of $1,985.67 received.
Samuel Lutkoff, deceased, Rose Lutkoff, executrix, 900 West End Ave., New York City.	47,756.82	47,601.82	Taxpayer died on Jan. 8, 1948. Proof of claim filed. Payment of $155 received.
Lawrence S. and Julia Morris, care of Samuel Adelman, trustee in bankruptcy, 261 Broadway, New York City.	25,082.26	25,082.26	Allowable credit of $927.73 applied to accounts. Proof of claim filed. Taxpayer was adjudicated bankrupt as a result of a petition filed on Feb. 3, 1950. Lawrence S. Morris died on Mar. 5, 1953.
Elias Robinson, 320 West 90th St., New York City	37,531.35	37,380.30	Taxpayer died on Feb. 20, 1950. Amended proof of claim filed. Payment of $150.97 received on Oct. 29, 1952.
Estate of Bernard Turrell, Norman Turrell, administrator, 1364 Noel Ave., Newlitt, N. Y.	89,609.78	59,151.82	Proof of claim filed. Payment of $30,457.96 received.
Ab-Ell Restaurant, Inc., 725 7th Ave., New York City	32,276.35	32,276.35	Notices of lien filed Feb. 14 and Apr. 1, 1952.
D. H. Ahrend & Co., 325 East 44th St., New York City	54,341.54	54,341.54	Notice of lien filed June 16, 1952.
Allen Trucking Co., John J. Allen, Peter Pillon, et al., Grantwood, N. J.	1,028,871.15	1,028,871.15	Notice of lien filed Nov. 13, 1939.
American Hyalsol Corp., care of Office of Alien Property Custodian, 120 Broadway, New York City.	345,070.22	0	Notice of lien filed. $130,418.24 paid. $214,651.98 transferred to lower Manhattan district for collection.
Juvenal Angel, doing business as Latin American Institute, 900 Park Ave., New York City.	35,971.54	35,971.54	Notices of lien filed Nov. 6 and 23, 1953.
Joseph Clark Baldwin, 10 Rockefeller Plaza, New York City	41,103.60	41,103.60	Notices of lien filed on Apr. 24, 1951, on all accounts except 194618. Notice filed on latter account Apr. 30, 1951.

Taxpayer	Balance due of public record	Balance due, Dec. 31, 1953	Remarks
Sarah Pam Blumenthal, 440 Park Ave., New York City	$47,494.14	$47,494.14	Notice of lien filed June 26, 1952.
Calton Estate Inc., transferee, 21 East 49th St., New York City	109,011.98	98,224.45	Notice of lien filed Oct. 9, 1951.
Harold Chassman, 565 5th Ave., New York City	71,425.32	71,425.32	Notice of lien filed Jan. 26, 1954.
W. T. Davis, 444 East 57th St., New York City	371,955.52	371,955.52	Notice of lien filed June 7, 1951.
Charles R. De Sales, transferee, 172 East 95th St., New York City	260,390.48	260,390.48	Notice of lien filed July 29, 1953.
Edison Concrete Corp., 51 East 42d St., New York City	154,403.09	0	Notice of lien filed Mar. 2, 1951, Aug. 6, 1951, and Sept. 25, 1951. $154,403.09 transferred to 14th New York collection district for collection.
Harry and Lena Eisenberg, 48 West 33d St., New York City	36,480.25	36,480.25	Notice of lien filed June 7, 1951.
Leo Ellison, 245 5th Ave., New York City	26,550.78	26,550.78	Notice of lien filed Sept. 3, 1953.
English Tailors, 530 7th Ave., New York City	48,643.95	48,643.95	Notices of lien filed Mar. 26, 1948 and Apr. 9, 1948.
Rita Floyd-Jones, care of Morris Fish, 45 John St., New York City	103,785.53	71,880.73	Notice of lien filed Mar. 20, 1951. $31,904.80 paid.
Theodore J. Funt, 12 East 41st St., New York City	30,348.52	29,082.00	Notice of lien filed June 15, 1951. $1,266.52 allowed as a credit against account.
John L. Green, Vaduz, Lichtenstein	57,817.80	57,817.80	Notice of lien filed May 3, 1951.
Samuel Greenblatt, 61 Lawrence Ave., New York City	77,494.04	0	Notice of lien filed Mar. 9, 1953. Accounts transferred to Florida district for collection.
Joseph L. Gross, transferee, 675 Walton Ave., New York City	41,099.95	41,092.45	Notice of lien filed Nov. 23, 1953. Cleaning Contractors Corp., transferor. $7.50 paid.
Samuel Dashiell Hammett, 10 East 40th St., New York City	100,632.03	96,025.18	Notice of lien filed Aug. 15, 1951. $3,603.85 allowed as credit to account. $1,000 transferred to lower Manhattan district for collection.
Daniel Handsman, 766 Montgomery St., New York City	199,969.31	198,645.91	Notice of lien filed June 7, 1951. $1,323.50 credited to account.
Alice G. Hansen, 366 Madison Ave., New York, N. Y	33,673.45	0	Notice of lien filed June 26, 1952. $33,673.45 transferred to Philadelphia district for collection.
Alfred J. Hartenan, 3 West 29th St., New York City	29,309.26	29,309.26	Notice of lien filed June 7, 1951.
Charles A. Hyde, 130 Wadsworth Ave., New York City	55,040.01	54,840.01	Notice of liens filed. $200 paid.
Monteflore and Sara Kahn, Hotel Dorset, 30 West 54th St., New York City.	28,517.36	28,517.36	Notice of lien filed May 24, 1950.
William F. Kenny, care of Gale, Inc., 48 West 48th St., New York City	80,373.77	80,373.77	Notices of liens filed June 8, and June 4, 1953.
Morris Kleinman, 3400 Wayne Ave., Bronx, N. Y	84,136.98	83,495.10	Notice of lien filed Aug. 23, 1950. $641.88 paid.
Magmus Films, Inc., 363 Lexington Ave., New York City	45,831.84	0	Notice of lien filed Sept. 19, 1950. Paid in full.
Manayunk Forging Corp., 521 5th Ave., New York City	65,629.52	65,629.52	Notice of lien filed Jan. 22, 1945.
Joseph V. Moriarty, 18-A West Hamilton Pl., Jersey City, N. J	111,788.28	30,548.56	Notices of lien filed Aug. 28 and Sept. 11, 1947. $81,239.72 transferred to Newark district for collection.
Henry Clay Mount, 51 West 76th St., New York City	372,495.39	372,495.39	Notice of lien filed July 10, 1953.
Joel Newman, 405 East 54th St., New York City	120,303.30	0	Notice of lien filed June 11, 1946. $120,303.30 transferred to Florida district for collection.
Angelo Ortiz, 542 West 112th St., New York City	185,002.50	185,002.50	Notice of lien filed Sept. 4, 1953.
Una Pasmar, 25 West 57th St., New York City	29,218.78	29,218.78	Notice of lien filed Oct. 10, 1953.
Matilda Portency, 110 West 40th St., New York City	27,348.33	27,348.33	Notice of lien filed Oct. 23, 1953.
Theodore (Ted) Rask, 418 West Cambridge St., Phoenix, Ariz	1,822,229.53	1,822,229.53	Notice of lien filed Oct. 10, 1953.
Arthur Rosenberg, 130 East Rockaway Hewlitt, Long Island, N. Y	38,213.29	38,213.29	Notices of lien filed May 21, 1953 and June 1, 1953.
Russell C. Roshon, doing business as Russell C. Roshon Organization & Roshon Corp., RKO Bldg., New York City.	46,122.15	499.70	Notice of lien filed July 12, 1950. $45,622.45 transferred to Pittsburgh district for collection.
Roxboro Steel Co , 521 5th Ave., New York City	125,945.23	125,945.23	Notice of lien filed Jan. 22, 1945.
Mary Ryan, 225 5th Ave., New York City	122,381.29	122,381.29	Notice of lien filed June 25, 1951.
Louis Schaeffer, 1370 Broadway, New York City	511,638.23	511,638.23	Notice of lien filed Apr. 24, 1951.
Henry Schein, 2000 Anthony Ave., Bronx, N. Y	88,986.73	88,986.73	Notice of lien filed Mar. 5, 1953.
Edward and Ethel Schwann, Hotel Park Plaza, 50 West 77th St., New York City.	431,345.75	431,345.75	Notice of lien filed in all New York counties.
Sorecon Corp., 51 East 42d St., New York City	26,522.54	0	Notice of lien filed June 5, 1952. $26,522.54 transferred to lower Manhattan district for collection.
Soya Corp. of America, 30 Rockefeller Plaza, New York City	25,910.74	25,910.74	Notice of lien filed Dec. 15, 1952.
Hyman Stromberg, 25 Central Park West, New York City	45,046.24	36,865.01	Notices of lien filed Aug. 7, 15, 17, and 21, 1951. $8,181.23 paid
Ultima Optical Instrument Corp., 242 West 55th St., New York City	215,598.57	215,598.57	Notices of lien filed Mar. 26 and Apr. 9, 1948, and June 2, 1951.
Joseph Weiss, doing business as Doll Craft Novelty Co., 30 West 25th St., New York City.	88,699.25	51,624.81	Notice of lien filed Apr. 15, 1953. $37,074.44 paid.
Welded Steel Shapes, Inc., 11 West 42d St., New York City	97,466.75	97,466.75	Notice of lien filed Dec. 15, 1953.
Wendt & Campbell, Inc. (Charles Wendt, Jr.), 335 East 45th St., New York City.	31,002.58	0	Notice of lien filed Jan. 24, 1951. $31,002.58 transferred to Baltimore district for collection.
Wilkes-Barre Carriage Co., Inc., 521 5th Ave., New York City	2,511,248.03	2,511,248.03	Notice of lien filed Jan. 22, 1945.
Martin Wilsker, care of Tuxedo Fabrics, 499 7th Ave., New York City	424,081.26	424,081.26	Notice of lien filed Oct. 16, 1950.
Wissahickon Tool Works, Inc., 521 5th Ave., New York City	332,766.68	332,766.68	Notice of lien filed Jan. 22, 1945.
Salvatore Sollazzo-Salvatore "Tarte" Sollazzo, 115 Central Park West, New York City.	1,128,253.57	1,128,253.57	Notice of lien filed.
Allegro Music, Inc., Columbus Circle, New York City	40,550.17	40,300.90	Proofs of claim filed June 6, 1952 and May 15, 1953. $249.27 paid.
American Textile Converters, Inc., New York City	38,729.87	35,818.83	Proofs of claim filed Apr. 12, 1950 and July 3, 1950. $2,911.04 paid.
Ansonia House, Inc., New York City	28,974.70	28,974.70	Proof of claim filed June 18, 1950.
Estate of Joseph Baker, care of Gladys Baker, 295 Central Park West, New York City.	40,821.99	40,674.46	Proof of claim filed Sept. 4, 1951.
Biller Bros. Circus, Inc., New York City	79,962.95	79,962.95	Proof of claim filed Mar. 16, 1951.
Cafe Traymore, Inc. 1221 Broadway, New York City	13,173.51	13,173.51	Proofs of claim filed Nov. 21, 1950, Dec. 27, 1950, and Mar. 7, 1951.
Gabriel Caplan, 230 East 73d St., New York City	39,222.70	39,222.70	Proofs of claim filed June 28, 1950 and Mar. 21, 1951.
George H. Carden, Hotel Gladstone, New York City	48,815.67	48,815.67	Proof of claim filed May 16, 1940.
Joseph & Hattie Cohen, transferee of Delta Press, Inc., 1776 Union St., Brooklyn, N. Y.	68,768.84	62,651.08	Proof of claim filed Aug. 7, 1950. $146.47 paid. $5,971.29 transferred to Brooklyn district for collection.
Consolidated Conditioning Corp., New York City	58,450.42	58,430.42	Proofs of claim filed May 28, 1948, May 17, 1951, and Feb. 8, 1951. $20 paid.
Craft Coated Products, Inc., 251 5th Ave., New York City	66,247.24	66,247.24	Proofs of claim filed June 13 and July 11, 1950.
Charles C. Cuker (Cuker Process Corp.), New York City	81,807.55	81,807.55	Proofs of claim filed Nov. 1, 1946 and June 17, 1947.
Cummings, Cummings & Cummings, trading as Valentine Mills, New York City.	57,659.13	57,659.13	Proofs of claim filed Dec. 10 and Dec. 31, 1948, and Jan. 16, 1949.
The David's Fifth Avenue Corp., 425 5th Ave., New York City	39,807.05	36,350.91	Proof of claim filed Apr. 6, 1951. $3,456.34 paid.
DeMorney Budd, Inc., 475 Grand Concourse Bldg., New York City	141,478.50	140,996.03	Proof of claim filed Oct. 17, 1949; $482.47 credited to accounts.
W & C Feldman, Inc., 456 West 42d St., New York City	35,053.00	35,053.00	Proof of claim filed on May 30, 1950; amended on Oct. 10, 1950.
Film Classics, Inc., New York City	29,796.03	29,796.03	Proof of claim filed Oct. 24, 1950.
Estate of Samuel Goldberg, Irving H. Glasser, executor, 480 Park Ave., New York City.	43,514.61	43,514.61	Proof of claim filed Jan. 11, 1951.
Graves-Quinn Corp., New York City	35,176.75	35,176.75	Proof of claim filed Aug. 26, and Dec. 22, 1941.
E. Greenbaum Co., 328 East 103d St., New York City	159,752.17	158,122.41	Proof of claim filed Jan. 27, 1950; amended proof of claim filed Jan. 25, 1951; $1,629.76 credited to accounts.
Harry Gretske, care of William Leving, trustee in bankruptcy, 1450 Broadway, New York City.	1,479,072.03	479,072.03	Proofs of claim filed Mar. 10 and June 29, 1950, and Jan. 9, 1953. See also Harry Gretske Co., Inc.
Harry Gretske Co., Inc., 295 Madison Ave., New York City	26,726.26	26,726.26	Proof of claim filed Mar. 10, 1950; then some assessments made against Harry Gretske.
Louis Halle, 225 Broadway, care of Edward Halle, executor, 287 West End Ave., New York City.	401,507.46	401,507.46	Proof of claim filed June 14 ,1949 and Mar. 22, 1950.
Hammarlund Manufacturing Co., Inc., 460 West 34th St., New York City.	173,367.94	89,368.59	Proof of claim filed Jan. 30, 1948 and Mar. 9, 1951; $83,448.83 paid; $550.52 credited to account.
Harad Chemists, Inc. (Wolf J. Overhamm), 28 West 57th St., New York City.	51,119.28	2,663.02	Proofs of claim filed June 13, Nov. 2, 1949, Feb. 1, 1950, Mar. 9, 1951, and Oct. 11, 1952; $6,711.48 paid on account and $41,744.78 transferred to Los Angeles district for collection.
Frederick C. Havemeyer, care of Nicholas & Co., 420 Lexington Ave., New York City.	52,174.19	52,174.19	Proof of claim filed May 23, 1949.
Morton H. Herzog, 20 East 35th St., New York City	30,596.49	30,596.49	Proof of claim filed Oct. 13, 1950.
Iceland Operating Corp., New York City	78,692.10	78,692.10	Proof of claim filed Feb. 7, 1951.
August Jamsen, Jr., deceased, Lawrence Russack executor, 430 Lexington Ave., New York City.	48,816.71	0	Proof of claim filed Nov. 20 and Nov. 21, 1950; $44,714.45 paid; $1,102.26 credited to account.
Peter Junco Studios, Inc., 157 East 69th St., New York City	27,138.19	27,138.19	Proof of claim filed Jan. 21, 1950.
Louise Kinsler & Sons, 155 West 29th St., New York City	26,380.60	26,246.46	Proof of claim filed June 1, 1949; $134.14 paid.

Taxpayer	Balance due of public record	Balance due, Dec. 31, 1953	Remarks
Estate of Frank Lambert, Justice L. Lambert, executor, 230 Park Ave., New York City.	$59,030.86	$57,829.20	Proof of claim filed July 31, 1944, and Oct. 16, 1951.
David Graham Leggett, estate, Charlotte A. Leggett Stemmlec, executrix, 280 Park Ave., New York City.	34,353.24	26,853.26	Proof of claim filed Mar. 3, 1953. $7,500 paid.
Estate of Leopold Loewy, Erwin Loewy, executor, 25 Central Park West, New York City.	93,264.72	6,801.13	Proof of claim filed Sept. 15, 1930. $86,463.59 paid.
Emil Mendo, deceased, Mary D. Mendo, executrix, 225 West 39th St., New York City.	46,272.94	46,272.94	Proof of claim filed Apr. 17, 1950.
Musicraft Records, Inc., 245 East 23rd St., New York City	49,811.19	44,047.65	Proofs of claim filed Dec. 10, 1948, Feb. 4, 1949, Mar. 3, 1949, May 9, 1949, and Nov. 21, 1949. $5,763.54 paid.
New York, Ontario & Western Railway, New York City	1,083,078.77	1,083,078.77	Proof of claim filed Jan. 4, 1950, and Feb. 20, 1952.
Edward Nordlinger, care of Collector of Internal Revenue, 110 East 45th St., New York City.	188,316.68	187,319.53	Proof of claim filed Jan. 26, 1951.
Pan American Import-Export Co., 350 5th Ave., New York City	29,807.35	26,637.25	Proof of claim filed Oct. 5, 1949, Apr. 27, 1950, and Jan. 28, 1949. $3,170.10 paid.
Daniel Poll, 941 Park Ave., New York City	26,234.14	20,937.86	Proof of claim filed Jan. 23, 1953. $5,296.28 paid.
Paul Preseatt, Inc., care of Harry Kantor, 386 Wildwood Rd., Woodmere, Long Island, N. Y.	25,380.29	25,380.29	Proof of claim filed July 7, 1950, and Oct. 30, 1950.
Reubens 57th St. Corp., 212 West 57th St., New York City	32,463.67	32,463.67	Proofs of claim filed June 24, 1947, Sept. 22, 1947, and Nov. 26, 1947.
Bill Robinson, care of Robert E. Johnson, 250 West 57th St., New York City.	41,515.93	41,515.93	Proof of claim filed May 26, 1951.
Isidor B. Rosman, Murray Tarr, and Nancy Weinberg, trustees of H. Tarr, deceased, 9 Rockefeller Plaza.	121,740.32	121,740.32	Proof of claim filed Aug. 23, 1950.
Estate of Charles Rossum, 1501 Broadway, New York City	28,804.12	28,804.12	Proof of claim filed Sept. 21, 1949.
John Rubel, doing business as John Rubel Co., New York City	280,351.90	279,084.30	Proof of claim filed June 7, 1950, June 8, 1950, and Oct. 10, 1950. $1,267.60 paid.
Joseph Sacks, 385 Girard Ave., Bronx, N. Y	41,587.40	41,587.40	Proof of claim filed Jan. 14, 1953.
Sardik, Inc., now Sardik Food Products Corp., care of John F. Dailey, Jr., trustee in reorganization, 44 Wall St., New York City.	204,115.13	110,442.63	Proof of claim filed Sept. 16, 1950, $93,672.50 received.
Service Import & Export Corp., care of Morris Rosenzweig, 165 Broadway, New York City.	30,489.19	30,489.19	Proof of claim filed June 6, 1952.
Sol Sherman, Inc., 1200 Broadway, New York City	42,927.71	40,427.71	Proofs of claim filed Dec. 20, 1950 and Apr. 3, 1951, $2,500 paid.
Soya Products Co., Inc., 711 North 2d St., St. Joseph, Mo.—New York address, 546 5th Ave., New York City.	34,843.98	34,843.98	Proofs of claim filed June 12, 1947, July 25, 1947, and Jan. 5, 1948.
Surface Transportation Corp. of New York	113,606.69	113,606.69	Proof of claim filed Mar. 28, 1950.
H. Tarr, Inc., 607 5th Ave., New York City	251,269.24	251,269.24	Proof of claim filed Aug. 29, 1950.
Estate of Halley Tarr, transferee, care of Isidor B. Rosman, 9 Rockefeller Plaza, New York City.	121,740.32	121,740.32	Proof of claim filed Aug. 23, 1950.
Halley Tarr, deceased, Murray Tarr, executrix, 607 5th Ave., New York City.	121,556.51	121,556.51	Do.
Third Avenue Transit Corp. & Subsidiaries, care of Howard Lehman, Lester Doyle, and J. Hodes, trustees in receivership, 2396 3d Ave., New York City.	8,397,329.49	8,397,329.49	Proof of claim filed Mar. 28, 1950.
Michael Todd, 115 West 54th St., New York City	286,545.98	271,462.97	Proofs of claim filed Oct. 22, 1947, Nov. 7, 1947, Feb. 2, 1948, Feb. 26, 1948, and Mar. 13, 1952.
Union Electronics Corp., Long Island City	50,295.89	50,295.89	Proof of claim filed Mar. 11, 1947.
United States Television Manufacturing Co., 3 West 61st St., New York City.	81,369.54	81,369.54	Proof of claim filed Dec. 3, 1952.
Universal Camera Corp., 28-30 West 23d St., New York City	634,042.49	573,389.19	Proof of claim filed May 17, 1952 and July 23, 1952, $10,653.30 paid.
Mark Warnow, care of Collector, Internal Revenue, 110 East 45th St., New York City.	32,286.29	32,286.29	Proof of claim filed Nov. 27, 1950.
David Watinsky, 320 Riverside Drive, New York City	84,422.38	84,422.38	Proofs of claim filed Apr. 30, 1948, Nov. 23, 1949, Nov. 30, 1949, and Dec. 6, 1950.
Westchester Electric Co., care of Howard Lehman, Lester Doyle, and James Hodes, trustees in receivership, 2396 3d Ave., New York City.	80,336.01	80,336.01	Proof of claim filed Mar. 28, 1950.
Westchester Street Transportation Co., Inc., care of Howard Lehman, Lester Doyle, and James Hodes, trustees in receivership, 2396 3d Ave., New York City.	49,282.70	49,282.70	Do.
Winthrop Mills, care of Peter Isaacson and Brooks Whitehorse, receivers, 224 West 34th St.	351,544.34	258,284.24	Proof of claim filed Dec. 8, 1947. $93,260.10 credited to account.
Wood Commodities Corp., 420 Lexington Ave., New York City	49,942.68	41,809.50	Proofs of claim filed May 12, 1947, Nov. 6, 1947, Dec. 4, 1947, Feb. 16, 1948, Apr. 26, 1948, and June 7, 1948. $8,133.18 credited to account.
Zimmerman's Hungarian, Inc., New York City	42,546.12	42,546.12	Proof of claim filed Mar. 4, 1953.
American Chain Ladder Co., Inc	77,498.07	77,498.07	Assets of taxpayer seized and sold to effect collection of the tax. Sale was held prior to Jan. 1, 1951, and balance of $77,498.07 was outstanding as of that date.
Diamond Record Corp., 1650 Broadway, New York City	25,966.89	25,966.89	Assets of taxpayer seized and sold to effect collection of the tax. Sale was held prior to Jan. 1, 1951, and balance of $25,966.89 remained outstanding as of that date.
Sidney Cohen, 2754 3d Ave., New York City	53,553.84	53,553.84	Civil suit No. 72-4 instituted Dec. 14, 1951. Accounts later transferred to Los Angeles district.
Fairbank Realty Corp., 200 West 42d St., New York City	39,694.78	31,269.55	Judgment rendered Dec. 31, 1950. $8,425.23 paid.
Philip Grossman, 176 East 176th St., Bronx, N. Y	33,300.96	33,300.96	Judgment rendered Feb. 11, 1952. Notice of lien filed.
Jordahl & Co., Inc., 522 5th Ave., New York City	42,702.98	42,702.98	Judgment rendered Dec. 31, 1950.
Estate of Bellette Regensburg, 411 5th Ave., New York City	41,299.47	41,299.47	Suit instituted Feb. 24, 1949.
Estate of Isaac Regensburg, 411 5th Ave., New York City	184,154.20	184,154.20	Suit instituted Feb. 24, 1949. Docket No. Civil 49-251.
Morris Saslavsky also known as Edward Morris, care of J. E. Ankus, 135 Broadway, New York City (Federal Penitentiary, Lewisburg, Pa.).	546,338.58	546,338.58	United States obtained judgment for taxes in the United States Court, Southern New York District.
Irving Wexler, also known as Waxie Gordon, 590 West End Ave., New York City.	1,392,376.24	1,392,376.24	United States obtained judgment for taxes due.
Total	44,626,822.53		$1,169.782,13 Amount actually collected.

Mr. WILLIAMS. Mr. President, that leaves 445 cases, involving a total of $85 million, all of which were likewise delinquent as of January 1, 1951, and upon which we have no information.

Mr. O. Gordon Delk, Acting Commissioner of Internal Revenue, advises that he is unable to furnish detailed information with respect to the 445 cases, due to the fact that he believes a disclosure of such information would be a violation of section 55. Therefore, we are left in the position of having no knowledge whether all of the $85 million involved in these other delinquent accounts have been paid, or have been forgotten, or lost.

I disagree with the Commissioner that the disclosure of this additional information would be in violation of section 55. All of these delinquent accounts should have been a matter of public record, or if they have been paid, then the Commissioner should so report.

As background of exactly what the conditions were in the New York office in 1951, and why the delinquent accounts were allowed to accumulate, I should like to review for the record what I consider to be a damaging indictment against the administration under former Secretary of the Treasury, Mr. Snyder. The conditions in the New York area were called to the attention of both the Commissioner of Internal Revenue, Mr. Schoeneman, and Secretary of the Treasury, Mr. Snyder, early in 1949, in 1950, and again in 1951. Each time the warnings were ignored and both officials defended their administration by emphatically denying any knowledge of bad conditions in that area.

The record shows the first report of any trouble in the third collection district in New York, was called to the attention of Secretary of the Treasury John W. Snyder in 1947. At that time Mr. Roger Stuart, Washington correspondent of the New York World-Tele-

gram, drafted a memorandum to Mr. John W. Snyder, Secretary of the Treasury, outlining certain alarming conditions of mismanagement in that particular office.

This memorandum was assigned by the Secretary of the Treasury to an assistant in his own office, a man by the name of Saxon.

Mr. Saxon, a member of the Secretary's own staff, under date of December 13, 1949, prepared a memorandum to the Secretary, in which he stated that while all of the allegations in the memorandum of Mr. Stuart were not substantiated, nevertheless, in substance, they were accurate.

Mr. Saxon went on and stated in the memorandum that the conditions were even worse than they had been pictured by the newspaper correspondent.

Again, on February 27, 1950, the record shows that another memorandum was prepared as a result of the investigation by the audit section, which had examined the New York office.

The auditor's report of that office considered conditions to be so serious that they prepared a special memorandum dated February 27, 1950, and directed it to the attention of the Commissioner of Internal Revenue, with instructions that a copy be forwarded to the Secretary of the Treasury, Mr. Snyder.

I ask unanimous consent that excerpts from the memorandum of February 27, 1950, be incorporated in the RECORD at this point, as a part of my remarks.

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

FEBRUARY 27, 1950.

Hon. JOHN W. SNYDER,
Secretary of the Treasury.

The examining supervisors discovered 2,852 irregular or imperfect income tax returns for the year 1948 on which apparently no action was being taken. * * *

The Claims Subsection is in serious condition because of accumulated current work, as well as work for prior years that is awaiting attention. Approximately 6,000 claims, representing uncollectible taxes, were on hand on November 9, 1949, and due to the field division's drive to dispose of warrants for distraint, the number of such claims awaiting action is increasing daily. * * *

This division has a very poor record in the audit of income tax returns. Analysis of the records of the Bureau for calendar years 1944 to 1948, inclusive, shows that the 3d district audited only 0.76 percent of returns filed as compared with a national average of 2.14 percent.

WAGE AND EXCISE TAX DIVISION

Considerable improvement must be made if this division is going to function in a satisfactory manner. * * *

The work of the Returns Section of the Wage and Excise Tax Division was found to be in deplorable condition, not only because of several years' accumulation of required tasks, but also for the reason that Bureau instructions as to procedure are not being followed. The supervisor's report enumerates 11 operations not as yet completed which represent backlogs of work for which no plan of accomplishment has as yet been formulated by the office.

It is observed, in connection with employment tax returns, that 10,000 schedules which should be forwarded promptly to the Social Security Administration have been held by the Wage and Excise Tax Division in some cases for as long as a year. It is noted also that, through failure to follow Bureau instructions on the processing of returns, valuable time and effort have been wasted. * * *

The failure in 3 consecutive years to prepare delinquency notices covering returns due but not filed for the fourth quarter of those years has not only deprived the Government of revenue, but has also resulted in failure to keep current the collector's records of taxpayers in business in the district. * * *

The delinquency of the collector's office in issuing warrants in accordance with prescribed procedure during past years is believed to be one of the reasons for the present backlog of outstanding warrants in the field division. A total of 70,000 T-warrants, covering accounts for several years, were issued during the month of October 1947. The field division has never recovered from this impact.

At the time of the supervisors' examination, warrants for distraint had not been issued covering delinquent accounts on the regular 1949 income tax lists from the month of March to the month of November 1949.

The collection of outstanding assessed taxes through the service of warrants for distraint has not been good in the third New York district.

Mr. WILLIAMS. Mr. President, the memorandum was dated February 27, 1950. About that same time I personally called the attention of both the Commissioner and the Secretary to similar reports which I had received regarding conditions in the New York office. Instead of admitting the facts as they knew them to be both officials emphatically denied the accuracy of my reports and boasted of that office as being as well managed as any in their system.

I might say their attitude in this case contributed greatly to my ultimate loss of confidence in both these officials.

Refusing to accept their denials, under date of August 2, 1950, I appeared before the Senate Committee on Finance, in executive session, and outlined to them the allegations as they had been presented to me. I asked that committee to examine the conditions in the New York office.

The Secretary of the Treasury and the Commissioner of Internal Revenue were both called upon by the Committee on Finance in a period immediately following, at which time the committee was reassured that there was nothing wrong in that particular office, but that the Senator from Delaware did not know what he was talking about. I may say that the reassurance was given by the Secretary and the Commissioner of Internal Revenue to the Committee on Finance about 7 months after the above referred to memorandums had been forwarded to the desk of each official.

In the face of all these warnings the Secretary and the Commissioner emphatically denied at that time that there was anything wrong in that particular office.

They both failed to recognize this as their last chance to do their own housecleaning and thereby perhaps avoid what later proved to be a national scandal.

In February 1951 I introduced in the Senate a resolution calling for the removal of the collector in the third district of New York and at the same time called for a full investigation of the Bureau.

On March 15, 1951, following the introduction of this resolution, Mr. L. Alfred Chamberlin, supervisor in charge of the accounts and collections unit of the Bureau of Internal Revenue, was called before the Committee on Finance. Mr. Chamberlin had been in charge of the squad which had been assigned to the New York office to investigate conditions following the rather serious charges which had been made on the floor of the Senate.

Mr. Chamberlin, in testifying before the committee, pointed out that these conditions were not the result of a shortage of help in that particular office. In fact he emphasized that there had actually been more employees than they knew what to do with. It was simply a matter of getting competent men, and of keeping those men at work.

It was reported that men would punch the clock and immediately walk out, perhaps to return later in the day, certain only of being there on payday.

Mr. Chamberlin testified that the collections were delinquent as many as 3 and 5 years; that many of the accounts had not been audited; and that many which had been audited were just lying around, without the proper issuance of warrants.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD excerpts from the statement made by Mr. L. Alfred Chamberlin on March 15, 1951, regarding conditions as he found them in the New York office.

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

TESTIMONY OF L. ALFRED CHAMBERLIN, MARCH 15, 1951

Mr. CHAMBERLIN. The taxpayers in the Income Tax Division were not getting attention that they should when they wrote letters in to the office. Their claims that were filed for refund of taxes were not processed in a reasonable time. * * *

The files were not to be considered in good condition. In fact, there were many hundreds of returns and claims that were located that were never in a file. There were some found in desk drawers and in filing cabinets and on shelves. There was very little audit work being done in that division. * * *

The service section in a collector's office chiefly is made up of rooms that are used for filing documents, storage rooms, and a form room that serves the taxpayers with forms and any other documents that they are entitled to.

Naturally, in that service section is the file section or storage rooms, as it should better be called, where income-tax returns are stored, and the correspondence and other documents that must be kept for a period of years, based on regulation.

I don't suppose that anyone ever looked at a so-called storage room and found in it such a heap of rubbish as was there. That particular point, of course, is a matter of record because the newspapers in New York printed some of the story. I never saw anything like it. The documents and papers were simply tossed in rooms, piles and piles of them. * * *

Senator WILLIAMS. Would you say the conditions in that office were the result of the office being understaffed or just lack of efficient work?

Mr. CHAMBERLIN. Lack of efficient operation. I would never say that office was understaffed.

Senator WILLIAMS. They were not?

Mr. CHAMBERLIN. Not in my opinion. We are doing the job with the number of employees that the Commissioner authorized, permanents. * * *

* * * * *

Mr. CHAMBERLIN. Well, it doesn't seem that the employees when we went there—we could not—they were not interested in their job, and were not certainly producing or giving anywhere near a day's work for their pay.

Senator WILLIAMS. How are the conditions in the New York office relative to the uncollected items? Are they filed in Washington automatically or does he hold them and send them in as a group?

Mr. CROSS.[1] I don't think I understand your question. * * *

Senator WILLIAMS. How are the outstanding accounts in the New York district?

Mr. CROSS. I would say now that they compare favorably with the other districts of comparable size. * * *

Senator WILLIAMS. How old are some of these accounts? Are they all recent? Do you have some 2, 3, 4, 5 years old?

Mr. CHAMBERLIN.[2] Yes, sir.

Senator WILLIAMS. Some 6, 7, and 8?

Mr. CHAMBERLIN. Some are 6 years old.

Mr. JOHNSON.[3] Unless we have waivers on them, some are older than 6.

Mr. WILLIAMS. Following this testimony a request was filed for a list of all accounts in excess of $25,000 reported delinquent as of January 1, 1951.

It developed that there were 630 cases of delinquent taxes in excess of $25,000 each, totaling over $130 million.

It was from this list that the 180 cases came which I have just put in the RECORD. American taxpayers who are called upon to pay their taxes must pick up that uncollected portion of this group. This should serve as a warning to the country that we must not let conditions such as those occur again.

I repeat what I have said many times before: When a man goes wrong, the extent of the loss to the United States cannot be gaged altogether merely by considering the amount of money involved in the embezzlement, or the amount of money involved in the bribe for which that man is indicted.

The greatest loss comes from the breakdown in the morale of those with whom he works.

Inefficiency breeds carelessness and carelessness breeds waste and corruption.

This record is a damaging indictment of the Treasury Department under the previous Secretary.

Unquestionably a much greater percentage of these taxes could have been collected had the accounts been properly handled in the beginning.

JOSEPH R. FARRINGTON, LATE DELEGATE FROM HAWAII

Mr. KNOWLAND. Mr. President, before moving that the Senate take a recess until 12 o'clock noon tomorrow, I should like to say a few words relative to the late Delegate from Hawaii, Joseph R. Farrington.

It was my privilege to know Mr. Farrington during the time that I have had the honor to serve in the Senate of the United States. I knew of his interest in the Territory of Hawaii, and of the splendid public service he had rendered to the people of the Territory. He not only had a distinguished career in Congress as a Delegate representing the Territory of Hawaii, but he was an outstanding newspaper publisher in Honolulu.

Mr. Farrington had many interests in life, but I think that his great ambition and his great hope was that he might live to see Hawaii become the 49th State. I heard him express that sentiment in the islands. I heard him express it on the floor of the House of Representatives. I heard him express it in discussions in small groups and in large groups. To me it seems very sad he was not permitted to live to see the Territory of Hawaii become the 49th State. Personally, I hope a way may be found, and I believe a way will be found, to break the deadlock which now exists in order to permit Hawaii to become the 49th State of the Union. Both of the great political parties have gone on record in favor of that consummation. They not only did so at the last national conventions, but in prior national conventions. Statehood for Hawaii also was a recommendation of the President of the United States.

I have a very deep conviction that Joe Farrington would be a very happy soul if he could look down and realize that the efforts which he had made during his entire public career toward bringing about statehood for Hawaii had finally been achieved. At least insofar as one Member of the Senate may be able to advance what I know was a cause very dear to his heart, I shall do everything possible to do so.

RECESS

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 6 minutes p. m., the Senate took a recess until tomorrow, Friday, June 25, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 24 (legislative day of June 22), 1954:

DIPLOMATIC AND FOREIGN SERVICE

Sheldon T. Mills, of Oregon, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ecuador.

ST. LAWRENCE SEAWAY

Lewis G. Castle, of Minnesota, to be Administrator of the St. Lawrence Seaway Development Corporation.

UNITED STATES DISTRICT JUDGE

Hon. James C. Connell, of Ohio, to be United States district judge for the northern district of Ohio, to fill a new position.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 24 (legislative day of June 22), 1954:

POSTMASTER

Elmer S. Minesling, postmaster at Great Neck, N. Y.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 24, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who hast revealed unto us the nobler and better way of life, we rejoice that in many directions we are witnessing signs of spiritual awakening and moral enrichment.

Inspire us with that greater faith which believes that the destiny of man is a destiny of moral and spiritual progress toward that glorious goal when man shall be perfect even as our Father in Heaven is perfect.

Show us how we may mobilize and strengthen all those forces whereby we may achieve a renewal of personal character and a regeneration of human society.

Fill us with a sense of responsibility to bring to fulfillment that majestic promise of a time when the kingdom of righteousness and peace and good will shall be established upon the earth.

May we daily pray and labor earnestly for a wider diffusion of the spirit of our blessed Lord and a wholehearted enthronement of His ideals and principles.

To Thy name we ascribe the glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7709. An act to continue until the close of June 30, 1956, the suspension of certain import taxes on copper.

The message also announced that the Senate had passed a bill, joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2862. An act to provide relief for the sheep-raising industry by making special nonquota immigrant visas available to certain skilled alien sheepherders;

S. J. Res. 167. Joint resolution to amend the National Housing Act, as amended, and for other purposes; and

S. Con. Res. 80. Concurrent resolution to print additional copies of Senate document 87, Review of the United Nations Charter—A Collection of Documents.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7434) entitled "An act to establish a National Advisory Committee on Education," disagreed to by

[1] A. H. Cross, Deputy Commissioner, Accounts and Collections Unit, Bureau of Internal Revenue.

[2] L. Alfred Chamberlin, Supervisor in Charge, Accounts and Collections Unit, Bureau of Internal Revenue.

[3] James W. Johnson, collector of internal revenue, third New York district.

the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7601) entitled "An act to provide for a White House Conference on Education," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 9040) entitled "An act to authorize cooperative research in education," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8367) entitled "An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 13 and 14 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8779) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2844) entitled "An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes."

COMMITTEE ON PUBLIC WORKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the House Committee on Public Works have until midnight tonight to file a conference report on the so-called lease-purchase bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PUBLIC BUILDINGS PURCHASE CONTRACT ACT OF 1954 AND POST OFFICE DEPARTMENT PROPERTY ACT OF 1954

Mr. DONDERO, from the committee of conference, submitted a conference report and statement on the bill H. R. 6342.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1955

Mr. WIGGLESWORTH. Mr. Speaker, I call up the conference report on the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1917)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8873) "making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, 10, 17, 20, 25, 30, 31, 32, 33, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 11, and 24, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$12,250,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$780,895,500"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$104,294,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$104,570,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$418,070,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,502,792,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "$235"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following: "*Provided*, That whenever, in the opinion of the Secretary of the Military Department concerned, the direct substitution of civilian personnel for an equivalent or greater number of military personnel will result in economy without adverse effect upon national defense, such substitution may be accomplished without regard to the foregoing limitation, and such funds as may be required to accomplish the substitution may be transferred from the appropriate military personnel appropriation to, and merged with, the appropriation charged with compensation of such civilian personnel"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the matter stricken out and inserted by said amendment, insert the following:

"SEC. 729. Hereafter, no part of the funds appropriated to the Department of Defense shall be available for the payment to any person in the military service who is resident of a United States Territory or possession, of any foreign duty pay as prescribed in section 206 of the Career Compensation Act (Public Law 351, Eighty-first Congress), unless such person is serving in an area outside the Territory or possession of which he is a resident."

And the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 731. No part of the funds appropriated herein shall be expended for the support of any formally enrolled student in basic courses of the senior division, Reserve Officers Training Corps, who has not executed a certificate of loyalty or loyalty oath in such form as shall be prescribed by the Secretary of Defense."

And the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 734. None of the funds appropriated by this Act may be used in the preparation or prosecution of the pending suit in the United States District Court for the Southern District of California, Southern Division, by the United States of America against Fallbrook Public Utility District, a public service corporation of the State of California, and others: *Provided*, That this section shall have no force or effect after the effective date of H. R. 5731, Eighty-third Congress, as finally enacted into law."

And the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the number proposed by said

amendment, insert the following: "739"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 5, 6, 9, 13, 18, 19, 22, 28, and 35.

R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, JR.,
EDWARD T. MILLER,
HAROLD C. OSTERTAG,
ROMAN L. HRUSKA,
GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
Managers on the Part of the House.

HOMER FERGUSON,
STYLES BRIDGES,
LEVERETT SALTONSTALL,
WILLIAM F. KNOWLAND,
RALPH E. FLANDERS,
CARL HAYDEN,
RICHARD B. RUSSELL,
DENNIS CHAVEZ,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

DEPARTMENT OF DEFENSE

Title II

Office of the Secretary of Defense

Amendment No. 1—Salaries and expenses: Appropriates $12,250,000 instead of $12,000,000 as proposed by the House and $12,500,000 as proposed by the Senate.

Title III—Interservice activities

Amendment No. 2—Reserve tools and facilities: Reported in disagreement.

Title IV—Department of the Army

Amendment No. 3—Military personnel: Appropriates $4,150,479,000 as proposed by the House instead of $4,157,013,000 as proposed by the Senate.

Amendment No. 4—Maintenance and operations: Appropriates $2,795,722,986 as proposed by the House instead of $3,060,189,986 as proposed by the Senate.

Amendment No. 5—Military construction, Army Reserve Forces: Reported in disagreement.

Amendment No. 6—Army National Guard: Reported in disagreement.

Title V—Department of the Navy

Amendment No. 7—Navy personnel, general expenses: Appropriates $75,030,000 as proposed by the Senate instead of $74,970,000 as proposed by the House.

Amendment No. 8—Aircraft and facilities: Appropriates $780,895,500 instead of $775,895,500 as proposed by the House and $785,895,500 as proposed by the Senate.

Amendment No. 9—Aircraft and related procurement: Reported in disagreement.

Amendment No. 10—Ships and facilities: Appropriates $818,681,000 as proposed by the House instead of $825,181,000 as proposed by the Senate.

Amendment No. 11—Medical care: Strikes out, as proposed by the Senate, certain language of the House bill.

Amendment No. 12—Civil engineering: Appropriates $104,294,000 instead of $103,294,000 as proposed by the House and $105,294,000 as proposed by the Senate.

Amendment No. 13—Research and development: Reported in disagreement.

Amendment No. 14—Service-wide operations: Appropriates $104,570,000 instead of $103,625,000 as proposed by the House and $104,849,000 as proposed by the Senate. The managers are agreed that only two additional audit offices should be established instead of the four additional offices provided in the Senate amendment.

Title VI—Department of the Air Force

Amendment No. 15—Research and development: Appropriates $418,070,000 instead of $409,450,000 as proposed by the House and $431,000,000 as proposed by the Senate.

Amendment No. 16—Maintenance and operations: Appropriates $3,502,792,000 instead of $3,402,792,000 as proposed by the House and $3,622,517,000 as proposed by the Senate.

Amendment No. 17—Military personnel: Appropriates $3,356,704,000 as proposed by the House instead of $3,357,000,000 as proposed by the Senate.

Amendment No. 18—Reserve personnel: Reported in disagreement.

Amendment No. 19—Air National Guard: Reported in disagreement.

Amendment No. 20: Reduction in appropriation, Air Force stock fund: Restores language as proposed by the House. Additional capital is not required because provisions of existing law permit incurring obligations in anticipation of reimbursement. In addition, fund requirements should be reduced by the adoption of administrative procedures which would substantially speed up the collection of outstanding stock fund accounts receivable.

Title VII—General provisions

Amendment No. 21: Provides that appropriations of the Department shall be available for the education of dependents of Department personnel overseas in amounts not to exceed an average of $235 per student instead of $225 as proposed by the House and $237.50 as proposed by the Senate.

Amendment No. 22: Reported in disagreement.

Amendment No. 23: This amendment, relating to the transfer of funds necessary to implement the program of substitution of civilian personnel for military personnel, adopts the substance of the Senate version which extends the transfer of funds provision to include ungraded (blue collar) personnel in addition to graded civilian personnel covered by the House bill.

Amendment No. 24: Adopts language clarifying legal training during off-duty hours.

Amendment No. 25: Restores the provision in the House bill which will permit agencies of the Department of Defense, during fiscal year 1955, to accept real property, services, and commodities from foreign countries for the use of the United States in accordance with mutual defense agreements or occupational arrangements and the use thereof for support of United States forces in such areas without specific appropriations therefor. The managers gave this amendment detailed and careful consideration, but concluded that because of the temporary nature of the situation that the proposed amendment was designed to cover and because of the understanding that the present system has been satisfactory no change would be proposed at this time.

Amendment No. 26: In lieu of the House and Senate provisions in this amendment, relating to foreign duty allowances of certain military personnel, the provision agreed upon prohibits the use of funds appropriated to the Department of Defense for payment to any person who is resident of a United States territory or possession of any foreign duty pay as prescribed in section 206 of the Career Compensation Act unless such person is serving in an area outside of the territory or possession of which he is a resident. The present restriction on the payment of authorized station allowances is removed.

Amendment No. 27: This amendment, relating to ROTC students, adopts language proposed by the House with a clarifying amendment. The amended version identifies those persons required to execute a certificate of loyalty, or loyalty oath, as "formally enrolled," which is understood to refer to those beginning students who are eligible for the full four year course leading to ultimate commissioning in the United States Armed Services and are therefore so enrolled by the appropriate military department.

Amendment No. 28: Reported in disagreement.

Amendment No. 29: Restores provision of the House restricting the use of funds for the preparation or prosecution of the pending suit in the United States District Court for the Southern District of California, Southern Division, by the United States of America against Fallbrook Public Utility District, amended to make this restriction applicable only up to the time of enactment into law of H. R. 5731 now pending in the Congress.

Amendments Nos. 30, 31, and 32: Correct section numbers.

Amendment No. 33: Eliminates provision of the Senate providing for allocation to the Department of Defense of funds appropriated to the Foreign Operations Administration for military assistance. The managers are agreed that this matter should be dealt with in the consideration of appropriations for the Foreign Operations Administration.

Amendment No. 34: Eliminates provision of the Senate concerning the basis for awarding contracts. The managers are agreed that contracts for procurement in the Department of Defense should not be used for the purpose of relieving economic dislocations as stated in section 733 of the bill. The managers feel that more specific language in the appropriation act may be confusing or impractical, particularly in view of Public Law 413 of the 80th Congress. The managers expect the Department of Defense to comply with basic law. If any changes are to be made they should be made by amendment to Public Law 413.

Amendment No. 35: Reported in disagreement.

Amendment No. 36: Corrects section number.

Senate report: In regard to the general statement in the report of the Senate Committee with respect to transfers between projects within items of appropriation, it is agreed by the managers that such transfers shall be effective only with respect to those specific projects which were reduced by the House and made the subject of appeal for restoration to the Senate and only upon prior approval of the Appropriations Committees of the Senate and the House of Representatives for the Department of Defense.

R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, Jr.
EDWARD T. MILLER,
HAROLD C. OSTERTAG,
ROMAN L. HRUSKA,
GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
Managers on the Part of the House.

Mr. WIGGLESWORTH. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 4, line 20, insert:

"RESERVE TOOLS AND FACILITIES

"Amounts made available under this head for the fiscal year 1954 but not transferred to other appropriations during that year shall remain available for such transfer during the current fiscal year."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 2, and concur therein with an amendment, as follows: After the word "Amounts" in line 2 of said amendment insert the following: ", not exceeding $100,000,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 9, line 12, insert ": *Provided*, That not to exceed $36 million may be transferred to this appropriation from the appropriation 'Procurement and Production, Army' for the construction of National Guard armories in accordance with said act of September 11, 1950, when such transfers are determined by the Secretary of Defense to be in the national interest."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk reads as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 5, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided*, That not to exceed $18 million may be transferred to this appropriation from the appropriation 'Procurement and Production, Army' for National Guard armory and nonarmory construction in accordance with the act of September 11, 1950, when such transfers are determined by the Secretary of Defense to be in the national interest: *Provided further*, That such portion of the amount so transferred as may be applied to the construction of buildings and facilities other than armories shall be without regard to the 75 percent restriction on contributions contained in section 4 (d) of the act of September 11, 1950."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 11, line 3, insert ": *Provided*, That in addition, the Secretary of the Army may transfer not to exceed $25 million to this appropriation from the appropriation 'Procurement and Production, Army': *Provided further*, That obligations may be incurred under this appropriation for installation, maintenance, and operation of facilities for antiaircraft defense without regard to section 67 of the National Defense Act."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 17, line 1, insert ": *Provided*, That $700,000 of the foregoing amount shall be transferred to the appropriation 'Salaries and expenses, Weather Bureau, Department of Commerce', fiscal year 1955."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 21, line 16, insert ": *Provided*, That the unexpended balances appropriated for research and development under the heads 'Naval Personnel, General Expenses,' 'Marine Corps, Troops and Facilities,' 'Aircraft and Facilities,' 'Ships and Facilities,' 'Ordnance and Facilities,' 'Medical Care,' 'Civil Engineering,' 'Service-wide Supply and Finance, Navy' for the fiscal years 1953 and 1954 and the unexpended balance of appropriations under the head 'Research' are hereby transferred to and merged with this appropriation, in such amounts as may be recommended by the Secretary of Defense and approved by the Director of the Bureau of the Budget."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 13, and concur therein with an amendment, as follows: Before the period at the end of said amendment, insert the following: ", except that the total unobligated portions of such balances so transferred and merged shall not exceed $8,703,100."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 29, line 2, insert ": *Provided*, That in addition, the Secretary of the Air Force may transfer not to exceed $5 million to this appropriation from any appropriation available to the Department of the Air Force for obligation."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 18, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided*, That in addition, the Secretary of the Air Force may transfer not to exceed $5 million to this appropriation from any appropriation available to the Department of the Air Force which is limited for obligation to fiscal year 1955."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: Page 30, line 9, insert "That in addition, the Secretary of the Air Force may transfer not to exceed $9,000,000 to this appropriation from any appropriation available to the Department of the Air Force for obligation."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 19, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "That in addition, the Secretary of the Air Force may transfer not to exceed $9,000,000 to this appropriation from any appropriation available to the Department of the Air Force which is limited for obligation to fiscal year 1955: *Provided further*."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 39, line 19, insert ": *Provided further*, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of facilities in the continental limits of the United States for metal-scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, that the operation of such facility must be continued in the national interest."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 22, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided further*, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of new facilities or equipment for new facilities in the continental limits of the United States for metal-scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, that the operation of such facility is in the national interest."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 28: Page 49, line 22, insert:

"SEC. 731. Those appropriations or funds available to the Department of Defense or any agency thereof which would otherwise lapse for expenditure purposes on June 30, 1954, and designated by the Secretary of Defense not later than July 31, 1954, shall remain available until June 30, 1955, to

such department or agency solely for expenditure for the liquidation of obligations legally incurred against such appropriation during the period for which such appropriation was legally available for obligation: *Provided,* That nothing in this section shall be construed to change the authority of the Department of Defense, or any agency thereof, and of disbursing officers and authorized certifying officers to apply for a decision in advance of payment and the duty of the Comptroller General to render such decision, or the authority of the General Accounting Office to settle and adjust proposed payments involving doubtful questions of law or fact."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 28, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"SEC. 731. Those appropriations or funds available to the Department of Defense or any agency thereof which would otherwise lapse for expenditure purposes on June 30, 1954, and designated by the Secretary of Defense not later than July 31, 1954, shall remain available until June 30, 1955, to such department or agency solely for expenditure for the liquidation of obligations legally incurred against such appropriation during the period for which such appropriation was legally available for obligation: *Provided,* That the Department of Defense shall make a review of all contracts entered into under such appropriations or funds and outstanding on June 30, 1954, and report to the Appropriations Committees of the Senate and the House of Representatives by January 31, 1955, (a) the total value of contracts canceled, (b) the total value of contracts adjusted and the resultant savings therefrom, and (c) the total value of contracts continued on the basis of determined need: *Provided further,* That any such contract shall be terminated no later than June 30, 1955, unless the Secretary of the Department concerned certifies prior to January 1, 1955, that continuation is necessary for reasons of economy or in the national interest."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 35: Page 53, line 20, insert: "SEC. 739. During the fiscal year 1955, appropriations of the Department of Defense shall be available for reimbursement to the Post Office Department for payment of costs of commercial air transportation of military mail between the United States and foreign countries."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 35, and concur therein with an amendment, as follows: Change the section number from "739" to "738."

Mr. WIGGLESWORTH. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Speaker, this particular amendment, as I understand it, is a floor amendment offered in the other body. It was inserted after the chairman of the Senate subcommittee received a letter from the Defense Department, which is in the RECORD for June 17, pointing out that because Congress stated its intent that no money in the Post Office Department appropriation bill should be used for payment of commercial air transport of military mail between the United States and foreign countries, the Defense Department should be authorized to make payments for this purpose.

The Deputy Comptroller of the Defense Department stated:

A quick review of the authority to reimburse the Post Office Department or to hire commercial carriers for this purpose indicates that the Department of Defense does not have authority to make such payments for the transportation of this personal mail.

During the consideration of the conference report on the Post Office appropriation bill on May 19, the gentleman from New Jersey [Mr. CANFIELD], chairman of the subcommittee, said this at page 6840:

Mr. Speaker, may I also say with reference to an inquiry just propounded by the distinguished gentleman from Massachusetts [Mr. HESELTON], asking if there are any funds in the Post Office appropriation for the new fiscal year for the payment for commercial air transportation of military mail by the United States and foreign countries, the answer is in the negative. There are no funds for this purpose in this bill. The Post Office Department delivers mail to the various APO offices in our country, such as New York and San Francisco, and the responsibility from there on rests with the Defense Establishment.

This amendment as it appears in here I think might be distorted through a misconstruction. Usually military mail tendered by the Defense Department or by the Post Office Department to commercial carriers would have to be paid for at the rate set for the Post Office Department by the Civil Aeronautics Board. In the Atlantic run, for example, this restriction in the Senate amendment might be thought to mean that the Post Office would have to pay prevailing rates set by the Civil Aeronautics Board at 85 cents per ton-mile and the Defense Department would have to reimburse the Post Office Department at that same rate of 85 cents per ton-mile. However, I understand that a number of offers have been made to the Defense Department for daily service on the European Channel at rates of only 25 cents per ton-mile. Use by the Defense Department of commercial air carriers at this low rate instead of the high rate, on the European Channel alone at present volume, would save the Defense Department approximately $8,000 per day. Certainly that would be an important and highly desirable economy.

I sincerely trust the conferees feel as the gentleman from New Jersey [Mr. CANFIELD] and I felt, that this matter had been clearly established as sound policy in the Post Office Department bill.

Mr. SCRIVNER. Mr. Speaker, will the gentleman yield?

Mr. HESELTON. I yield.

Mr. SCRIVNER. This section became necessary due to the action which we have taken in separating subsidies for mail. When that arose there was no provision for the carrying of the air mail to and from the service men scattered throughout the world.

This is merely authorization to the Defense Department to use available funds for that purpose under agreements with the Post Office Department; and, of course, we expect the Post Office Department to get this mail carried in the most expeditious manner and at the lowest possible rate of pay.

Mr. HESELTON. Also, Mr. Chairman, you would expect the Defense Department to do the same thing.

Mr. SCRIVNER. And, of course, under existing law which the Post Office Department would have to comply with. But I still believe, as the gentleman from Massachusetts has expressed, that it can be done at a reasonable rate.

Mr. HESELTON. I should add in fairness that there may be some of the routes where there is simply not enough mail to compensate for a special service at the low rate, but on the Atlantic run particularly there is adequate quantity to justify the low rate and I am anxious that any doubt be cleared up now.

Mr. SCRIVNER. I thank the gentleman from Massachusetts for raising the question so it could be cleared up on the floor.

Mr. WIGGLESWORTH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the RECORD at this point on the conference report just adopted, include tables and extraneous matters, and make a similar request for other members of the House conferees.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, this bill as brought to you today carries an overall total of just over $28,800,000,000. The total is $115,875,000 above the total approved by the House and is $416,981,000 below the total approved by the Senate.

The total agreed to in conference is just short of $1,087,000,000 below the budget estimates.

In addition the bill carries rescissions from funds previously made available in the amount of $1,050,000,000.

I include at this point in the RECORD a table entitled "Summary of Conference Action".

Summary of conference action, Department of Defense appropriation bill, 1955

Title	Appropriations, 1954	Budget estimates, 1955	House bill	Senate bill	Conference action	Increase (+) or decrease (−) conference action compared with—	
						House bill	Senate bill
Title I—National Security Training Commission	$55,000	$55,000	$55,000	$55,000	$55,000		
Title II—Office of the Secretary of Defense	13,250,000	13,500,000	12,500,000	13,000,000	12,750,000	+$250,000	−$250,000
Title III—Interservice activities	756,300,000	547,500,000	527,500,000	527,500,000	527,500,000		
Title IV—Department of the Army	12,937,406,000	8,211,000,000	7,619,066,986	7,890,067,986	7,619,066,986		−271,001,000
Title V—Department of the Navy	9,438,310,000	9,915,000,000	9,705,818,500	9,725,602,500	9,712,823,500	+7,005,000	−12,779,000
Title VI—Department of the Air Force	11,168,000,000	11,200,000,000	10,819,310,000	11,060,881,000	10,927,930,000	+108,620,000	−132,951,000
Total	34,313,321,000	29,887,055,000	28,684,250,486	29,217,106,486	28,800,125,486	+115,875,000	−416,981,000

NOTE.—Conference bill compared with appropriations, 1954, −$5,513,195,514. Conference bill compared with budget estimates, 1955, −$1,086,929,514. In addition rescissions totaling $1,050 million have been effected by the bill (stock funds, $550 million; procurement and production, Army, $500 million).

It may perhaps be added in respect to amendment No. 28 adopted by the Senate that the proviso clause inserted by the Senate has been stricken inasmuch as it is not necessary. As a matter of fact the language of the amendment without the proviso preserves all the controls referred to in the proviso as well as all other provisions of law respecting the settlement of contracts and claims against the Government. The inclusion of the proviso might inferentially have waived provisions of law not specifically covered by it. This statement has the concurrence of the General Accounting Office.

Mr. FORD. Mr. Speaker, I should like to take this opportunity to discuss with the membership the action of the conference with respect to the item of military construction, Army Reserve forces. This item provides funds for the construction of armory and nonarmory facilities for both the Army Reserve and the Army National Guard.

The budget estimate for this item was $15 million, of which $5 million was for Army Reserve construction, $9 million for the Federal share of National Guard armory construction, and $1 million for National Guard facilities other than armories. Both this House and the other body adopted these amounts as the appropriation in the bill.

Subsequent to the hearings before our committee, a complete list of appropriations by individual States in support of National Guard armories was made available to the Senate. This compilation appeared to indicate an additional requirement of $36 million in order that the Federal Government contribution of 75 percent toward National Guard armory construction correspond exactly to existing State appropriations. The Senate amended the bill to provide the Secretary of Defense authority to transfer up to $36 million, in addition to the appropriation, from procurement and production funds, for the construction of National Guard armories. Any such transfers must be approved by the Secretary of Defense, who shall determine that the transfer is in the national interest.

Discussion in conference developed that an increase in the armory construction program, from the present rate to a rate calling for obligations of Federal funds in amounts of $3¾ million per month was unlikely. Agreement was reached on a total transfer authority, in addition to the appropriation of $18 million.

It was also pointed out that one of the most pressing needs is in the area of protection and preservation of federally owned military equipment in the hands of National Guard units. The conferees determined that funds made available by the permissive transfer authority ought, therefore, to be available for the construction of nonarmory facilities such as shops and storage buildings.

The amendment of the Senate numbered 6, to which this House is asked to agree, provides for an additional $25 million for the Army National Guard. This additional amount would be made available by transfer from the appropriation "Procurement and Production, Army" at the discretion of the Secretary of the Army.

Both the House and the Senate versions of the bill (H. R. 8873) provided $218,530,000, the amount of the original budget estimate, for the Guard. The additional $25 million results from a supplemental request by the Department of the Army, contained in Senate Document 124, based in part on increasing numerical strength of the Guard.

The principal necessity for additional funds, however, is the new program of the National Guard for the maintenance and operation of antiaircraft batteries. This program will relieve the Regular Army from the operation of numerous local standard antiaircraft artillery sites and permit them to concentrate on more complex defensive measures such as the operation of the Nike antiaircraft guided missile batteries.

Since the National Defense Act limits the apportionment of National Guard funds to a State in accordance with the proportion of that State's guard strength to the national total guard strength, language is included in the Senate amendment waiving that particular limitation with respect to the antiaircraft program. Obviously, the cost of installing, maintaining, and operating antiaircraft units will, in some States, cause this proportion of funds to be exceeded.

COMMITTEE ON FOREIGN AFFAIRS

Mr. CHIPERFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may sit during the session of the House today, and that the committee may have until midnight tomorrow to file its report on H. R. 9678, the Mutual Security Act of 1954, and that the report may consist of two parts, the second part of which shall contain a compliance with the Ramseyer rule.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMDR. DONALD B. MACMILLAN

Mr. SHORT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3476) to provide for the advancement of Comdr. Donald B. MacMillan, United States Naval Reserve, retired, to the grade of rear admiral on the Naval Reserve retired list.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, may we have a statement concerning this bill? I did not know anything about this before.

Mr. SHORT. Mr. Speaker, a brief word of explanation.

The purpose of S. 3476 is to advance the famous Arctic explorer, Donald B. MacMillan, from the grade of commander, United States Navy, retired, to the grade of rear admiral on the Naval Reserve retired list. Commander MacMillan is now 80 years old, and has made 29 Arctic expeditions. He will be in Washington Saturday night, and will leave Sunday for the Arctic to begin his 30th expedition.

He is a great American and has contributed immeasurably to the science of hydrography, meteorology, and geography in the polar regions. As a Reserve retired commander, he now receives retirement pay in the amount of $93 per month. This bill will not increase his retirement pay by one penny, but it will bestow upon him the honor to which he is so justly entitled.

Mr. RAYBURN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. SHORT]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Comdr. Donald B. MacMillan, United States Naval Reserve, retired, shall be advanced on the Naval Reserve retired list to the grade of rear admiral effective as of the date of enactment

of this act, in recognition of his lifelong and invaluable services on behalf of the United States and the United States Navy through outstanding contributions to the sciences of hydrography, meteorolgy, and geography in the polar areas.

SEC. 2. Nothing contained in this act shall be deemed to increase the retired or retirement pay received by the said Comdr. Donald B. MacMillan and no other benefits shall accrue to him by virtue of the enactment thereof.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. D'EWART. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may have permission to sit during the session of the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

SIOUX INDIANS OF THE LOWER BRULE AND THE CROW CREEK RESERVATIONS, S. DAK.

Mr. D'EWART. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2231) to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of the Lower Brule and the Crow Creek Reservations in South Dakota for Indian lands and rights acquired by the United States for the Fort Randall Dam and Reservoir, Missouri River development, to authorize a transfer of funds from the Secretary of Defense to the Secretary of the Interior and to authorize an appropriation for the removal from the taking area of the Fort Randall Dam and Reservoir, Missouri River development, and the reestablishment of the Indians of the Yankton Indian Reservation in South Dakota, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, strike out lines 14 to 17, inclusive, and insert:

"(d) State that the payments authorized to be made shall be in full and complete settlement of all claims by the tribe and its members against the United States arising because of the construction of the Fort Randall project."

Page 4, line 17, after "used" insert ", together with any other appraisals which may be available."

Page 5, line 24, strike out all after "SEC. 8." over to and including line 2 on page 6 and insert "There is hereby authorized to be appropriated to the Secretary of the Interior."

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

MRS. OLYMPIA CUC

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3038) for the relief of Mrs. Olympia Cuc, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 7, strike out all after "fee." down to and including line 11.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

JUVENILE ROWDYISM

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I am taking this time to call attention to a very serious occurrence that happened last night when I was returning from the congressional ball game. The gentleman from Illinois [Mr. SPRINGER] drove me to within a half block of my residence, which is the Capitol Plaza Apartments at 35 E Street. This is a group of apartments and hotels near the Union Station. I think everyone is familiar with the locality.

When I was let out and started to walk the half block I noticed a gang of about 10 or 12 teen-agers who were gathering along the side of a wall right next to the sidewalk with clubs and rocks in their hands. I passed the spot just as they were gathering.

I was curious to see what was going to transpire; so I sort of hesitated before going into the apartment building. I saw coming along a well-dressed gentleman who was following me a little bit, and when he reached this spot these young hoodlums jumped out and started beating him with clubs and throwing things. I immediately turned and yelled, and he, of course, did what he could to beat them off. And, they stood aside long enough to allow him to come down the sidewalk to where I was standing.

Incidentally, this gentleman was a visitor in town. His name is Frank Mitchell, from Toledo, Ohio, and he was staying at the Stratford Hotel right next door. When Mr. Mitchell reached the point where I was, these hoodlums began throwing rocks at us. And when I say "rocks," I brought one along just to demonstrate what I mean. And, this is not the largest of the rocks. There was one a little heavier than that, but this is the one I picked up.

I immediately called the police, and a patrol car came by. Mr. Mitchell in the meantime had gone. I went up to my apartment to call. Mr. Mitchell went down to the fire station right around the corner, and here was the story he got: "There is no sense in calling the police. This is going on all the time." When the police came, the first thing they said was, "Well, there is not much we can do about this. This occurs all the time."

I went to the Stratford Hotel desk, and I was informed that 3 days ago two congressional secretaries were attacked right in front of the hotel when the mob tried to snatch their purses. Just a week before that they had thrown rocks through the back end of this hotel.

The whole neighborhood knows that this has been going on for several months. Of course, I have notified the Committee on the District of Columbia and they are going into this matter. I also talked with the Deputy Chief of Police of the District of Columbia in my office this morning, and he said there is something they can do about it. And, I assured him that I thought that is exactly the answer I expected to hear. But, it is about time something is done about it.

Now, this has occurred right in our Nation's Capital, and apparently it is a situation that has been going on for some time, and it is a matter, having witnessed, that I never expected to see happen in America.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from West Virginia.

Mr. BAILEY. When we were considering the budget for the District of Columbia, I raised the question about the administration of the Police Department and suggested that they get some of our police that are now riding around the city in patrol cars back on the beats. You put a good policeman on the beat and charge him with the responsibility of taking care of that beat, and you will break up a lot of these gangs. They are running wild in Washington. I think that would be the major solution. Too much emphasis is placed on solving a crime after it is committed. What should be done is to prevent crime before it is committed.

Mr. CURTIS of Missouri. I thank the gentleman.

Mr. Speaker, I think this is a very serious thing. The fact that I am a Congressman is incidental. This man was a visitor in town, and here I saw something that I say again I never expected to see in America. When I heard that the police said nothing could be done about it and that it was something that had been occurring over a period of many months, I became alarmed, and I felt it my duty to report it to the House.

JUVENILE ROWDYISM

Mr. REAMS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. REAMS. Mr. Speaker, at the suggestion of my colleague, the gentleman from Missouri [Mr. CURTIS], I have asked

to speak following him because I am greatly concerned, as he is, about this matter. This was one of my constituents who was attacked as he related. He is not any better than any of your constituents, but because I ask people from my district regularly to visit Washington, in the belief that it makes them better citizens, this incident disturbs me. It is unthinkable that this should go on and on, as it has been going on since I have been here, for more than 3 years now.

I live on Capitol Hill. I live there by choice. I can think of no place where it is more inspiring to live. I never come out from my hotel and see the dome of this Capitol, by day or night, that I do not get a great thrill. It is truly a beautiful city. I can see no reason why the most beautiful city in the world should be the worst governed.

I have hesitated to say this publicly, because I feared that it might be considered a reflection on the Committee on the District of Columbia who work so hard to try to give this city good government. I am sure it is no reflection on our colleagues who serve on that committee. I am convinced, however, that the form of government under which this District is now operated is incapable of giving the kind of government that the Capital City of this Nation deserves. It is my opinion at this time, and one I have considered for a long time, that this District will never be well governed until it becomes a normal city within a State of this Nation.

It is my belief that until this District is retroceded, with the exception of the Federal portions of it, to the State of Maryland and undertakes its responsibilities and duties as such, we will not have protection of the kind of government to which people who live here and our constituents who visit here are entitled.

Mr. Speaker, it seems to me that there should be no reason why the Capital of our country, the most beautiful capital in the world, cannot be a well-governed city.

Prior to 1874, when the residents of the District still had the right to vote, several types of government were tried out. Included in these was the territorial form with a local legislature and a delegate in Congress and a governor appointed by the President. These and other legislative experiments proved ineffective for satisfactory government, in spite of the fact that residents had the vote. It became apparent that the franchise alone could not guarantee good government.

In 1874 the present form of government was adopted for the District. It did not provide for the right to vote for the District of Columbia citizens. Apparently the commission form of government has worked better than any that preceded it. At least, it has lasted longer. The people of the District have been led to believe that all of the ills and shortcomings of their government arise from the fact that they do not have the right to vote. Of course they should have the right to vote, but there is ample evidence that no government for the District of Columbia will be satisfactory until the area is retroceded to Maryland and Washington assumes its place as an American city. Only in this way can the people of the District have the full rights and responsibility for local, State, and national participation.

That is what happened to the portion of the District lying south of the Potomac. In 1846 it was retroceded to Virginia and the people living there have had full governmental participation. Although the Federal Government uses as large or a larger percentage of the Virginia area than is true in the District, yet, the cooperation between Federal, State, and local units has been agreeable to all concerned. Until retrocession comes to that part of the original District north of the Potomac, the citizens living therein will have a second-class status and will be denied full responsibility for participation in local, State, and National Government. In addition to this, the Government will continue to be incapable of giving to its citizens and their guests the protection and services to which they are entitled.

FILING OF MINORITY VIEWS ON H. R. 9678

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that it may be in order to file minority views on H. R. 9678 not later than midnight tomorrow and that they may be printed separately.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. THOMPSON of Louisiana asked and was given permission to address the House for 15 minutes today, following the legislative program and any special orders heretofore entered.

Mr. PRIEST asked and was given permission to address the House on Tuesday next for 1 hour, following the legislative program and any special orders heretofore entered.

SERIOUS HOUSING SITUATION IN CHICAGO AND OTHER LARGE CITIES

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, I am again alerting the House to a serious situation in the city of Chicago. It is expected that within another month or 6 weeks we will wind up the work of the 83d Congress and go home to await the verdict of the people on their satisfaction with the way in which we have represented them. I appreciate that it is the policy of the administration and of the leadership to mark time and to do nothing that does not absolutely have to be done. Nevertheless I shall continue to press for action on my resolution creating a select committee to investigate immediately the housing and rental situation in Chicago and in other large cities. If no action is taken, rest assured the people will know where to put the responsibility.

This Congress has spent several million dollars in investigations by congressional committees. It appropriated $115,000 for a committee to investigate foundations despite the fact that the field of that investigation had been thoroughly covered by a committee of a preceding Congress. It has footed the bill for committees going all over the world. In view of all this, what answer can the 83d Congress make to the people of Chicago and of the other large cities of the country if it refuses to act in this situation?

I am again urging upon every Member in this Chamber to read the article from the Chicago Daily News of June 14, 1954.

This tells the story. One year after the lifting of rent controls the housing shortage remains unimproved. There are no vacancies. Responsible real-estate interests have tried to hold increases in rentals to a reasonable basis. The situation has got away from them. It is running wild. In many instances rents have been doubled and on top of that further increases of from 10 to 20 percent are threatened.

Letters continue to pour into my office. Some of them tell of properties being sold at inflated values, new purchasers lured by the prospect of paying off entire purchase prices in a 10-year period. Faced with additional 20 percent increases, and no place to which to move, tenants are frantic. Responsible real-estate men are equally concerned since they know from experience that the only end of this madness will be a crash in real estate with the tragedies of 1929 all over again.

If there ever were a time when the exercise of the investigative power of the Congress was called for it is here and now. A select committee of the House authorized to look into the situation in Chicago and in other large cities, and reporting back before we adjourn, can be the means of relieving tenants from unreasonable demands and preventing another real-estate bust comparable to that of 1929.

Mr. Speaker, I shall continue to keep the Membership of this House reminded that this time the people have only about 4 months to wait until it is their turn to act.

COMMITTEE ON RULES

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow to file rules, particularly one on the MSA authorization bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday next may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR THE BALANCE OF THIS WEEK AND FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HALLECK. Mr. Speaker, I ask for this time for the purpose of announcing the program. This afternoon we expect to conclude the bill from the Committee on Banking and Currency, the rule on which was adopted the other day. That cleans up the outstanding matters for this week, which is why I moved that we adjourn over until Monday.

As to the program for next week, Monday is District day, but I am informed there are no bills to be called up at this time.

The MSA authorization bill has been reported. A clean bill has been introduced. It will be ready for consideration. The rule will be filed by midnight tomorrow night. It will be ready for consideration Monday. I am very hopeful that we may adopt the rule on the bill and conclude the general debate Monday. That would be governed entirely, of course, by the amount of time granted under the rule.

For Tuesday and the balance of the week, we shall continue and conclude the MSA Authorization Act. Then we hope to take up next the Agricultural Act of 1954, which I understand is about to be reported, also H. R. 9640, the Vocational Rehabilitation Act. I am not sure that has been reported from the Committee on Education and Labor but I think it is ready to be reported. We will also take up the following bills:

H. R. 9252, a tanker bill from the Committee on Merchant Marine and Fisheries.

H. R. 9580, the Espionage and Sabotage Act of 1954.

H. R. 7486, having to do with the harboring of fugitives, and such other Communist control bills as may be reported by the Committee on the Judiciary.

If it is reported and a rule granted, if a rule should be necessary, the extension of the Unemployment Compensation Insurance Act will be considered.

Of course, conference reports will be in order at any time and will take preference as they are reported for action.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. RAYBURN. It is the purpose of the gentleman, then, to allow nothing to come between the MSA bill and the agriculture bill? They are to be disposed of first without the intervention of anything else?

Mr. HALLECK. Except conference reports, I may say to the gentleman from Texas. If for any reason the agricultural bill is not reported, then we would go on with some of this other business. I am confident it will be reported. It is an important matter and should be disposed of. I will say to the gentleman that it is our purpose to put the Agricultural Act of 1954 on following the MSA Authorization Act.

COMMITTEE ON APPROPRIATIONS

Mr. TABER. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Saturday night to file conference reports.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, there will be some items like the foreign relief and the civil defense and 2 or 3 things of that character that will have to have resolutions that will make funds available temporarily. They will come up on either the 30th or the 1st, I cannot tell which. I thought I ought to say that.

AMENDMENT OF NATIONAL HOUSING ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (S. J. Res. 167) to amend the National Housing Act, as amended, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. PATMAN. Reserving the right to object, Mr. Speaker, will the gentleman explain the joint resolution?

Mr. WOLCOTT. Yes, I will be glad to.

Mr. Speaker, it is becoming increasingly apparent that the conferees on the part of the House on the housing bill will not be able to complete their action and get a conference report back to the House previous to June 30, at which time some parts of the Housing Act will expire. This joint resolution extends those provisions of the Housing Act which would otherwise expire on June 30 to July 31, 1954. The matters which will be continued under this resolution for the 31 days will be the direct commitments of FNMA in respect to defense housing, disaster housing, military housing, and the Wherry Act housing which has to do with atomic energy housing and military housing will likewise be continued. Farm housing is also continued for 31 days and the so-called GI direct loan program, which otherwise would expire on June 30, will be continued for 31 days. Then there is a provision which does not have solely to do with housing which is inserted in the bill under instruction of the Committee on Banking and Currency. The RFC, you will recall, expires on June 30. The other body in its housing bill continued the succession of the RFC to avoid litigation and to preserve actions by or against the RFC in the proces of its liquidation. Because the Committee on Banking and Currency had previously agreed to report out a similar bill, if not an identical bill, and then to accept in conference the provisions of the Senate bill in respect to the succession of RFC, this 31-day extension bill also includes an extension of RFC succession for the purposes which I have mentioned.

Mr. THOMPSON of Louisiana. Mr. Speaker, will the gentleman tell me if title 9 of the Housing Act will also be extended for that period of time?

Mr. WOLCOTT. That is right.

Mr. THOMPSON of Louisiana. I thank the gentleman.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

Mr. SPENCE. Mr. Speaker, reserving the right to object, this resolution was passed unanimously by the committee and it is merely to extend the time in order that we can come to some agreement in conference on the bill.

Mr. WOLCOTT. That is right.

Mr. SPENCE. Mr. Speaker, I withdraw my reservation of objection.

Mr. COLMER. Mr. Speaker, reserving the right to object, may I inquire from the distinguished gentleman from Michigan whether we are to gather from what he has said that he does not propose or hope to call up the conference report on housing next week before the Fourth of July recess?

Mr. WOLCOTT. I would think, to be realistic about it, it is next to impossible, if not impossible. We will go into conference on Monday, and we will work as long as we can. Two of the Members of the other body are away at the present moment; otherwise we would be in conference—but they are unavoidably absent. So we have agreed we would go into conference on Monday. So far as I know there will be no interruption in the conference when we get to it on Monday. Of course, Wednesday is the 30th of June, so I think it is improbable that we will be able to get to the conference before then.

Mr. COLMER. Of course, what I had in mind is that we had understood there would possibly be some sort of recess over the Fourth of July.

Mr. WOLCOTT. I had hoped so, but in view of the legislative program which

was announced here today, it seems somewhat improbable. But, of course, I would prefer to leave an explanation of that up to the leadership. But, notwithstanding any recess which we might have in the House, I assume that the conferees will continue their activity in this respect.

Mr. COLMER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the National Housing Act, as amended, is hereby amended—

(1) by striking "July 1" in paragraph (1) (G) of section 301 (a) and inserting "August 1"; and

(2) by striking "July 1" in section 803 (a) and inserting "July 31."

SEC. 2. (a) Section 10 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by striking therefrom the words "at the expiration of the succession of the Corporation" and inserting in lieu thereof the words "by the close of business on June 30, 1954."

(b) Subsection (a) of section 102 of the Reconstruction Finance Corporation Liquidation Act is amended to read as follows:

"(a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended to read: 'The Corporation shall have succession until it is dissolved pursuant to the provisions of section 10 of this act'."

(c) Section 105 of the Reconstruction Finance Corporation Liquidation Act is amended by striking the words "termination of succession" wherever they appear therein and inserting in lieu thereof the word "dissolution."

(d) Subsection (a) of section 106 of the Reconstruction Finance Corporation Liquidation Act is amended to read as follows:

"(a) Promptly after June 30, 1954, the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress."

SEC. 3. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking out "June 30, 1954" and inserting "July 31, 1954."

SEC. 4. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended—

(1) by striking "June 30" in clause (C) of section 512 (b) and inserting "July 31";

(2) by striking "June 30" in the first sentence of section 513 (a) and inserting "July 31"; and

(3) by striking "June 30" in the first sentence of section 513 (d) and inserting "July 31."

SEC. 5. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

(a) In the first sentence of section 511 immediately following the phrase "July 1, 1952," strike the word "and", and insert at the end of the sentence just before the period a comma and the language "and an additional $8,500,000 on and after July 1, 1954."

(b) In section 512 (i) strike "and 1953" and insert "1953, and 1954", and (ii) strike "and $2,000,000" and insert "$2,000,000, and $170,000."

(c) In section 513, strike "and $10,000,000 on July 1 of each of the years 1950, 1951, 1952, and 1953" and insert "$10,000,000, and $850,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMITTEE ON AGRICULTURE, H. R. 9680

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight Saturday to file a report on the bill, H. R. 9680.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Speaker, I am today introducing a resolution to provide for the printing of a number of copies of the Pledge of Allegiance to the Flag of the United States, in the form of a House document, to be made available to Members of both Houses of the Congress for distribution. Included in this document there is a short history of the pledge and its author, Francis Bellamy.

It was through the good offices of my friend and colleague, the Honorable HERMAN P. EBERHARTER, Democrat of Pennsylvania, that the Pledge of Allegiance was made an officially designated part of the flag code, in 1945. Since that time one change has been made in the pledge. My bill, House Joint Resolution 243, to add the words "under God," after being accorded nationwide support, received final approval on Flag Day of this year, June 14. It is now better known as Public Law 396.

It is my belief that an extensive circulation of these printed copies of the Pledge of Allegiance to the Flag will imprint, indelibly, upon the minds of those who read them, whether they be young or old, that their great Nation, these United States, exists and endures purposefully "Under God," while at the same time deriving its strength and vitality from the free consent of the governed.

We owe it to ourselves and to those who one day will follow in our footsteps to perpetuate and consecrate this legacy.

SPECIAL ORDERS GRANTED

Mr. BAILEY asked and was granted permission to address the House on Monday next for 10 minutes, following the legislative business of the day and any special orders heretofore entered.

Mr. McCORMACK asked and was granted permission to address the House today for 5 minutes, following the legislative business of the day and any special orders heretofore entered.

GI BILL OF RIGHTS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, more and more people are beginning to appreciate the fact that the educational provision of the GI bill of rights has proved to be a great success, insofar as the men have done extremely well and almost without exception have received a very fine education. They deserve great credit for what they have done. The bill has been very, very successful, and more and more I am reading statements that the measure has proved financially successful, in that it has raised the educational standards of our veterans far beyond our fondest hopes at the time of enactment of the law. Under the home loan feature of the act, it has been found that the default rate has been one-half of 1 percent—a most remarkable record that speaks well for the probity and trustworthiness of the average veteran. Where these loans have been repaid fully the average time has been but 8 years.

All of this is excellent argument for the early passage of H. R. 9395, a bill now pending upon the Consent Calendar of the House, and which would extend the period during which benefits may be offered to the Korean veterans and the badly disabled veterans who are in hospitals and have not had an opportunity to begin their rehabilitation training. It should be enacted without delay. Altogether the GI bill of rights has been one of the finest things that the Congress has ever enacted. Recently there was criticism of the fact that the name of the President was left out of a press release regarding the bill of rights. President Roosevelt signed the first bill, and many Democrats and Republicans helped in its preparation and passage.

SPECIAL ORDER GRANTED

Mr. CANFIELD asked and was given permission to address the House for 5 minutes today, following the special orders heretofore entered.

AMENDING FEDERAL RESERVE BANK ACT

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration under the provisions of House Resolution 578, the rule recently adopted, of H. R. 9143, to repeal the provisions of section 16 of the Federal Reserve Act, which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9143, with Mr. GRAHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Michigan [Mr. WOLCOTT] is recognized for 30 minutes, and

the gentleman from Kentucky [Mr. SPENCE] will be recognized for 30 minutes.

Mr. WOLCOTT. Mr. Chairman, this bill was debated somewhat in statements made with respect to the rule. There was a unanimous report of the committee with perhaps one reservation.

The bill is not on the Consent Calendar because of the amount of money seemingly involved.

It is estimated that the procedures provided for in this bill will save an expense to the Federal Reserve banks of about $750,000. We understood that an amendment or amendments might be offered to the bill and for that reason we have a rule on the bill.

I think the bill speaks for itself pretty much. It is to eliminate the requirement that Federal Reserve notes gathered together by one bank be sent back to the issuing member banks for redemption. Under this bill they will be redeemed when necessary out of a fund which is established in the Treasury.

Mr. Chairman, we have no requests for time on this side.

Mr. SPENCE. Mr. Chairman, I am in favor of this legislation. I think it is a very desirable bill and should be passed. It will be the means of effecting a great saving, approximately $750,000 a year, and will accomplish the same objective as existing law. I am sure there will be no opposition to it, and I can see no reason for any extended discussion.

Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, the bill before us seeks to accomplish a very desirable purpose, to wit, the saving of about $750,000 a year in the operation of the Federal Reserve System.

Unfortunately, the bill goes much further than simply accomplishing that purpose; it actually works a change in the basic Federal Reserve Act in order to accomplish the saving of $750,000. The Chairman of the Federal Reserve Board who appeared before us on behalf of the Federal Reserve System and on behalf of the Federal Reserve Board of Governors told us that the only thing sought to be accomplished by this bill is to save the cost of transporting Federal Reserve notes back and forth between the 12 regional Federal Reserve banks. The bill seeks to accomplish that by eliminating two sentences from the law. In doing that, it actually changes the basic law. I have no objection to accomplishing the saving, and I have suggested an amendment that will accomplish this saving without changing the basic law. I submitted the proposed change to the distinguished chairman of our committee but he indicated that he could not go along with it.

I telephoned the Chairman of the Federal Reserve Board, Mr. Martin, and discussed with him my proposed amendment. He said to me very frankly that my proposed amendment would accomplish all that they seek to accomplish and that it would save the $750,000 per year just as their recommendation would seek to accomplish. At the same time it would not take out of the law the two sentences which now are the only provisions in the law for the contraction of our currency.

Let me read very briefly to you from the report of the House Banking and Currency Committee at the time it reported H. R. 7837 to the 63d Congress, which bill when enacted became the Federal Reserve Act.

The committee then said:

> But there remains the general question whether the public requirement of elasticity has been met and provided for.

That is, the elasticity of our currency.

> Elasticity must be considered from two standpoints—that of expansion and that of contraction. As to expansion, the regulatory mechanism is the Federal Reserve Board, which is given the power to veto applications for notes.

That is, Federal Reserve notes, which, as you know, are issued by Federal Reserve banks as currency and which circulate freely as money, as obligations of the United States Government.

I continue to read from the report of the committee:

> The Board, however, cannot issue notes unless they are applied for and accompanied by a tender of proper commercial paper. This, at least, seems to assure that they will not be hastily or rashly overissued. The contraction feature is more difficult. In attempting to guard against the danger that the notes might remain in circulation after the need for them had passed, the bill makes the following provisions: (1) The notes cannot be used in bank reserves; (2) the notes are not to be legal tender; (3) the notes cannot be paid out by any Federal Reserve bank (when not at first issued by it) under penalty of a tax of 10 percent on their face value; (4) every Federal Reserve bank is directed, upon receiving the note of another Reserve bank, to (a) either send it direct to the bank that issued it, (b) to send it to the Treasury, charging it off against deposits, or (c) to present it to the Treasury for redemption in lawful money. On the other hand the Treasury is directed when it gets such notes in ordinary receipts to have them redeemed out of a 5-percent fund kept with the Department for the purpose, and then to send them home for ultimate redemption. The belief is freely expressed that these provisions will maintain the notes at par everywhere and will also prevent them from expanding or remaining out after the need for them has gone by.

There have been changes in the Federal Reserve Act in the last 40 years, but the sentence which is now sought to be eliminated, and the next sentence providing for the means of compelling the redemption of notes, have never been changed in all these 40 years. When Mr. Martin and the Under Secretary of the Treasury, Dr. Burgess, were before our committee, I raised the point with them. I said, "Show me or show this committee another sentence anywhere in the law that provides for the redemption of these Federal Reserve notes."

They could not do it. No one has been able to point to a single other word in the entire act containing the provision in the sentence sought to be eliminated by this bill. It is the only provision in the Federal Reserve Act that provides for contraction of the currency if and when it becomes necessary.

You may say that in an expanding economy like ours you will not have to contract the currency. There were people who said that we would never have a depression, there were people who said we would never have another recession. But no man, nobody, can project his mind into the future and say that never in the future will we have to contract the currency because we have not had to do it up to the present time. It is only because of this provision of the law that we have an almost automatic expansion and contraction of our currency. The committee has overlooked the fact that this sentence is the power to contract the currency which has brought about the automatic expansion and contraction of our currency when it was necessary. So, I say it is a mistake to take out the one provision in the law for the contraction of the currency based on the purported intention to economize. You can economize by simply providing that you need not send the notes back and forth between the various Federal Reserve banks. But you must not take out of the law the only provision for the contraction of the currency.

Let me present to you very briefly 1 or 2 statements that will help you understand this problem. I read to you from the Federal Reserve System's own book, published by it, explaining the purposes and functions of the Federal Reserve System. Chapter 1:

> The principal purpose of the Federal Reserve is to regulate the supply, availability, and cost of money with a view to contributing to the maintenance of a high level of employment, stable values, and a rising standard of living.

Let me give you what it says in chapter II:

> In the regulation of the supply of bank credit, or money, the Federal Reserve depends chiefly on its ability to increase or decrease bank reserves, which constitute the legally required basis of bank credit, or money.

I now turn to page 33 of this same excellent work on the Federal Reserve System, and I give you this:

> The source of Federal Reserve lending power is in the System's authority to issue Federal Reserve notes and to create bank reserves in an amount exceeding the Federal Reserve banks' holdings of gold certificates.

Now, that is important, because you are going to be told as long as there are enough gold certificates held by the Federal Reserve banks that you do not have to concern yourself about contracting the currency. Bear in mind, while we have enough in the Federal Reserve banks today of gold certificates to back up every dollar of Federal Reserve notes today, and more, under the law as it exists, the Board has the right and the system has the authority, to quote from the law, to create additional bank reserves over and above the gold certificates against which the Federal Reserve banks may issue Federal Reserve notes to circulate as currency.

Then let me give you this additional quotation from page 62, chapter VI:

> The Federal Reserve pays out currency in response to public needs and absorbs redundant currency. Its operations result in making the entire currency supply elastic.

Now, mind you, they say not only to issue currency but to absorb currency, because if you cannot contract or absorb the currency, you lose the elasticity, and the principal purpose sought to be accomplished by the act and accomplished by the system is the elasticity of our currency. It is one of the backbones of our economy today.

One further quote from this same work issued by the Federal Reserve System, chapter XIII, summary:

> Before the Federal Reserve System was organized, the outstanding defects of American banking were diagnosed as "inelastic currency" and "scattered bank reserves." Establishment of the System promptly cleared the way for the anticipated improvements. Elasticity of the currency was achieved. Machinery for note issue proved adequate for the purpose and in time was found to work almost automatically. For many years, including the war period, the volume of currency in circulation has expanded and contracted smoothly and efficiently in accordance with the varying requirements of the public, and the currency function of the Federal Reserve banks has become a matter of routine, virtually free from uncertainties and difficult administrative problems.

And now you are going to destroy all of that by taking out the one sentence that you find in the law that gives the right to absorb redundant currency or to contract the money in circulation.

I urge that in trying to economize, we do not destroy the Federal Reserve Act; that when I offer my amendment under the 5-minute rule, it be adopted so that you can both economize and at the same time preserve the basic concept of the Federal Reserve Act.

Mr. WOLCOTT. Mr. Chairman, I have no further requests for time.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

WHY $750,000 A YEAR WASTE OVERLOOKED

Mr. PATMAN. Mr. Chairman, this bill is to save $750,000 a year and it should be passed. The Federal Reserve Act will be 41 years old on December 23 of this year. This bill should have been passed 40 years ago. It would have saved the United States Government from $15 million to $20 million had it been. There was no reason why it should not have been.

You may wonder why it has been overlooked. I can tell you why it has been overlooked. The Federal Reserve System from the very beginning set itself up as a sort of a fourth branch of the Government; there were the legislative, executive, and judicial—and then the Federal Reserve. They stood separate and apart from other branches of the Government and led Members of Congress to believe that they were outside of the Government, that they were independent. They set up ways and means so that they did not have to come to Congress for appropriations.

There are two ways by which Congress has control of the purse strings of every agency. One is through the annual appropriation bills, when they have to come before the Committee on Appropriations and justify every item of appropriation requested. They took care of that very quickly. You know, bankers are pretty smart and they learn how to do things, how to bypass Congress if they can. One of the first things they did was to learn how to bypass Congress on coming to Congress for an appropriation for the Federal Reserve System. They said that under the Federal Reserve Act "We have the power to create money. Why should we go to Congress for money?" They were right about it. They could call upon the Bureau of Engraving and Printing to print them up so much of Federal Reserve notes. And they did. They got $1 million of Federal Reserve notes, printed money, currency just like you have in your pocket, and they traded it for $1 million worth of Government securities which were drawing interest. Pretty smart they were, and they have kept it by buying billions, not millions. And do you know what they did? They kept that $1 million, and when the interest came due, they collected it and put it in their pocket—the pocket of the Federal Reserve. And they kept it there; although they had traded one Government obligation for another, they kept both of them outstanding. They were smart enough to get a little amendment providing that they did not have to carry them both as a part of the national debt. That is the only consolation we got out of it. And that can be multiplied by $25 billion. They finally accumulated $25 billion worth of Government bonds just that way, trading non-interest-bearing Government obligations for interest-bearing Government obligations. They are collecting about $600 million a year interest. Consequently, they do not have to come to Congress for their money. They not only pay their own expenses, they also spend $100 million to help the privately owned banks every year. They are an agency of Congress. They are the servant, we are the master, but they do not go through the Congress. No, they have found a way to bypass Congress. They have been doing it for 41 long years. That is the reason Congress knew nothing about this waste of $750,000 a year.

Another reason this waste was not discovered by Congress is they are not audited—they are pretty smart there, too. They did not want any Government auditors snooping around into their affairs. So by getting a little amendment here and a little amendment there, a comma here and a period there, they got it fixed up so that they do their own auditing and have over these 41 years. Every audit that has ever been made of the Federal Reserve System has been made by themselves, and only one has ever been filed. I raised so much sand about it that they filed one this year, April 28. It is a milestone in the history of the Federal Reserve System. It is the first time that an audit has ever been filed, and that was not of the Open Market Committee, it was not 1 of the 12 Federal Reserve banks, it was just an audit of the Board of Governors.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. MERRILL. Is it not true that legislation similar to this was offered to the Congress in times past, so that the Federal Reserve System is not responsible for having kept this procedure in operation all these years?

Mr. PATMAN. I differ with my distinguished friend. One time in 1935 they suggested it but they backed off very quickly. They did not insist on it. The House passed it. Why did they not insist in every annual report on calling this to the attention of Congress? They get up an annual report. It is very interesting for what is not in it, but they have to report something. The law requires it. Why did they not in every annual report say to the Congress, "We are wasting three-quarters of a million dollars every year, Congress. Why don't you change the law?" They did not do that. They have never put it in one annual report, not one, that the law ought to be changed, not one time; not one time. Then this year, after 41 long years, they break down and confess that they have been wasting money, just absolutely wasting it, three-quarters of a million dollars a year, and for the first time advises Congress about it being wasteful. Neither the question of waste nor the answers thereof had ever been raised before.

Mr. MERRILL. The gentleman will admit the Federal Reserve called the attention of Congress to this waste and asked them to do something about it? The gentleman is only complaining that they did not badger the Congress to do its duty.

Mr. PATMAN. No; they did not call it waste. No. They just suggested in connection with the 1935 act it ought to be done. They did not say it was waste. They did not say there was any saving about it. They did not specify why it was wasteful or how much was being wasted. Nineteen hundred and thirty-five—that has been 19 years. Why have they not sometime in 19 years in their annual report put something in there to say, "We are wasting money"? and at the same time indicate the large amount being wasted.

Mr. MERRILL. Does the gentleman think there might be the possibility that they found they were rebuffed by the past Congresses, but now that the Congress has changed hands and economy is a little bit more in the minds of Congressmen, they thought they would have a chance at this time?

Mr. PATMAN. That word "rebuffed" I think is a little bit overused there. I do not think they were rebuffed. They have demonstrated they are not interested in economy.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We hear the word "economy." They are just going to put through a deal now that, according to the Atomic Energy Commission, will cost the taxpayers at least $92 million in the next 25 years and, according to the TVA commissioners, will cost $135 million to the taxpayers. What kind of economy is that?

Mr. PATMAN. I do not know about that. That is a little different question, and I do not want to take it up at this particular time. But I see what the gentleman is aiming at, and I think there is something to what he says. I personally think the best way to help the entire country and give everybody a fair and equal chance is to pass all laws to help the general welfare of all the people without dispensing through laws and administration of laws special help, special privileges, and special opportunities to a few. Big business does not need the Government's help. Equality of opportunity is all big or little business is entitled to. We should not play favorites and help one group unduly at the expense of others. There are two ways that the Government has been denying to the Congress any opportunity to look over the Federal Reserve System of ours. One is that they do not come to the Congress for appropriations as other Government agencies do. Number two is the fact that they are not audited by the General Accounting Office. They are not audited at all. They have not been audited in 41 years except by their own auditors, who are selected by them and who report to them. Has an outside auditor ever seen any of their books and papers? No, they have not—not one time.

IS ALL THE GOLD AT FORT KNOX?

Do you remember the time when it appeared in the headlines that they were going to investigate to determine if all the gold was at Fort Knox? They kind of doubted that the Democratic administration had all the gold there, and they thought that maybe the Democrats had stolen some of it. So they had great big headlines that they were going to investigate to see if all the gold was at Fort Knox. So they investigated it. And if you read the newspapers closely—if you read every line in the newspaper and turn page after page after page—way in the back of the newspaper in the laundry ads and amongst the classified columns you would see a little half-inch space in fine print disclosing that they had counted the gold and that every bit of it was there. You see they did not say much about that after they made their investigation and found that the gold was there.

Now who owns the gold certificates? The Federal Reserve Banks have the gold certificates in charge. Those gold certificates have never been counted by outsiders or by the General Accounting Office. They have never been counted once. Why do they not count them? They do not count them because their crowd is in charge of them. Their crowd, the big bankers' crowd, is in charge of them and they are not going to count them. And they have no audit of them either made by the Government or disinterested auditors. I tell you this audit is important. We ought to have an audit of the Federal Reserve System.

THE GOVERNMENT OWNS THE 12 FEDERAL RESERVE BANKS

Who owns the 12 Federal Reserve banks? For the first time, and I have been studying this matter for a period of over 20 years, the Chairman of the Board of Governors of the Federal Reserve System admitted, before the committee of which the gentleman from Michigan [Mr. HOFFMAN] is chairman, about 2 weeks ago that I was entirely correct in all the statements I had made about the ownership of the banks and that the banks are owned by the Government and always have been owned by the Government and are not owned in whole or in part by the private banks. This idea about stock is all baloney. It is all baloney. The bankers call it stock. The law refers to it as stock. It is not stock at all. The private banks do not actually own stock in the Federal Reserve System. The private banks do not actually own one penny of stock in the Federal Reserve banks in the sense that the terms "stock" and "stock ownership" are understood and used in our country. Now, let us see what they do own? They have an involuntary investment of 3 percent of their own capital stock in the local Federal Reserve bank. It goes up and down according to the capital stock in each bank. That is all they have. It is an involuntary investment—upon which they receive 6 percent annually, and incidentally, most of it is tax exempt. All of it on the $139 million that was subscribed before 1942 is tax exempt. That is all they get—6 percent annually. They are not entitled to any more. They do not have any proprietorship or ownership of the banking system—not at all. They have no right to transfer that so-called stock. They cannot sell it, they cannot hypothecate it. It is just an involuntary investment. It is just like saying that because you have a deposit in a building and loan association that you are part owner of the building and loan association. Let me explain to you why it is not really ownership and why it cannot possibly be. Number one: The law says—and that is the way to determine ownership of any property, and you know it—under the law—upon liquidation and after debts are paid who gets the remainder? The stockholders and the owners of the enterprise get the remainder. All right then, let us see how the Federal Reserve banks are organized and what happens when liquidated. It is written into the law that when a Federal Reserve bank is liquidated, these private banks get their involuntary investment back. In other words, it is paid back to them. Any creditors are paid and then the balance goes to the Treasury of the United States, and under the law it becomes the property of the United States Government. The law further provides that any such payment made into the Treasury may be used to retire that much of the national debt. So you do not need any more evidence of ownership than that. That means the Government owns these banks. There are some few bankers who believe that they own them, but they are mistaken. They do not know what the score is.

Furthermore, how crazy it would be for the Congress to set up a board of 7 members to operate the Federal Reserve System in the public interest, appointed by the President and confirmed by the United States Senate, and then have those 7 members get their pay from the private banks to perform their duties. That is what they would do if the banks owned the capital stock in those banks, because the Board of Governors do not make any money or they do not have a right to take those Federal Reserve notes and trade them for Government bonds like the Federal Reserve banks. So they get their money from each of the Federal Reserve banks; just call on each one for an assessment when needed. If these private banks owned those 12 Federal Reserve banks, we would be in the idiotic position of having public officers performing our service, paid by the people who were affected by that service. You would not want that to happen any more than you would want the members of the Interstate Commerce Commission to be paid by the railroad owners. That would be a comparable situation. So there is no doubt about the Government owning the 12 Federal Reserve banks. It always has owned them. No one will deny what I am saying about this. It is undisputed.

There are seven members of that Board of Governors when the Board is filled. Remember what I am saying. Any Member who is interested who wants to contradict me, I will yield. There are only four full-fledged members of the Board of Governors today.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman the 2 remaining minutes.

Mr. PATMAN. Mr. Chairman, there are only 4 full-fledged members of the Board of Governors of 7 members to perform a public service. Who is helping them perform that public service? Twelve bankers, the advisory committee of the bankers representing the banks in each of the 12 Federal Reserve districts, and then 12 more who are presidents of the 12 Federal Reserve banks selected by the private bankers. These 24 under obligation to the private bankers are there. So this little Board of 4 members is surrounded by 24 bankers, and some of them can actually vote on policy-making decisions as to how the monetary system should operate. I know that if Congress understood all that, they would not tolerate it a minute. Members have not had time to give this complicated question adequate consideration. It has not been properly presented to Congress by committees. There has been no investigation of the Federal Reserve System and no hearings held. I think there should be a hearing. There should be an investigation. Those fellows are making a crap game out of our Government bond market. Remember, I charge that. I say it now and I will say it again. They are engaged in a crap game with the Government bond market, using United States public funds to do it. Many people are cleaning up by the millions every day. It has been going on for months. It has been going on for 18 months. We should not allow it any more than we should allow the Congress to fail to audit

the Federal Reserve System. You will not find just $750,000 waste. It will run into billions of dollars of waste. So I think we should have a complete audit of the Federal Reserve System.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the third paragraph of section 16 of the Federal Reserve Act, as amended, is amended by striking out the sentences thereof which read as follows: "Whenever Federal Reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 percent upon the face value of notes so paid out."

Mr. MULTER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MULTER: Insert on page 2, line 4, the following: "and in lieu of the two sentences aforementioned insert in the third paragraph of section 16 of the Federal Reserve Act, as amended, the following sentence: 'Whenever the reserves required to be maintained by a Federal Reserve bank fall below the amount required as reserves against the Federal Reserve notes issued by that Federal Reserve bank such Federal Reserve bank shall immediately restore the reserves to the amount required and in the event the reserves are not so restored the Board of Governors of the Federal Reserve System shall direct the delivery to the Treasurer of the United States for retirement, sufficient of the Federal Reserve notes outstanding and issued by such Federal Reserve bank so as to reduce the aggregate amount thereof to the amount permitted to be issued by such Federal Reserve bank'."

And amend the title by inserting after the word "bank" the words "and for other purposes."

Mr. MULTER. Mr. Chairman, the amendment as offered will accomplish the purpose sought by the Federal Reserve Board and save them whatever sum can be saved in connection with transporting Federal Reserve notes back and forth between the 12 regional banks; but at the same time it keeps in the law the basic concept of elasticity of the currency. It will leave a provision in the law, if the amendment is adopted, so that if the time comes when you must contract the currency there will be authority in the law to do so.

We are inclined to overlook, as I said during general debate, the fact that because the System today is operating automatically, and the Federal Reserve System says it is operating automatically, that it does so only because of the law. We should not change the law that makes it possible to operate automatically, and you do change that basic law if you adopt the bill as offered without this amendment.

The bill was introduced, I believe, on May 13 and hearings were held on May 26 and 27. On June 7 the Economists' National Committee on Monetary Policy consisting of 52 monetary economists issued a release. All of their names are signed to the release that I have before me and which I will place in the RECORD—all of them are respected and respectable economists, all well-known. None of them have an ax to grind. None of them oppose economy in Government. All of them are interested in seeing that our Federal Reserve Act be effective so that the System can continue to operate efficiently as it has for 40 years. They say:

The bill is designed to remove and correct a needed means of forcing the proper retirement of these notes while all arrangements for their expansion are left intact. This proposed legislation in the form as reported by the committee—

And not referring to my amendment, this proposed legislation without my amendment—

would weaken rather than enhance the soundness of our monetary system.

I cannot understand why anybody should oppose this amendment. It gives the System the right to save the money that is uselessly expended now in transporting the Federal Reserve notes back and forth between the banks, and yet leaves intact the provision that if the time comes when the System must contract its currency the authority is there.

I urge the adoption of my amendment.

The release, I referred to a moment ago, and the names and affiliations of its sponsors are as follows:

FIFTY-TWO MONETARY ECONOMISTS URGE CONGRESS NOT TO PASS BILL S. 3268 WHICH PROPOSES TO REMOVE THE 10-PERCENT TAX DESIGNED TO PREVENT FEDERAL RESERVE BANKS FROM PAYING OUT FEDERAL RESERVE NOTES ISSUED BY OTHER FEDERAL RESERVE BANKS

ECONOMISTS' NATIONAL
COMMITTEE ON MONETARY POLICY,
New York, N. Y.

We, the undersigned, members of the Economists' National Committee on Monetary Policy, urge Congress not to pass the bill, S. 3268, which proposes to remove the 10-percent tax provision of the Federal Reserve Act (sec. 16) designed to prevent any Federal Reserve bank from paying out Federal Reserve notes issued by other Federal Reserve banks.

That provision of the law is proper in principle. Its purpose is to provide one of the desirable features of a money originally designed to be responsive to the needs of business. It tends to force Federal Reserve notes home to the issuing bank after they have been paid into Federal Reserve banks.

Repeal of that needed provision of law would remove this proper provision for the return of these notes to the issuing banks.

It would convert what is in nature uncollected items into cash which each Reserve bank could then pay out as money.

To the degree that this were done, each Federal Reserve bank would be able to expand the volume of Federal Reserve notes in circulation without being called upon to supply the reserve and collateral now required if it issues Federal Reserve notes.

Proper pressure of reserve requirements against the issuance of Federal Reserve notes would be removed to the extent Federal Reserve banks pay out notes issued by other Reserve banks.

The bill is designed to remove a correct and needed means of forcing the proper retirement of these notes while all the arrangements for their expansion are left intact. This proposed legislation would weaken, rather than enhance, the soundness of our monetary system.

John F. Adams, Temple University; Charles C. Arbuthnot, Western Reserve University; John W. Beck, American Editorial Syndicate; James Washington Bell, Northwestern University; Douglas H. Bellemore, Boston University; H. H. Beneke, Miami University, Oxford, Ohio; Claude L. Benner, Continental American Life Insurance Co., Wilmington, Del.; Ernest L. Bogart, New York City; Frederick A. Bradford, Lehigh University; Wilbur P. Calhoun, University of Cincinnati; Cecil C. Carpenter, University of Kentucky; Raymond de Roover, Wells College; James C. Dolley, the University of Texas; William F. Edwards, Brigham Young University; D. W. Ellsworth, E. W. Axe & Co., Inc., Tarrytown, N. Y.; Fred R. Fairchild, Yale University; Charles C. Fichtner, Buffalo, N. Y.; Major B. Foster, Alexander Hamilton Institute and New York University; A. Anton Friedrich, New York University; Roy L. Garis, University of Southern California; Alfred P. Haake, Economic Consultant, Largo, Fla.; E. C. Harwood, American Institute for Economic Research; Hudson B. Hastings, Yale University; George H. Hobart, High Point College; John Thom Holdsworth, the University of Miami; Harold Hughes, Economic Consultant, Fort Worth, Tex.; Frederic A. Jackson, Morgan State College; Donald L. Kemmerer, University of Illinois; Arthur Kemp, Claremont Men's College; J. L. Leonard, Culver City, Calif.; Edmond E. Lincoln, Wilmington, Del.; A. Wilfred May, Executive Editor, the Commercial and Financial Chronicle, New York City; David H. McKinley, the Pennsylvania State College; Austin S. Murphy, Seton Hall University; Melchior Palyi, Chicago, Ill.; W. A. Paton, University of Michigan; Robert T. Patterson, New York University; Clyde W. Phelps, University of Southern California; Chester A. Phillips, the State University of Iowa; Helen C. Potter, Loyola University, Chicago, Ill.; Frederick G. Reuss, Goucher College; Leland Rex Robinson, 76 Beaver Street, New York City; Olin Glenn Saxon, Yale University; R. Harland Shaw, Conference of American Small Business Organizations, Chicago, Ill.; Murray W. Shields, University of Florida; Walter E. Spahr, New York University; William H. Steiner, Brooklyn College; James B. Trant, Louisiana State University; Rufus S. Tucker, Westfield, N. J.; John V. Van Sickle, Wabash College; Edward J. Webster, Deposit, N. Y.; Edward F. Willett, F. Eberstadt & Co., Inc., New York City.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

As I said in the opening, this was a unanimous report of the committee with one possible reservation. I think it becomes evident now that the reservation might have been made by the gentleman from New York [Mr. MULTER]. The bill before us has little or no relationship to the expansion and contraction of our currency. What the gentleman from New York seeks to do by his amendment is to transfer in these very vital and important respects the administration of the Federal Reserve Act to the Congress of the United States.

We found out how difficult, if not impossible, it was for the Congress of the

United States previous to enactment of the Federal Reserve Act to administer its constitutional prerogatives and obligations in respect to regulating the value of money. So we delegated to the Federal Reserve Board and Federal Reserve banks in some respects this constitutional obligation which is ours. We set the Federal Reserve System up as the agent of the Congress. We have to rely upon the Federal Reserve Board and we have thrown up around the Federal Reserve Board, the Federal Reserve banks and their boards, certain restrictions, we have created certain formulas and certain standards under which they shall have to operate until we change them.

What the gentleman from New York and the gentleman from Texas have indicated in their remarks is there are some changes necessary in the Federal Reserve Act. The only way that can be done, or should be done, is by amendments to the Federal Reserve Act. The Federal Reserve Act has been in existence now for 41 years. It has given us the elasticity it was anticipated it would give, it has given us the soundest currency in the world, it has given us sufficient currency with which to expand our production to the point where American productivity is almost illimitable. It has also created a situation where we do not have to have any more money outstanding than is essential to our economy.

I want to read some important matters which I think should be called to the attention of the Members because of the statement made by the gentleman from New York that there is no opportunity in the law, no provision in the law in respect to expansion and contraction of the currency.

The law now provides in part that:

Any Federal Reserve bank may retire any of its Federal Reserve notes by depositing them with the Federal Reserve agent or with the Treasurer of the United States, and such Federal Reserve bank shall thereupon be entitled to receive back the collateral deposited with the Federal Reserve agent for the security of such notes.

Very definitely we have provided the means for contraction of the currency.

Now, to find out what has been done in respect to this collateral, reference to the committee report indicates that as of April 30, 1954, the Federal Reserve notes outstanding totaled $26½ billion; the collateral security for these notes aggregated $28,100,000,000—you will notice that that is one and a half almost $2 billion more in collateral than we had against notes outstanding, so we are not very bad off—of which approximately $7 billion consisted of gold certificates, $17 billion of United States Government securities, and $100 million of eligible paper.

Now, the excerpts which the gentleman read from the original report of the Federal Reserve was at a time when the Federal Reserve was compelled to put up the difference between the 40 percent gold reserve at that time—it is 25 percent now—and the balance of it in commercial paper. Then the volume of our currency was regulated and determined largely by business needs and business demands as evidenced by the amount of commercial paper in the banks.

Mr. Chairman, there are ample provisions in the law for the expansion and contraction of the currency. There are ample provisions in the law for the administration of the law as the Congress of the United States set up the law to be administered. We do not need this legislation. I do not think that anybody on the committee thinks that the gentleman from New York is on a sound premise. I do not know of anybody on the Committee on Banking and Currency, and I do not know as of now anyone in the Congress of the United States who is in agreement with him. I think he stands all alone, and his amendment should be overwhelmingly defeated.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not think the gentleman from Michigan intended to convey the idea that I was against the bill. I know I am not against the bill; I am for the bill.

There are 1 or 2 things I could not bring up in the time I had to discuss it that bear on this particular amendment as well. I have a very high regard for my distinguished friend, the gentleman from New York [Mr. MULTER]. I have worked with him shoulder to shoulder on the Committee on Banking and Currency and on the Committee on Small Business of the House for years. I have always found him to be able and reliable in every way. He is well informed and always working in the interest of the people. But I am sorry I cannot see his viewpoint on this. I just do not see it. I do not say he is wrong; I just fail to see the point that he is making there and the necessity for it. I am not making this as an argument against his amendment; neither am I making this as an argument for it.

ALL FEDERAL RESERVE NOTES OBLIGATIONS OF UNITED STATES

Now, about the 12 Federal Reserve banks and the reason this should pass and we should save this $750,000 a year, I hold in my hand a note, a typical note, printed down here at the Bureau of Engraving and Printing. It is the only place it can be printed. Each one of these notes is a Government obligation. Each one of these notes, whether it be $5, $10, $20, or $1,000, or whatever it is, is a United States Government security. It is noninterest bearing. Each one of these notes says on its face "Federal Reserve Note. The United States of America will pay to the bearer on demand" blank dollars, whatever it is. That is an obligation of the United States to pay every one of them. So, just because they happen to be issued by the Richmond bank or the New York bank or the Dallas, Tex., bank, why should they have to go right back to that bank every time they reach another Federal Reserve bank; that one bank cannot pay out the notes of another bank? It has never made sense. They are all Government obligations. Just because there is a little insignia on there indicating the particular bank that issued this note is no reason why the other banks should send it back there every time, any more than if the mints coin a 10-cent piece in Philadelphia or in Denver or in San Francisco that it should be sent back to that particular mint. They have got a little letter on the coin, for instance, "D" for Denver, and the other mints the same. That does not mean that this coin should go back to Denver every time one of the other mints or the banks got hold of it.

Why, no; let them remain in circulation. We have the same principle here. It should never have been the law. The Government has been losing $750,000 a year for I do not know how long—just pure waste, because we have not had the books audited.

DOLLAR WORTH 52 CENTS TODAY COMPARED WITH 53 CENTS IN JANUARY 1953

Talking about sound money, I think that the President should fill the vacancies on the Board of Governors and should do it right away. The law says that he "shall" do it. I have always been told that that is mandatory. Of course, you cannot compel the President to do anything, and I am not saying that we should compel the President or attempt to compel him to do anything in this case. I do not say that at all. But those vacancies should be filled and then they could do something in the direction of sound money. I do not say our money is unsound in relation to the prices of everything else. But we should, at least, make sure it has a reasonably stable value.

On January 20, 1953, the dollar was worth 53 cents, the way we value the dollar. Today it is not worth 53 cents, it is worth 52 cents. So the dollar has not gone up, it has gone down even after the hard money, high interest policy of 1953 which we are still suffering from.

PRESIDENT ASKED TO CONSIDER FILLING VACANCIES

I think it is urgent that the President do everything in his power to establish sound money in this country and the best way to start is not to have just 4 full-fledged members on a board of 7, who are obligated to perform in the public interest, but to have 7 full-fledged members on that Board of Governors. So I want to take this occasion to call that to the attention of the great President of the United States and ask him respectfully to consider filling those vacancies and doing it before this Congress adjourns, so they may be confirmed by the United States Senate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER to H. R. 9143: Strike out all after the enacting clause and insert in lieu thereof the following: "That the third paragraph of section 16 of the Federal Reserve Act, as amended, is amended by striking out the third and fourth sentences and inserting in lieu thereof the following: 'Whenever Federal Reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were

originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired; and no Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 percent upon the face value of notes so paid out; but the Board of Governors of the Federal Reserve System may by regulation suspend the operation of this sentence (effective in any case with respect to notes received or paid out by a Federal Reserve bank after the date of the regulation) at such times and for such periods as it may deem advisable.' "

Mr. MULTER. Mr. Chairman, I am sorry that my facility of language is insufficient to make the committee understand the problem at hand. I shall take the blame for that. I have had the pleasure many times during my very short stay of issuing warnings about legislation that was being enacted, and then coming back here and saying "I told you so." I had the pleasure of doing that once during this very session. Perhaps I will have the same opportunity in connection with this proposed legislation.

The amendment that has just been offered is the one that I discussed with Mr. Martin, who is Chairman of the Board of Governors of the Federal Reserve System; and which, he says, will accomplish the purpose of saving the $750,000 a year without changing the basic law. If you insist on changing the basic law, of course, then reject this amendment.

The difference between your paper currency and your coins, and the reason you do not send coins back to a mint, is that the nickel or the dime or the quarter is worth that much in actual metal. That is the theory of issuing the coins.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I shall be glad to yield in just a moment, but I should like to finish this thought. I do appreciate greatly the compliments that my distinguished colleague from Texas [Mr. PATMAN] paid me a few moments ago. I appreciate greatly the compliment my distinguished colleague from Texas paid to me a moment ago. I know his statement was offered sincerely and in the utmost good faith. I have the very highest admiration for him. I am not critical of him when I point out this distinction.

Your Federal Reserve notes are not like your silver certificates. You take out a dollar from any of the currency you may have in your pocket and you will probably find that you have a silver certificate. If you have a dollar bill you have a silver certificate. If you have a $5 bill or more, you probably have a Federal Reserve note, because Federal Reserve notes start at denominations of $5. The silver certificate is certification that there is that much silver behind that dollar bill. A $5 Federal Reserve note or one of any other denomination is a note which says, in effect, "We have that much reserve behind that note, and you can call upon your Government to pay it. The obligation must be met."

The original reason they required the notes to go back and forth between the 12 regional reserve banks was, as is still the fact today, that each bank in the 12 regions that are members of the Federal Reserve System set up fixed reserves and deposit their reserves, against which they issue these notes. You do not have these reserves in any one central place, except for the fund that they are required to carry with the Treasury to redeem their notes. That is why I offered my amendment before, so that if they had to call back any of this currency they would be delivered to the Treasurer of the United States, who has this fund on hand against which he can make the redemption.

If you centralize your reserves then you do not need this, but if you do not centralize your reserves, if you are going to let the reserves remain at each of the 12 banks, and you take out of the law this provision of sending the notes back to the bank of issue, then you have no way of controlling your currency that is issued against the reserves. You have to do one or the other. Either you let the law stand as it is or you change it by taking out this provision, as you seek to do, and at the same time centralize your reserves in one place.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to my very good friend, the gentleman from Texas.

Mr. PATMAN. In the gentleman's criticism of my statement he said that the silver certificate he could take to the Treasury and get a dollar's worth of silver. There is one mistake about that. You could take it to the Treasury and get silver, all right, but you would get 90 cents worth of silver. This is based on $1.29 silver. Therefore, there is the difference between 90 cents and $1.29. The reason it does not have a dollar's worth of silver behind it is because of that. This certificate is legal tender for all debts public and private. For that reason, if we did not have any gold, if we did not have any silver, if we did not have any Fort Knox, this dollar would still be worth a dollar because of the large debt and the taxes we have to pay.

Mr. MULTER. The gentleman makes the popular mistake of referring to the value of the dollar. Whether you have a dollar bill or a dollar in coin or a dollar in gold, assuming you could have a dollar's worth of gold today, with all the gold locked up in Fort Knox, if you had that dollar in gold or in silver or in currency and went out and bought something you might only get 52 cents worth. But the dollar is still a dollar. The very thing we are trying to prevent is a depreciation of our reserves and of the actual value of that dollar.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment merely to say that all of the arguments used against the previous amendment may be used against this, and for like reasons. This does not do anything but give the Federal Reserve authority to postpone this. I do not know just what the reason for that is. The Federal Reserve initiated this legislation, so it is very apparent that if you give them the authority they are going to suspend it immediately and for all time, because they are the ones who asked for this legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GRAHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9143) to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank, pursuant to House resolution 578, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AUTHORIZING CLERK OF THE HOUSE TO RECEIVE MESSAGES AND AUTHORIZING THE SPEAKER TO SIGN ENROLLED BILLS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills or joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

UNITED STATES SHOULD WITHDRAW DIPLOMATIC RECOGNITION OF U. S. S. R.

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. SHEEHAN] is recognized for 15 minutes.

Mr. SHEEHAN. Mr. Speaker, today I introduced House Resolution 599, which resolves that it is the sense of the House of Representatives of the United States, that the Government of the United States of America should withdraw forthwith its diplomatic recognition of the present Government of the Union of Soviet Socialist Republics.

I fully realize the important implications of such a momentous move, but am convinced, as stated by George Kennan, one of the foremost American experts on Russia, and our Ambassador to Moscow from May to October 1952, that—

The most important influence that the United States can bring to bear upon external developments in Russia will continue to be the influence of example; the influence of what it is, and not only what it is to others, but what it is to itself.

If we are to influence the people held in bondage behind the Iron Curtain and in Russia itself, and if we are to influence the freedom-loving people of the world outside of the Iron Curtain, the only really effective course is by the use of moral force. We should openly condemn the violations of the agreements prerequisite and incident to our recognition of that government in 1933, and condemn also the U. S. S. R.'s breaking of the spirit and letter of the United Nations agreements.

The only way we can effectively let the world know our feelings is by resorting to moral force so as to maintain our national honor.

Of what use are conferences which produce nothing but talk and provide communism with propaganda?

The worthlessness of the Russian Government's word was spelled out by President Truman after the Potsdam Conference in 1945, when he said:

> We thought we had accomplished just about everything we had set out to do, but it was only a short while later that we learned that we had not accomplished anything. We learned the Russians simply made agreements and treaties which, if it suited their purpose they kept; if it did not, they had no compunction about breaking.

Mr. Truman made the foregoing statement after his first Presidential experience with Russian perfidy. Eight years later, after many more such experiences, he told reporters in Los Angeles on March 23, 1953, that "it was my experience the Russians broke every agreement they made."

Dean Acheson, former Secretary of State, attended a luncheon given at the White House by President Roosevelt for Mr. Maxim Litvinov, on November 8, 1933, on which day official private conversations were held involving the matter of relations between the United States and the Union of Soviet Socialist Republics. Mr. Averell Harriman, our wartime Ambassador to the U. S. S. R., and who for long years was associated with Dean Acheson in the State Department, had the following to say of Russian agreements when he testified before the Select Committee To Investigate the Katyn Forest Massacre in 1952:

> I do not think any agreements with the Soviet Union are of any value, unless they are based on a position of strength, so that they can be forced to carry them out.

To further illustrate what futile efforts are any of the agreements made with Russia, at the direction of the Republican 80th Congress the State Department submitted a long list of agreements and treaties on which the Russians had failed to keep their word.

Why should we continue to deal with a perfidious and faithless government? Why make agreements that can be carried out only by force of arms? No city or State government would sit down and negotiate with lawbreakers. No one would tolerate a peaceful coexistence with criminals. Only moral cowardice can put up with such conditions. We must let the world know we stand morally firm and cannot forever close our eyes to the existence of this treacherous government, dedicated to the destruction of freedom of religion and of all our liberties. By a forthright show of moral force we can give confidence to the free world and also let the Russian people know that we condemn and denounce the government of their Communist masters.

Contingent upon our recognition of the Union of Soviet Socialist Republics in 1933, that Government promised to do certain things, as evidenced by their letter of November 16, 1933, as follows:

> WASHINGTON, *November 16, 1933.*
>
> Mr. FRANKLIN D. ROOSEVELT,
> *President of the United States of America, the White House.*
>
> MY DEAR MR. PRESIDENT: I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:
>
> 1. To respect scrupulously the indisputable right to the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories or possessions.
>
> 2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquillity, prosperity, order, or security of the whole or any part of the United States, its Territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim, the violation of the territorial integrity of the United States, its Territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.
>
> 3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the government of, or makes attempt upon the territorial integrity of, the United States, its Territories or possessions; not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its Territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.
>
> 4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its Territories or possessions.
>
> I am, my dear Mr. President,
>
> Very sincerely yours,
>
> MAXIM LITVINOFF,
> *People's Commissar for Foreign Affairs, Union of Soviet Socialist Republics.*

The vast documented records of atomic espionage, of Communists in our own Government, of the Russian and satellite embassies' efforts in spying and propaganda, prove conclusively that their promises in exchange for our recognition are a mockery. The Communist conspiracy in the United States is recognized as being directed by and responsible to the U. S. S. R., as pointed out by the Honorable J. Edgar Hoover in his testimony of December 9, 1953, before a House Appropriations Subcommittee, when he said the Communist Party in the United States has continued and is "still under the domination and control of the Soviet Union." Every paragraph of the November 16, 1933, agreement has been willfully and maliciously violated. Documentation would be redundant. Who needs proof that—

Under paragraph 1, the U. S. S. R. did not "refrain from interfering in any manner in the internal affairs of the United States."

Under paragraph 2, the U. S. S. R. did not keep its promise to "refrain, and to restrain all persons from any act overt or covert, liable in any way whatsoever to injure the tranquillity, prosperity, order or security of the whole or any part of the United States."

Under paragraph 3, the U. S. S. R. did not keep its pledge "not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggle against the United States."

Under paragraph 4, the U. S. S. R. did not keep its pledge "not to permit the formation of any organization or group which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States."

It certainly is not necessary to keep up the pretense and sham that the U. S. S. R. is a peace loving and honorable government. A recent incident which refutes any Russian claim to national honor and integrity was the position of the Russian spokesman, Mr. Molotov, at the Conference of Foreign Ministers in Germany, early this year. The two major items on the agenda of that conference were to conclude a peace treaty with Austria and effect the unification of Germany. Yet the Russians barred even the slightest progress toward either of these objectives by their steadfast refusal to agree to any reasonable withdrawal of their occupation troops.

Last week, the 16 United Nations allies in Korea broke off their fruitless peace talks in Geneva, after making every effort to effect a settlement, with the statement that "the Communist delegations have rejected all our efforts."

The diplomatic blunder in trying to settle with the Communists in southeast Asia has up to the present day proven the futility of trying to reach any agreement with the Russian Government and its allies. After 8 weeks of diplomatic negotiations, the situation in Indochina has turned completely hopeless.

It is therefore time for the United States to call a spade a spade, and show the world by our moral courage and this long overdue denouncement that we are on the side of right by passing House Resolution 599, which reads as follows:

> *Resolved,* That—
>
> Whereas the present Government of the Union of Soviet Socialist Republics has failed to live up to its expressed agreements on which the United States based its diplo-

matic recognition of the U. S. S. R. in 1933; and

Whereas the present Government of the Union of Soviet Socialist Republics has a long record of failure to keep agreements made with the United States of America and many other nations: Now, therefore be it

Resolved, That it is the sense of the House of Representatives of the United States that the Government of the United States of America should withdraw forthwith its diplomatic recognition of the present Government of the Union of Soviet Socialist Republics.

Mr. NEAL. Mr. Speaker, will the gentleman yield?

Mr. SHEEHAN. I yield to the gentleman from West Virginia.

Mr. NEAL. I quite agree with the substance of the things the gentleman has said. I am wondering if we were to break relations with Russia what would be the status of the Russian Government insofar as its membership in the United Nations is concerned?

Mr. SHEEHAN. I could not answer that, because that would have to be answered by the executive department. I assume they would still continue to be a member of the United Nations, because whether we recognize them or not does not have anything to do with the family of nations.

Mr. NEAL. Well, the chief objective we have today in our dealing with Russia is the propaganda that is being used throughout the whole country and the opportunity that United Nations gives Russia to come in contact with the American people and propagandize their work. Would it obviate that right? Would Russia still have the opportunity for propagandizing her nation and her nationals if she is still a member of the United Nations and the center of the U. N. is in New York?

Mr. SHEEHAN. She would, I may say to the gentleman from West Virginia; as a member of the United Nations she would still continue to use her membership in the United Nations for that purpose. Our people do not pay too much attention to her membership in the United Nations, but if we were to take away diplomatic recognition they would realize that we did not recognize her as a good government. As long as we continue diplomatic relations with her the people have the feeling that, therefore, it must be a good government. Not only that, but also as long as we continue to recognize Russia we permit her satellites such as Poland, Czechoslovakia, and other nations to maintain their legations and they use them for the purpose of putting out propaganda.

If we withdrew this recognition they would not have any place in this country except the United Nations from which to issue their propaganda.

Mr. NEAL. I thank the gentleman.

THE UNITED STATES RICE INDUSTRY, WITH SPECIAL REFERENCE TO TRADE PROBLEMS WITH CUBA

The SPEAKER pro tempore (Mr. GRAHAM). Under the previous order of the House, the gentleman from Louisiana is recognized for 15 minutes.

Mr. THOMPSON of Louisiana. Mr. Speaker, I want to speak today about the problems that we in Louisiana and especially in my district have in the production and disposal of rice through the markets.

We in this body have heard much in recent weeks about the dairy problem, the butter problem, the wheat problem, and several other agricultural problems. We have voted to extend the Reciprocal Trade Agreements Act for 1 year. We recently voted the Agricultural Trade Development and Assistance Act of 1954 authorizing the President to dispose of some $1,300,000,000 of surplus agricultural products in the next 3 years, as relief and foreign currencies.

Compared to such vast funds, compared to such enormous headaches as wheat and butter, rice may appear to some to be a small matter, of less than major importance. Nevertheless, I want to call the attention of this august body to the fact that rice is of major importance in several parts of our country including of course, my own seventh district of Louisiana. And it is my purpose to protect the interests of our rice farmers. Moreover in some very recent periods rice has been nothing less than a strategic agricultural material, vitally necessary to the feeding of sizable rice-eating populations, for which we more or less inadvertently found ourselves responsible. The degree to which such strategic requirements may continue to dominate the situation, or may again be the case, depends of course upon the trend of international events, where those events take place and especially on our degree of involvement therein. The unpredictable events of nature can also be a potent factor. We have no way of knowing how soon we may be called upon, as the residual supplier of vital rice, to meet needs not now expected in Korea, Japan, the Philippines, even in India, among other areas.

All of that is to indicate that there are major and very important reasons for maintaining our domestic rice-producing industry on a strong and healthy basis, able to meet unexpected demands in its stride. To continue in that condition of health it must continue to serve a major export market. That export market historically has been Cuba. Most of the people of the United States use rice infrequently, averaging about 2 pounds per person per year. It is true that in some areas of the United States particularly the rice-producing areas and more generally the South, consumption of rice per capita may go as high as 40 pounds per person per year. We have not been eating our total rice production and it is not at all likely that we will consume domestically more than about half the rice we produce. We should consume more and we will as people learn of its nutritional value but we need the export market and the foreign market needs our production. We did expand our production during and after the war. Our production is, due to our large fields and a high degree of mechanization, some of the most economical production in the world.

What I am saying is that we are doing a good efficient job of producing rice of types which are much liked in our major export market. Cuba needs the United States as a dependable source of supply. Cuba prior to the war obtained about twice as much rice from Siam—Thailand—as from the United States and imported large quantities from Burma and French Indochina as well. In more recent years Ecuador has been a significant source. Overall they—Cuba—are importing 3 or 4 times as much rice as before the war—due in part to larger population and improved purchasing power of that population. But we have to recognize, and Cubans need to recognize, that most or all of those old sources are not now available. Of particular significance is the fact that such supplies are cut off in times of trouble, and even in more normal times are not likely to have much rice to feed people in the Western Hemisphere. We are the source which can be counted on come war, disaster, or whatnot.

What then is the problem? It is a matter of rice-trade difficulties between the United States and Cuba. The developing difficulties, not yet beyond the stage where remedial measures may be applied, hinge upon the following:

Cuba has gone all out to produce rice domestically, apparently without any particular regard to economic feasibility. That this effort at autarchy is producing more rice is evidenced by the fact that the 1953 acreage of the crop in Cuba represented, percentagewise, the greatest expansion as compared with the previous year, of any country in the world—34 percent more than in 1952. Yields also were favorable:

Year	Harvested acreage	Production rough rice (hundredweights)
1935–36 to 1939–40	45,000	431,000
1950–51	135,000	1,790,000
1951–52	145,000	2,570,000
1952–53	156,000	2,770,000
1953–54	209,000	3,700,000

Apparently it does not matter to the Cuban Government that the types of rice produced there are not particularly desired or relished by Cubans. It is this trend of rapid expansion regardless of all else which worries us as exporters.

Second, and perhaps of more innate significance, is the way it has been done, by manipulation of import quotas, by assessment of charges against United States rice and by various subsidies to Cuban growers. The present situation raises a serious question of reciprocity, of whether there has been full faith and credit observed. Our Sugar Act, as you well know, provides Cuba with a very large and lucrative market. They provide nearly all of our imports at rates more favorable than they could otherwise obtain on the depressed world market. We limit, some would say we severely limit, our own production of sugar from cane and beets.

But when we turn to rice there is inadequate reciprocity and foot dragging by our neighbor on the southeast. The fifth report by the United States Tariff Commission on the operation of the Trade Agreements Program indicates that the normal course of trade between

the United States and Cuba continued to be disturbed by controversial issues:

During the period covered by this report (1951–52), no satisfactory settlement was reached on the 3-year-old issue over Cuba's procedures in administering its quota on imports of rice. The negotiations between Cuba and the United States concerning Cuba's Geneva commitments on the tariff and quota treatment of imports of the United States rice, which were begun at Torquay and continued at Habana, were not completed within the time limit first authorized by the contracting parties (July 1, 1951). This situation, together with a request for a further extension of the time limit for concluding the negotiations, was reported to the contracting parties at their sixth session by the delegations of Cuba and the United States. The contracting parties authorized Cuba to continue the negotiation on rice with the United States, with the understanding that the two countries would endeavor to reach an agreement on the matter before the opening of the seventh session of the contracting parties. However, during the period here considered, Cuba and the United States did not resume formal discussions of the rice problem.[1]

It is not my purpose here today to ascertain or discuss the degree to which any particular country may have been at fault for the long delay. Rather I wish to point out that the arrangement as it now stands is stacked against the United States rice industry, even after and in spite of the fact that we have leaned over backwards to accommodate the Cuban sugar industry by guaranteeing her an outlet equal to 96 percent of our imports. Though Cuba uses about 750 million pounds of milled rice, and has been importing more than two-thirds of that amount, Cuba's basic tariff quota to the United States is only 3,250,000 quintals—of 101.4 pounds each—or about three-fifths of their total import requirements. To this basic quota is added any supplementary quantity which the Government of Cuba determines is needed to supply Cuba's total rice requirements. It is true that in most recent years most or all of the supplemental amounts were acquired from the United States. But with a basic quota so far below requirements, the Government of Cuba has much latitude under the GATT—General Agreement on Trade and Tariffs—to encourage domestic production of rice by limiting supplemental quotas to bare essentials. Moreover, with the supplemental amount subject to whim, there is no guaranty that our rice will be used nor in what amount. Beyond that, it has involved a restrictive and rather annoying system of individual import licensing in Cuba with quotas assigned which in total cover only the preferential tariff quota.

Second, even though quota rice from the United States is admitted at 84 cents per hundredweight as compared with $1.68 per hundredweight for other rice, numerous charges are added which in total allows the inefficient Cuban producer to hide behind a protection of about 3½ cents per pound, or an advantage roughly of one-fourth the cost of the better import grades of rice sold in Cuba.

Following are the actual charges against United States rice based on a typical shipment priced at $12.25 per pocket. When you add to the costs below transportation costs of 93 cents per hundredweight from New Orleans, or about $1.40 per hundredweight from the Arkansas rice area, you see that the total protection given the Cuban rice industry reaches an imposing figure.

	Per 100 pounds
Preferential duty—1.85 per 100 kilograms [1]	$0.845
Other charges:	
2 percent consular fees on f. o. b. port of embarkation price	.225
One-tenth of 1 percent exchange	.012
2 percent public works tax on exportation of money, on c. i. f. price	.245
Bank charge for opening letter of credit—five-eighths of 1 percent	.076
Revenue stamps on draft	.006
Port improvement charge	.040
Civil retirement fund	.020
6 percent sales tax collected at customhouse, on c. i. f. price plus consular fees and duty (not charged on Cuban rice)	.788
Customhouse brokerage fee	.015
Cartage from docks to warehouse	.092
Total charges other than duty	1.519
Total charges, including preferential duty	2.364

[1] Applicable to preferential tariff quotas only. Any quantity in excess of tariff quota must pay full duty. Therefore, if any rice from the United States were allowed entry into Cuba, such rice would be assessed an additional $1.85 per kilogram making total protection for Cuban rice industry $2.364 plus $0.845, or a total of $3.207 per 120 pounds, in addition to protection provided by costs of transportation.

We need not here today consider other and local efforts which have been made in Cuba to induce an increase in production.

I do want to say again that our rice industry is absolutely vital not only to the producing areas but to our position in international affairs and to Cuba herself. We must proceed to mend the situation, one way or another. My suggestions and recommendations are that we proceed first of all to obtain, by negotiation, if that be possible, a revision upward in the Cuban basic tariff quota on rice from the present 3,250,000 quintals to 5,250,000 quintals, a much more realistic measure of Cuba's import requirements and still somewhat less than the amounts they have taken from us during recent years. We should also attempt by negotiation to get Cuba to remove prohibitions against the importation of rice at the full tariff duty. And finally if there is not prompt progress as regards the above suggested adjustments, which I maintain are due us in reciprocity, I will recommend that we take a new and hard look at our handling of our sugar program, with particular reference to a possible decision to reduce imports from Cuba and expand our own domestic production. Full faith and credit plus reciprocity is the life of trade.

SOME QUESTIONS WHICH MAY BE ASKED

First. How uneconomic is Cuba's rice production? Frankly, there is not too much information on this but such information as is available indicates that one-half or more of their crop is grown on small plots by sugar plantation laborers and is hand pounded on the farms where it is produced. This is a sort of subsistence food production and is economic only if there is not better employment for the time used. Moreover, though the type mostly produced is a long-grain variety rather well adapted to Cuban conditions, the quality is not considered to be as good as Reora or Blue-bonnet types and commonly sells for 2 or 3 cents per pound less than the better imported types.

Second. Are high support prices on United States rice responsible for the United States-Cuban problem? Apparently not in any major degree, though with the world rice supply situation now somewhat eased and with our rice much dependent on an export market, we may need to consider some of the present proposals for separate prices on the amounts which go to the domestic and world market—something somewhat similar to the two-price proposal for wheat.

Third. Have we encouraged Cuba to produce more rice? It appears that we have done so, directly and indirectly. During the war and afterward, with rice and other foods scarce in international markets we encouraged other countries, particularly countries as dependent on one crop as Cuba is on sugar, to diversify, to produce more of their own requirements. That is the substance of much of what we are doing under point 4 in various underdeveloped countries.

Fourth. Does Cuba protect her rice industry more than we protect ours? Apparently so, for the United States domestic market has been rather effectively protected by a 2½-cents-per-pound tariff duty on milled rice.

WHY IS OUR NATIONAL SECURITY BEING ENDANGERED BY PERSONNEL REDUCTIONS OF UNITED STATES CUSTOMS OFFICERS AT OUR BORDERS AND SEAPORTS?

The SPEAKER pro tempore (Mr. GRAHAM). Under previous order of the House, the gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. McCORMACK. Mr. Speaker, in these days of international strife, as our country is threatened by atomic attack, we are in the process of spending millions in defense of attack from the air, but are drastically reducing our first line of defense against the smuggling of fissionable materials, namely, the United States customs.

It seems incredible that the personnel on our borders and at our seaports should be reduced at so critical a period. Who is responsible for this situation? Are these directives to customs from high authority so much propaganda for public consumption? It certainly appears that way as customs has neither manpower nor appropriations to carry on their regular work effectively, much less take on additional duties. As a mat-

[1] U. S. Tariff Commission, Operation of the Trade Agreements Program, Fifth Report, July 1951–June 1952, pp. 269–270. Washington, 1953.

ter of fact, they are relaxing controls at an alarming rate.

They have taken away customs supervision of ships carrying nondutiable foreign cargo. This allows complete freedom to unlade unmanifested cargo without the knowledge of Government officials.

They have lessened the examination of baggage and are using a spot-check system which definitely increases the odds for a smuggler and decreases protection to the public.

They are reducing the percentage of mail packages examined to an insignificant figure. Approximately 95 percent are being passed without examination.

Customs port patrol force has been cut in half within the last few years and the border patrol was abolished a few years ago. Inspectors are being transferred from big city ports to vacancies in other places rather than fill these vacancies locally. Although this is supposed to be done in the interests of economy, it could be of great aid to the Communists. To me this is fake economy at the expense of the national interest of our country.

Is not the American public deserving of better protection than this? For the small amount of money involved, I say, increase this customs force. Bring back the border patrol. Give the customs officers an education in atomic weapons. Give them Geiger counters and get them out there checking all ships, all cargo, all baggage, all passengers and crew. Stop the possibility of attack from within. Stop the Red China narcotic traffic. Stop the infiltration of subversives as stowaways. Stop the flow of foreign Red propaganda through the mails. Protect our livestock and agriculture from costly disease from foreign countries. Stop this dangerous trend that has already progressed much too far of substituting paper controls for physical and calculated risk theories for efficient 100 percent checks. Even 1 percent not checked could be it.

VETERANS' LEGISLATION

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New Jersey [Mr. CANFIELD], is recognized for 5 minutes.

Mr. CANFIELD. Mr. Speaker, I have received a letter from Raymond C. Clyons, commander of the American Legion, department of New Jersey, expressing the hope the House will soon be able to work its will on H. R. 9020 which provides for increases in disability compensation and pension and death-benefit payments for our veterans and their dependents.

Our distinguished colleague, the gentleman from New Jersey [Mr. FRELINGHUYSEN], who serves on the House Committee on Veterans' Affairs, tells me that H. R. 9020 was favorably reported out of committee by a unanimous vote. I do not believe that the House Rules Committee, reportedly ready to clear for House action a foreign-aid bill, will bottle up this American veterans' legislation the need for which is documented in the legislative committee hearings.

Commander Clyons presents the American Legion appeal as follows:

THE AMERICAN LEGION,
DEPARTMENT OF NEW JERSEY,
Trenton, N. J., June 23, 1954.

MY DEAR CONGRESSMAN CANFIELD: We of the American Legion in New Jersey are deeply disturbed that H. R. 9020, the House bill which would grant modest cost of living increases in disability compensation and pension and death benefit payments for veterans and their widows, orphans and dependents, and also correct inequities in compensation to the service-connected disabled veterans with less than 50 percent disability, still reposes in the Rules Committee, thereby making it impossible for the representatives of the people to express their feelings toward it.

According to information received from our national legislative commission in Washington, National Commander Arthur J. Connell recently called on the chairman and members of the Rules Committee for favorable action on the bill. We are told that the response to this request has not been encouraging. Six members of the committee, including the chairman, had not responded as of June 18. Four members said they favored a rule on the bill, while two appeared friendly, but were noncommittal as to reporting the bill out for subsequent action.

This proposal (H. R. 9020) is very important to veterans receiving compensation or pension for their disabilities, and to the widows, orphans and dependents. This is particularly true with respect to the disabled among the diminishing group of aging World War I veterans and their dependents. The basic compensation rate for total disability would be $190 per month rather than the present $172.50. Less than total cases would be compensated on the basis of the percentage of disability. For example, a person with 10 percent disability would receive $19 per month rather than the present $15.75. A widow without children would receive death compensation at the rate of $87 rather than $75 per month. Basic disability pension rates would be raised from $63 to $68, and from $75 to $80.

We doubt that any intelligent person would question that these increases are badly needed, in view of the tremendous increase in the cost of living during the past several years. We honestly cannot understand why this bill is held up in committee, even though we are told that its adoption would cost approximately $290 million annually. It is our opinion that you gentlemen of the House of Representatives should have the right to debate and pass judgment on such an important measure which would mean so much to those who have sacrificed so greatly and suffered for the good of our Nation.

In view of these circumstances and because of your continued interest in the affairs of veterans generally, we respectfully request that you do everything in your power to have H. R. 9020 released from committee, and urge your support of the bill with a view toward its ultimate passage at this session of Congress.

Please know that we deeply appreciate the cooperation and assistance you have given in the past to measures affecting the Nation's veterans.

Very sincerely yours,
RAYMOND G. CLYONS,
Department Commander.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. PFOST (at the request of Mrs. KEE), for an indefinite period, on account of official business.

Mr. KEARNS (at the request of Mr. GAVIN), for 1 week, on account of official business.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. OAKMAN.

Mr. YORTY (at the request of Mr. PRIEST) in two instances.

Mr. MULTER, the remarks he expects to make in Committee of the Whole and to include extraneous matter.

Mr. JONAS of North Carolina and to include extraneous matter.

Mr. PATMAN to revise and extend his remarks made in Committee of the Whole and to include certain additional matter.

SENATE BILL AND CONCURRENT RESOLUTION REFERRED

A bill and concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2862. An act to provide relief for the sheep-raising industry by making special nonquota immigrant visas available to certain skilled alien sheepherders; to the Committee on the Judiciary.

S. Con. Res. 80. Concurrent resolution to print additional copies of Senate Document No. 87, Review of the United Nations Charter—a Collection of Documents; to the Committee on House Administration.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 685. An act for the relief of Walter Carl Sander;

H. R. 724. An act for the relief of Chester H. Tuck, Mary Elizabeth Fisher, James Thomas Harper, and Mrs. T. W. Bennett;

H. R. 848. An act for the relief of Nicholas Katem, Theodosia Katem, Basil Katem, and Josephine Katem;

H. R. 1364. An act for the relief of Richard A. Kurth;

H. R. 2421. An act for the relief of Frank L. McCartha;

H. R. 2678. An act for the relief of Carl A. Annis, Wayne C. Cranney, and Leslie O. Yarwood;

H. R. 3413. An act to grant oil and gas in lands and to authorize the Secretary of the Interior to issue patents in fee on the Fort Peck Indian Reservation, Mont., to individual Indians in certain cases;

H. R. 3623. An act for the relief of Willard Chester Cauley;

H. R. 4030. An act to repeal section 4 of the act of March 2, 1954, creating the Model Housing Board of Puerto Rico;

H. R. 4919. An act for the relief of Ralph S. Pearman and others;

H. R. 5025. An act for the relief of Paul G. Kendall;

H. R. 6154. An act to authorize payment of salaries and expenses of officials of the Fort Peck Tribes;

H. R. 6196. An act for the relief of Duncan M. Chalmers, and certain other persons;

H. R. 6487. An act to approve the repayment contract negotiated with the Roza Irrigation District, Yakima project, Washington, and to authorize its execution, and for other purposes;

H. R. 8367. An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8488. An act to restore eligibility of certain citizens or subjects of Germany or Japan to receive benefits under veterans' laws;

H. R. 8729. An act to amend section 14 (b) of the Federal Reserve Act, as amended;

H. R. 8779. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8790. An act to authorize certain veterans' benefits for persons disabled in connection with reporting for final acceptance, induction, or entry into the active military or naval service;

H. R. 9089. An act authorizing the Administrator of Veterans' Affairs to grant an easement to Syracuse University, Syracuse, N. Y.; and

H. J. Res. 458. Joint resolution to authorize and direct the Secretary of Agriculture to quitclaim retained rights in a certain tract of land to the Board of Education of Irwin County, Ga., and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2844. An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes.

ADJOURNMENT

Mr. CANFIELD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 14 minutes p. m.), under its previous order, the House adjourned until Monday, June 28, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1662. Under clause 2 of rule XXIV, a letter from the Secretary of Commerce, transmitting a draft of proposed legislation entitled "A bill to increase the efficiency of the Coast and Geodetic Survey, and for other purposes," was taken from the Speaker's table, and referred to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARENDS: Committee on Armed Services. H. R. 2224. A bill to amend the Army-Navy Medical Services Corps Act of 1947 (61 Stat. 734), as amended, so as to authorize the appointment of a Chief of the Medical Service Corps of the Navy, and for other purposes; without amendment (Rept. No. 1919). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. House Joint Resolution 256. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the First International Instrument Congress and Exposition, Philadelphia, Pa., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1920). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. House Joint Resolution 537. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Fourth International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1921). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. House Joint Resolution 545. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Trade-Sample Fair, Dallas, Tex., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1922). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee of conference. H. R. 6342. A bill to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes (Rept. No. 1923). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARENDS: Committee on Armed Services. S. 3476. An act to provide for the advancement of Comdr. Donald B. MacMillan, United States Naval Reserve (retired), to the grade of rear admiral on the Naval Reserve retired list; without amendment (Rept. No. 1918). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHIPERFIELD:

H. R. 9678. A bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BROOKS of Texas:

H. R. 9679. A bill granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River; to the Committee on Interior and Insular Affairs.

By Mr. HOPE:

H. R. 9680. A bill to provide for continued price support for agricultural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture; and for other purposes; to the Committee on Agriculture.

By Mr. ALLEN of California (by request):

H. R. 9681. A bill to amend sections 246, 247, and 412 of the Canal Zone Code, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BEAMER:

H. R. 9682. A bill to provide a method for protecting the domestic stem and table glassware, machine and blown, and sheet-glass industry against injury caused by certain imported glass products; to the Committee on Ways and Means.

By Mr. FINO:

H. R. 9683. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. GROSS:

H. R. 9684. A bill to permit involuntarily separated postmasters, when post offices are discontinued, to acquire classified civil-service status through noncompetitive civil-service examinations, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GWINN:

H. R. 9685. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. HOLT:

H. R. 9686. A bill to amend Public Law 815, 81st Congress, in order to extend for an additional year the program of assistance for school construction in federally affected areas; to the Committee on Education and Labor.

By Mr. HOLTZMAN:

H. R. 9687. A bill to amend the Fair Labor Standards Act of 1938, as amended, and for other purposes; to the Committee on Education and Labor.

By Mr. RIEHLMAN:

H. R. 9688. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. SHORT:

H. R. 9689. A bill to provide for two additional Assistant Secretaries of the Army, Navy, and Air Force, respectively; to the Committee on Armed Services.

By Mr. VELDE:

H. R. 9690. A bill to amend section 7 (d) of the Internal Security Act of 1950, as amended; to the Committee on Un-American Activities.

By Mr. RABAUT:

H. Con. Res. 241. Concurrent resolution providing for printing as a House document the Pledge of Allegiance to the Flag; to the Committee on House Administration.

By Mr. SCOTT:

H. Con. Res. 242. Concurrent resolution to participate in Fourth of July 1954, observance at Independence Hall, Philadelphia, Pa.; to the Committee on the Judiciary.

By Mr. RABAUT:

H. Res. 598. Resolution to amend the rules of the House to provide that the Pledge of Allegiance to the Flag shall be recited annually by the Members of the House, led by the Speaker, on Flag Day, June 14, when the House is in session; to the Committee on Rules.

By Mr. SHEEHAN:

H. Res. 599. Resolution proposing the withdrawal of diplomatic recognition of the present Government of the Union of Soviet Socialist Republics; 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. KING of Pennsylvania:

H. R. 9691. A bill for the relief of Mrs. Anna Achner Schredl; to the Committee on the Judiciary.

By Mr. MORANO:

H. R. 9692. A bill for the relief of Mrs. Liselotte Steffan McDonnell; to the Committee on the Judiciary.

By Mr. PATTEN:

H. R. 9693. A bill to authorize the acceptance on behalf of the United States of the conveyance and release by the Aztec Land & Cattle Co., Ltd., of its right, title, and interest in lands within the Coconino and Sitgreaves National Forests, in the State of Arizona, and the payment to said company of the value of such lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RHODES of Arizona:

H. R. 9694. A bill to authorize the acceptance on behalf of the United States of the conveyance and release by the Aztec Land & Cattle Co., Ltd., of its right, title, and interest in lands within the Coconino and Sitgreaves National Forests, in the State of Arizona, and the payment to said company of the value of such lands, and for other purposes; to the Committee on Interior and Insular Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1047. By Mr. GOODWIN: Petition of Mrs. Isabelle W. Martin and 73 others of Malden, Mass., and neighboring towns favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1048. Also, petition of Henry W. Johnson and 59 others, residents of Malden, Mass., and neighboring towns, favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1049. Also, petition of Wayne L. Hill and 103 others of Malden, Mass., and neighboring towns, favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1050. Also, petition of Rev. Joseph Evers, Masselle LoPione, and 268 others of Malden, Mass., and neighboring towns, favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1051. By Mr. NORBLAD: Petition signed by Mrs. Mary E. Hayes and 27 other citizens of Silverton, Oreg., urging the enactment of H. R. 1227, to prohibit all liquor advertising through interstate commerce and over the radio and TV; to the Committee on Interstate and Foreign Commerce.

1052. Also, petition signed by Mrs. Bessie M. Miller and 16 other citizens of Corvallis, Oreg., urging the enactment of H. R. 1227, to prohibit all liquor advertising through interstate commerce and over the radio and TV; to the Committee on Interstate and Foreign Commerce.

1053. Also, petition signed by Alice S. Boone and 54 other citizens of McMinnville, Oreg., urging the enactment of H. R. 1227, to prohibit all liquor advertising through interstate commerce and over the radio and TV; to the Committee on Interstate and Foreign Commerce.

1054. By the SPEAKER: Petition of W. A. Thompson and others of Miami Springs, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

Intervene: How and With What?

EXTENSION OF REMARKS

OF

HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1954

Mr. YORTY. Mr. Speaker, the administration's cold war policy of talking tougher and carrying a smaller stick has now brought us face to face with a serious setback in southeast Asia. We have lost face in the Orient, lost the leadership of the free world at Geneva, and what is more, we are threatened with the loss of our unspeakably vital lead in weapons technology.

The defense of the United States is not a matter of partisan politics. But partisan politics is today obscuring and soft pedaling administration defense blunders. Our people need to know the facts. They are entitled to the facts—pleasant or unpleasant. And they are entitled to demand an end to the contradictory statements emanating from military and civilian leaders in the Defense Department.

It is very apparent that slogans and clever phrases have not and cannot deter the Communists although they do confuse our own people. Has the New Look or speeches about massive retaliation slowed the Communist drive to take over Indochina?

When the Indochina situation began rapidly to deteriorate, the administration hurriedly sent Secretary Dulles flying off to friendly capitals to get agreement on some kind of an intervention scheme. Just what the scheme was has not been frankly divulged. The British are now being condemned for its lack of fruition. This assumes the scheme was desirable and practicable. It may well be that it was not.

It is widely assumed that if Britain, and perhaps others, had agreed, we would have intervened in Indochina. But how and with what? We had the backing of the United Nations in Korea. Yet, aside from the South Koreans, how much help did we get from others? Based upon our experience in Korea, what could we expect in Indochina? Moral support, but not much else, and this fact was and is crystal clear to the Communists.

Under the New Look policy, our ground strength is being reduced to 17 divisions. Six divisions are tied down in the Far East because of the Korean impasse. They could be moved from that area only at the gravest risk because of the reported Communist build-up and our treaty with South Korea, not to mention our responsibilities in Japan.

Five divisions are tied up in Europe and we have agreed to maintain strength there.

This leaves only six Army combat divisions available for all of our other far-flung commitments, including Indochina should the administration decide to intervene there. It is perfectly clear that we cannot forcefully intervene with ground troops in Indochina without greater mobilization, and this would require considerable time.

But this is not all. The recent testimony of Maj. Gen. R. W. Colglazier, Jr., Assistant Chief of Staff for Plans, indicates that the New Look cutbacks have created some materiel deficiencies that could prove disastrous in a sudden emergency.

If it is said that our intervention could be limited to airpower, a Pandora's box of problems is opened up—defensible airbases in the theater of war; enemy targets; and whether or not to confine our air attacks to targets in Indochina; our preparedness to risk great expansion of the conflict; these and more should give us, and our allies, reason to be circumspect.

Our allies and our enemies know these facts. They know the administration has bluffed and sloganized, yet weakened our military buildup, particularly airpower, all the while talking tougher and increasing our global commitments. Many of our own people have been misled by the slogans and the conflicting statements, but not the Communists. They have been getting bolder and increasingly defiant. To try now to make the British the scapegoat for all of the administration's blunders may be good domestic politics, but it is not statesmanship, and it will only serve to lower our decreasing prestige still further. When we talk about intervention, we had better explain how and with what, instead of trying to blame administration failures and indecision on our allies.

Only this week the Secretary of Defense again contradicted military estimates of Russian strength in the matter of technological progress. Whom are we to believe? I am increasingly concerned over the illogical easygoing complacency of a Secretary of Defense who appears to lack any real appreciation of the critical nature of our current defense problems. For instance, new weapons systems cannot safely be shunted aside and postponed because they make costly old ones obsolete. This will work in the motorcar business, but not in national defense.

No one can deny there is confusion in the Pentagon and the State Department. It is time for the administration to decide on a policy and give us the facts.

The St. Lawrence Seaway

EXTENSION OF REMARKS

OF

HON. CHARLES G. OAKMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1954

Mr. OAKMAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement made by me before the House Committee

on Rules concerning the St. Lawrence Seaway:

Mr. Chairman, I doubt that it has been made crystal clear to all of the members of the Rules Committee that the only issue facing the Congress of the United States today, and this committee at the moment, is the decision as to whether we shall let Canada build the locks and the canals in the International Rapids section on Canadian soil as a result of inaction on our part, or whether by the positive approval of the Wiley-Dondero bill and the consent of the Canadian Government we shall be allowed to build these locks and canals on American soil in northern New York State.

The bill before the Rules Committee does not create the seaway. That decision has already been made by Canada. It merely changes the location of these limited facilities from the north side of the river in Canada to the south side and inside the United States for a reimbursable investment of $105 million.

Since the money will be returned to the Federal Government together with interest and at no ultimate cost to the American taxpayer, we shall acquire permanent and perpetual control, equal in effect with the control exercised by Canada, of this very vital artery of commerce and defense.

Why is it desirable to have these facilities on American soil? The reasons on which the Eisenhower administration, the Joint Chiefs of Staff, and the National Security Council reached a unanimous decision on this bill are briefly these:

This is a vital and strategic waterway that leads directly to the heartland of the United States. No nation has ever voluntarily forfeited control of a major waterway. Witness the struggles still going on regarding the Suez Canal and the controversy that raged for 50 years between Great Britain and the United States about the control of the Panama Canal before construction was undertaken.

The people of the United States will pay for the seaway in any event as the major share of the traffic will be of United States origin or destination. We shall pay for the project through navigation tolls. It is desirable to own a portion of it, since we are paying for it anyway.

In this atomic age, inspection of foreign ships coming into the heartland of the United States may become very important. The United States should have a say in this matter. We can acquire this authority by controlling the International Rapids locks and canals, before the ships get into United States territory.

The United States should have a say, I believe, in the arrangements to protect the seaway against sabotage and military action. When built, the seaway will become strategic whether it is on the Canadian side or the United States side. We shall have a better chance of making our interest heard if we have control over a part of it.

In the event of different neutral or belligerent status between the United States and Canada in the case of any emergency or possible war, rights of entry and navigation, if subject to investigation, a controversy could be more favorably adjudicated if we were actual participants in the project.

In the event of capacity operation of the seaway, the determination of priorities may become important. Control of a portion of the seaway will give us an effective voice and permit protection of United States interests.

In the determination of tolls, the United States will have a partner's voice instead of merely being in the position of a pleader before the tribunals of another nation.

Last, but not least, Mr. Chairman and gentlemen, it is an example to the world of two great neighboring democracies working cooperatively and harmoniously together as we have for the past 140 years. We owe this cooperation to our great and good neighbor to the north, the Dominion of Canada.

Miss Barbara Davis, of Cornelius, N. C., Selected as American Girl Most Likely to Succeed

EXTENSION OF REMARKS

OF

HON. CHARLES RAPER JONAS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1954

Mr. JONAS of North Carolina. Mr. Speaker, Mecklenburg County, N. C., is justly proud of the accomplishments of one of its talented young women. Miss Barbara Davis, of Cornelius, N. C., daughter of Mr. and Mrs. Clyde O. Davis, has just been selected by a distinguished panel of judges as the American girl most likely to succeed.

This selection was made from high school students graduating this year. The contest was sponsored by CBS Television's The Morning Show. The judges were: James A. Farley, chairman of the board of Coco-Cola Export Corp.; W. Averell Harriman, former Director of the Mutual Security Administration; Harold Stassen, Director of the Foreign Operations Administration; Bernard F. Gimbel, chairman of the board of Gimbel Bros.; Mrs. Katherine Howard, Assistant Administrator of Civil Defense; Mrs. Alice Leopold, Assistant Secretary of Labor and Chief of its Women's Bureau; Basil O'Connor, president of the National Foundation for Infantile Paralysis; Philip Willkie, son of the late Wendell Willkie and a State legislator of Indiana; and Miss Virginia Warren, daughter of United States Chief Justice Earl Warren.

In each community throughout the country served by CBS, civic, religious, and educational leaders had previously chosen from among the students graduating from the local high schools a boy and girl found to be best qualified to represent the community in the national contest. From among these local winners, the panel chose Miss Barbara Davis as the girl and Mr. Lawrence J. Bugge of Milwaukee, Wis., as the boy most likely to succeed.

The choice of winners in the contest was based on scholastic standing, participation in school, church and community activities, and each candidate's expressed feelings as a young person assuming adult responsibilities in a democracy.

Miss Davis expressed her ideals, in part, as follows:

America was built upon a moral idea—faith in common men everywhere, faith in their ability to govern themselves, faith in their capacity to advance their mutual interest through their own labors. Many peoples have pioneered paths to freedom. Nations all over the world have achieved independence in ways of their own choosing. But our Founding Fathers created a government of checks and balances, so arranged that no man or group could tyrannize the people, in whose hands lay the final power. We owe our debts to God and our country for giving us the opportunity to fulfill responsibilities and obligations in this democratic America. May we, as youth today and leaders tomorrow, help to make America a better place to live, now and in the future.

Congratulations to you, Barbara Davis. Our country's future is safe and secure if this expression of faith in it fairly represents the thinking of the young people of today.

This statement of the faith of a young American in her country is so significant and inspiring that I feel justified in using this space to call it to the attention of the House and the country.

A New Victory for the Reds

EXTENSION OF REMARKS

OF

HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1954

Mr. YORTY. Mr. Speaker, the Reds in Indochina have just gained a momentous victory. The surrender of territory by France means just that, no matter what other issues were involved. What we do not clearly understand in the United States is that the surrender of this territory also means a weakening of the strength with which the United States seeks to halt Communist aggression. In this particular case the loss of territory may not seem to be of immediate concern to us. But any increase in Communist prestige coupled with a loss of French will to fight, and to buck the Kremlin, is of very great concern. If our allies are unwilling to risk a collision of will with the Kremlin, they may be bluffed into discontinuing permission for our operation from overseas bases on their soil. Thus a vital source of our strength and our only geographical advantage could be lost without our consent just as the French surrender of territory in Indochina was arranged without the free consent of the citizens of the surrendered territory.

Those able Washington commentators, Joseph and Stewart Alsop, have some penetrating remarks on this subject in their column today. They point out what too many overlook, that the Strategic Air Command which is the long-range striking arm of American defense, has been planned just big enough to do its assigned job from overseas airbases. The retention of these bases is vital to our security and the heart of our foreign policy. The chief weapon of Strategic Air Command is the B-17, a medium-range bomber which can reach Soviet targets from American bases, but only by means of midair, inflight refueling. Overseas bases are essential to their efficient, quick, and successful operation in the event of Soviet aggression.

Meanwhile this administration seeks to win a global struggle with new phrases. Replacing last year's New Look, we have this year's "stretchout," as re-

ported only yesterday at his press conference by the Secretary of Defense. Secretary Wilson argued that the defense cuts decided on by the administration last year had nothing to do with what has occurred on the international scene since. Hence, they can be continued. He argued that if we had twice as large an Army, Navy, and Air Force over the past 18 months, "not a single thing" that happened would have turned out differently. Russia, he said has relied on satellites and on fomenting unrest rather than direct military force. Hence, increasing our Armed Forces is no answer to our problems.

This attitude ignores the fact that while Russia has won victories through satellites and by increasing unrest, she has been building new weapons and increasing her air-atomic power possibly more rapidly than we are increasing our own. The Alsops make the assertion that the Pentagon now has convincing evidence that the Soviets have a guided missile that can drop an atomic or hydrogen warhead on most of our overseas bases. Furthermore, the Soviets are developing a greater guided missile that will bring all our transatlantic and transpacific airbases within range. Both types of missiles are probably now entering the phase of quantity production.

Meanwhile no steps are being taken to give the Strategic Air Command more long-range bombers, to speed up B-47 production, or to provide the kind of leadership and strength needed to insure our continuing possession of overseas bases. Instead, we are being treated to such soothing sirup as we heard from Quantico a few weeks ago, as we heard from the Secretary yesterday, and as we read in the joint congressional committee's report on the new atomic-energy bill—all asserting America's preponderance in atomic weapons and seeking to lull our citizens with the idea that we can afford a stretchout in military buildup—at least until after the November elections. This is certainly fiddle-faddle, as the Alsops call it. More dangerously, it is fiddling while fires that can consume the world are smoldering, ready to burst at any moment into flame. It is ridiculous to say that our military cutbacks have not encouraged the Kremlin. When you are in a race you are always encouraged when your adversary shows signs of quitting.

Mr. Speaker, under unanimous consent of my colleagues to extend my remarks, I insert in the CONGRESSIONAL RECORD the following by Joseph and Stewart Alsop from today's Washington Post and Times Herald and New York Herald Tribune. The column is as follows:

THE FIDDLE-FADDLERS

(By Joseph and Stewart Alsop)

The Pentagon has convincing evidence that the Soviets are now quantity producing an efficient guided missile capable of being fitted with an atomic or hydrogen warhead, and with enough range to hit any of our overseas airbases except those in Spain and the Mediterranean.

The Pentagon also has probable evidence of a still larger Soviet guided missile, most likely built around the powerful new M-103 rocket engine that the Soviet engineers have perfected. With a range of 1,800 miles, this missile will bring all our transatlantic and transpacific airbases under fire.

Very recently, hard information has been received of a large order placed in eastern Europe, for special rail cars apparently designed to transport missiles of the larger, longer-range type. This new development if correctly interpreted, indicates that these missiles are also entering the phase of quantity production.

Such facts as these, in turn, are clear proof that this country is now being treated to an unconscionable amount of fiddle-faddle by its leaders. The kind of thing that the official leadership encourages, and the public generally falls for, was well illustrated the other day by the Joint Congressional Committee's report on the new atomic energy bill.

"America's preponderance in atomic weapons," smugly declared the committee, "can * * * serve emphatic notice on the Soviet dictators that any attempt * * * to push further anywhere into the free world, would be foredoomed to failure."

Those words were written when the Soviet dictators were finishing a most successful push in Indochina. But that is not the worst of their implied untruths. Their worst untruth is the idea that large numbers of A- and H-bombs, in and of themselves, will always give this country the whip hand in the struggle for the world. This idea is the true "Maginot-line thinking" of the postwar period.

In fact, of course, the Soviet and American A- and H-bomb stockpiles are only one element in the balance of air-atomic power. A-bombs and H-bombs which cannot be delivered are mere expensive toys. In the era of plentiful stocks of the absolute weapons, the ability to deliver the weapons is obviously more important than the weapons themselves.

Nearly a year has passed since the Soviets tested their H-bomb with lithium hydride core, capable of being produced rather rapidly and in large numbers. There is no doubt at all that the Soviets already possess enough A-bombs to inflict terrible damage on this country. In 18, or 24, or 36 months—for the time is not long—the Soviet A- and H-bomb stockpile will be in the plentiful class.

This in turn confers a somewhat lurid future meaning on the two Soviet guided missiles referred to above. For when the Kremlin has enough A- and H-bombs in stock, the missiles can then be fitted with atomic or hydrogen warheads. And when and if that is done, our overseas airbases will, in effect, cease to be dependable assets.

This physical vulnerability of the bases is still quite largely in the future. In the present, however, there is another tendency of almost equal importance. As the Indochinese affair has shown, our allies are less and less willing to risk a collision of will with the Kremlin, because of their growing fear of Soviet air-atomic strength. That means that many of our overseas bases are also politically vulnerable.

No secrets will be revealed to the enemy, but no doubt Americans will be surprised to learn, that the loss of our overseas airbases from any cause, whether military or political, will be the exact equivalent of the physical destruction of approximately 60 percent of the Strategic Air Command.

Gen. Curtis LeMay's great force has been planned just big enough to do its job from the overseas airbases. Last year, the Eisenhower administration actually cutback SAC growth, on the ground that SAC did not need extra long-range air groups.

SAC now mainly relies on its superb medium range-bomber, the B-47. These planes can reach Soviet targets from American bases, but only by the difficult, dangerous and time-consuming process of double air refueling. If this expedient has to be resorted to, the B-47 will only be able to make about 40 percent as many sorties as they could from the overseas bases. Obviously, cutting the number of possible sorties is just like cutting the number of available aircraft.

The Pentagon has effectively admitted the danger to our overseas airbases, by giving SAC a big tanker program, to increase air refuelling capacity. But no steps are planned to give SAC more bombers, or to speed B-47 production, which could be doubled in 6 months. And so the threat to our overseas airbases threatens to weaken our overall air-atomic power, at the very moment when Soviet air-atomic power is rapidly and formidably increasing.

SENATE

FRIDAY, JUNE 25, 1954

(Legislative day of Tuesday, June 22, 1954)

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:

God our Father, as the quiet splendor of another day illumines our path, at noontide we have stepped aside from the crowded highway to this altar of prayer, set up by our fathers, where in all our ways we would acknowledge Thee at the beginning of this day's council together. Some of us have grown weary with the heat and burden of these tragic days. For Thy name's sake and for our soul's sake, lead us where still waters flow. Gird us with strength to make decisions now which shall not plague us in later years. Deliver us from any present expediency which will hold us back from playing our full part and mobilizing the might of freedom against those who, degrading the sanctities of human life, plot to enslave the world.

In this day of decision, may this dear land of ours, which Thou hast made the world's great bulwark of liberty, stand up and speak out, and boldly, in Thy name and in the name of our imperiled heritage of freedom, that generations to come may call us blessed. And, above all, save us from crying "peace, peace" when there is no righteous or just peace. We ask it in the Name of that One who, against falsehood, came not to bring peace but a sword. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 24, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

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